SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)
(x) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended July 31, 2000

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From_____ to _____

Commission File 000-23262

CMGI, Inc.
(Exact name of registrant as specified in its charter)

Delaware	04-2921333
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Brickstone Square Andover, Massachusetts	01810
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (978) 684-3600

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

(Title of Class)
Common Stock, $0.01 par value

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [_]

The approximate aggregate market value of Common Stock held by non-affiliates of the Registrant was $4,215,382,294 as of October 23, 2000.

On October 23, 2000, the Registrant had outstanding 318,919,613 shares of Common Stock, $.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement (the "Definitive Proxy Statement") to be filed with the Securities and Exchange Commission relative to the Company's 2000 Annual Meeting of Stockholders are incorporated by reference into Part III of this Report. Portions of Items 1 and 5 and Items 6, 7 and 8 are incorporated by reference to the Company's 2000 Annual Report to Stockholders.

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This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects" and similar expressions are intended to identify forward-looking statements. The important factors discussed under the caption "Factors That May Affect Future Results" in the Company's 2000 Annual Report to Stockholders and incorporated herein by reference, among others, could cause actual results to differ materially from those indicated by forward-looking statements made herein and presented elsewhere by management. Such forward-looking statements represent management's current expectations and are inherently uncertain. Investors are warned that actual results may differ from management's expectations.

PART I

ITEM 1. - BUSINESS

General

CMGI, Inc. and its consolidated subsidiaries, (CMGI or the Company) develop and operate a network of Internet companies. CMGI is a Delaware corporation. The Company previously operated under the name CMG Information Services, Inc. and was incorporated in 1986.

The Company's subsidiaries have been classified in the following five operating segments: i) Interactive Marketing, ii) eBusiness and Fulfillment, iii) Search and Portals, iv) Infrastructure and Enabling Technologies, and v) Internet Professional Services. CMGI also manages several venture capital funds that focus on investing in companies involved in various aspects of the Internet and technology. CMGI's business strategy includes the internal development and operation of majority-owned subsidiaries as well as taking strategic positions in other Internet companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its companies.

At July 31, 2000, CMGI's majority-owned subsidiaries by segment were:

The Company's Interactive Marketing segment subsidiaries provide a portfolio of online marketing products including enterprise wide promotion management, profiling and ad serving software, media, media management and analytics and included AdForce, LLC (AdForce) which CMGI contributed to CMGion, Inc. (CMGion) on October 11, 2000, Engage, Inc. (Engage) and yesmail.com, inc. (yesmail.com). AdForce provides centralized advertising management services for the Internet, wireless services and broadband services; Engage offers an array of software products and services that enables marketers to identify and target precise online audiences; yesmail.com provides comprehensive permission-based email marketing technologies and services.

The eBusiness and Fulfillment segment subsidiaries provide services across the entire ebusiness value chain to sell and deliver goods from the manufacturer to the customer and included SalesLink Corporation (SalesLink) and uBid, Inc. (uBid). SalesLink is a provider of integrated solutions for supply chain management, end-to-end ebusiness and fulfillment services. uBid is a business-to-consumer and business-to-business online auction marketplace.

The Search and Portals segment subsidiaries provide services and content which connect Internet users to information and entertainment and included AltaVista Company (AltaVista), iCAST Corporation (iCAST) and MyWay.com Corporation (MyWay.com). AltaVista is an Internet search, news media and commerce network that delivers personalized, relevant information and e-commerce services to millions of users worldwide; iCAST is a multimedia online entertainment community and personal publishing network; MyWay.com is a developer and distributor of custom portal services.

The Infrastructure and Enabling Technologies segment subsidiaries provide products and services essential to business operations on the Internet, including outsourced managed applications, private-label Internet access and technology platforms and included 1stUp.com Corporation (1stUp), Activate.net Corporation (Activate), CMGion, Equilibrium Technologies, Inc. (Equilibrium), ExchangePath, LLC (ExchangePath), NaviPath, Inc. (NaviPath, formerly NaviNet, Inc.), NaviSite, Inc. (NaviSite) and Tribal Voice, Inc. (Tribal Voice) which CMGI contributed to CMGion on September 15, 2000. 1stUp enables companies to offer private-label Internet access services to their customers; Activate is a provider of Internet broadcasting services to companies worldwide; CMGion is planning to develop applications and services that will optimize the speed, consistency and reliability of delivery of Internet content and commerce over various access technologies; Equilibrium provides automated media infrastructure solutions for the Internet; ExchangePath offers a multi-functional integrated solution for online payment transactions; NaviPath provides private label Internet access solutions through an integrated network and systems architecture, enabling businesses to expand their reach to customers, employees and partners; NaviSite, which completed its IPO during October 1999, provides outsourced Web hosting and application services for companies conducting mission-critical business on the Internet; Tribal Voice provides instant messaging, time sensitive notification and online presence detection services.

The Internet Professional Services segment subsidiaries provide applications strategy, development, design, and implementation services for companies seeking to initiate, enhance or redirect their presence on the Internet and included CMGI Solutions, Inc. (CMGI Solutions), Tallan, Inc. (Tallan) and Clara Vista Corporation (Clara Vista). CMGI Solutions, Tallan and Clara Vista provide ebusiness solutions utilizing flexible and scalable applications, tools, platforms and languages.

In addition, the Company maintains investments in seven venture funds: CMG@Ventures I, LLC (CMG@Ventures I), CMG@Ventures II, LLC (CMG@Ventures II); CMG@Ventures III, LLC (CMG@Ventures III); CMG@Ventures Expansion, LLC (CMG@Ventures Expansion); CMGI@Ventures IV, LLC (CMGI@Ventures IV); CMGI@Ventures B2B, LLC (B2B Fund); and

CMGI@Ventures Technology Fund, LLC (Tech Fund). The Company owns 100% of the capital and is entitled to 77.5% to 80% of the net capital gains of these funds. In September 2000, CMGI announced that it will be merging CMGI@Ventures IV, the B2B Fund and the Tech Fund into a single evergreen fund called CMGI@Ventures IV, LLC.

The Company has adopted a strategy of seeking opportunities to realize gains through the selective sale of investments or having separate subsidiaries or affiliates sell minority interests to outside investors. The Company believes that this strategy provides the ability to increase stockholder value as well as provide capital to support the growth in the Company's subsidiaries and investments. The Company expects to continue to develop and refine the products and services of its businesses, with the goal of increasing revenue as new products are commercially introduced, and to continue to pursue the acquisition of or the investment in additional companies.

Products and Services

Products and services of the Company's majority-owned subsidiaries as of July 31, 2000 include the following:

Interactive Marketing
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AdForce, LLC

AdForce is a provider of centralized online advertising services, enabling publishers and advertisers to deliver their advertisements over the Internet. Deploying advanced scalable technology, the AdForce service delivers billions of impressions monthly for some of the Internet's most prominent advertisers. AdForce provides a comprehensive suite of products, which enables advertisers and publishers to target, deliver, measure and analyze Internet advertising programs for the best results. On October 11, 2000, AdForce was contributed to CMGion.

Engage, Inc.

Engage offers an array of marketing products, services and technologies that enable Web publishers, advertisers and merchants to target and deliver advertisements, content and e-commerce offerings to their audiences and to measure their effectiveness.

Engage operates in three principal business segments: Engage Media, Engage Media Management, and Engage Software and Consulting.

Engage Media is a global media network, which helps both business-to-consumer and business-to-business marketers find their audiences on the Internet. Engage Media provides a wide array of products and services designed to help marketers make the best decisions to maximize their online marketing results. The main product and service offerings include the following: Audience Profiles, Optimized Run of Network, Engage ECHO, Targeted Content, Premium Sites, B2B Web Advertising Network, LocalNet and Email.

Engage Media Management provides solutions that are designed to help marketers execute, measure and optimize their Internet marketing campaigns. The main product and service offerings include the following: The AdKnowledge System and eAnalytics Additionally, Engage Media Management offers services that provide Web site traffic measurement, analysis and verification of site traffic and advertising results, as well as customized research services to better understand site traffic patterns.

Engage Software and Consulting offers a range of software and services that enable marketers, Web sites and merchants to manage promotional and advertising campaigns across traditional and electronic media, and to target and deliver advertisements, content and e-commerce offerings to their audiences. The main product and service offerings include the following: ContentServer, PromoPlanner, ProfileServer, AdManager, AdBureau, Professional Services, and Maintain and Support Services.

yesmail.com, inc.

yesmail.com is an outsourcer of permission-based email marketing technologies and services. yesmail.com provides a total customer value management solution for its clients--from acquisition to retention and ongoing relationship management. yesmail.com can target prospects, personalize messages, deliver campaigns, track and analyze results and generate reports for marketers in real time.

yesmail.com's proprietary direct marketing software, scalable infrastructure and experienced strategists deliver a total outsourced solution designed to maximize customer value for marketers.

eBusiness and Fulfillment
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SalesLink Corporation

SalesLink provides product and literature fulfillment, inventory and data warehouse management, supply chain management, closed-loop telemarketing, and value added services for its clients' marketing or manufacturing programs, primarily to high technology, biotechnology, financial services and health-care markets.

Product and Literature Fulfillment. On behalf of its fulfillment clients, SalesLink receives orders for promotional literature and products and "fulfills" them by assembling and shipping the items requested. Product and literature fulfillment services begin with the receipt of orders by SalesLink's inbound telemarketing staff via phone or electronic transmission directly into SalesLink's computers. Orders are then generated and presented to the production floor where fulfillment packages are assembled and shipped to either the end-user or to a broker or distributor.

As adjunct services to fulfillment, SalesLink provides product and literature inventory control and warehousing, offering its customer support and management reports detailing orders, shipments, billings, back orders and returns. SalesLink's telemarketing group offers comprehensive inbound business-to-business telemarketing services to support its sales inquiry management and order processing activities. Telemarketing services include lead qualification, order processing fulfillment and marketing analysis. SalesLink also offers outbound business telemarketing services that are tailored to an individual client's needs.

Supply Chain Management. SalesLink's largest line of business is supply-based management programs for clients in the high technology industry. These programs are a form of outsourced manufacturing, in which clients retain SalesLink to purchase components and manufacture customer bills of materials into products that are either shipped to customers, channels of distribution, or to the customer's factory for final manufacturing. These outsourced manufacturing services primarily assist companies in the areas of accessory kits, software, literature and promotional products and involve active supply chain management and coordination of:

- CD-ROM, DVD and diskette replication
- Product packaging and assembly
- Internet and EDI enabled fulfillment
- Print management
- Electronic order processing and software distribution
- Inventory management

uBid, Inc.

uBid is a leading online auction marketplace that offers consumers and small to mid-sized businesses the opportunity to "set the price" on a wide range of brand name merchandise through live-action bidding using sophisticated auction technology. uBid's Internet auctions feature a rotating selection of over 8,500 products daily. Consumers can browse in more than 12 different product categories, including: computers, consumer electronics, home and leisure, sports and recreation, jewelry and gifts, apparel, appliances, art, travel and events, home improvement products, monitors and printers, and off-lease computer equipment. With more than one million registered users, uBid is committed to providing all customers with the highest quality auction experience on the Internet and offers supplier warranties on most consumer products.

In addition to uBid's core auction e-commerce site, uBid licenses the uBid auction technology to various international and business-to-business companies in exchange for a licensing fee and payments for future royalties from auction sales. Through several co-branded auction sites, uBid constructs and operates auction sites with third parties and provides uBid's auction capabilities. These sites are co-branded under the uBid name and the name of the third party.

Search and Portals
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AltaVista Company

AltaVista is a search, news media and commerce network that delivers personalized, relevant information and e-commerce services to millions of users, worldwide. With its patented technologies, international user base and relationships with content and service providers, AltaVista seeks to provide a single destination for its users' search, information, communication and commerce needs on the Internet.

AltaVista combines search technology, timely media content, local content and e-commerce offerings with a broad network of relationships with content and service providers to supply its users with an easy-to-use tool for their Internet navigation and commerce needs. AltaVista's Web sites offer users ways to quickly, accurately and dynamically access the knowledge they seek. Based on data generated internally as of September 2000, AltaVista performs an average of more than 50 million search queries per day and has averaged monthly more than 65 million unique users worldwide.

Subsequent to the fiscal 2000 year end, AltaVista announced its new business strategy that emphasizes and builds upon its leading position in search services for Internet users, Web partners and enterprises globally.

iCAST Corporation

iCAST is a multimedia-rich, online entertainment company that enables self-publishing within a personalized, community-oriented environment. iCAST provides individuals with the tools to create, customize and share their personal entertainment passions. It offers original, user-generated and syndicated audio and video content, entertainment news, features and interviews, live and archived events. The iCAST Web site features the iCASTER, an integrated media player that supports audio, visual, instant messaging and chat. iCAST also is a leading distributor, marketer and provider of licensed music entertainment merchandise.

iCAST has strategic relationships with AltaVista, Compaq, Microsoft and The Academy of Television Arts and Sciences.

MyWay.com Corporation

MyWay.com provides a Web portal that can be personalized to an individual user's locality, interests and preferences, and customized for distribution affiliates. Internet users reach MyWay.com at either the MyWay.com URL or through an Internet Service Provider (ISP), or corporate affiliate in the MyWay.com syndication network. MyWay.com believes that the resulting network-wide viewership aggregated around channels of highly desirable, focused content appeals to commerce partners and advertising sponsors.

The advanced customization technology developed by MyWay.com allows rapid deployment of custom portal solutions. Each affiliate in the syndication network distributes and promotes its own branded version of the service customized for their audience's special interest. The custom branded portal and content objects from MyWay.com are designed to enhance affiliates' brand equity and extend their customer/member relationship online. The MyWay.com network provides content, e-commerce and advertising partners with targeted audience reach.

Infrastructure and Enabling Technologies
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1stUp.com Corporation

1stUp enables both online and offline brand names to offer private label free and/or fee-based dial-up and broadband Internet access packages through its reliable, nationwide ISP network.

As of September 2000, 1stUp's solutions supported over 130 different partner-branded internet access services customers for several leading brand names and over 5.5 million registered subscribers. 1stUp also develops sophisticated advertising technology that enables advertisers to reach its large base of registered subscribers with ads relevant to their interests and needs.

Activate.net Corporation

Activate is a provider of specialized infrastructure services for Web casting audio and video content over the Internet. Activate provides a full-range of Web casting solutions including event broadcasting, live 24X7 broadcasting for radio and television stations, and on-demand replay of audio and video content to enhance any Web site. As a services company, Activate helps businesses communicate their content and their message directly to their audience.

Activate has invested in a state of the art digital broadcast operations center which can acquire and convert audio and video signals into Internet deliverable format. The digital broadcast operations center sends thousands of signals to Activate's high capacity, distributed streaming network.

As a full solution provider, Activate acts as a private-label network and Web casts in all major industry standard formats. Activate provides live Web cast hosting and delivery for hundreds of radio and TV stations. Numerous prominent broadcasters and Fortune 100 corporations are utilizing Activate's private-label network and 24x7 live Web casting services for their broadcast content.

CMGion, Inc.

CMGion is planning to develop an "infomediary" platform based on integrated protocol, directory, and caching services that will enable next-generation applications and services based on opt-in profiling.

Equilibrium Technologies, Inc.

Equilibrium is a provider of Web content infrastructure solutions. Its products and services automate the creation, manipulation, dynamic delivery, and personalization of media content over the Internet, with a focus on four critical success factors for Web sites: user attraction, user retention, revenue generation, and cost control.

ExchangePath, LLC

ExchangePath is a service provider that enables consumers to make and track online payments through its multifunctional payment solution service. Using ExchangePath's master Internet payment account (MIPA), users send, receive and request money by email, and make online purchases from participating merchants. ExchangePath's Partner Program serves the needs of portals, e-commerce providers and financial services firms who seek competitive advantage by offering customers new payment functionality using the latest value exchange technologies.

NaviPath, Inc.

NaviPath provides high-performance private label Internet access solutions that enable organizations to expand their customer and employee reach without significant investment in infrastructure and technology. NaviPath has built a proprietary network architecture, the NaviPath Technology Platform, that it believes provides cost, quality and performance advantages over existing dial-up access solutions. The NaviPath Technology Platform aggregates multiple local calling areas into MegaPOPs, deploys advanced switch bypass technology to eliminate busy signals due to voice switch congestion, and employs private transit Internet connectivity to bypass congested public peering points on the Internet. NaviPath's services include Internet connectivity, network management, user authentication and customer support based on full 24x7 service and support from its Network Management Center (NMC). The NMC provides second level support for service requests and emergencies using an automated trouble ticket tracking and escalation system.

NaviOne, NaviPath's flagship product, leverages the NaviPath Technology Platform as well as NaviPath's systems infrastructure to provide high-performance branded Internet access solutions for corporations, retail and financial vertical markets, and affinity groups to manage customer relationships via the Internet.

NaviSite, Inc.

NaviSite is a managed application hosting provider offering Web site and application hosting and management services. NaviSite's service offerings allow businesses to outsource the deployment, configuration, hosting, management and support of their Web sites and Internet applications in a cost-effective and rapid manner.

NaviSite's focus on enhanced management services, beyond basic co-location services, allows NaviSite to meet the expanding needs of businesses as their Web sites and Internet applications become more complex. NaviSite also provides customers with access to NaviSite's state-of-the-art data centers and the benefit of their direct private transit Internet connections to major Internet backbone providers increasing reliability, availability and download speeds. The scalability of NaviSite's infrastructure and cost-effectiveness of their solutions allow NaviSite to offer a comprehensive suite of services to meet the current and future hosting and management needs of their customers. NaviSite's single point of problem resolution management, and comprehensive service level agreements provide unprecedented levels of customer support.

. NaviSite's suite of service offerings includes:

. Web site and Internet application hosting, which includes access to NaviSite's state-of-the-art data centers, bandwidth and basic back-up, storage and monitoring services;

. Enhanced server management, which includes custom reporting, hardware options, load balancing and mirroring, system security, advanced back-up options, remote management and the services of NaviSite's business solution managers;

. Specialized application management, which includes management of e-commerce and other sophisticated applications and their underlying services, including ad-serving, a full spectrum of streaming production and delivery services, database administration and management, and transaction processing; and

. Application rentals and related consulting and other professional services.

Tribal Voice, Inc.

Tribal Voice is a provider of co-branded instant messaging and interactive communications solutions based on its PowWow technology. PowWow includes a full range of Internet communications, including instant text messaging, instant voice messaging, multi-user gaming, multi-user whiteboarding, multi-user Web cruising and full duplex Internet telephony. In addition, PowWow provides online presence detection and is designed to provide instant messaging interoperability with @mobile's imessenger Service, AOL's Instant Messenger (AIM) and Microsoft's MSN Messenger Service. On September 15, 2000, Tribal Voice was contributed to CMGion.

Internet Professional Services
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CMGI Solutions, Inc.

CMGI Solutions designs and builds strategic ebusiness solutions for Global 2000 corporations, utilizing the latest, most flexible and scalable technologies available while emphasizing the right technologies for each client's particular business requirements.

CMGI Solutions leverages the CMGI network of technology resources, other best-of-breed technologies and CMGI's management expertise. CMGI Solutions is constantly evaluating, experimenting with and re-using technologies in an ever-widening array of applications. CMGI Solutions selects the best combination of skills and technologies for each client.

CMGI@Ventures Funds
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The Company's first Internet venture fund, CMG@Ventures I was formed in February 1996. The Company owns 100% of the capital and is entitled to approximately 77.5% of the net profits of CMG@Ventures I. The Company's second Internet venture fund, CMG@Ventures II, was formed during fiscal year 1997. The Company owns 100% of the capital and is entitled to 80% of the net capital gains of CMG@Ventures II.

CMGI formed the @Ventures III venture capital fund (@Ventures III Fund) in August 1998. The @Ventures III Fund secured capital commitments from outside investors and CMGI, to be invested in emerging Internet and technology companies. 78.1% of amounts committed to the @Ventures III Fund are provided through two entities, @Ventures III L.P. and @Ventures Foreign Fund III, L.P. CMGI does not have a direct ownership interest in either of these entities, but CMGI is entitled to 2% of the net capital gains realized by both entities. Management of these entities is the responsibility of @Ventures Partners III, LLC (@Ventures Partners III). The Company has committed to contribute up to $56 million to its limited liability company affiliate, CMG@Ventures III equal to 19.9% of total amounts committed to the @Ventures III Fund, of which approximately $49.9 million has been funded as of July 31, 2000. CMG@Ventures III will take strategic positions side by side with the @Ventures III Fund. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMG@Ventures III. @Ventures Partners III is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III. The remaining 2% committed to the @Ventures III Fund is provided by a fourth entity, @Ventures Investors, LLC, in which CMGI has no ownership. During fiscal year 2000, CMGI formed an expansion fund to the @Ventures III Fund to provide follow-on financing to existing @Ventures III Fund investee companies, pursuant to which CMGI's commitment increased by $38.2 million through its limited liability company affiliate CMG@Ventures Expansion of which approximately $9.3 million was funded as of July 31, 2000.

In fiscal year 2000, CMGI announced the formation of three new venture capital funds including: CMGI@Ventures IV B2B Fund and Tech Fund. CMGI owns 100% of the capital and is entitled to 80% of the net profits realized by CMGI@Ventures IV, the B2B Fund and the Tech Fund. In September 2000, CMGI announced that it will be merging CMGI@Ventures IV, the B2B Fund and the Tech Fund into CMGI@Ventures IV, LLC, a single evergreen fund. Approximately $221.2 million has been invested by these funds as of July 31, 2000. The Company anticipates and promotes synergies between these strategic positions and CMGI's core businesses, including speeding technological innovation and access to markets.

At July 31, 2000, the CMGI@Ventures funds held investments in the following privately held companies:

Company Name	Description of Business	Ownership Percentage of Outstanding Shares	Initial Investment Date
Alibris	Online supplier of rare, used, hard-to-find books	13%	Mar. 2000
AltaVista Company (formerly Raging Bull, Inc.)	A free financial Web site that provides investors with financial discussion and commentary along with free real-time stock quotes.	1%	Sept. 1998
AnswerLogic, Inc.	Software company that delivers online question-answering solutions for business.	29%	Mar. 2000
Asimba, Inc.	A content rich, personalized, online community for the competitive and recreational sports market.	3%	Oct. 1998
AuctionWatch.com, Inc. (formerly Omnibot)	An online destination that aggregates auction-related information, posts daily editorial content, and provides value-added services to new and experienced buyers and sellers in the auction process.	1%	July 1999
BizBuyer.com, Inc.	An online business-to-business (B2B) marketplace where small to mid-size businesses can put their product and service needs out for bid and receive quotes from thousands of qualified vendors.	6%	June 1999
Blaxxun Interactive, Inc.	Provides products and solutions for multimedia communication on the Internet and intranets.	48%	Aug. 1995
Boatscape, Inc.	Online destinations dedicated to providing information, community, and commerce services to the recreational boater.	8%	Sep. 1999
CarParts.com, Inc.	Provides consumers with a search capability to locate and order online certain auto parts.	4%	Mar. 1999
Corrigo, Inc.	Mobile Service Management Solution brings wireless + Web technologies to organizations with large, mobile service and field operations.	33%	May 2000
CraftShop.com, Inc.	Provides Website where creative people meet, share ideas, research new projects as well as download free projects.	4%	Aug. 1999
Dejima, Inc.	Created software architecture called AASAP, which enables natural language command and control of Internet applications and devices.	14%	Apr. 2000
DialPad, Inc.	Developed Internet's first free, Java based, Web-to-phone telephone service.	19%	Apr. 2000
DiamondBack Vision, Inc.	To provide all Internet users a quality video viewing experience.	15%	Dec. 1999
Domania.com	Provides methods by which the public can access public information.	15%	July 1999
eCircles Corporation	Provides a free service that allows for friends and family to share information and coordinate events on the World Wide Web.	6%	Mar. 1999
eGroups, Inc. (formerly ONEList.com, Inc.)	Provides free email communities via the Internet, allowing users to search for or subscribe to communities on different topics or create their own community.	3%	Dec. 1998
Ensera, Inc. (formerly EngineRoar.com, Inc.)	Develops and markets scalable and reliable applications designed for business enterprises in the automotive collision repair marketplace.	6%	Aug. 1999
Exp.com, Inc.	Provides an electronic marketplace for interactive advice servicing a wide range of categories.	4%	Mar. 1999
Findlaw.com	Internet portal for free, comprehensive information on law and government.	5%	Sep. 1999

Company Name	Description of Business	Ownership Percentage of Outstanding Shares	Initial Investment Date
FoodBuy.com, Inc.	Source of business and technology solutions for the foodservice industry, creating an efficient marketplace within the community of foodservice operators, distributors and manufacturers.	22%	Jan. 2000
Furniture.com, Inc.	An e-commerce provider of a broad selection of furniture and home furnishing accessories.	4%	Dec. 1998
Gofish.com, Inc.	Online content and commerce destination for the seafood industry.	11%	Feb. 2000
GX Media	Comprehensive games portal and directory.	25%	Jan. 2000
HotLinks Network, Inc.	Operates a service that allows users to create personal Web directories.	12%	Dec. 1998
Idapta, Inc. (formerly Intelligent/Digital, Inc.)	Offers "market-making" technologies and services that facilitate real-time interaction and live trade between the buying and selling communities in B2B marketplaces.	20%	June 1999
Industria Solutions, Inc.	A B2B marketplace for process plant equipment.	12%	Feb. 2000
IronMax.com, Inc.	Internet based B2B marketplace for the construction equipment industry.	18%	Mar. 2000
KOZ.com, Inc.	Helps media companies, such as newspapers and broadcasters, strengthen their ties to their local communities by providing value-added programs and services that simplify community building on the World Wide Web.	8%	May 1997
KnowledgeFirst, Inc.	Provides financial and transactional services for financial service providers, college students, graduate students, etc.	6%	Sep. 1999
MobileLogic, Inc.	Provider of wireless solutions that help corporations improve out-of-office productivity, reduce costs, increase revenues and leverage current information technology.	10%	Mar. 2000
Mondera.com Corp.	Luxury e-tailor of certified fine diamonds, jewelry, watches and luxury items from around the world.	4%	Sep. 1999
MyFamily.com, Inc (formerly Ancestry.com, Inc.)	A provider of community, content and commerce resources for families via the Internet.	7%	Dec. 1998
NameTree, Inc.	Builds enhanced DNS systems for the Internet.	20%	July 1999
NextMonet.com, Inc.	An e-commerce site for purchasers of art, in the form of an on-line art gallery.	10%	Jan. 1999
NextOffice.com, Inc.	Online sales of comprehensive business furnishings and distribution e-commerce service.	6%	Dec. 1999
Oncology.com, Inc.	Leverages Internet technologies to improve the quality of cancer care.	4%	Dec. 1999
OneCore Financial Network, Inc.	Offers an integrated set of Web-based financial applications targeted at small businesses.	7%	Feb. 1999
One Media Place (formerly AdAuction)	Media exchange that leverages the power of the internet to unite advertising professionals in one marketplace.	10%	Mar. 2000
PlanetOutdoors.com, Inc.	An e-commerce distributor of outdoor recreation and adventure travel products.	5%	July 1999
Productopia, Inc.	Provides product advice for consumers looking for information and recommendations on what to buy and where they can find it.	7%	May 1999
Radiate, Inc. (formerly Aureate Media Corporation)	Provides software publishers with ad-supported distribution channels, services, and technology.	6%	July 1999
RealPulse.com, Inc.	Web-enabled business operations platform (ASP + B2B Exchange) serving the commercial real estate industry.	13%	Jun. 2000
SnapFish.com Corp.	Offers quality film developing, online picture sharing and digital archiving of photos.	3%	Nov. 1999

Company Name	Description of Business	Ownership Percentage of Outstanding Shares	Initial Investment Date
Speech Machines plc	An operator of Internet-based speech-to-text services.	19%	Sept. 1997
SpotLife Inc.	Provides online services which enables personal broadcasting for the mainstream market.	4%	Nov. 1999
The EC Company	Provider of e-transaction processing and hosted B2B electronic commerce services for small to mid-size businesses.	13%	Mar. 2000
Thingworld.com, LLC (formerly Parable, LLC)	Enables entertainment, music, sports, and consumer brand companies to creatively manage and distribute their properties online.	35%	Aug. 1996
Tvisions, Inc.	Provides a full suite of Internet design and development services.	17%	Apr. 2000
Vcommerce Corporation (formerly Vstore.com)	Provides an on-line retail hub that allows users to create a custom on-line store for at no cost.	1%	July 1999
Virtual Ink Corporation	A company focused on the development of Digital Meeting Assistant (TM) (DMA) technologies.	7%	Oct. 1998
Visto Corporation	Provides Web-based personal information services.	9%	June 1998
WebCT, Inc. (formerly Universal Learning Technology)	Provides a Web-based platform for teaching and learning in the higher education marketplace.	22%	July 1998

In addition, as of July 31, 2000 the Company's CMGI@Ventures funds held securities of thirteen publicly traded companies including: Amazon.com, Inc.; Critical Path, Inc.; eBay, Inc.; Hollywood Entertainment Corporation; Kana Communications, Inc.; Lycos, Inc.; MarchFirst, Inc.; MotherNature.com, Inc.; PTEK Holdings, Inc.; Tickets.com, Inc.; Ventro Corporation; Vicinity Corporation; and Yahoo!, Inc.

Business Strategy

CMGI's business strategy is built on the following initiatives:

Continue to Create or Identify Companies with the Potential to Become Market Leaders. As a result of its deep and broad experience in the Internet market, CMGI believes that it has a competitive advantage in identifying emerging market opportunities. CMGI seeks to capitalize on these opportunities by pursuing a multi-faceted approach. Once CMGI identifies an emerging market opportunity it typically seeks to incubate an operating company to serve that need. CMGI also may acquire an existing company and reposition it to better address the market need. In addition, because of CMGI's experience and its strong brand name, it believes that it has a competitive advantage in attracting and identifying opportunistic minority investments in emerging companies, which it makes through its @Ventures funds. CMGI has acquired interests in companies at all stages of development, including a number currently being internally developed and several that have been harvested through initial public offerings or sales.

Companies that CMGI has developed internally include Engage, which was formed in 1995 in anticipation of the need for more effective targeting of advertisements, content and e-commerce offerings through the Internet, and NaviSite, which was formed in 1996 in anticipation of the need for Web site hosting and managed services. CMGI is currently incubating other companies to pursue selected

market opportunities. For example, NaviPath provides an access service that enables any company to offer branded Internet service to its customers and CMGion seeks to optimize delivery of Internet content over dial-up, broadband or wireless connections to any Internet enabled device.

In those cases where CMGI believes that a leading market position can be obtained by acquiring or combining existing companies, it pursues an acquisition strategy. Since January 1, 1997, CMGI and its operating subsidiaries have made approximately 30 acquisitions. For example, CMGI recently acquired Tallan, a professional services firm, to expand the capabilities of CMGI Solutions.

Finally, when CMGI identifies existing companies it believes can achieve leading positions in markets not core to its operating companies, it makes minority investments through its CMGI@Ventures funds. For example, CMGI made minority investments in GeoCities, Silknet and Ventro. CMGI believes that its CMGI@Ventures investments enables CMGI to take advantage of business opportunities in all segments of the Internet market and at the same time provide CMGI with insights into emerging Internet trends. To the extent that CMGI's minority investments are successful, they provide CMGI with additional resources that can be used to help support its operating companies. CMGI plans to continue its multi-faceted strategy so that it may take advantage of the broad array of opportunities in the Internet market.

Global Delivery of Products and Services. CMGI intends to continue to expand the global reach of its network companies to capitalize on the significant growth of Internet usage outside the United States. CMGI's globalization efforts have focused mostly on helping its network companies expand into Europe and Asia and in developing regional partnerships to assist in expanding distribution capabilities.

In Europe, CMGI has established facilities in London and Paris where its operating and venture companies can share space and administrative services, and it plans to establish similar facilities in cities throughout Europe. CMGI expects that its operating and venture companies will be able to use these facilities as a platform for the expansion of their products and services into international markets.

CMGI's activity in Asia has focused on developing strategic relationships with prominent local companies. For example, CMGI has strategic relationships in Japan with Sumitomo Corporation, one of the world's leading traders and distributors of commodities and industrial and consumer goods, and in Hong Kong and other parts of Asia with Pacific Century CyberWorks, one of the largest Asian Internet companies and recent acquirer of Hong Kong Telephone. CMGI seeks to facilitate the entrance of its network companies into Asian markets by leveraging its relationships with this local partner. CMGI believes that the broad range of Internet assets included in its network of companies provides CMGI with a strategic advantage when it seeks to establish relationships with key Asian companies.

Promote Synergies and Collaboration Among Network Companies. CMGI promotes collaboration among its network companies so that they can achieve competitive advantages that they might not achieve on a stand-alone basis. CMGI hosts regular conferences for executives of its network companies and weekly meetings among the chief executive officers of its operating companies to promote collaboration and the sharing of best practices. CMGI network companies have access to the technologies and services of other CMGI-affiliated companies that can be leveraged to improve operations. For example, uBid, Lycos and AltaVista have partnered with 1stUp to provide free Internet access to their users; iCAST is the provider of entertainment-related content for AltaVista; and many network companies use Engage, NaviSite and CMGI Solutions for profiling, Web hosting and consulting services. To encourage cooperation among its network companies, senior executives of its private operating companies are granted stock options in both CMGI and their company.

Increase Leadership Position in Direct Marketing. CMGI plans to continue to develop solutions for the online marketing and advertising market. CMGI believes that this market provides a large opportunity because the proportion of total marketing and advertising dollars currently devoted to the Internet is significantly lower than the proportion of time that consumers spend on the Internet compared to viewing television and other traditional media. CMGI believes that expenditures for online advertising and marketing will ultimately become more aligned with the growth in viewing time on the Internet. CMGI is well positioned to capitalize on this opportunity. Since its creation in 1995, Engage has steadily expanded both its capabilities and audience-reach through the acquisitions of Accipiter, I/PRO, AdKnowledge, Flycast, AdSmart, MediaBridge, VBN and Space Asia. For the fiscal year ended July 31, 2000, the number of ad impressions served by its marketing networks was approximately 35 billion. CMGI believes that Engage's targeting capabilities will enable CMGI to continue to grow more rapidly than the overall Internet advertising market as marketers seek to more efficiently reach their target audiences. In addition, CMGI recently acquired yesmail.com and AdForce to offer a broader array of products and services to this market. CMGI plans to continue to expand the scope of the solutions offered by Engage, yesmail.com and AdForce so that it may provide online marketers with flexibility in tailoring their online campaigns to meet their particular marketing objectives.

Capitalize on Multi-bandwidth, Multi-device Communications Infrastructure. CMGI is seeking to provide applications and services that will optimize the speed, consistency and reliability of delivery of Internet content and commerce over wireless, dial-up and broadband access technologies. Through its network of companies, CMGI is seeking to position itself strategically to capitalize on the proliferation of communications devices and access technologies. For example, Activate provides Internet communications services through streaming media technology, including broadcasting Wall Street analyst conference calls and radio and television programming. In addition, as part of a significant new initiative, CMGI recently formed a new company, called CMGion, with its partners Compaq, Novell and Sun Microsystems. The strategy of CMGion is to develop services that personalize and optimize the speed of content delivery across various access technologies.

Aggressively Pursue Strategic Business Alliances. CMGI seeks to leverage its network of CMGI companies to create a network of strategic alliances and corporate partnerships. These alliances are designed to accelerate CMGI's products and services into global market opportunities by providing complementary distribution, technology, and/or content with the overall objective of increasing the use of and demand for the products and services of the CMGI network companies. For example, in connection with its acquisition of AltaVista in August 1999, CMGI entered into a strategic alliance partnership with Compaq Computer Corporation (Compaq). This partnership designates CMGI as a "Premier Internet Technology" supplier to Compaq and is intended to create mutually beneficial ways of bundling, distributing and promoting products and services of CMGI network companies on Compaq products.

Organize Majority-Owned Holdings into Lines of Business, Support Focus on Operating Profitability. CMGI has formally organized its majority-owned operating companies and its venture capital affiliate into six lines of business. These six lines of business include five operational disciplines - Search and Portals; Infrastructure and Enabling Technologies; Internet Professional Services; eBusiness and Fulfillment; and Interactive Marketing - as well as CMGI's affiliated venture capital arm, CMGI @Ventures. Key objectives of this effort include:

- Creation of an evolutionary operating model to support CMGI's growing prominence as a leader in the global Internet marketplace while increasing clarity among key audiences about the mission, focus, and performance of CMGI's business strategy;
- Definition of the key market segments in which CMGI sees its greatest opportunities for growth and profitability; o Expansion of global strategic alliances and partnerships that will enable CMGI's operating companies to enter new markets
- and more effectively deliver technology products and services to the Global 2000; Extension of CMGI @Ventures' mission to invest in and help accelerate promising emerging businesses which are complementary to CMGI's strategic focus;
- Installment of an ongoing review process whereby CMGI will continually evaluate and evolve its strategy, including the enhancement of existing business lines and the creation of new operating lines through potential consolidations, mergers or divestitures to keep pace with technology innovation and emerging market opportunities;
- A focus on market segments in which CMGI can establish a clear leadership position;
- A reduction of the operating companies existing today to an optimal number of 5-10 in total; and,
- Improved financial performance including continued revenue growth, and a significant reduction in cash flow requirements through improved operating efficiencies, acquisitions, consolidations and divestitures.

Sales and Marketing

Each CMGI operating company maintains its own separate sales and marketing staffs, enabling the sales personnel to develop strong customer relationships and expertise in their respective areas. Each company has established their own direct sales force experienced in each subsidiary's business to address the new and evolving requirements of the Internet business arena. CMGI and its operating companies believe that an experienced sales staff is critical to initiating and maintaining customer relationships. CMGI markets itself through public relations, its Web site, internally sponsored events and externally facing trade shows. In addition, in certain instances, the Company has complemented these activities by retaining advertising and public relations agencies.

The Company attends numerous trade shows in the Internet and high technology markets, while further supplementing its efforts with space advertising and product and services listings in appropriate directories. In addition, the Company sponsors user group meetings for its customers, where new products and services are highlighted.

Competition

The market for Internet products and services is rapidly evolving and highly competitive. Although the Company believes that the diverse segments of the Internet market will provide opportunities for more than one supplier of products and services similar to those of the Company, it is possible that a single supplier may dominate one or more market segments. The Company believes the principal competitive factors in this market are name recognition, performance, ease of use, variety of value-added services, functionality and features, and quality of support. Competitors include a wide variety of companies and organizations, including Internet software, content, service and technology companies, telecommunication companies, cable companies and equipment/technology suppliers. Some of the Company's existing competitors, as well as a number of potential new competitors, have greater financial, technical and marketing resources than the Company. The Company may also be affected by competition from licensees of its products and technology. There can be no assurance that the Company's competitors will not develop Internet products and services that are superior to those of the Company or that achieve greater market acceptance than the Company's offerings.

Major competitive issues that the Company faces, by line of business, are as follows:

Interactive Marketing
- - ---------------------

Interactive Marketing includes, but is not limited to, providing a portfolio of online marketing products including enterprise-wide promotion management, profiling and ad serving software, media, media management and analytics.

A number of the Company's current advertising customers, licensees and partners have also established relationships with certain of the Company's competitors, and future advertising customers, licensees and partners may establish similar relationships. The Company competes with other Internet advertising networks, including DoubleClick and 24/7 Media. It also competes with large Web sites and Web portals, such as America Online, Excite@Home, Microsoft and Yahoo for Internet advertising revenues. In addition, we compete with traditional media, such as television, radio, cable and print for a share of advertisers' total advertising budgets.

Interactive marketing continues to be a highly attractive space and CMGI has a broad product and service coverage. Increasingly, marketers are looking for solutions versus component products and services. Companies in this sector are rapidly expanding their product offerings up and down the customer lifecycle through investments in new products, partnerships and acquisitions.

eBusiness and Fulfillment
- - -------------------------

eBusiness and Fulfillment includes, but is not limited to, providing services across the entire ebusiness value chain to sell and deliver goods from the manufacturer to the customer.

CMGI's fulfillment services segment companies have several prominent competitors for the fulfillment and supply chain management components of its businesses, and also compete with the internal fulfillment and manufacturing operations of customers themselves. The companies in this segment also compete on the basis of pricing, geographic proximity to their clients and the speed and accuracy with which orders are processed. In the more established ebusiness segments, such as business-to-consumer and consumer-to-consumer e-commerce, the market is consolidating around large established Internet players and established click-and-mortar players.

Search and Portals
- - ------------------

Search and Portals includes, but are not limited to, providing services and content which connect Internet users to information and entertainment.

The Companies search and portal segment faces intense competition, and CMGI expects competition will continue to intensify. The market is subject to rapid technological change and significantly affected by new product introductions and other market activities of industry participants. The Company believes the principal competitive factors in this market are name recognition, product performance and functionality, ease of use. size of the Web index, the speed with which search results return and the relevance of results, pricing and quality of customer support. many of CMGI's current and potential competitors, including America Online, Excite, Google, HotBot, Inktomi, Terra Lycos, Microsoft Network, Northern Light and Yahoo!, have longer operating histories, larger customer bases, greater brand name recognition, greater access to proprietary content and significantly greater financial, marketing and other resources.

Infrastructure and Enabling Technologies

Infrastructure and Enabling Technologies includes, but are not limited to, providing products and services essential to business operations on the Internet, including outsourced management applications, private-label Internet access and technology platforms.

The Company faces many large, established competitors, as well as small, fast-growing competitors, in these markets. The primary markets that the Company competes in include:

Streaming

There are many small, growing streaming service providers. CMGI's competition is aggressively pursuing market share and building brand awareness. Streaming pure-plays, software companies, managed service providers, and data networking companies are competing in the emerging streaming market.

Data Connectivity

Data connectivity is the largest segment of the Internet infrastructure services market. The traditional telecom players, "mega carriers", and the "next generation networks" all participate in multiple connectivity segments. Competitors are aggressively building-out capacity and pursuing revenue share. Both the mega carriers and next generation networks are adding capacity. There is a trend towards increasing outsourcing of data transmission management through guaranteed quality of service agreements and an increasing ubiquity of higher-bandwidth applications across all business types and consumer use.

Managed Services

To date, the Company has not expanded internationally in this area and almost all major competitors are global. CMGI's strong position in the managed hosting segment is threatened by many better-funded competitors including the telecommunications companies.

Internet Professional Services

Internet Professional Services include, but are not limited to, providing applications strategy, development, design, and implementation services for companies seeking to initiate, enhance or redirect their presence on the Internet.

The Internet professional services market is large and growing. It is increasingly difficult to differentiate product offerings. A group of five to seven firms appear to be establishing competitive leadership. Non-Internet professional services firms (software and product companies) and some middle tier broad-base services firms may also compete in this market.

Research and Development

The Company develops and markets a variety of Internet related products and services. These industries are characterized by rapid technological development. The Company believes that its future success will depend in large part on its ability to continue to enhance its existing products and services and to develop other products and services, which complement existing ones. In order to respond to rapidly changing competitive and technological conditions, the Company expects to continue to incur significant research and development expenses during the initial development phase of new products and services as well as on an on-going basis.

During fiscal years 2000, 1999 and 1998, the Company expended $153,974,000, $22,253,000 and $19,108,000, respectively, or 17.1%, 11.9% and 20.7%, respectively, of net revenue, on research and development. In addition, during fiscal years 2000, 1999 and 1998, the Company recognized $65,683,000, $6,061,000 and $10,325,000, respectively, of in-process research and development expenses in connection with acquisitions of subsidiaries and investments in affiliates. See further discussion of in-process research and development expenses in Item 7 below.

Intellectual Property and Proprietary Rights

The Company regards its software technologies and databases as proprietary. The Company relies upon a combination of patent, trade secret, copyright and trademark laws to protect its intellectual property. It has entered into confidentiality agreements with its management and key employees with respect to this software, and limits access to, and distribution of this, and other proprietary information. However, the steps the Company takes to protect its intellectual property may not be adequate to deter misappropriation of the Company's proprietary information. In addition, the Company may be unable to detect unauthorized uses of and take appropriate steps to enforce its intellectual property rights.

Although senior management believes that the Company's services and products do not infringe on the intellectual property rights of others, the Company is subject to the risk that such a claim may be asserted in the future.

Employees

As of July 31, 2000, the Company employed a total of 5,718 persons on a full-time basis. None of the Company's employees are represented by a labor union. The Company believes that its relations with its employees are good.

Segment Information

Segment information is set forth in Note 3 of the Notes to Consolidated Financial Statements referred to in Item 8(a) below and incorporated herein by reference.

Significant Customers

Significant customers information is set forth under the heading "Diversification of Risk" in Note 2 of the Notes to Consolidated Financial Statements referred to in Item 8(a) below and incorporated herein by reference.

ITEM 2. - PROPERTIES

The location and general character of the Company's principal properties by industry segment as of October 4, 2000 are as follows:

Interactive Marketing Segment

In its Interactive Marketing segment, the Company leases approximately 518,000 square feet of office, storage, production and assembly, sales and marketing, and operations space, principally in California, Massachusetts, Illinois, North Carolina and Europe under leases expiring from 2000 to 2010. Approximately 73,000 square feet is sublet to third parties.

eBusiness and Fulfillment Segment

In its eBusiness and Fulfillment segment, the Company leases approximately 1,357,000 square feet of office, storage, warehouse, production and assembly, sales and marketing, and operations space, principally in Massachusetts, Tennessee, California, Illinois and Mexico under leases expiring from 2000 to 2013.

Search and Portals Segment

In its Search and Portals segment, the Company leases approximately 665,000 square feet of office, administrative, engineering, sales and marketing, operations and data center space, principally in California, Massachusetts and New York under leases expiring from 2000 to 2009. Approximately 24,000 square feet is sublet to third parties.

Infrastructure and Enabling Technologies Segment

In its Infrastructure and Enabling Technologies segment, the Company leases approximately 528,000 square feet of office, storage, production and assembly, sales and marketing, data center and operations space, principally in Massachusetts, California, Washington and Texas, under leases expiring from 2001 to 2011.

Internet Professional Services Segment

In its Internet Professional Services segment, the Company leases approximately 87,000 square feet of office, storage, production and assembly, sales and marketing, and operations space, principally in Connecticut, Virginia and New York under leases expiring from 2000 to 2007.

Other

In addition, the Company leases approximately 334,500 square feet principally in Massachusetts, California, Illinois and New York, under leases expiring from 2002 to 2010. These facilities consist of executive office space for the Company's corporate and venture capital line of business headquarters, as well as administrative, engineering, sales and marketing, and operations space.

ITEM 3. LEGAL PROCEEDINGS

On March 16, 2000, a derivative action was filed in the Court of Chancery of the State of Delaware against the Company, Edward A. Bennett, Christopher A. Evans, Craig D. Goldman, Andrew J. Hajducky III, Frederic D. Rosen, Paul L. Schaut, David S. Wetherell and Engage, Inc. The complaint arose out of the intended sale by CMGI of its subsidiaries, Flycast and Adsmart, to Engage, as announced on or about January 20, 2000. The plaintiff alleged, inter alia, that CMGI and the individual defendants violated their fiduciary duties, duties of loyalty and good faith, and engaged in self-dealing with regard to the transaction, which the complaint alleged is unfair to Engage. The complaint requested, inter alia, that the court (1) enjoin the defendants from taking any steps in furtherance of the transaction; (2) award recissory damages to Engage and rescind the transaction if it is consummated; (3) direct the defendants to account to Engage for its damages and CMGI's profits; and (4) award the plaintiff her costs, disbursements and fees. On August 15, 2000, the plaintiff filed a stipulation of dismissal without prejudice. On August 21, 2000, the court endorsed the stipulation and dismissed the matter.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The information required by this Item is set forth under Item 4 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market information is set forth in Note 19 of the Notes to Consolidated Financial Statements referred to in Item 8(a) below and is incorporated herein by reference.

On October 23, 2000, there were 4,534 holders of record of Common Stock of the Company.

The Company has never declared or paid cash dividends on its common stock. The Company currently intends to retain earnings, if any, to support its growth strategy and does not anticipate paying cash dividends in the foreseeable future. Payment of future dividends, if any, will be at the discretion of the Company's Board of Directors after taking into account various factors, including the Company's financial condition, operating results, current and anticipated cash needs and plans for expansion.

On January 18, 2000, the Company acquired all of the outstanding membership interests of Green Witch, LLC, a California limited liability company (Green Witch). Pursuant to the terms of the acquisition agreement, the Company, among other things, agreed to issue up to an aggregate of 233,009 shares of Common Stock to members of Green Witch in exchange for such membership interests. The issuance of such shares of Common Stock is subject to the satisfaction of certain terms and conditions contained in the acquisition agreement. On June 23, 2000, the Company issued and sold an aggregate of 25,654 shares of Common Stock to former members of Green Witch and certain associated parties in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On May 4, 2000, Comdisco, Inc. (Comdisco) exercised an outstanding warrant for the purchase of shares of the Company's common stock on a net issuance basis. Pursuant to the terms of the warrant, the Company issued an aggregate of 63,642 shares of Common Stock to Comdisco. The shares of Common Stock were issued and sold to Comdisco in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock. Also on May 4, 2000, Comdisco exercised an outstanding warrant for the purchase of shares of the Company's common stock on a net issuance basis. Pursuant to the terms of the warrant, the Company issued an aggregate of 48,681 shares of Common Stock to Comdisco. The shares of Common Stock were issued and sold to Comdisco in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On May 19, 2000, the Company and Primedia, Inc., a Delaware corporation (Primedia), completed an exchange of stock. The Company received 8,000,000 shares of Primedia stock in exchange for 1,532,567 shares of the Company's common stock. The shares of Common Stock were issued and sold to Primedia in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On June 9, 2000, the Company acquired an approximate 33% ownership interest in Freeup LLC, a Delaware limited liability company ("Freeup"). Pursuant to the terms of the acquisition agreement, on such date the Company, among other things, (i) issued and sold 42,230 shares of its Common Stock to Compaq Computer Corporation, a Delaware corporation (Compaq), for an aggregate purchase price of $3,000,000 and (ii) issued and sold 61,234 shares of its Common Stock to CPCG Holdings, Inc., a Delaware corporation and a wholly owned subsidiary of Compaq (CPCG), in exchange for certain of the outstanding membership interests in Freeup then held by CPCG. The shares of Common Stock were issued and sold to Compaq and CPCG in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On June 15, 2000, the Company acquired all of the outstanding membership interests of Shortbuzz.com LLC, a Delaware limited liability company (Shortbuzz). Pursuant to the terms of the acquisition agreement, the Company, among other things, agreed to issue up to an aggregate of 17,957 shares of Common Stock to members of Shortbuzz in exchange for such membership interests. The issuance of certain of such shares of Common Stock is subject to the satisfaction of certain terms and conditions contained in the acquisition agreement. The shares of Common Stock were, or are to be, issued and sold to the members of Shortbuzz in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On August 18, 2000, pursuant to the terms of a promissory note issued by the Company on August 18, 1999 to Compaq in the original principal amount of $82,000,000 in connection with the Company's acquisition of AltaVista Company, the Company issued an aggregate of 116,495 shares of Common Stock to Compaq in satisfaction of interest due and payable. The shares of Common Stock were issued and sold to Compaq in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock. On August 18,

2000, pursuant to the terms of a promissory note issued by the Company on August 18, 1999 to Compaq in the original principal amount of $138,000,000 in connection with the Company's acquisition of AltaVista Company, the Company issued an aggregate of 196,052 shares of Common Stock to Compaq in satisfaction of interest due and payable. The shares of Common Stock were issued and sold to Compaq in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

On July 18, 2000, pursuant to the terms of a Purchase Agreement dated as of February 3, 2000, the Company and divine Interventures, inc., a Delaware corporation (divine), completed an exchange of stock. The Company received 1,701,900 shares of divine common stock in exchange for 372,000 shares of the Company's common stock. The shares of Common Stock were issued and sold to divine in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

ITEM 6. - SELECTED CONSOLIDATED FINANCIAL DATA

The information required by this Item is set forth under the caption "Selected Consolidated Financial Data" appearing in the 2000 Annual Report to Stockholders and is incorporated herein by reference and is filed herewith as Exhibit 13.1.

ITEM 7. - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is set forth under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing in the 2000 Annual Report to Stockholders, and is incorporated herein by reference and is filed herewith as Exhibit 13.2.

ITEM 7A. - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to equity price risks on the marketable portion of its equity securities. The Company's available-for-sale securities at July 31, 2000 include equity positions in companies in the Internet industry sector, many of which have experienced significant historical volatility in their stock prices. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. A 20% adverse change in equity prices, based on a sensitivity analysis of the Company's available-for-sale securities portfolio as of July 31, 2000, would result in an approximate $319.0 million decrease in the fair value of the Company's available-for-sale securities.

The carrying values of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and notes payable, approximate fair value because of the short maturity of these instruments. The carrying value of long-term debt approximates its fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

The Company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates on its borrowing arrangements. The Company does not enter into derivative financial instruments for trading purposes. As a matter of policy all derivative positions are used to reduce risk by hedging underlying economic exposure. The derivatives the Company uses are straightforward instruments with liquid markets. At July 31, 2000 the Company was primarily exposed to the London Interbank Offered Rate (LIBOR) interest rate on its bank borrowing arrangements. Information about the Company's borrowing arrangements including principal amounts and related interest rates appears in Note 12 of the Notes to Consolidated Financial Statements referred to in Item 8(a) below and is incorporated herein by reference.

The Company has historically had very low exposure to changes in foreign currency exchange rates, and as such, has not used derivative financial instruments to manage foreign currency fluctuation risk. As the Company expands globally, the risk of foreign currency exchange rate fluctuation may dramatically increase. Therefore, in the future, the Company may consider utilizing derivative instruments to mitigate such risks.

ITEM 8. - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

(a) The following consolidated financial statements of the Company and independent auditors' report required by this Item are set forth in the 2000 Annual Report to Stockholders and are incorporated herein by reference and are filed herewith as Exhibit 13.3:

- Consolidated Balance Sheets as of July 31, 2000 and 1999
- Consolidated Statements of Operations for the three years ended July 31, 2000
- Consolidated Statements of Stockholders' Equity for the three years ended July 31, 2000
- Consolidated Statements of Cash Flows for the three years ended July 31, 2000
- Notes to Consolidated Financial Statements- Independent Auditors' Report

(b) Selected Quarterly Financial Data (unaudited) is set forth in Note 19 of the Notes to Consolidated Financial Statements referred to in Item 8 (a) above and is incorporated herein by reference.

ITEM 9. - CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. - DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated by reference to the portions of the Definitive Proxy Statement entitled "Proposal 1--Election of Directors," "Additional Information - Management," and "Additional Information - Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. - EXECUTIVE COMPENSATION

Incorporated by reference to the portions of the Definitive Proxy Statement entitled "Additional Information -- Executive Compensation," "Additional Information -- Director Compensation," "Additional Information -- Human Resources and Compensation Committee Report," "Additional Information -- Stock Performance Graph," and "Additional Information -- Employment Agreements and Severance and Change of Control Arrangements."

ITEM 12. - SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated by reference to the portion of the Definitive Proxy Statement entitled "Security Ownership of Certain Beneficial Owners and Management."

ITEM 13. - CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated by reference to the portion of the Definitive Proxy Statement entitled "Additional Information -- Certain Relationships and Related Transactions."

PART IV

ITEM 14. - EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) Financial Statements, Financial Statement Schedule, and Exhibits

1. Financial Statements. The financial statements as set forth under Item 8 of this report on Form 10-K are incorporated herein by reference.

-Consolidated Balance Sheets as of July 31, 2000 and 1999
-Consolidated Statements of Operations for the three years ended July 31, 2000, 1999 and 1998
-Consolidated Statements of Stockholders' Equity for the three years ended July 31, 2000, 1999 and 1998 -
-Consolidated Statements of Cash Flows for the three years ended July 31, 2000, 1999 and 1998
-Notes to Consolidated Financial Statements
-Independent Auditors' Report

2. Financial Statement Schedule. Financial Statement Schedule II of the Company and the corresponding Report of Independent Auditors on Financial Statement Schedule are included in this Report.

All other financial statement schedules have been omitted since they are either not required, not applicable, or the information is otherwise included.

3. Exhibits. The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed as part of this Annual Report on Form 10-K.

(B) Reports on Form 8-K

On May 10, 2000, the Company filed a Current Report on Form 8-K dated April 28, 2000 to report under Item 2 (Acquisition or Disposition of Assets) the acquisition by Engage, Inc. of Adsmart Corporation and Flycast Communications Corporation from the Company. No financial statements were filed with such report.

On May 25, 2000, the Company filed a Current Report on Form 8-K dated March 10, 2000 to report under Item 5 (Other Events) the acquisition by the Company of yesmail.com, inc. and uBid, Inc. No financial statements were filed with such report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CMGI, INC.

Date: October 30, 2000

By: /s/ David S. Wetherell

David S. Wetherell
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been duly signed below by the following persons on behalf of the Registrant and in the capacities and on the date set forth above.

Signature	Title
/s/ David S. Wetherell --- David S. Wetherell	Chairman of the Board, President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ Andrew J. Hajducky III --- Andrew J. Hajducky III, CPA	Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)
--- William H. Berkman	Director
/s/ Harold F. Enright, Jr. --- Harold F. Enright, Jr.	Director
/s/ Craig D. Goldman --- Craig D. Goldman	Director
/s/ Avram Miller --- Avram Miller	Director
/s/ Robert J. Ranalli --- Robert J. Ranalli	Director

EXHIBIT INDEX

2.1	Purchase and Contribution Agreement, dated as of June 29, 1999, by and among the Registrant, Compaq Computer Corporation, Digital Equipment Corporation, AltaVista Company and Zoom Newco Inc. is incorporated herein by reference to Exhibit 2.1 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).
2.2	Amendment No. 1 to Purchase and Contribution Agreement, dated as of August 18, 1999, by and among the Registrant, Compaq Computer Corporation, Digital Equipment Corporation, AltaVista Company and Zoom Newco Inc. is incorporated herein by reference to Exhibit 2.2 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).
2.3	Agreement and Plan of Merger, dated as of September 29, 1999, by and among the Registrant, Freemont Corporation and Flycast Communications Corporation is incorporated herein by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-92107).
2.4	Amended and Restated Agreement and Plan of Merger, dated as of September 20, 1999, by and among the Registrant, Artichoke Corp. and AdForce, Inc. is incorporated herein by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-92139).
2.5	Amendment No. 1 to Amended and Restated Agreement and Plan of Merger, dated as of January 10, 2000, by and among the Registrant, Artichoke Corp. and AdForce, Inc. is incorporated herein by reference to Exhibit 2.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2000 (File No. 000-23262).
2.6	Agreement and Plan of Merger and Reorganization, dated as of December 14, 1999, by and among the Registrant, Mars Acquisition, Inc. and yesmail.com inc. is incorporated herein by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-95977).
2.7	Agreement and Plan of Merger and Contribution, dated January 19, 2000, by and among the Registrant, Engage, Inc., Adsmart Corporation, Flycast Communications Corporation and FCET Corp. is incorporated herein by reference to Exhibit 10.1 to Engage's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2000 (File No. 000-26671).
2.8	Agreement and Plan of Merger and Reorganization, dated as of February 9, 2000, by and among the Registrant, Senlix Corporation and uBid, Inc. is incorporated by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-32158).
2.9	Agreement and Plan of Merger and Contribution by and among the Registrant, Engage Technologies, Inc., AK Acquisition Corp. and AdKnowledge Inc. dated as of September 23, 1999, as amended, is incorporated herein by reference to Exhibit 10.1 to Engage's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999 (File No. 000-26671).
3.1	Restated Certificate of Incorporation of the Registrant is incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 (File No. 333-85047).
3.2	Certificate of Designations, Preferences and Rights of Series D Preferred Stock of the Registrant is incorporated herein by reference to Exhibit 4.1 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).
3.3	Amendment of Restated Certificate of Incorporation of the Registrant, dated May 5, 2000 is incorporated herein by reference to Exhibit 3.1 to the Registrant's Quarterly Report on From 10-Q for the fiscal quarter ended April 30, 2000 (File No. 000-23262).
3.4	Restated By-Laws of the Registrant, as amended, are incorporated herein by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-4 (File No. 333-92107).
4.1	Specimen stock certificate representing the Registrant's Common Stock is incorporated herein by reference to Exhibit 4.1 of the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).
4.2	Promissory note, dated August 18, 1999, issued to Digital Equipment Corporation, in the principal amount of $138,000,000 is incorporated herein by reference to Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).

4.3 Promissory note, dated August 18, 1999, issued to Compaq Computer Corporation, in the principal amount of $82,000,000 is incorporated herein by reference to Exhibit 4.3 to the Registrant's Current Report on Form 8-K dated August 18, 1999 (File No. 000-23262).

4.4 Form of senior indenture is incorporated herein by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-3 (File No. 333-93005).

4.5 Form of subordinated indenture is incorporated herein by reference to Exhibit 4.2 to the Registrant's Registration Statement on Form S-3 (File No. 333-93005).

10.1* 1986 Stock Option Plan, as amended, is incorporated herein by reference to Appendix IV to the Registrant's Definitive Schedule 14A filed November 17, 1999 (File No. 000-23262).

10.2* Amended and Restated 1995 Employee Stock Purchase Plan.

10.3* 1995 Stock Option Plan for Non-Employee Directors, as amended, is incorporated herein by reference to Appendix III to the Registrant's Definitive Schedule 14A filed November 17, 1999 (File No. 000-23262).

10.4* Amended and Restated 1999 Stock Option Plan for Non-Employee Directors is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000 (File No. 000-23262).

10.5* CMGI and Participating Subsidiaries Deferred Compensation Plan, is incorporated by reference to Exhibit 10.9 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 1999 (File No. 000-23262).

10.6* Employment Agreement, dated August 1, 1993, between the Registrant and David S. Wetherell is incorporated herein by reference to Exhibit 10.10 of the Registrant's Registration Statement on Form S-1 (File No. 33-71518).

10.7* Amendment No. 1 to Employment Agreement, dated January 20, 1994, between the Registrant and David S. Wetherell is incorporated herein by reference to Exhibit 10.18 of the Registrant's Registration Statement on Form S-1 (File No. 33-71518).

10.8* Amendment No. 2 to Employment Agreement, dated October 25, 1996, between the Registrant and David S. Wetherell is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1996 (File No. 000-23262).

10.9* Form of Director Indemnification Agreement (executed by the Registrant and each of David S. Wetherell, William H. Berkman, Harold F. Enright, Jr., Craig D. Goldman, Avram Miller and Robert J. Ranalli) is incorporated herein by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1998 (File No. 000-23262).

10.10 Lease dated as of April 12, 1999 between Andover Mills Realty Limited Partnership and the Registrant for premises located at 100 Brickstone Square, Andover, Massachusetts is incorporated herein by reference to Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.11 Amendment No. 1 to Lease dated as of July 19, 1999 between Andover Mills Realty Limited Partnership and the Registrant for premises located at 100 Brickstone Square, Andover, Massachusetts is incorporated herein by reference to Exhibit 10.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.12 Amendment No. 2 to Lease, dated as of November 12, 1999, between Andover Mills Realty Limited Partnership and the Registrant for premises located at 100 Brickstone Square, Andover, Massachusetts is incorporated herein by reference to Exhibit 10.6 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999 (File No. 000-23262).

10.13 Amendment No. 3 to Lease dated as of March 28, 2000 between Andover Mills Realty Limited Partnership and the Registrant for premises located at 100 Brickstone Square, Andover, Massachusetts.

10.14 Amendment No. 4 to Lease, dated as of May 11, 2000 between Andover Mills Realty Limited Partnership and the Registrant for premises located at 100 Brickstone Square, Andover, Massachusetts.

10.15 Lease Agreement by and between Carolina Blackhawk, LLC and Engage Technologies, Inc. dated October 1999, is incorporated herein by reference to Exhibit 10.3 to Engage's Quarterly Report on Form 10-Q for the quarter ended October 31, 1999 (File No. 000-26671).

10.16 Lease Agreement by and between TST 555/575 Market, L.L.C. as landlord and Engage, Inc. as tenant, dated December 22, 1999 is incorporated herein by reference to Exhibit 10.2 to Engage's Quarterly Report on Form 10-Q for the fiscal quarter ended January 31, 2000 (File No. 000-26671).

10.17 First Amendment to the Lease Agreement by and between TST 555/575 Market, L.L.C. as landlord and Engage as tenant, dated March 20, 2000 is incorporated herein by reference to Exhibit 10.4 to Engage's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000 (File No. 000-26671).

10.18 Lease dated as of September 13, 1999 between Arastradero Property and AltaVista Company for premises located at 1070 Arastradero Road, Palo Alto, California is incorporated herein by reference to Exhibit 10.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.19 Indenture of Lease dated as of August 16, 1999, between 622 Building Company LLC and iCAST, Inc. for premises located at 622 Third Avenue, New York, New York is incorporated herein by reference to Exhibit 10.4 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.20 Lease, dated January 6, 1998, between the Medford Nominee Trust and SalesLink Corporation for premises located at 425 Medford Street, Boston, Massachusetts is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1998 (File No. 000-23262).

10.21 Lease, dated September 1, 1998, between Cabot Industrial Properties, L.P. and SalesLink Corporation for premises at 6112 West 73rd Street, Bedford Park, Illinois is incorporated herein by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.22 Lease, dated June 30, 1995, between Windy Pacific Partners and Pacific Mailing Corporation for premises located at Lot #2, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.23 First Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated May 28, 1996 for premises located at Lot #2, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.24 Lease, dated July 30, 1995, between Windy Pacific Partners and Pacific Mailing Corporation for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.25 First Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated December 22, 1995 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.26 Second Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated May 28, 1996 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.27 Third Amendment to Lease Between Windy Pacific Partners and Pacific Mailing Corporation, dated September 25, 1996 for premises located at Lot #3, Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.12 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.28 Lease, dated September 25, 1996, between Windy Pacific Partners and Pacific Direct Marketing Corp. DBA Pacific Link for premises at Lot #4 Dumbarton Business Center, Central Ave., Newark, California is incorporated herein by reference to Exhibit 10.13 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.29 Capital & Counties plc and Engage Technologies Limited underlease, dated April 27, 1999, is incorporated herein by reference to Exhibit 10.14 to Engage's Registration Statement on Form S-1 (File No. 333-78015).

10.30 Anthony & Co. Office Lease between Milkson Associates, LLC and Accipiter, Inc., dated April 9, 1997 is incorporated herein by reference to Exhibit 10.15 to Engage's Registration Statement on Form S-1 (File No. 333-78015).

10.31 Amendment to Lease Agreement between Milkson Associates, LLC and Accipiter, Inc. dated November 5, 1997 is incorporated herein by reference to Exhibit 10.16 to Engage's Registration Statement on Form S-1 (File No. 333-78015).

10.32 Lease dated as of March, 1997 by and between William J. Callahan and William J. Callahan, Jr., as trustees of Andover Park Realty Trust, and the Registrant is incorporated herein by reference to Exhibit 10.5 to NaviSite's Registration Statement on Form S-1 (File No. 333-83501).

10.33 Lease dated as of May 14, 1999 by and between 400 River Limited Partnership and NaviSite, Inc. is incorporated herein by reference to Exhibit 10.6 to NaviSite's Registration Statement on Form S-1 (File No. 333-83501).

10.34 Lease made as of April 30, 1999 by and between CarrAmerica Realty Corporation and NaviSite, Inc. is incorporated herein by reference to Exhibit 10.7 to NaviSite's Registration Statement on Form S-1 (File No. 333-83501).

10.35 Lease made as of August 31, 2000 by and between Industrial Developments International (Tennessee), L.P. and SalesLink Corporation for premises located at 6100 Holmes Road, Suite 101, Memphis, Tennessee.

10.36 Lease dated March 14, 2000 by and between CMGI (UK) Limited and Britel Fund Trustees Limited for premises (third floor) located at Prospect House, 80 to 110 New Oxford Street London WC1.

10.37 Lease dated March 14, 2000 by and between CMGI (UK) Limited and Britel Fund Trustees Limited for premises (fourth floor) located at Prospect House, 80 to 110 New Oxford Street London WC1.

10.38 Lease dated March 14, 2000 by and between CMGI (UK) Limited and Britel Fund Trustees Limited for premises (fifth floor) located at Prospect House, 80 to 110 New Oxford Street London WC1.

10.39 Indenture of Lease made as of March 2000 by and between the Registrant and 622 Building Company LLC for premises located at 622 Third Avenue, New York, NY.

10.40 Lease dated as of February 4, 2000 by and between the Registrant and TST 555/575 Market, L.L.C. for premises located at 575 Market Street, San Francisco, California.

10.41 First Amendment to Lease dated as of February 29, 2000 by and between the Registrant and TST 555/575 Market, L.L.C. for premises located at 575 Market Street, San Francisco, California.

10.42 Lease dated May 9, 2000 by and between CMGI (UK) Limited and SA Daffodil for premises located at 43-45-47 Avenue de la Grande Armee, 22-24 rue Chalgrin, Paris, France.

10.43 Lease dated September 22, 2000 by and between CMGI (UK) Limited and DIFA for premises located at Chilehaus, Fischertwiete 2, 20095 Hamburg.

10.44 Share Exchange Agreement, dated as of September 22, 1999, by and between the Registrant and Pacific Century CyberWorks Limited is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999 (File No. 000-23262).

10.45 Registration Rights Agreement, dated as of November 29, 1999, by and between the Registrant and Pacific Century CyberWorks Limited is incorporated herein by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 1999 (File No. 000-23262).

10.46 Stock Purchase Agreement, dated as of June 19, 2000, by and among the Registrant, Engage, Inc. and Compaq Computer Corporation is incorporated herein by reference to Exhibit 1 to the Registrant's Schedule 13D/A, dated June 19, 2000 (File No. 005-58487).

10.47 Common Stock Purchase Agreement, dated as of June 8, 2000, by and between the Registrant and NaviSite, Inc. in incorporated herein by reference to Exhibit 10.1 to NaviSite's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2000 (File No. 000-27597).

10.48 Securities Purchase Agreement, dated December 21, 1998, by and among the Registrant and RGC International Investors, LDC and RGC Investments II, L.P. is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated December 22, 1998 (File No. 000-23262).

10.49 Registration Rights Agreement, dated December 21, 1998, by and among the Registrant and RGC International Investors, LDC and RGC Investments II, L.P. is incorporated herein by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated December 22, 1998 (File No. 000-23262).

10.50 Securities Purchase Agreement, dated as of June 29, 1999, by and among the Registrant and the investors named therein is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated June 29, 1999 (File No. 000-23262).

10.51 Registration Rights Agreement, dated as of June 29, 1999 by and among the Registrant and the investors named therein is incorporated herein by reference to Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated June 29, 1999 (File No. 000-23262).

10.52 CMG Stock Purchase Agreement, dated as of December 10, 1996 by and between the Registrant and Microsoft Corporation is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated January 31, 1997 (File No. 000-23262).

10.53 Common Stock Purchase Agreement dated as of December 19, 1997 by and between the Registrant and Intel Corporation is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated December 19,1997 (File No. 000-23262).

10.54 Common Stock Purchase Agreement dated as of February 15, 1998 by and between the Registrant and Sumitomo Corporation is incorporated herein by reference to Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated February 27, 1998 (File No. 000-23262).

10.55* CMG @Ventures, Inc. Deferred Compensation Plan is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1997 (File No. 000-23262).

10.56* CMG @Ventures I, LLC Limited Liability Company Agreement, dated December 18, 1997 is incorporated herein by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 1998 (File No. 000-23262).

10.57* CMG @Ventures II, LLC Operating Agreement, dated as of February 26, 1998 is incorporated herein by reference to Exhibit 10.69 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1998 (File No. 000-23262).

10.58* Summary of Management's Interests in the @Ventures III Venture Capital Funds is incorporated herein by reference to Exhibit 10.45 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.59* Limited Liability Company Agreement of CMG @Ventures III, LLC, dated August 7, 1998 is incorporated herein by reference to Exhibit 10.46 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.60* Agreement of Limited Partnership of @Ventures III, L.P., dated August 7, 1998 is incorporated herein by reference to Exhibit 10.47 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.61* Amendment No. 1 to the Agreement of Limited Partnership of @Ventures III, L.P., dated August 7, 1998 is incorporated herein by reference to Exhibit 10.48 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.62* Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated December 22, 1998 is incorporated herein by reference to Exhibit 10.49 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.63* Amendment No. 1 to the Agreement of Limited Partnership of @Ventures Foreign Fund III, L.P., dated December 22, 1998 is incorporated herein by reference to Exhibit 10.50 to the Registrant's Annual Report on Form 10-K for the fiscal year ended July 31, 1999 (File No. 000-23262).

10.64* Agreement of Limited Partnership of @Ventures Expansion Fund, L.P., dated as of February 25, 2000.

10.65* Agreement of Limited Partnership of @Ventures Foreign Expansion Fund, L.P., dated as of March 8, 2000.

10.66* Limited Liability Company Agreement of @Ventures Expansion Partners, LLC, dated as of February 10, 2000.

10.67* Limited Liability Company Agreement of CMG@Ventures Expansion, LLC, dated as of February 10, 2000.

13.1 Portions of the Registrant's 2000 Annual Report to Stockholders (Selected Consolidated Financial Data) (which is not deemed to be "filed" except to the extent that portions thereof are expressly incorporated by reference in this Annual Report on Form 10-K).

13.2 Portions of the Registrant's 2000 Annual Report to Stockholders (MD&A) (which is not deemed to be "filed" except to the extent that portions thereof are expressly incorporated by reference in this Annual Report on Form 10-K).

13.3 Portions of the Registrant's 2000 Annual Report to Stockholders (Audited Financial Statements) (which is not deemed to be "filed" except to the extent that portions thereof are expressly incorporated by reference in this Annual Report on Form 10-K).

21 Subsidiaries of the Registrant.

23 Consent of Independent Auditors.

27 Financial Data Schedule for the fiscal years ended July 31, 2000 and 1999.

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* Management contract or compensatory plan or arrangement filed in response to Item 14(a)(3) of the instructions to Form 10-K.

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENT SCHEDULE

The Board of Directors and Stockholders
CMGI, Inc.:

Under the date of September 21, 2000, except as to Note 20, which is as of October 27, 2000, we reported on the consolidated balance sheets of CMGI, Inc. and subsidiaries as of July 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended July 31, 2000, which are included in the Form 10-K for the year ended July 31, 2000. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule of Valuation and Qualifying Accounts in the Form 10-K. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP
KPMG LLP

Boston, Massachusetts
September 21, 2000

CMGI, INC.
SCHEDULE II
Valuation and Qualifying Accounts
For the years ended July 31, 2000, 1999, 1998

Accounts Receivable, Allowance for Doubtful Accounts	Balance at beginning of period	Additions: Acquisitions	Additions: Charged to Costs and Expenses (Bad Debt Expense)	Deductions: (Charged against Accounts Receivable)	Deductions: (a) Deconsolidation / Dispositions	Balance at end of period
2000	$ 3,034,000	$ 12,168,000	$ 32,231,000	$ 12,650,000	$ 165,000	$34,618,000
1999	$ 900,000	$ 484,000	$ 2,528,000	$ 878,000	$ -	$ 3,034,000
1998	$ 946,000	$ 264,000	$ 448,000	$ 99,000	$ 659,000	$ 900,000

(a) Amount of $165,000 in fiscal 2000 relates to the effect of the deconsolidation of Blaxxun, Inc. on March 31, 2000. Amount of $659,000 in fiscal 1998 relates to the effect of the deconsolidation of Lycos, Inc. on November 1, 1997.

EXHIBIT 10.2

CMGI, INC.

AMENDED AND RESTATED 1995 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose. This 1995 Employee Stock Purchase Plan (as amended and restated, the "Plan") is intended to encourage and assist employees of CMGI, Inc. (the "Corporation") and the employees of any present or future designated subsidiaries of the Corporation in acquiring a stock ownership interest in the Corporation. The Plan is intended to be an Employee Stock Purchase Plan under, and complying with, the terms and conditions of Section 423 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code").

2. Stock Subject to the Plan. Subject to adjustment pursuant to Section 12 of the Plan, the aggregate number of shares of Common Stock, $.01 par value per share, of the Corporation (the "Common Stock") which may be sold under this Plan pursuant to the exercise of non-transferable options granted under this Plan to participating employees is 56,000,000 (as adjusted through June 9, 2000), less such number of shares as may from time to time be issued pursuant to the Corporation's 1986 Stock Option Plan, as amended and/or restated from time to time. The shares may be authorized but unissued, or reacquired, shares of Common Stock. The Corporation during the term of the Plan shall at all times reserve and keep available such number of shares of Common Stock as shall be sufficient to satisfy the requirements of the Plan.

3. Quarterly Periods. As used herein, the term "quarterly period" shall mean the three-month period beginning on the first day of each of the Corporation's fiscal quarters and ending on the last day of each of the Corporation's fiscal quarters.

4. Eligibility. Any employee of the Corporation or any of its present or future designated subsidiaries (except (a) any employee who, immediately after the grant of an option hereunder, directly or by attribution owns stock possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation or any subsidiary of the Corporation, or (b) any employee whose customary employment is 20 hours or less per week, or (c) any employee whose customary employment is for not more than five months in any calendar year) is eligible to participate in the Plan on the first day of the first quarterly period following commencement of employment. Any subsidiary of the Corporation, including future subsidiaries, may or may not be designated by the Board of Directors of the Corporation as a subsidiary whose employees may participate in the Plan as provided above.

For purposes of the Plan, "subsidiary" shall have the meaning set forth in Section 424(f) of the Code.

5. Participation. Any eligible employee's participation in the Plan shall be effective as of the first day of the quarterly period following the day on which the employee completes, signs and returns to the Corporation a Stock Purchase Plan Application and

Payroll Deduction Authorization form indicating his or her acceptance of and agreement to the terms and conditions of the Plan and indicating the employee's standing level of contribution to the Plan in accordance with Paragraph 6 below. Participation of any employee in the Plan is entirely voluntary. All eligible employees who elect to participate in the Plan shall have the same rights and privileges. Unless an employee files a new form or withdraws from the Plan, his or her deductions and purchases will continue at the same rate for future quarterly periods as long as the Plan remains in effect.

Any employee participating in the Plan or receiving shares of Common Stock hereunder shall have no rights with respect to continuation of employment with the Corporation or any subsidiary, nor with respect to continuation of any particular Corporation business, policy or product, including the Plan.

6. Deductions. Any employee electing to participate in the Plan must authorize a whole percentage (not less than 1% nor more than 10%) or a whole dollar amount (not less than $10.00) of the employee's regular pay to be deducted by the Corporation from the employee's regular pay during each quarterly period, provided that in no event may such percentage or amount result in total deductions of less than $100.00 per quarterly period for such employee.

Notwithstanding the foregoing, no employee shall be entitled to purchase shares of Common Stock under the Plan with an aggregate fair market value (determined at date of grant) exceeding $6,250 per quarterly period; and furthermore, no employee shall be permitted to purchase shares of common stock under all the employee stock purchase plans of the Corporation and its subsidiaries at a rate which exceeds $25,000 in fair market value of such stock (determined at the time the options are granted) per calendar year in which any such option granted to such employee is outstanding at any time.

An employee may elect to have amounts deducted from his or her pay, as described above, by delivering to the Corporation a Stock Purchase Plan Application and Payroll Deduction Authorization form stating the percentage or amount to be deducted. If an employee has not filed such a standing election prior to the commencement date of a quarterly period, he or she will be deemed to have elected not to have any of his or her pay withheld. Deductions may be increased or decreased during a quarterly period by filing a new standing election, which will be effective during the first full pay period subsequent to its filing and processing.

No employee will be permitted to make contributions for any period during which he or she is not receiving pay from the Corporation or one of its present or future designated subsidiaries.

7. Issuance of Shares. On the last trading day of each quarterly period so long as the Plan shall remain in effect, and provided the employee has not before that date advised the Corporation that he or she elects to withdraw his or her entire account, the Corporation shall apply the funds in the employee's account as of that date to the purchase of authorized but unissued, or reacquired, shares of Common Stock in units of one share or whole multiples thereof.

The cost to each employee for the shares of Common Stock so purchased shall be eighty-five percent (85%) of the lower of the fair market value of the Common Stock on the first trading day of the quarterly period (the "date of grant") and the fair market value of the Common Stock on the last trading day of the quarterly period (the "date of exercise"), determined as follows:

(1) The fair market value of the shares on the date of the grant shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is quoted on the Nasdaq National Market the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of grant; and

(2) The fair market value of the shares on the date of exercise shall be the mean between the average bid and ask prices of the stock in the over-the-counter market as quoted on the National Association of Securities Dealers Automatic Quotation System (NASDAQ), or if its stock is quoted on the Nasdaq National Market the last reported sales price of the stock, or if the stock is traded on one or more securities exchanges the average of the closing prices on all such exchanges on the date of exercise.

Any amount remaining in an employee's account at the end of a quarterly period after application to the purchase of shares of Common Stock shall be refunded to the employee, except that any amount remaining in an employee's account equal to less than the sum required to purchase one share shall, unless otherwise requested by the employee, be held in the employee's account for use during the next quarterly period. Any amount remaining in such employee's account by reason of his or her prior election to withdraw his or her entire account shall be disbursed to the employee within 30 days following such election. The Corporation shall as expeditiously as possible after the last day of each quarterly period issue to the employee entitled thereto the certificate evidencing the shares of Common Stock issuable to him or her as provided herein.

Notwithstanding anything above to the contrary, (a) if the aggregate number of shares of Common Stock employees desire to purchase at the end of any quarterly period exceeds the number of shares then available under the Plan, the shares available shall be allocated among such employees in proportion to their contributions during the quarterly period (but no fractional shares shall be issued); and (b) no funds in an employee's account shall be applied to the purchase of shares and no shares hereunder shall be issued unless such shares are covered by an effective registration statement under the Securities Act of 1933, as amended, or by an exemption therefrom.

8. Termination of Participation. An employee's participation in the Plan will be terminated when the employee (a) voluntarily elects to withdraw his or her entire account, (b) resigns or is discharged from the Corporation and all of its present or future designated subsidiaries or (c) dies. Upon termination of participation, the employee shall not be entitled to rejoin the Plan until the first day of the quarterly period immediately following the quarterly period in which the termination of participation occurs. Upon

termination of participation, the employee shall be entitled to the amount of his or her individual account within thirty (30) days.

If, prior to the last day of the quarterly period, the designated subsidiary by which an employee is employed shall cease to be a subsidiary of the Corporation, or if the employee is transferred to a subsidiary of the Corporation that is not a designated subsidiary, the employee shall be deemed to have been discharged from the Corporation and all designated subsidiaries for purposes of the Plan.

9. Beneficiary. Each employee may file a written designation of a beneficiary who is to receive any shares of Common Stock credited to such employee's account under the Plan in the event of the death of such employee prior to delivery to such employee of the certificates for such shares. Such designation may be changed by the employee at any time by written notice received by the Corporation.

Upon the death of an employee, his or her account shall be paid or distributed to the beneficiary or beneficiaries designated by such employee, or in the absence of such designation, to the executor or administrator of his or her estate, and in either event the Corporation shall not be under any further liability to anyone. If more than one beneficiary is designated, each beneficiary shall receive an equal portion of the account unless the employee indicates to the contrary in his or her designation, provided that the Corporation may in its sole discretion make distributions in such form as will avoid the creation of fractional shares.

10. Administration of the Plan. The Plan shall be administered by the Compensation Committee of the Board of Directors of the Corporation. All terms of the Plan shall be subject to interpretation by the Compensation Committee of the Board of Directors whose decision shall be final and binding on all parties. All costs and expenses incurred in administering the Plan shall be paid by the Corporation.

11. Modification and Termination. The Corporation expects to continue the Plan until such time as the shares of Common Stock reserved for issuance under the Plan have been sold. The Corporation reserves, however, the right to amend, alter or terminate the Plan in its discretion. Upon termination of the Plan, each employee shall be entitled to the amount of his or her individual account within thirty (30) days after such termination.

12. Adjustments upon Changes in Capitalization; Change of Control. Appropriate and proportionate adjustments shall be made in the number and class of shares of stock subject to this Plan, and to the rights granted hereunder and the prices applicable to such rights, in the event of a stock dividend, stock split, reverse stock split, recapitalization, reorganization, merger, consolidation, acquisition, separation or other similar change in the capital structure of the Corporation.

If the Corporation shall at any time merge or consolidate with another corporation and the holders of the capital stock of the Corporation immediately prior to such merger or consolidation do not continue to hold at least 50% by voting power of the capital stock of the surviving corporation, or in the event of a sale of all or substantially all of the assets of the Corporation, all outstanding options under the Plan shall be deemed

cancelled as of the effective date of any such transaction, provided that notice of such cancellation shall be given to each holder of an option, and each holder of an option shall have the right to exercise such option in full based on payroll deductions then credited to his account as of a date determined by the Board of Directors.

13. Transferability of Rights. No rights of any employee under this Plan shall be transferable by him or her, by operation of law or otherwise, except to the extent that an employee is permitted to designate a beneficiary or beneficiaries as herein above provided, and except to the extent permitted by will or the laws of descent and distribution if no such beneficiary be designated.

14. Participation in Other Plans. Nothing herein contained shall affect an employee's right to participate in and receive benefits under and in accordance with the then current provisions of any pension, insurance or other employee welfare plan or programs of the Corporation.

15. Applicable Law. The interpretation, performance and enforcement of this Plan shall be governed by the laws of the State of Delaware.

16. Notification upon Sale of Shares. Each employee agrees, by participating in the Plan, to promptly give the Corporation notice of any disposition of shares purchased under the Plan where such disposition occurs within two years after the date of grant of the option pursuant to which such shares were purchased or one year after the date of exercise of the option.

17. Effective Date of Plan; Governmental Regulation. The Plan was effective on February 1, 1995. The Plan was amended and restated on June 9, 2000, effective August 1, 2000. The Corporation's obligation to offer, sell or deliver shares of Common Stock under the Plan is subject to any governmental approval required in connection with the authorized issuance or sale of such shares and is further subject to the determination by the Corporation that is has complied with all applicable securities laws.

* * * * *

Exhibit 10.13

AMENDMENT #3 TO LEASE

1. Parties.

This Amendment, dated as of March 28, 2000, is between Andover Mills Realty Limited Partnership ("Landlord") and CMGI, Inc., ("Tenant").

2. Recitals.

2.1. Landlord and Tenant have entered into a Lease, dated as of April 12, 1999, for space in Brickstone Square in Andover, Massachusetts (as amended, the "Lease"). Unless otherwise defined, terms used in this Amendment have the same meanings as those used in the Lease.

2.2 Tenant wishes to lease the following additional space in the Project, all of which is located in Building 200 and shown in Exhibit "B-4" attached hereto:

(a) Pursuant to the exercise of its fifth and last Expansion Option, "Fifth Expansion Space #1" and "Fifth Expansion Space #2," both located on the 3rd Floor and agreed to contain 14,198 s.f. and 15,695 s.f. of rentable area, respectively (together, the "Fifth Expansion Space").

(b) "Offer Space #1" and "Offer Space #2," both located on the 2nd Floor and agreed to contain 29,916 s.f. and 9,472 s.f. of rentable area, respectively, Offer Space #3 located on the 1st Floor and agreed to contain 2,839 s.f. of rentable area, and "Offer Space #4" located on the 4th Floor and agreed to contain 2,309 s.f. of rentable area (collectively, the "First Offer Space").

(c) The "Temporary Space" located on the 5th Floor and agreed to contain 32,891 s.f. of rentable area.

2.3 The parties also wish to confirm that Tenant received delivery of vacant possession of the Temporary Space on this date, and that the Rent Commencement Date for the Second Expansion Space was 12/15/99.

2.4 To accomplish these and other matters, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree and the Lease is amended as follows, notwithstanding anything to the contrary:

3. Amendments.

3.1 Tenant hereby exercises its fifth and last Expansion Option for the Fifth Expansion Space, agrees that the First Offer Space and the Temporary Space are part of the Offer Space leased by Tenant, and confirms receipt of vacant possession of the Temporary Space on the date of this Amendment. In addition: (a) the term of the Lease will begin for (and the Premises will include) the Temporary Space as of the date of this Amendment; (b) the term of the Lease will begin for (and the Premises will include) each of Fifth Expansion Space #1, Fifth Expansion Space #2, Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4 on the date that vacant possession of that particular space is delivered to Tenant; (c) the total agreed rentable area of the Premises, including the Temporary Space, the First, Second, Third and Fourth Expansion Space, the Initial Space and the Additional Space, is now 339,460 s.f., and when Landlord delivers vacant possession of Fifth Expansion Space #1, Fifth Expansion Space #2, Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4 it will be 413,889 s.f.; (d) the Rent Commencement Date for the Temporary Space will occur on the earlier of the date that Tenant occupies that particular space to conduct business, or sixty (60) days after the date of this Amendment, and the Rent Commencement Date for each of Fifth Expansion Space #1, Fifth Expansion Space #2, Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4 will occur on the earlier of the date that Tenant occupies that particular space to conduct business, or sixty (60) days after vacant possession of that particular space is delivered to Tenant; and (e) on the Rent Commencement Date for Fifth Expansion Space #1 Tenant's Percentage will be increased by 1.51%, on the Rent Commencement Date for Fifth Expansion Space

#2 Tenant's Percentage will be increased by 1.67%, on the Rent Commencement Date for Offer Space #1 Tenant's Percentage will be increased by 3.18%, on the Rent Commencement Date for Offer Space #2 Tenant's Percentage will be increased by 1.01%, on the Rent Commencement Date for Offer Space #3 Tenant's Percentage will be increased by .30%, on the Rent Commencement Date for Offer Space #4 Tenant's Percentage will be increased by .25%, and on the Rent Commencement Date for the Temporary Space Tenant's Percentage will be increased by 3.50%. Assuming that no other space in the Project is leased by Tenant and that the Rent Commencement Date has occurred for all of the Expansion Space and the First Offer Space, Tenant's Percentage will be 44.02%, and when the Lease terminates for the Temporary Space it will be 40.52%.

3.3 Landlord will provide the inducement payments to Tenant for each of Fifth Expansion Space #1, Fifth Expansion Space #2, Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4 in accordance with Section 26 of the Lease, except that the out-of-pocket costs payable by Landlord to third parties in connection with the demolition to be performed by Landlord as described in Section 3.4 below will be reimbursed to Landlord by Tenant or, at Landlord's option, they will be credited against and reduce those inducement payments. Tenant will receive no inducement payments in connection with the Temporary Space. Tenant will begin to pay for utilities for the Temporary Space as of the date of this Amendment, and for each of Fifth Expansion Space #1, Fifth Expansion Space #2, Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4 when vacant possession of that particular space is delivered to Tenant.

3.4 (a) Tenant will not be required to accept vacant possession of Fifth Expansion Space #1 or Fifth Expansion Space #2 until Landlord delivers vacant possession of both of those spaces, and as a condition to the delivery of vacant possession of Fifth Expansion Space #2, Landlord, at its cost, will demolish those spaces, which will include removing kitchen equipment and capping utilities in the kitchen area and removing the tile floor in the cafeteria area (but the costs for such removal and capping will not be part of the demolition
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costs for which Landlord will receive reimbursement or credit per Section 3.3 above). Tenant will maintain at all times the existing corridor through the Fifth Expansion Space, which corridor will be accessible by others at all times.

(b) As a condition to the delivery of vacant possession of each of Offer Space #1, Offer Space #2, Offer Space #3 and Offer Space #4, Landlord, at its cost, will demolish those spaces, and as a further condition to the delivery of vacant possession of each of Offer Space #2, Offer Space #3 and Offer Space #4, Landlord, at its cost, will demise each of those spaces from the rest of the space on those Floors not leased by Tenant. (The costs for demolishing Offer Space #3 will not be part of the demolition costs for which Landlord will
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receive reimbursement or credit per Section 3.3 above.) Tenant will maintain at all times the existing corridor through Offer Space #1 until and unless it constructs an alternative corridor through that space that is at least eight (8) feet wide in a location approved by Landlord, which approval will not be unreasonably withheld. The existing corridor (or, if constructed, the alternative corridor) will be accessible by others at all times. Tenant will permit access at all times through Offer Space #3 to enable Landlord or its designees to access the 1st Floor electric room located adjacent to that space.

3.5 The parties also confirm that the Rent Commencement Date occurred for the Second Expansion Space on 12/15/99. The Building now includes Building 100 and Building 200.

3.6 The term of the Lease with respect to the Temporary Space will expire sixteen (16) calendar months after the date of this Amendment, unless terminated earlier per the Lease or extended as set forth below. Tenant will have the right to extend the term of the Lease with respect to the Temporary Space (but only with respect to the Temporary Space) for two (2) consecutive terms of six (6) months each (i.e., a maximum term of twenty-eight [28] calendar months after the date of this Amendment) subject to and in accordance with the terms of Rider #2 to the Lease, except that: (a) Tenant's unconditional written notice of exercise must be delivered only at least four (4) months prior to the end of the applicable term for the Temporary Space; and (b) the base rent during each of the extension terms will be same as the base rent during the initial term for the Temporary Space.

3.7 The annual base rent per annum per square foot of agreed rentable area of the Fifth Expansion Space, the First Offer Space and the Temporary Space will be as follows:

(a) Fifth Expansion Space: As set forth in the Lease.

(b) First Offer Space: Through 5/31/2010, the same as for the Expansion Space, increased by One Dollar ($1.00) per annum, and for the period 6/1/2010 through 5/31/2011, Seventeen Dollars ($17.00).

(c) Temporary Space: Ten Dollars ($10.00).

3.8 Tenant represents and warrants that, other than the Broker (which is Tenant's sole agent for these purposes), it has not dealt with or engaged any broker, agent, finder or similar party in connection with this transaction or its lease of the Fifth Expansion Space, the First Offer Space or the Temporary Space.

3.9 The agreements set forth in the Recitals in Section 2 above are incorporated herein and are confirmed by the parties.

3.10 On request of either party, both parties will promptly execute and deliver written confirmations of the date that vacant possession of any particular space is delivered to Tenant, and the Rent Commencement Date for that space. A party's failure to execute or deliver such a written confirmation will not alter the actual date(s) for which confirmation was requested.

4. No Other Changes.

The Lease is in full force and effect, and except as set forth above the Lease remains unchanged.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Amendment #3 under seal as of the date first set forth above.

ANDOVER MILLS REALTY LIMITED PARTNERSHIP,
a Massachusetts limited partnership

By: Brickstone Square Realty, Inc., a Massachusetts corporation, general partner

WITNESS:

/s/ Elizabeth A. Harvey
- - ----------
Name Printed: Elizabeth A. Harvey

By: /s/ Martin Spagat
Name: Martin Spagat
Title: Vice President
Authorized Signature

WITNESS:

CMGI, INC., a Delaware corporation

/s/ Thomas Rosedale
- - ----------
Name Printed: Thomas Rosedale

By: /s/ Andrew J. Hajducky III
Name: Andrew J. Hajducky III
Title: Executive Vice President, CFO & Treasurer
Authorized Signature

Exhibit 10.14

AMENDMENT #4 TO LEASE

1. Parties.

This Amendment, dated as of May 11, 2000, is between Andover Mills Realty Limited Partnership ("Landlord") and CMGI, Inc., ("Tenant").

2. Recitals.

2.1. Landlord and Tenant have entered into a Lease, dated as of April 12, 1999, for space in Brickstone Square in Andover, Massachusetts (as now or hereafter amended, the "Lease"). Unless otherwise defined, terms used in this Amendment have the same meanings as those used in the Lease.

2.2 Landlord now intends to construct a parking garage at the Project (the "Garage"). Subject to the terms and conditions below, Tenant wishes to receive assigned parking spaces in the Garage in addition to the parking rights already granted to Tenant under the Lease.

2.3 To accomplish this and other matters, for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree and the Lease is amended as follows, notwithstanding anything to the contrary:

3. Amendments.

When and if Landlord delivers to Tenant a copy of a temporary or final Certificate of Occupancy (or the equivalent) from the Town of Andover for the Garage and makes available for Tenant's use three hundred forty (340) legally useable assigned spaces in the Garage in which to park passenger vehicles in addition to the other parking rights granted to Tenant under the Lease, the base rent otherwise payable under the Lease will be deemed increased by Fifty-Nine Thousand Three Hundred Fifty-Eight Dollars ($59,358) per month, prorated for any partial month, beginning as of the date that useable Garage parking spaces first are made available for Tenant's use and continuing through and including March 2009. However, notwithstanding the foregoing, if less than three hundred forty (340) legally useable Garage parking spaces initially are available for Tenant's use due to construction, permitting or approval delays, or for any other reason, the monthly increase in base rent will be proportionately reduced, based on the number of Garage parking spaces made available for Tenant's use, until the full three hundred forty (340) Garage parking spaces are made available for Tenant's use. (As a hypothetical example, if twenty (20) of the three hundred forty (340) Garage parking spaces initially are unavailable for Tenant's use due to a construction delay, the monthly base rent increase initially would be only Fifty-Five Thousand Eight Hundred Sixty-Six Dollars ($55,866), which amount would increase as and when additional Garage parking spaces are made available for Tenant's use.). The costs to construct the Garage (but not the costs of maintenance, repair and other Operating Costs for the Garage) will be excluded from the definition of "Operating Costs." Three hundred forty (340) Garage parking spaces will remain assigned to Tenant throughout the term of the Lease, including extensions thereof, at no additional cost to Tenant except as specifically provided herein.

44. No Other Changes.

The Lease is in full force and effect, and except as set forth above the Lease remains unchanged.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Amendment #4 under seal as of the date first set forth above.

ANDOVER MILLS REALTY LIMITED PARTNERSHIP,
a Massachusetts limited partnership

By: Brickstone Square Realty, Inc., a Massachusetts corporation, managing general partner

WITNESS:

/s/ David Miller
- - ----------
Name Printed: David Miller

By: /s/ John Kusmiersky

Name: John Kusmiersky
Title: President
Authorized Signature

WITNESS:

/s/ Christopher Umana
- - ----------
Name Printed: Christopher Umana

CMGI, INC., a Delaware corporation

By: /s/ William Williams II

Name: William Williams II
Title: Vice President and General Counsel
Authorized Signature

EXHIBIT 10.35

INDUSTRIAL LEASE AGREEMENT

BETWEEN

INDUSTRIAL DEVELOPMENTS INTERNATIONAL (TENNESSEE), L.P.

AS LANDLORD

AND

SALESLINK CORPORATION

AS TENANT

LEASE INDEX
- - -----------

INDUSTRIAL LEASE AGREEMENT

THIS LEASE AGREEMENT (the "Lease") is made as of the "Lease Date" (as defined in Section 37 herein) by and between INDUSTRIAL DEVELOPMENTS INTERNATIONAL (TENNESSEE), L.P., a Georgia limited partnership ("Landlord"), and SALESLINK CORPORATION, a Delaware corporation ("Tenant") (the words "Landlord" and "Tenant" to include their respective legal representatives, successors and permitted assigns where the context requires or permits).

W I T N E S S E T H:

1. Basic Lease Provisions. The following constitute the basic provisions of this Lease:

(a) Demised Premises Address: 6100 Holmes Road, Suite 101
Memphis, Tennessee 38141

(b) Demised Premises Square Footage: approximately 414,504 sq. ft.

(c) Building Square Footage: approximately 829,464 sq. ft.

(d) Annual Base Rent:

Lease Year 1	$1,185,480.00
Lease Year 2	$1,185,480.00
Lease Year 3	$1,185,480.00
Lease Year 4	$1,185,480.00
Lease Year 5	$1,185,480.00
Lease Year 6	$1,372,008.00
Lease Year 7	$1,372,008.00
Lease Year 8	$1,372,008.00
Lease Year 9	$1,372,008.00
Lease Year 10	$1,372,008.00

(e) Monthly Base Rent Installments

Lease Year 1	$ 98,790.00
Lease Year 2	$ 98,790.00
Lease Year 3	$ 98,790.00
Lease Year 4	$ 98,790.00
Lease Year 5	$ 98,790.00

Lease Year 6	$ 114,334.00
Lease Year 7	$ 114,334.00
Lease Year 8	$ 114,334.00
Lease Year 9	$ 114,334.00
Lease Year 10	$ 114,334.00

(f) Lease Commencement Date: January 1, 2001

(g) Base Rent Commencement Date: January 1, 2001

(h) Expiration Date: December 31, 2010

(i) Primary Term: 120 months

(j) Tenant's Operating Expense Percentage: 50.0%

(k) Security Deposit: $1,900,000.00

(l) Permitted Use: subject to the limitations hereinafter specified, for (i) storage, warehousing, distribution and light assembly of products, material and merchandise of Tenant's clientele to the extent permissible under applicable protective covenants and laws and regulations of governmental authorities having jurisdiction over the Demised Premises, (ii) commercial printing, (iii) Compact Disc and DVD manufacturing, and (iv) general office, and computer or data room, use reasonably ancillary to the uses specified in clauses (i), (ii) or (iii) above; provided however, that Tenant's use of the Demised Premises (A) shall never include any use prohibited by any provision contained in this Lease (including, without limitation, Section 16 hereof), (B) shall never extend to or allow the use or storage of radioactive or biohazardous materials at the Demised Premises, or any use wherein a Hazardous Substance (as hereinafter defined) constitutes the principal or primary product of the business to be conducted at the Demised Premises, (C) except with respect to clause (iii) above, shall never include any manufacturing, (D) must not result in a material increase in the wear and tear on the Demised Premises, as compared to uses permitted from time to time for other tenants in the Building (as hereinafter defined), and (E) must not, in the reasonable judgment of Landlord, result in a material increase in the risk of environmental contamination at the Demised Premises. The Demised Premises shall be used for the Permitted Use set forth in this subsection (l) and for no other purpose without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion; provided, however, that upon Tenant's request and provided that Tenant is not then in default hereunder, Landlord agrees not to unreasonably withhold its consent if Tenant desires to use the Demised Premises for web hosting, data storage and/or collocation.

(m) Address for notice:

Landlord: Industrial Developments International (Tennessee), L.P.
c/o Industrial Developments International, Inc.
3424 Peachtree Road, N.E., Suite 1500

Atlanta, Georgia 30326
Attn: Manager - Lease Administration

Tenant: SalesLink Corporation
425 Medford Street
Charlestown, Massachusetts 02129
Attn: CFO

With a copy to: CMGI, Inc.
100 Brickstone Square
Andover, Massachusetts 01810
Attn: General Counsel

(n) Address for rental payments:

Industrial Developments International
(Tennessee), L.P
c/o IDI Services Group, Inc.
P. O. Box 281464
Atlanta, Georgia 30384-1464

(o) Broker(s): Wilkinson & Snowden
CRF Partners, Inc.

2. Demised Premises. For and in consideration of the rent hereinafter reserved and the mutual covenants hereinafter contained, Landlord does hereby lease and demise unto Tenant, and Tenant does hereby hire, lease and accept, from Landlord all upon the terms and conditions hereinafter set forth the following premises, referred to as the "Demised Premises", as outlined on Exhibit A attached hereto and incorporated herein: approximately 414,504 square feet of space, approximately 15,000 square feet of which is office space, having an address as set forth in Section 1(a), located within Building "D" (the "Building"), which contains a total of approximately 829,464 square feet and is located within Chickasaw Distribution Center (the "Project"), located in Shelby County, Tennessee.

3. Term. To have and to hold the Demised Premises for a preliminary term (the "Preliminary Term") commencing on the Lease Date and ending on the Lease Commencement Date as set forth in Section 1(f), and a primary term (the "Primary Term") commencing on the Lease Commencement Date and terminating on the Expiration Date as set forth in Section 1(h), as the Lease Commencement Date and the Expiration Date may be revised pursuant to Section 17 (the Preliminary Term, the Primary Term, and any and all extensions thereof, herein referred to as the "Term"). The term "Lease Year", as used in this Lease, shall mean each one (1) year period of the Term (or portion thereof if the last Lease Year of the Term is less than one (1) full year) beginning on the Lease Commencement Date, and each anniversary thereof, and ending on the day immediately prior to the next succeeding anniversary of the Lease Commencement Date.

4. Base Rent. Tenant shall pay to Landlord at the address set forth in Section 1(n), as base rent for the Demised Premises, commencing on the Base Rent Commencement Date and continuing throughout the Term in lawful money of the United States, the annual amount set forth in Section 1(d) payable in equal monthly installments as set forth in Section 1(e) (the "Base Rent"), payable in advance, without demand and, except as otherwise expressly set forth herein, without abatement, reduction, set-off or deduction, on the first day of each calendar month during the Term. If the Base Rent Commencement Date shall fall on a day other than the first day of a calendar month, the Base Rent shall be apportioned pro rata on a per diem basis (i) for the period between the Base Rent Commencement Date and the first day of the following calendar month (which pro rata payment shall be due and payable on the Base Rent Commencement Date), and (ii) for the last partial month of the Term, if applicable. No payment by

Tenant or receipt by Landlord of rent hereunder shall be deemed to be other than on account of the amount due, and no endorsement or statement on any check or any letter accompanying any check or payment of rent shall be deemed an accord and satisfaction, and Landlord may accept such check as payment without prejudice to Landlord's right to recover the balance of such installment or payment of rent or pursue any other remedies available to Landlord.

5. Security Deposit.

(a) Within ten (10) days following Tenant's execution of this Lease, Tenant will pay to Landlord the sum set forth in Section 1(k) (the "Security Deposit") as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. At Tenant's option, Tenant may deliver the Security Deposit to Landlord in the form of an Irrevocable Letter of Credit, substantially in the form attached hereto as Exhibit F (the "Letter of Credit"), from Fleet Bank, N.A., or such other financial institution acceptable to Landlord, and Tenant shall cause the same to be maintained in full force and effect throughout the Term, as may be extended, and during the thirty (30) day period after the later of (a) the Expiration Date or (b) the date that Tenant delivers possession of the Demised Premises to Landlord. The acceptance by Landlord of the Security Deposit paid by Tenant shall not render this Lease effective unless and until Landlord shall have executed and delivered to Tenant a fully executed copy of this Lease.

(b) Upon Tenant's written request, to be delivered no earlier than fifteen (15) days before the expiration of each Lease Year, the Security Deposit shall be reduced by One Hundred Ninety Thousand and No/100 Dollars ($190,000.00), provided that (i) the Letter of Credit, if applicable, is in full force and effect (e.g. it has not expired or been converted to cash), (ii) Tenant is not then in default of this Lease and no event has occurred that with the passage of time or giving of notice would constitute a default of Tenant hereunder (provided, however, that if Tenant is then in default of this Lease, but cures such default within the applicable cure period provided in this Lease, Tenant shall have the right to renew its request to reduce the Letter of Credit), (iii) Tenant's net worth (which, for purposes of this Lease, is defined as the sum of legal capital [common and preferred stock], additional paid-in capital, minority interest, and retained earnings), as of the date of such request by Tenant is not less than $20,000,000.00, and (iv) Tenant earned a cumulative positive net income for the four quarters immediately preceding such request (Tenant hereby agreeing to provide Landlord with such evidence as Landlord may reasonably require to determine Tenant's net worth and recent net income as of the date of such request by Tenant, which evidence may consist of (x) audited financial statements, or (y) if no audited financial statements are then available, unaudited financial statements certified by an officer of Tenant to be true and correct). If Tenant is entitled to a reduction in the Security Deposit pursuant to the preceding sentence and the Security Deposit is in the form of cash, Landlord shall deliver to Tenant a check in the amount of $190,000.00. If Tenant is entitled to a reduction in the Security Deposit as set forth above and the Security Deposit is in the form of the Letter of Credit, Landlord shall notify the issuer of the Letter of Credit to reduce the balance of the Letter of Credit by $190,000.00.

(c) The Security Deposit, if in the form of cash, may be commingled with Landlord's other funds or held by Landlord in a separate interest bearing account, with interest paid to Landlord, as Landlord may elect. Notwithstanding the foregoing, Landlord agrees that, as long as Tenant is not in default under this Lease, the Security Deposit, if in the form of cash, will accrue simple interest, without compounding, at the annual rate of interest actually earned on the account(s) into which the Security Deposit is, from time to time, deposited by Landlord, from the date that Landlord receives written notice from Tenant requesting that such interest accrue (provided that Tenant shall have no right to request that such interest accrue unless the unapplied portion of the Security Deposit is in cash and is in excess of $500,000.00) to the date on which the Security Deposit is returned to Tenant in accordance with the provisions of this Lease. The Security Deposit shall not accrue any interest during any period (i) when the unapplied portion of the Security Deposit does not exceed $500,000.00, or (ii) when Tenant is in default beyond applicable notice and cure periods under this Lease. In no event shall any interest whatsoever accrue on any part of the Security Deposit which is applied by Landlord in accordance with the provisions

of this Section 5. The accrued interest shall be delivered by Landlord to Tenant at such time, if at all, as Landlord is obligated to return to Tenant all of the unapplied Security Deposit in accordance with this Section 5.

(d) In the event that Tenant commits an Event of Default (as hereinafter defined) under this Lease, Landlord may convert the Letter of Credit, if applicable, to cash and/or apply the Security Deposit to the payment of any sum due Landlord or which Landlord may expend or be required to expend by reason of such Event of Default; provided, however, that any such conversion or application by Landlord shall not be or be deemed to be an election of remedies by Landlord or viewed as liquidated damages, it being expressly understood and agreed that Landlord shall have the right to pursue any and all other remedies available to it under the terms of this Lease or otherwise. In the event all or any portion of the Security Deposit is so applied by Landlord, Tenant shall, within five (5) days of demand therefor from Landlord, replenish the Security Deposit to the full amount set forth in Section 1(k).

(e) In the event that Tenant shall comply with all of the terms, covenants and conditions of this Lease, the Security Deposit shall be returned to Tenant within thirty (30) days after the later of (i) the Expiration Date or (ii) the date that Tenant delivers possession of the Demised Premises to Landlord. In the event of a sale of the Building, Landlord shall have the right, at Landlord's cost, to transfer the Security Deposit (and any interest earned thereon pursuant to the foregoing provisions of this Section 5) to the purchaser, and upon acceptance by such purchaser, Landlord shall be released from all liability for the return of the Security Deposit (and any interest earned thereon pursuant tot he foregoing provisions of this Section 5). Tenant shall not assign or encumber the money deposited as security, and neither Landlord nor its successors or assigns shall be bound by any such assignment or encumbrance.

6. Operating Expenses and Additional Rent.

(a) Tenant agrees to pay as Additional Rent (as defined in Section 6(b) below) its proportionate share of Operating Expenses (as hereinafter defined). "Operating Expenses" shall be defined as all reasonable expenses for operation, repair, replacement and maintenance as necessary to keep the Building and the common areas, driveways, and parking areas associated therewith (collectively, the "Building Common Area") in good order, condition and repair, including but not limited to, utilities for the Building Common Area, expenses associated with the driveways and parking areas (including sealing and restriping, and snow, trash and ice removal), security systems, fire detection and prevention systems, lighting facilities, landscaped areas, walkways, painting and caulking, directional signage, curbs, drainage strips, sewer and other utility lines located in the Building Common Area (except to the extent such utility lines were installed by a tenant of the Building and exclusively serve such tenant's space), common utility lines located within the Building and not required to be maintained by a tenant of the Building pursuant to its lease, all charges assessed against or attributed to the Building pursuant to any applicable easements, covenants, restrictions, agreements, declaration of protective covenants, property management fees, all real property taxes, franchise taxes and special assessments attributable to or imposed upon the Building, the Building Common Area and the land on which the Building and the Building Common Area are constructed, all costs of insurance paid by Landlord with respect to the Building and the Building Common Area, and costs of improvements to the Building and the Building Common Area required by any law, ordinance or regulation applicable to the Building and the Building Common Area generally (and not because of the particular use of the Building or the Building Common Area by a particular tenant), which cost shall be amortized on a straight line basis over the useful life of such improvement, determined in accordance with generally accepted accounting principles ("GAAP") (provided that in no event shall the useful life be greater than fifteen (15) years). Operating Expenses shall not include expenses for the costs of any maintenance and repair required to be performed by Landlord at its own expense under Section (10)(b). Further, Operating Expenses shall not include the costs for capital improvements unless such costs are incurred for the purpose of causing a material decrease in the Operating Expenses of the Building or the Building Common Area or are incurred with respect to improvements made to comply with laws, ordinances or regulations as described above. The proportionate share of Operating Expenses to be paid by Tenant shall be a percentage of the Operating

Expenses based upon the proportion that the square footage of the Demised Premises bears to the total square footage of the Building (such figure referred to as "Tenant's Operating Expense Percentage" and set forth in Section 1(j). Prior to or promptly after the beginning of each calendar year during the Term, Landlord shall estimate the total amount of Operating Expenses to be paid by Tenant during each such calendar year and Tenant shall pay to Landlord one-twelfth (1/12) of such sum on the first day of each calendar month during each such calendar year, or part thereof, during the Term. Within one hundred twenty (120) days after the end of each calendar year, Landlord shall submit to Tenant a statement of the actual amount of Operating Expenses for such calendar year, and the actual amount owed by Tenant, and within thirty (30) days after receipt of such statement, Tenant shall pay any deficiency between the actual amount owed and the estimates paid during such calendar year, or in the event of overpayment, Landlord shall credit the amount of such overpayment toward the next installment of Operating Expenses owed by Tenant or remit such overpayment to Tenant if the Term has expired or has been terminated and no Event of Default exists hereunder. The obligations in the immediately preceding sentence shall survive the expiration or any earlier termination of this Lease for a period of time sufficient to allow the time periods set forth therein to run in full. If the Lease Commencement Date shall fall on other than the first day of the calendar year, and/or if the Expiration Date shall fall on other than the last day of the calendar year, Tenant's proportionate share of the Operating Expenses for such calendar year shall be apportioned prorata.

(b) Any amounts required to be paid by Tenant hereunder (in addition to Base Rent) and any charges or expenses incurred by Landlord on behalf of Tenant under the terms of this Lease shall be considered "Additional Rent" payable in the same manner and upon the same terms and conditions as the Base Rent reserved hereunder except as set forth herein to the contrary. Any failure on the part of Tenant to pay such Additional Rent when and as the same shall become due shall entitle Landlord to the remedies available to it for non-payment of Base Rent. Tenant's obligations for payment of Additional Rent shall begin to accrue on the Lease Commencement Date regardless of the Base Rent Commencement Date.

(c) If applicable in the jurisdiction where the Demised Premises are located, Tenant shall pay and be liable for all rental, sales, use and inventory taxes or other similar taxes, if any, on the amounts payable by Tenant hereunder levied or imposed by any city, state, county or other governmental body having authority, such payments to be in addition to all other payments required to be paid Landlord by Tenant under the terms of this Lease. Such payment shall be made by Tenant directly to such governmental body if billed to Tenant, or if billed to Landlord, such payment shall be paid concurrently with the payment of the Base Rent, Additional Rent, or such other charge upon which the tax is based, all as set forth herein.

7. Use of Demised Premises.

(a) Intentionally Omitted

(b) Tenant shall not commit any waste.

(c) The Demised Premises shall not be used for any illegal purposes, and Tenant shall not allow, suffer, or permit any vibration, noise, odor, light or other effect to occur within or around the Demised Premises that could constitute a nuisance or trespass for Landlord or any occupant of the Building or an adjoining building, its customers, agents, or invitees. Upon notice by Landlord to Tenant that any of the aforesaid prohibited uses are occurring, Tenant agrees to promptly remove or control the same.

(d) Tenant shall not in any way violate any law, ordinance or restrictive covenant (provided Tenant has been given written notice of such restrictive covenant) affecting the Demised Premises, and shall not in any manner use the Demised Premises so as to cause cancellation of, or prevent the use of, the fire and extended coverage insurance policy required hereunder. Landlord represents to

Tenant that, to "Landlord's actual knowledge" (which term, or any derivation thereof, when used in this Lease, shall be deemed to mean the current actual knowledge of Kurt Nelson, the employee of Landlord with the day to day responsibility for managing and leasing the Building, without any independent investigation and without any individual liability on the part of such individual), the use of the Demised Premises for general storage, warehousing, distribution and light assembly is allowed by the current zoning classification applicable to the Demised Premises and by the Declaration of Protective Covenants established by Landlord and currently encumbering the Building; provided, however, that Landlord makes no (and does hereby expressly disclaim any) representation that the storage, warehousing, distribution and light assembly of a particular product is allowed by such current zoning classification or such Declaration of Protective Covenants. Except as expressly set forth hereinabove, Landlord makes no (and does hereby expressly disclaim any) covenant, representation or warranty as to the Permitted Use being allowed by or being in compliance with any applicable laws, rules, ordinances or restrictive covenants now or hereafter affecting the Demised Premises, and any zoning letters, copies of zoning ordinances or other information from any governmental agency or other third party provided to Tenant by Landlord or any of Landlord's agents or employees shall be for informational purposes only, Tenant hereby expressly acknowledging and agreeing that Tenant shall conduct and rely solely on its own due diligence and investigation with respect to the compliance of the Permitted Use with all such applicable laws, rules, ordinances and restrictive covenants and not on any such information provided by Landlord or any of its agents or employees. Without limiting the foregoing, Landlord agrees that it will not voluntarily enter into any restrictive covenant that encumbers the Building if such restrictive covenant would materially interfere with Tenant's Permitted Use.

(e) In the event insurance premiums pertaining to the Demised Premises, the Building, or the Building Common Area, whether paid by Landlord or Tenant, are increased over the least hazardous rate available due to the nature of the use of the Demised Premises by Tenant, Tenant shall pay such additional amount as Additional Rent.

8. Insurance.

(a) Tenant covenants and agrees that from and after the Lease Commencement Date or any earlier date upon which Tenant enters or occupies the Demised Premises or any portion thereof, Tenant will carry and maintain, at its sole cost and expense, the following types of insurance, in the amounts specified and in the form hereinafter provided for:

(i) Liability insurance in the Commercial General Liability form (including Broad Form Property Damage and Contractual Liabilities or reasonable equivalent thereto) covering the Demised Premises and Tenant's use thereof against claims for bodily injury or death, property damage and product liability occurring upon, in or about the Demised Premises, such insurance to be written on an occurrence basis (not a claims made basis), to be in combined single limits amounts not less than $3,000,000.00 and to have general aggregate limits of not less than $10,000,000.00 for each policy year. The insurance coverage required under this Section 8(a)(i) shall, in addition, extend to any liability of Tenant arising out of the indemnities provided for in Section 11 and, if necessary, the policy shall contain a contractual endorsement to that effect.

(ii) Insurance covering (A) all of the items included in the leasehold improvements constructed in the Demised Premises by or at the expense of Landlord (collectively, the "Improvements"), including but not limited to demising walls and the heating, ventilating and air conditioning system and (B) Tenant's trade fixtures, merchandise and personal property from time to time in, on or upon the Demised Premises, in an amount not less than one hundred percent (100%) of their full replacement value from time to time during the Term, providing protection against perils included within the standard form of "all-risks" fire and casualty insurance policy, together with insurance against sprinkler damage, vandalism and malicious mischief. Any policy proceeds from such insurance relating to the Improvements shall be used solely for the repair, construction and restoration or replacement of the

Improvements damaged or destroyed unless this Lease shall cease and terminate under the provisions of Section 20.

(b) All policies of the insurance provided for in Section 8(a) shall be issued in form reasonably acceptable to Landlord by insurance companies with a rating of not less than "A-," and financial size of not less than Class X, in the most current available "Best's Insurance Reports", and licensed to do business in the state in which the Building is located. Each and every such policy:

(i) shall name Landlord, Lender (as defined in Section 24), and any other party reasonably designated by Landlord, as an additional insured. In addition, the coverage described in Section 8(a)(ii)(A) relating to the Improvements shall also name Landlord as "loss payee";

(ii) shall be delivered to Landlord, in the form of an insurance certificate acceptable to Landlord as evidence of such policy, on or prior to the Lease Commencement Date and thereafter within thirty (30) days prior to the expiration of each such policy, and, as often as any such policy shall expire or terminate. Renewal or additional policies shall be procured and maintained by Tenant in like manner and to like extent;

(iii) shall contain a provision that the insurer will give to Landlord and such other parties in interest at least thirty (30) days notice in writing in advance of any material change, cancellation, termination or lapse, or the effective date of any reduction in the amounts of insurance; and

(iv) shall be written as a primary policy which does not contribute to and is not in excess of coverage which Landlord may carry.

(c) In the event that Tenant shall fail to carry and maintain the insurance coverages set forth in this Section 8, Landlord may upon thirty (30) days notice to Tenant (unless such coverages will lapse in which event no such notice shall be necessary) procure such policies of insurance and Tenant shall promptly reimburse Landlord therefor.

(d) Landlord and Tenant hereby waive any rights each may have against the other on account of any loss or damage occasioned to Landlord or Tenant, as the case may be, their respective property, the Demised Premises, its contents or to the other portions of the Building, arising from any risk covered by all risks fire and extended coverage insurance of the type and amount required to be carried hereunder, provided that such waiver does not invalidate such policies or prohibit recovery thereunder. The parties hereto shall cause their respective insurance companies insuring the property of either Landlord or Tenant against any such loss, to waive any right of subrogation that such insurers may have against Landlord or Tenant, as the case may be.

9. Utilities. During the Term, Tenant shall promptly pay as billed to
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Tenant all rents and charges for water and sewer services and all costs and charges for gas, steam, electricity, fuel, light, power, telephone, heat and any other utility or service used or consumed in or servicing the Demised Premises. To the extent reasonably possible, such utilities shall be separately metered and billed to Tenant. In the event any such utilities are separately metered, Tenant's obligation for payment of such utilities shall commence as of the date of Tenant's actual occupancy of all or any portion of the Demised Premises, including any period of occupancy by Tenant prior to the Lease Commencement Date, regardless of whether or not Tenant conducts business operations during such period of occupancy. Any utilities which are not separately metered shall be billed to Tenant by Landlord at Landlord's actual cost. In the event Tenant's use of any utility not metered is in excess of the average use by other tenants, Landlord shall have the right to install a meter for such utility, at Tenant's expense, and bill Tenant for Tenant's actual use. If Tenant fails to pay any utility bills or charges, Landlord may, at its option and upon reasonable notice to Tenant, pay the same and in such event, the amount of such payment, together with interest thereon at the Interest Rate as defined in Section 32 from the date of such payment by Landlord, will be added to Tenant's next due payment as Additional Rent.

10. Maintenance and Repairs.

(a) Tenant shall, at its own cost and expense, maintain in good condition and repair the interior of the Demised Premises, including but not limited to the heating, air conditioning and ventilation systems, glass, windows and doors, sprinkler, all plumbing, sewage and other utility lines and systems to the extent exclusively serving the Demised Premises, fixtures, interior walls, floors (including floor slabs), ceilings, storefronts, plate glass, skylights, all electrical facilities and equipment including, without limitation, lighting fixtures, lamps, fans and any exhaust equipment and systems, electrical motors, and all other appliances and equipment (including, without limitation, dock levelers, dock shelters, dock seals and dock lighting) of every kind and nature located in, upon or about the Demised Premises, except as to such maintenance and repair as is the obligation of Landlord pursuant to Section 10(b). During the Term, Tenant shall maintain in full force and effect a service contract for the maintenance of the heating, ventilation and air conditioning systems with an entity reasonably acceptable to Landlord. Tenant shall deliver to Landlord (i) a copy of said service contract prior to the Lease Commencement Date, and (ii) thereafter, a copy of a renewal or substitute service contract within thirty (30) days prior to the expiration of the existing service contract. Tenant's obligation shall exclude any maintenance and repair required because of the act or negligence of Landlord, its employees, contractors or agents, the cost of which shall be the responsibility of Landlord.

(b) Landlord shall, at its own cost and expense, maintain in good condition and repair the Building structure, including the roof, foundation (beneath the floor slab), structural integrity of the exterior walls, and structural frame of the Building. Landlord's obligation shall exclude the cost of any maintenance or repair required because of the act or negligence of Tenant or any of Tenant's or such subsidiaries' or affiliates' agents, contractors, employees, licensees and invitees (collectively, "Tenant's Affiliates"), the cost of which shall be the responsibility of Tenant.

(c) Unless the same is caused solely by the negligent action or inaction of Landlord, its employees or agents, and is not covered by the insurance required to be carried by Tenant pursuant to the terms of this Lease, Landlord shall not be liable to Tenant or to any other person for any damage occasioned by failure in any utility system or by the bursting or leaking of any vessel or pipe in or about the Demised Premises, or for any damage occasioned by water coming into the Demised Premises or arising from the acts or neglects of occupants of adjacent property or the public.

(d) If (i) Landlord has failed to commence any repair of the Demised Premises, as required in subsection (b) above, within thirty (30) days after written notice from Tenant specifying which repair Landlord has failed to perform (or, in the case of leaks in the roof of the Demised Premises that otherwise meet the conditions required for "self-help" hereinbelow, within seventy-two (72) hours after written notice from Tenant specifying same), or (ii) Landlord has failed to complete any repair of the Demised Premises, as required in subsection (b) above, within forty-five (45) days after written notice from Tenant specifying which repair Landlord has failed to complete (provided such repair is reasonably capable of being completed within such forty-five (45) day period), and, in Tenant's reasonable opinion, "self-help" measures are necessary in an emergency situation to prevent significant physical damage to the Demised Premises (including Tenant's property located within the Demised Premises) or injury to persons, Tenant may exercise such self-help to perform or complete such repair, as the case may be, after giving Landlord such notice of Tenant's intent to do so as is reasonable under the circumstances (it being acknowledged that oral notice may be appropriate in certain emergency situations, but that any such oral notice must be followed by written notice given in the manner provided for notices herein within twenty-four (24) hours of such oral notice); provided, however, that in performing any such self-help with respect to the roof of the Demised Premises, Tenant (i) shall only use a manufacturer approved, licensed roof contractor, and (ii) shall not void or impair any applicable roof warranty. Tenant shall be entitled to recover from Landlord the reasonable and actual third party out-of-pocket cost of any such self-help measures, and Landlord shall pay such amount to Tenant within sixty (60) days after Tenant's request for reimbursement. Any requests for reimbursement made by Tenant pursuant to this subsection (d) shall be

accompanied by such documentation as Landlord shall reasonably require showing the actual costs incurred by Tenant, and by full and final lien waivers from all contractors performing the work. If Landlord has not paid to Tenant such amount or given Tenant notice of its objection to such amount within such sixty (60) day period, or if Landlord's objection to such amount is resolved against Landlord by agreement of the parties or by a court of competent jurisdiction to which the dispute has been submitted by either party, then Tenant may offset the reasonable and actual third party out-of pocket cost of such self-help measures from future Monthly Base Rent Installments next coming due hereunder until Tenant has been reimbursed in full therefor, such offset for any given month to be up to, but not to exceed, one-half (1/2) of the Monthly Base Rental Installment due for such month.

11. Tenant's Personal Property; Indemnity. All of Tenant's personal property in the Demised Premises shall be and remain at Tenant's sole risk. Landlord, its agents, employees and contractors, shall not be liable for, and Tenant hereby releases Landlord from, any and all liability for theft thereof or any damage thereto occasioned by any act of God or by any acts, omissions or negligence of any persons, other than Landlord. Landlord, its agents, employees and contractors, shall not be liable for any injury to the person or property of Tenant or other persons in or about the Demised Premises, Tenant expressly agreeing to indemnify and save Landlord, its agents, employees and contractors, harmless, in all such cases, except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees and contractors. Tenant further agrees to indemnify and reimburse Landlord for any costs or expenses, including, without limitation, reasonable attorneys' fees, that Landlord reasonably may incur in investigating, handling or litigating any such claim against Landlord by a third person, unless such claim arose from the negligence or willful misconduct of Landlord, its agents, employees or contractors. The provisions of this Section 11 shall survive the expiration or earlier termination of this Lease with respect to any damage, injury or death occurring before such expiration or termination.

12. Tenant's Fixtures. Tenant shall have the right to install in the Demised Premises trade fixtures required by Tenant or used by it in its business, and if installed by Tenant, to remove any or all such trade fixtures from time to time during and upon termination or expiration of this Lease, provided no Event of Default, as defined in Section 22, then exists; provided, however, that Tenant shall repair and restore any damage or injury to the Demised Premises (to the condition in which the Demised Premises existed prior to such installation) caused by the installation and/or removal of any such trade fixtures.

13. Signs. No sign, advertisement or notice shall be inscribed, painted, affixed, or displayed on the windows or exterior walls of the Demised Premises or on any public area of the Building, except in such places, numbers, sizes, colors and styles as are approved in advance in writing by Landlord, and which conform to all applicable laws, ordinances, or covenants affecting the Demised Premises. Notwithstanding the foregoing, Tenant shall have the right to affix one (1) identification sign to the exterior of the Demised Premises, and one (1) street monument sign within the Building Common Area, provided Tenant and such sign otherwise comply with the terms and conditions of this Section 13. Any and all signs installed or constructed by or on behalf of Tenant pursuant hereto shall be installed, maintained and removed by Tenant at Tenant's sole cost and expense. Without limiting the foregoing, all signage installed by Tenant shall be consistent with the sign guidelines attached hereto as Exhibit G and incorporated herein, as such guidelines may be amended from time to time with respect to comparably sized tenants in the Buildings owned by Landlord within the Project.

14. Intentionally Omitted

15. Governmental Regulations.

(a) Tenant shall promptly comply throughout the Term, at Tenant's sole cost and expense, with all present and future laws, ordinances, orders, rules, regulations or requirements of all federal, state and municipal governments and appropriate departments, commissions, boards and officers thereof (collectively, "Governmental Requirements") relating to (i) all or any part of the Demised Premises, and (ii) to the use or manner of use of the Demised Premises and the Building Common Area.

Tenant shall also observe and comply with the requirements of all policies of public liability, fire and other policies of insurance at any time in force with respect to the Demised Premises.

(b) Notwithstanding subsection (a) hereinabove, in the event that any Governmental Requirements are in existence as of the Lease Date and require an alteration or modification of the Demised Premises or the Building Common Area (a "Code Modification") solely as a result of the use of the Demised Premises for general warehouse and office purposes (irrespective of the specific use thereof by any particular occupant), then Landlord shall be required to make such Code Modification at Landlord's sole cost and expense.

(c) Without limiting subsections (a) or (b) above, if as a result of one or more Governmental Requirements it is necessary, from time to time during the Term, to perform a Code Modification that is made necessary as a result of the specific use being made by Tenant of the Demised Premises, then such Code Modification shall be the sole and exclusive responsibility of Tenant in all respects; any such Code Modification shall be promptly performed by Tenant at its expense in accordance with the applicable Governmental Requirement and with Section 18 hereof.

(d) Without limiting subsections (a), (b) or (c) above, if as a result of one or more Governmental Requirements it is necessary from time to time during the Term to perform a Code Modification which (i) would be characterized as a capital expenditure under generally accepted accounting principles and (ii) is not made necessary as a result of the specific use being made by Tenant of the Demised Premises (as distinguished from an alteration or modification which would be required to be made by the owner of any warehouse-office building comparable to the Building irrespective of the use thereof by any particular occupant), then (a) Landlord shall have the obligation to perform the Code Modification at its expense, (b) the cost of such Code Modification shall be amortized on a straight-line basis over the useful life of the item in question, determined in accordance with GAAP (provided that in no event shall the useful life be greater than fifteen (15) years), and (c) Tenant shall be obligated to pay (as Additional Rent, payable in the same manner and upon the same terms and conditions as the Base Rent reserved hereunder) for the portion of such amortized costs attributable to the remainder of the Term, including any extensions thereof. Tenant shall promptly send to Landlord a copy of any written notice received by Tenant requiring a Code Modification.

16. Environmental Matters.

(a) For purposes of this Lease:

(i) "Contamination" as used herein means the presence of or release of Hazardous Substances (as hereinafter defined) into any environmental media from, upon, within, below, into or on any portion of the Demised Premises, the Building, the Building Common Area or the Project so as to require remediation, cleanup or investigation under any applicable Environmental Law (as hereinafter defined).

(ii) "Environmental Laws" as used herein means all federal, state, and local laws, regulations, orders, permits, ordinances or other requirements, which exist now or as may exist hereafter, concerning protection of human health, safety and the environment, all as may be amended from time to time.

(iii) "Hazardous Substances" as used herein means any hazardous or toxic substance, material, chemical, pollutant, contaminant or waste as those terms are defined by any applicable Environmental Laws (including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq. ("CERCLA") and the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq. ["RCRA"]) and any solid wastes, polychlorinated biphenyls, urea formaldehyde, asbestos, radioactive materials, radon, explosives, petroleum products and oil.

(b) Landlord represents that, except as revealed to Tenant in that certain Phase I Environmental Site Assessment prepared for Industrial Developments International, Inc., by ERM, dated July, 1996, as amended by letter dated April 22, 1998, copies of which have been delivered to Tenant, to Landlord's actual knowledge, Landlord has not treated, stored or disposed of any Hazardous Substances upon or within the Demised Premises, nor, to Landlord's actual knowledge, has any predecessor owner of the Demised Premises.

(c) Tenant covenants that all its activities, and the activities of Tenant's Affiliates (as defined in Section 10(b)), on the Demised Premises, the Building, or the Project during the Term will be conducted in compliance with Environmental Laws. Tenant warrants that to its knowledge it is currently in compliance with all applicable Environmental Laws and that there are no pending or threatened notices of deficiency, notices of violation, orders, or judicial or administrative actions involving alleged violations by Tenant of any Environmental Laws. Tenant, at Tenant's sole cost and expense, shall be responsible for obtaining all permits or licenses or approvals under Environmental Laws necessary for Tenant's operation of its business on the Demised Premises and shall make all notifications and registrations required by any applicable Environmental Laws. Tenant, at Tenant's sole cost and expense, shall at all times comply with the terms and conditions of all such permits, licenses, approvals, notifications and registrations and with any other applicable Environmental Laws. Tenant warrants that prior to the Lease Commencement Date, Tenant shall have obtained all such permits, licenses or approvals and made all such notifications and registrations required by any applicable Environmental Laws necessary for Tenant's operation of its business on the Demised Premises.

(d) Except as otherwise set forth in Special Stipulation 17 of Exhibit C to this Lease, Tenant shall not cause or permit any Hazardous Substances to be brought upon, kept or used in or about the Demised Premises, the Building, or the Project without the prior written consent of Landlord, which consent shall not be unreasonably withheld; provided, however, that the consent of Landlord shall not be required for the use at the Demised Premises of batteries or charging stations necessary to operate Tenant's forklifts (provided reasonable safety precautions are at all times taken by Tenant in connection therewith), or of cleaning supplies, toner for photocopying machines and other similar materials, in containers and quantities reasonably necessary for and consistent with normal and ordinary use by Tenant in the routine operation or maintenance of Tenant's office equipment or in the routine janitorial service, cleaning and maintenance for the Demised Premises. For purposes of this Section 16, Landlord shall be deemed to have reasonably withheld consent if Landlord determines that the presence of such Hazardous Substance within the Demised Premises could (i) result in a risk of harm to person or property or (ii) otherwise negatively affect the value or marketability of the Building or the Project.

(e) Tenant shall not cause or permit the release of any Hazardous Substances by Tenant or Tenant's Affiliates into any environmental media such as air, water or land, or into or on the Demised Premises, the Building or the Project in any manner that violates any Environmental Laws. If such release shall occur, Tenant shall (i) take all steps reasonably necessary to contain and control such release and any associated Contamination, (ii) clean up or otherwise remedy such release and any associated Contamination to the extent required by, and take any and all other actions required under, applicable Environmental Laws and (iii) notify and keep Landlord reasonably informed of such release and response.

(f) Regardless of any consents granted by Landlord pursuant to Section 16(d) allowing Hazardous Substances upon the Demised Premises, Tenant shall under no circumstances whatsoever cause or permit (i) any activity on the Demised Premises which would cause the Demised Premises to become subject to regulation as a hazardous waste treatment, storage or disposal facility under RCRA or the regulations promulgated thereunder, (ii) the discharge of Hazardous Substances into the storm sewer system serving the Project or (iii) the installation of any underground storage tank or underground piping on or under the Demised Premises.

(g) Tenant shall and hereby does indemnify Landlord and hold Landlord harmless from and against any and all expense, loss, and liability suffered by Landlord (except to the extent that such expenses, losses, and liabilities arise out of Landlord's own negligence or willful act), by reason of the storage, generation, release, handling, treatment, transportation, disposal, or arrangement for transportation or disposal, of any Hazardous Substances (whether accidental, intentional, or negligent) by Tenant or Tenant's Affiliates or by reason of Tenant's breach of any of the provisions of this Section 16. Such expenses, losses and liabilities shall include, without limitation, (i) any and all expenses that Landlord may incur to comply with any Environmental Laws; (ii) any and all costs that Landlord may incur in studying or remedying any Contamination at or arising from the Demised Premises, the Building, or the Project; (iii) any and all costs that Landlord may incur in studying, removing, disposing or otherwise addressing any Hazardous Substances; (iv) any and all fines, penalties or other sanctions assessed upon Landlord; and (v) any and all legal and professional fees and costs incurred by Landlord in connection with the foregoing. The indemnity contained herein shall survive the expiration or earlier termination of this Lease.

17. Construction of Demised Premises.

(a) Within thirty (30) days after the Lease Date, Landlord shall prepare, at Landlord's sole cost and expense, and submit to Tenant a set of plans and specifications and/or construction drawings (collectively, the "Plans and Specifications") based on the preliminary plans and specifications and/or preliminary floor plans set forth on Exhibit B attached hereto and incorporated herein, covering all work to be performed by Landlord in constructing the Improvements (as defined in Section 8(a)(ii)), together with Landlord's reasonable estimate of the cost to construct the Allowance Improvements (as defined in Special Stipulation 3 of Exhibit C to this Lease); provided, however, that Tenant acknowledges that such estimate of the cost to construct the Allowance Improvements will be only an estimate, and shall have no affect on any obligation Tenant may have under said Special Stipulation 3 to reimburse Landlord for the cost to construct the Allowance Improvements to the extent such cost exceeds the Tenant Allowance (as defined in said Special Stipulation 3). Tenant shall have ten (10) days after receipt of the Plans and Specifications in which to review and to give to Landlord written notice of its approval of the Plans and Specifications or its requested changes to the Plans and Specifications. Tenant shall have no right to request any changes to the Plans and Specifications which would materially alter either the Demised Premises or the exterior appearance or basic nature of the Building, as the same are contemplated by the Preliminary Plans. Landlord agrees to reasonably cooperate with Tenant during such ten (10) day period to value engineer the Plans and Specifications. If Tenant fails to approve or request changes to the Plans and Specifications by ten (10) days after its receipt thereof, then Tenant shall be deemed to have approved the Plans and Specifications and the same shall thereupon be final. If Tenant requests any changes to the Plans and Specifications, Landlord shall make those changes which are reasonably requested by Tenant and shall within ten (10) days of its receipt of such request submit the revised portion of the Plans and Specifications to Tenant. Tenant may not thereafter disapprove the revised portions of the Plans and Specifications unless Landlord has unreasonably failed to incorporate reasonable comments of Tenant and, subject to the foregoing, the Plans and Specifications, as modified by said revisions, shall be deemed to be final upon the submission of said revisions to Tenant. Tenant acknowledges that Landlord shall have the right and option to submit various parts of the proposed Plans and Specifications from time to time during the aforesaid thirty (30) day period and the time period for approval of any part of the proposed Plans and Specifications shall commence upon receipt of each submission provided that Landlord gives Tenant written notice that Tenant's approval is required in connection with such submitted part. Tenant shall at all times in its review of the Plans and Specifications, and of any revisions thereto, act reasonably and in good faith. After Tenant has approved the Plans and Specifications or the Plans and Specifications have otherwise been finalized pursuant to the procedures set forth hereinabove, any subsequent changes to the Plans and Specifications requested by Tenant shall be at Tenant's sole cost and expense and subject to Landlord's written approval, which approval shall not be unreasonably withheld, conditioned or delayed. If after the Plans and Specifications have been finalized pursuant to the procedures set forth hereinabove Tenant requests any further changes to the Plans and Specifications and, as a result thereof, Substantial Completion (as hereinafter defined) of

the Improvements is delayed, then for purposes of establishing the Lease Commencement Date, Substantial Completion shall be deemed to mean the date when Substantial Completion would have been achieved but for such Tenant delay.

(b) Landlord shall use reasonable speed and diligence to Substantially Complete the Improvements, at Landlord's sole cost and expense, and have the Demised Premises ready for occupancy on or before the Lease Commencement Date set forth in Section 1(f).

(i) If the Demised Premises are not Substantially Complete on that date (as such date is, and shall be, extended as a result of Ordinary Delay, as hereinafter defined, the "Target Completion Date"), such failure to complete shall not in any way affect the obligations of Tenant hereunder except that (A) the Lease Commencement Date, the Base Rent Commencement Date and the Expiration Date shall be postponed one (1) day for each day Substantial Completion is delayed beyond the Target Completion Date, and (B) commencing on the Target Completion Date and continuing through and including February 1, 2001 (as such date is, and shall be, extended as a result of Ordinary Delay, the "First Delay Date"), Tenant shall receive a credit against Base Rent (but not Additional Rent) in an amount equal to the product of (1) $3,186.77, and (2) the number of days that Substantial Completion is delayed beyond the Target Completion Date, and (C) commencing on the date immediately following the First Delay Date and continuing through and including the date that the Improvements are Substantially Complete, Tenant shall receive a credit against Base Rent in an amount equal to the product of (1) $6,373.54, and (2) the number of days that Substantial Completion is delayed beyond the First Delay Date.

(ii) Notwithstanding subsection (i) above, in the event that the Improvements are not Substantially Complete on or before May 1, 2001 (as such date is, and shall be, extended as a result of Ordinary Delay and Tenant Delay, as hereinafter defined, being hereinafter referred to as the "Outside Delivery Date"), Tenant may, at its option and as its sole and exclusive remedy, terminate this Lease by written notice to Landlord given on or before the tenth (10th) day following the Outside Delivery Date (provided that Substantial Completion has not occurred prior to Landlord's receipt of said termination notice), and thereafter neither Landlord nor Tenant shall have any further obligation hereunder.

(iii) Except as set forth in this subsection (b), no liability whatsoever shall arise or accrue against Landlord by reason of its failure to deliver or afford possession of the Demised Premises, and Tenant hereby releases and discharges Landlord from and of any claims for damage, loss, or injury of every kind whatsoever as if this Lease were never executed.

(iv) For purposes of this Lease, the term (A) "Tenant Delay" shall mean delay resulting Tenant's failure to approve the Plans and Specifications as set forth in Section 17(a), by change orders requested by Tenant after approval of the Plans and Specifications (but only to the extent such requests actually result in delay), or acts or omissions of Tenant, and (B) "Ordinary Delay" shall mean such additional time as is equal to the time lost by Landlord or Landlord's contractors or suppliers in connection with the performance of Landlord's work and/or the construction of the Demised Premises and related improvements due to strikes or other labor troubles, governmental restrictions and limitations, war or other national emergency, non-availability of materials or supplies, delay in transportation, accidents, floods, fire, damage or other casualties, weather or other conditions, or delays by utility companies in bringing utility lines to the Demised Premises.

(c) Upon Substantial Completion of the Demised Premises, a representative of Landlord and a representative of Tenant together shall inspect the Demised Premises and generate a punchlist of defective or uncompleted items relating to the completion of construction of the Improvements (the "Punchlist"). Landlord shall, within sixty (60) days after the Punchlist is prepared and agreed upon by Landlord and Tenant, complete such incomplete work and remedy such defective work as is set forth on the Punchlist. All construction work performed by Landlord shall be deemed approved by

Tenant in all respects except for items of said work which are not completed or do not conform to the Plans and Specifications and which are included on the Punchlist; provided, however, that said deemed approval shall have no effect on Landlord's warranty obligations pursuant to subsection (e) below.

(d) Upon Substantial Completion of the Demised Premises and the creation of the Punchlist, Tenant shall execute and deliver to Landlord a letter of acceptance in which Tenant (i) accepts the Demised Premises subject only to Landlord's completion of the items listed on the Punchlist and (ii) confirms that the Lease Commencement Date, the Base Rent Commencement Date and the Expiration Date remain as set forth in Section 1, or if revised pursuant to the terms hereof, setting forth such dates as so revised.

(e) Landlord hereby warrants to Tenant, which warranty shall survive for the one (1) year period following the Lease Commencement Date, that (i) the materials and equipment furnished by Landlord's contractors in the completion of the Improvements will be of good quality and new, and (ii) such materials and equipment and the work of such contractors shall be free from defects not inherent in the quality required or permitted hereunder. This warranty shall exclude damages or defects caused by Tenant or Tenant's Affiliates, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage.

(f) For purposes of this Lease, the term "Substantial Completion" (or any variation thereof) shall mean completion of construction of the Improvements in accordance with the Plans and Specifications, subject only to Punchlist items established pursuant to Section 17(c), so that Tenant can lawfully occupy and conduct its business at the Demised Premises, as established by the delivery by Landlord to Tenant of a certificate of occupancy (or temporary certificate of occupancy or its equivalent if a certificate of occupancy cannot yet be issued solely because of the need for completion of all or a portion of the construction, installation and testing of Tenant's improvements, equipment and fixtures within the Demised Premises, provided that in such event, Landlord agrees to cooperate with Tenant as reasonably necessary in obtaining a final certificate of occupancy following the completion of said construction, installation and testing by Tenant) for the Demised Premises issued by the appropriate governmental authority, if a certificate is so required by a governmental authority. Notwithstanding anything to the contrary contained in this Section 17, in the event Substantial Completion is delayed because of Tenant Delay, then Substantial Completion shall, for the purpose of establishing the Lease Commencement Date, be deemed to mean the date when Substantial Completion would have been achieved but for such Tenant Delay.

18. Tenant Alterations and Additions.

(a) Tenant shall not make or permit to be made any alterations, improvements, or additions (including the construction of additional office space) to the Demised Premises (a "Tenant's Change"), without first obtaining on each occasion Landlord's prior written consent (which consent Landlord agrees not to unreasonably withhold) and Lender's prior written consent (if such consent is required); provided, however, that Tenant shall have the right without Landlord's (or Lender's) prior written consent to make a Tenant's Change that is non-structural and that requires an expenditure of less than $50,000.00 for any one Tenant's Change and less than $250,000.00 in the aggregate for the Term, provided that Tenant shall, at Landlord's request, remove any such non-structural Tenant's Change and restore the Demised Premises to its condition prior to such non-structural Tenant's Change upon the termination or expiration of this Lease. As part of its approval process, Landlord may require that Tenant submit plans and specifications to Landlord, for Landlord's approval or disapproval, which approval shall not be unreasonably withheld. All Tenant's Changes shall be performed in accordance with all legal requirements applicable thereto and in a good and workmanlike manner with first-class materials. Tenant shall maintain insurance reasonably satisfactory to Landlord during the construction of all Tenant's Changes. If Landlord at the time of giving its approval to any Tenant's Change notifies Tenant in writing that approval is conditioned upon restoration, then Tenant shall, at its sole cost and expense and at Landlord's option upon the termination or expiration of this Lease, remove the same and restore the

Demised Premises to its condition prior to such Tenant's Change. If Landlord fails to notify Tenant as aforesaid that Landlord's approval is conditioned upon restoration, Tenant shall not be required to remove the Tenant's Change upon the termination or expiration of this Lease. No Tenant's Change shall be structural in nature or impair the structural strength of the Building or reduce its value. Tenant shall pay the full cost of any Tenant's Change. Landlord acknowledges that the restrictions on Tenant making a Tenant's Change set forth in this subsection (a) shall not affect Tenant's right to install in, and remove from, the Demised Premises trade fixtures and equipment required by Tenant or used by it in its business, in accordance with Section 12 hereinabove, or Tenant's right to reconfigure such trade fixtures and equipment. Except as otherwise provided herein and in Section 12, all Tenant's Changes and all repairs and all other property attached to or installed on the Demised Premises by or on behalf of Tenant shall immediately upon completion or installation thereof be and become part of the Demised Premises and the property of Landlord without payment therefor by Landlord and shall be surrendered to Landlord upon the expiration or earlier termination of this Lease.

(b) To the extent permitted by law, all of Tenant's contracts and subcontracts for such Tenant's Changes shall provide that no lien shall attach to or be claimed against the Demised Premises or any interest therein other than Tenant's leasehold interest in the Demised Premises, and that all subcontracts let thereunder shall contain the same provision. Whether or not Tenant furnishes the foregoing, Tenant agrees to hold Landlord harmless against all liens, claims and liabilities of every kind, nature and description which may arise out of or in any way be connected with such work. Tenant shall not permit the Demised Premises to become subject to any mechanics', laborers' or materialmen's lien on account of labor, material or services furnished to Tenant or claimed to have been furnished to Tenant in connection with work of any character performed or claimed to have been performed for the Demised Premises by, or at the direction or sufferance of Tenant and if any such liens are filed against the Demised Premises, Tenant shall promptly discharge the same; provided, however, that
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Tenant shall have the right to contest, in good faith and with reasonable diligence, the validity of any such lien or claimed lien if Tenant shall give to Landlord, within thirty days after demand, such security as may be reasonably satisfactory to Landlord to assure payment thereof and to prevent any sale, foreclosure, or forfeiture of Landlord's interest in the Demised Premises by reason of non-payment thereof; provided further that on final determination of the lien or claim for lien, Tenant shall immediately pay any judgment rendered, with all proper costs and charges, and shall have the lien released and any judgment satisfied. If Tenant fails to post such security or does not diligently contest such lien, Landlord may, without investigation of the validity of the lien claim, discharge such lien and Tenant shall reimburse Landlord upon demand for all costs and expenses incurred in connection therewith, which expenses shall include any attorneys' fees, paralegals' fees and any and all costs associated therewith, including litigation through all trial and appellate levels and any costs in posting bond to effect a discharge or release of the lien. Nothing contained in this Lease shall be construed as a consent on the part of Landlord to subject the Demised Premises to liability under any lien law now or hereafter existing of the state in which the Demised Premises are located.

(c) Provided Tenant complies with this Section 18, upon Tenant's request, Landlord shall, at Tenant's sole cost and expense (i) join in any applications for any permits, approvals or certificates required to be obtained from any governmental authorities in connection with any Tenant's Change, (ii) sign such applications reasonably promptly after request by Tenant; provided, that (A) Landlord's signature on such application is required by the applicable governmental authority, and (B) such application is reasonably acceptable to Landlord, and (iii) otherwise reasonably cooperate with Tenant in connection with such applications of Tenant; provided, however, that Landlord shall not be obligated to incur any cost or expense, including, without limitation, reasonable attorneys' fees and disbursements, or suffer or incur any liability in connection therewith.

19. Services by Landlord. Landlord shall be responsible for causing the
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Building Common Area to be kept in good condition and repair, and, except as required by Section 10(b) hereof or as otherwise specifically provided for herein, Landlord shall be responsible for no other services whatsoever.

Tenant, by payment of Tenant's share of the Operating Expenses, shall pay Tenant's pro rata share of the expenses incurred by Landlord hereunder.

20. Fire and Other Casualty.

(a) In the event the Demised Premises are damaged by fire or other casualty insured by Landlord (or required to be insured by Landlord hereunder), Landlord agrees to promptly restore and repair the Demised Premises at Landlord's expense, including the Improvements to be insured by Tenant but only to the extent that the cost of such restoration and repair does not exceed the sum of (i) the insurance proceeds actually received by Landlord in connection with such fire or other casualty (including the proceeds from the insurance required to be carried by Tenant on the Improvements and received by Landlord), (ii) any applicable deductible under the insurance policies carried (or required to be carried) by Landlord hereunder, and (iii) any insurance proceeds retained by Lender in connection with such fire or other casualty.

(b) Notwithstanding subsection (a) above, in the event that (i) the Demised Premises are in the reasonable opinion of Landlord, so destroyed that they cannot be repaired or rebuilt within two hundred seventy (270) days after the date of such damage; (ii) the Demised Premises are destroyed by a casualty which is not covered by Landlord's insurance; or (iii) there is less than one (1) full calendar year remaining during the Term as of the date of such casualty, then Landlord shall give written notice to Tenant of such determination (the "Determination Notice") within sixty (60) days of such casualty. Either Landlord or Tenant may terminate and cancel this Lease effective as of the date of such casualty by giving written notice to the other party within thirty (30) days after Tenant's receipt of the Determination Notice. Upon the giving of such termination notice, all obligations hereunder with respect to periods from and after the effective date of termination shall thereupon cease and terminate. If no such termination notice is given, Landlord shall, to the extent that the cost of such restoration and repair does not exceed the sum of (i) the insurance proceeds actually received by Landlord in connection with such fire or other casualty (including the proceeds from the insurance required to be carried by Tenant on the Improvements and received by Landlord), (ii) any applicable deductible under the insurance policies carried (or required to be carried) by Landlord hereunder, and (iii) any insurance proceeds retained by Lender in connection with such fire or other casualty, make such repair or restoration of the Demised Premises to the approximate condition existing prior to such casualty, promptly and in such manner as not to unreasonably interfere with Tenant's use and occupancy of the Demised Premises (if Tenant is still occupying the Demised Premises). Base Rent and Additional Rent shall proportionately abate during the time that the Demised Premises or any part thereof are unusable by reason of any such damage thereto. In the event that Landlord is unable to substantially restore and repair the Demised Premises on or before the date which is three hundred sixty-five (365) days after the date of the casualty, as extended by Delay (as defined hereinbelow), Tenant may, at its option and as its sole remedy, terminate this Lease by written notice to Landlord given within thirty (30) days following the expiration of such three hundred sixty-five (365)-day period (provided that Landlord has not substantially restored and repaired the Demised Premises prior to Landlord's receipt of said termination notice), and thereafter neither Landlord nor Tenant shall have any further obligation hereunder. For purposes of this Section 20, "Delay" shall mean such additional time as is equal to the time lost by Landlord or Landlord's contractors or suppliers in connection with the performance of Landlord's restoration and repair of the Demised Premises due to strikes or other labor troubles, governmental restrictions and limitations, war or other national emergency, non-availability of materials or supplies, delay in transportation, accidents, floods, fire, damage or other casualties, weather or conditions, acts or omissions of Tenant.

21. Condemnation.

(a) If all of the Demised Premises is taken or condemned for a public or quasi-public use, or if a material portion of the Demised Premises is taken or condemned for a public or quasi-public use and the remaining portion thereof is not usable by Tenant in the reasonable opinion of Landlord, this Lease shall terminate as of the earlier of the date title to the condemned real estate vests in the condemnor

or the date on which Tenant is deprived of possession of the Demised Premises. In such event, the Base Rent herein reserved and all Additional Rent and other sums payable hereunder shall be apportioned and paid in full by Tenant to Landlord to that date, all Base Rent, Additional Rent and other sums payable hereunder prepaid for periods beyond that date shall forthwith be repaid by Landlord to Tenant, and neither party shall thereafter have any liability hereunder, except that any obligation or liability of either party, actual or contingent, under this Lease which has accrued on or prior to such termination date shall survive.

(b) If only part of the Demised Premises is taken or condemned for a public or quasi-public use and this Lease does not terminate pursuant to Section 21(a), Landlord shall, to the extent of the award it receives, restore the Demised Premises to a condition and to a size as nearly comparable as reasonably possible to the condition and size thereof immediately prior to the taking, and there shall be an equitable adjustment to the Base Rent and Additional Rent based on the actual loss of use of the Demised Premises suffered by Tenant from the taking.

(c) Landlord shall be entitled to receive the entire award in any proceeding with respect to any taking provided for in this Section 21, without deduction therefrom for any estate vested in Tenant by this Lease, and Tenant shall receive no part of such award. Nothing herein contained shall be deemed to prohibit Tenant from making a separate claim, against the condemnor, to the extent permitted by law, for the value of Tenant's moveable trade fixtures, machinery and moving expenses, provided that the making of such claim shall not and does not adversely affect or diminish Landlord's award. Landlord agrees not to include the value of Tenant's moveable trade fixtures, machinery and moving expenses in Landlord's claim against the condemnor.

22. Tenant's Default.

(a) The occurrence of any one or more of the following events shall constitute an "Event of Default" of Tenant under this Lease:

(i) if Tenant fails to pay Base Rent or any Additional Rent hereunder as and when such rent becomes due and such failure shall continue for more than five (5) days after Landlord gives written notice to Tenant of such failure;

(ii) if Tenant fails to pay Base Rent or any Additional Rent on time more than three (3) times in any period of twelve (12) months (and Landlord has given Tenant written notice of Tenant's failure to pay at least twice in such 12-month period), notwithstanding that such payments have been made within the applicable cure period;

(iii) if Tenant fails to take possession of the Demised Premises on the Lease Commencement Date or promptly thereafter;

(iv) if Tenant permits to be done anything which creates a lien upon the Demised Premises and fails to discharge or bond such lien, or post security with Landlord reasonably acceptable to Landlord within thirty (30) days after receipt by Tenant of written notice thereof;

(v) if Tenant fails to maintain in force all policies of insurance required by this Lease and such failure shall continue for more than ten (10) days after Landlord gives Tenant written notice of such failure;

(vi) if any petition is filed by or against Tenant or any guarantor of this Lease under any present or future section or chapter of the Bankruptcy Code, or under any similar law or statute of the United States or any state thereof (which, in the case of an involuntary proceeding, is not permanently discharged, dismissed, stayed, or vacated, as the case may be, within sixty (60) days of

commencement), or if any order for relief shall be entered against Tenant or any guarantor of this Lease in any such proceedings;

(vii) if Tenant or any guarantor of this Lease becomes insolvent or makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors;

(viii) if a receiver, custodian, or trustee is appointed for the Demised Premises or for all or substantially all of the assets of Tenant or of any guarantor of this Lease, which appointment is not vacated within sixty (60) days following the date of such appointment; or

(ix) if Tenant fails to perform or observe any other term of this Lease and such failure shall continue for more than thirty (30) days after Landlord gives Tenant written notice of such failure, or, if such failure cannot be corrected within such thirty (30) day period, if Tenant does not commence to correct such default within said thirty (30) day period and thereafter diligently prosecute the correction of same to completion within a reasonable time.

(b) Upon the occurrence of any one or more Events of Default, Landlord may, at Landlord's option, without any demand or notice whatsoever (except as expressly required in this Section 22):

(i) Terminate this Lease by giving Tenant notice of termination, in which event this Lease shall expire and terminate on the date specified in such notice of termination and all rights of Tenant under this Lease and in and to the Demised Premises shall terminate. Tenant shall remain liable for all obligations under this Lease arising up to the date of such termination, and Tenant shall surrender the Demised Premises to Landlord on the date specified in such notice; or

(ii) Terminate this Lease as provided in Section 22(b)(i) hereof and recover from Tenant all damages Landlord may incur by reason of Tenant's default, including, without limitation, an amount which, at the date of such termination, is calculated as follows: (1) the value of the excess, if any, of (A) the Base Rent, Additional Rent and all other sums which would have been payable hereunder by Tenant for the period commencing with the day following the date of such termination and ending with the Expiration Date had this Lease not been terminated (the "Remaining Term"), over (B) the aggregate reasonable rental value of the Demised Premises for the Remaining Term (which excess, if any shall be discounted to present value at the "Treasury Yield" as defined below for the Remaining Term); plus (2) the costs of recovering possession of the Demised
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Premises and all other expenses incurred by Landlord due to Tenant's default, including, without limitation, reasonable attorney's fees; plus (3) the unpaid
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Base Rent and Additional Rent earned as of the date of termination plus any interest and late fees due hereunder, plus other sums of money and damages owing on the date of termination by Tenant to Landlord under this Lease or in connection with the Demised Premises. The amount as calculated above shall be deemed immediately due and payable. The payment of the amount calculated in subparagraph (ii)(1) shall not be deemed a penalty but shall merely constitute payment of liquidated damages, it being understood and acknowledged by Landlord and Tenant that actual damages to Landlord are extremely difficult, if not impossible, to ascertain. "Treasury Yield" shall mean the rate of return in percent per annum of Treasury Constant Maturities for the length of time specified as published in document H.15(519) (presently published by the Board of Governors of the U.S. Federal Reserve System titled "Federal Reserve Statistical Release") for the calendar week immediately preceding the calendar week in which the termination occurs. If the rate of return of Treasury Constant Maturities for the calendar week in question is not published on or before the business day preceding the date of the Treasury Yield in question is to become effective, then the Treasury Yield shall be based upon the rate of return of Treasury Constant Maturities for the length of time specified for the most recent calendar week for which such publication has occurred. If no rate of return for Treasury Constant Maturities is published for the specific length of time specified, the Treasury Yield for such length of time shall be the weighted average of the rates of return of Treasury Constant Maturities most nearly corresponding to the length of the applicable period specified. If the publishing of the rate of return of Treasury Constant Maturities is ever

discontinued, then the Treasury Yield shall be based upon the index which is published by the Board of Governors of the U.S. Federal Reserve System in replacement thereof or, if no such replacement index is published, the index which, in Landlord's reasonable determination, most nearly corresponds to the rate of return of Treasury Constant Maturities. In determining the aggregate reasonable rental value pursuant to subparagraph (ii)(1)(B) above, the parties hereby agree that, at the time Landlord seeks to enforce this remedy, all relevant factors should be considered, including, but not limited to, (a) the length of time remaining in the Term, (b) the then current market conditions in the general area in which the Building is located, (c) the likelihood of reletting the Demised Premises for a period of time equal to the remainder of the Term, (d) the net effective rental rates then being obtained by landlords for similar type space of similar size in similar type buildings in the general area in which the Building is located, (e) the vacancy levels in the general area in which the Building is located, (f) current levels of new construction that will be completed during the remainder of the Term and how this construction will likely affect vacancy rates and rental rates and (g) inflation; or

(iii) Intentionally Omitted

(iv) Without terminating this Lease, in its own name but as agent for Tenant, enter into and upon and take possession of the Demised Premises or any part thereof. Any property remaining in the Demised Premises may be removed and stored in a warehouse or elsewhere at the cost of, and for the account of, Tenant without Landlord being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby unless caused by Landlord's negligence. Thereafter, Landlord may, but shall not be obligated to, lease to a third party the Demised Premises or any portion thereof as the agent of Tenant upon such terms and conditions as Landlord may deem necessary or desirable in order to relet the Demised Premises. The remainder of any rentals received by Landlord from such reletting, after the payment of any indebtedness due hereunder from Tenant to Landlord, and the payment of any costs and expenses of such reletting, shall be held by Landlord to the extent of and for application in payment of future rent owed by Tenant, if any, as the same may become due and payable hereunder. If such rentals received from such reletting shall at any time or from time to time be less than sufficient to pay to Landlord the entire sums then due from Tenant hereunder, Tenant shall pay any such deficiency to Landlord. Notwithstanding any such reletting without termination, Landlord may at any time thereafter elect to terminate this Lease for any such previous default provided same has not been cured; or

(v) Without terminating this Lease, and with or without notice to Tenant, enter into and upon the Demised Premises and, without being liable for prosecution or any claim for damages therefor, maintain the Demised Premises and repair or replace any damage thereto or do anything or make any payment for which Tenant is responsible hereunder. Tenant shall reimburse Landlord immediately upon demand for any expenses which Landlord incurs in thus effecting Tenant's compliance under this Lease and Landlord shall not be liable to Tenant for any damages with respect thereto; or

(vi) Without liability to Tenant or any other party and without constituting a constructive or actual eviction, suspend or discontinue furnishing or rendering to Tenant any property, material, labor, utilities or other service, wherever Landlord is obligated to furnish or render the same so long as an Event of Default exists under this Lease; or

(vii) With or without terminating this Lease, allow the Demised Premises to remain unoccupied and collect rent from Tenant as it comes due; provided, however, that to the extent required by applicable law, Landlord shall use reasonable efforts to mitigate its damages; or

(viii) Pursue such other remedies as are available at law or equity.

(c) If this Lease shall terminate as a result of or while there exists an Event of Default hereunder, any funds of Tenant held by Landlord may be applied by Landlord to any damages payable by Tenant (whether provided for herein or by law) as a result of such termination or default.

(d) Neither the commencement of any action or proceeding, nor the settlement thereof, nor entry of judgment thereon shall bar Landlord from bringing subsequent actions or proceedings from time to time, nor shall the failure to include in any action or proceeding any sum or sums then due be a bar to the maintenance of any subsequent actions or proceedings for the recovery of such sum or sums so omitted.

(e) No agreement to accept a surrender of the Demised Premises and no act or omission by Landlord or Landlord's agents during the Term shall constitute an acceptance or surrender of the Demised Premises unless made in writing and signed by Landlord. No re-entry or taking possession of the Demised Premises by Landlord shall constitute an election by Landlord to terminate this Lease unless a written notice of such intention is given to Tenant. No provision of this Lease shall be deemed to have been waived by either party unless such waiver is in writing and signed by the party making such waiver. Landlord's acceptance of Base Rent or Additional Rent in full or in part following an Event of Default hereunder shall not be construed as a waiver of such Event of Default. No custom or practice which may grow up between the parties in connection with the terms of this Lease shall be construed to waive or lessen either party's right to insist upon strict performance of the terms of this Lease, without a written notice thereof to the other party.

(f) If an Event of Default shall occur, Tenant shall pay to Landlord, on demand, all expenses incurred by Landlord as a result thereof, including reasonable attorneys' fees, court costs and expenses actually incurred; provided, however, that Landlord and Tenant shall each reimburse the other for the reasonable and actual attorneys' fees incurred by such other party in connection with any litigation initiated by Landlord or Tenant, as the case may be, pursuant to this Lease which results in a final, unappealable judgment as to the merits in the other party's favor.

23. Landlord's Right of Entry. Tenant agrees to permit Landlord and the authorized representatives of Landlord and of Lender to enter upon the Demised Premises during normal business hours for the purposes of inspecting the Demised Premises and Tenant's compliance with this Lease, and making any necessary repairs that Landlord is required, or has the right, to make thereto; provided that, except in the case of an emergency, Landlord shall give Tenant forty-eight (48) hours' prior written notice of Landlord's intended entry upon the Demised Premises. Nothing herein shall imply any duty upon the part of Landlord to do any work required of Tenant hereunder, and the performance thereof by Landlord shall not constitute a waiver of Tenant's default in failing to perform it. Landlord shall not be liable for inconvenience, annoyance, disturbance or other damage to Tenant by reason of making such repairs or the performance of such work in the Demised Premises or on account of bringing materials, supplies and equipment into or through the Demised Premises during the course thereof, and the obligations of Tenant under this Lease shall not thereby be affected; provided, however, that Landlord shall use reasonable efforts not to disturb or otherwise interfere with Tenant's operations in the Demised Premises in making such repairs or performing such work. Landlord also shall have the right to enter the Demised Premises upon forty-eight (48) hours' prior notice to exhibit the Demised Premises to any prospective purchaser, or mortgagee, and, during the last twelve (12) months of the Term, to any prospective tenant thereof.

24. Lender's Rights.

(a) For purposes of this Lease:

(i) "Lender" as used herein means the holder of a Mortgage;

(ii) "Mortgage" as used herein means any or all mortgages, deeds to secure debt, deeds of trust or other instruments in the nature thereof which may now or hereafter affect or

encumber Landlord's title to the Demised Premises, and any amendments, modifications, extensions or renewals thereof.

(b) This Lease and all rights of Tenant hereunder are and shall be subject and subordinate to the lien and security title of any Mortgage provided that the holder of said Mortgage agrees not to disturb Tenant's possession of the Demised Premises so long as Tenant is not in default hereunder, as evidenced by a subordination and non-disturbance agreement signed by said holder which agreement may include (i) the conditions contained in subsection (e) below, (ii) a requirement that said holder be given notice and opportunity to cure a landlord default and (c) other provisions customarily required by lenders. Tenant shall promptly execute such a subordination and non-disturbance agreement upon Landlord's request. Tenant recognizes and acknowledges the right of Lender to foreclose or exercise the power of sale against the Demised Premises under any Mortgage.

(c) Tenant shall, in confirmation of the subordination set forth in Section 24(b) and notwithstanding the fact that such subordination is self-operative, and no further instrument or subordination shall be necessary, upon demand, at any time or times, execute, acknowledge, and deliver to Landlord or to Lender any and all instruments requested by either of them to evidence such subordination, provided that such instrument contains the nondisturbance provisions referred to in subsection (b) above.

(d) At any time during the Term, Lender may, by written notice to Tenant, make this Lease superior to the lien of its Mortgage. If requested by Lender, Tenant shall, upon demand, at any time or times, execute, acknowledge, and deliver to Lender, any and all instruments that may be necessary to make this Lease superior to the lien of any Mortgage.

(e) If Lender (or Lender's nominee, or other purchaser at foreclosure) shall hereafter succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease, Tenant shall, if requested by such successor, attorn to and recognize such successor as Tenant's landlord under this Lease without change in the terms and provisions of this Lease and shall promptly execute and deliver any instrument that may be necessary to evidence such attornment, provided that such successor shall not be bound by (i) any payment of Base Rent or Additional Rent for more than one month in advance, except prepayments in the nature of security for the performance by Tenant of its obligations under this Lease, and then only if such prepayments have been deposited with and are under the control of such successor, (ii) any provision of any amendment to the Lease to which Lender has not consented, (iii) the defaults of any prior landlord under this Lease, or (iv) any offset rights arising out of the defaults of any prior landlord under this Lease. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between each successor landlord and Tenant, subject to all of the terms, covenants and conditions of this Lease.

25. Estoppel Certificate and Financial Statement.

(a) Landlord and Tenant agree, at any time, and from time to time, within twenty (20) days after written request of the other, to execute, acknowledge and deliver a statement in writing to the requesting party and/or its designee certifying that: (i) this Lease is unmodified and in full force and effect (or, if there have been modifications, that the same is in full force and effect, as modified), (ii) the dates to which Base Rent, Additional Rent and other charges have been paid, (iii) whether or not, to its actual knowledge, there exists any failure by the requesting party to perform any term, covenant or condition contained in this Lease, and, if so, specifying each such failure, (iv) (if such be the case) Tenant has unconditionally accepted the Demised Premises and is conducting its business therein, and (v) and as to such additional matters as may be reasonably requested, it being intended that any such statement delivered pursuant hereto may be relied upon by the requesting party and by any purchaser of title to the Demised Premises or by any mortgagee or any assignee thereof or any party to any sale-leaseback of the Demised Premises, or the landlord under a ground lease affecting the Demised Premises.

(b) If Landlord desires to finance, refinance, or sell the Building, Tenant and all Guarantors shall deliver to any potential lender or purchaser designated by Landlord such financial statements of Tenant and such Guarantors as may be reasonably required by such lender or purchaser, including but not limited to Tenant's financial statements for the past 3 years. All such financial statements shall be received by Landlord and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

26. Landlord Liability. No owner of the Demised Premises, whether or not named herein, shall have liability hereunder for matters first arising after it ceases to hold title to the Demised Premises. Neither Landlord nor any officer, director, shareholder, partner or principal of Landlord, whether disclosed or undisclosed, shall be under any personal liability with respect to any of the provisions of this Lease. In the event Landlord is in breach or default with respect to Landlord's obligations or otherwise under this Lease, Tenant shall look solely to the equity of Landlord in the Building and to any net rental income not applied to operating expenses or debt service for the Demised Premises, any net proceeds of sale (after paying off any Mortgage), and any insurance proceeds not applied to restoration of the Building or the Demised Premises for the satisfaction of Tenant's remedies. It is expressly understood and agreed that Landlord's liability under the terms, covenants, conditions, warranties and obligations of this Lease shall in no event exceed the loss of Landlord's equity interest in the Building or such net rental income, net proceeds of sale or unapplied insurance proceeds.

27. Notices. Any notice required or permitted to be given or served by either party to this Lease shall be in writing and shall be deemed given (i) when personally delivered, (ii) three (3) days after being deposited with the United States Postal Service, postage prepaid, by registered or certified mail, return receipt requested, or (iii) one (1) day after being deposited with a licensed overnight delivery service providing proof of delivery, properly addressed to the address set forth in Section 1(m) (as the same may be changed by giving written notice of the aforesaid in accordance with this Section 27). If any notice mailed is properly addressed with appropriate postage but returned for any reason, such notice shall be deemed to be effective notice and to be given on the date of mailing.

28. Brokers. Landlord and Tenant each represents and warrants to the other that, except for those parties set forth in Section 1(o) (the "Brokers"), neither Landlord nor Tenant has engaged or had any conversations or negotiations with any broker, finder or other third party concerning the leasing of the Demised Premises to Tenant who would be entitled to any commission or fee based on the execution of this Lease. Landlord and Tenant hereby further represent and warrant to each other that neither Landlord nor Tenant, as the case may be, is receiving or is entitled to receive any rebate, payment or other remuneration, either directly or indirectly, from the Brokers, and that neither Landlord nor Tenant (as the case may be) is otherwise sharing in or entitled to share in any commission or fee paid to the Brokers by Landlord or any other party in connection with the execution of this Lease, either directly or indirectly. Landlord and Tenant hereby indemnify each other against and from any claims for any brokerage commissions (except those payable to the Brokers, all of which are payable by Landlord pursuant to a separate agreement) and all costs, expenses and liabilities in connection therewith, including, without limitation, reasonable attorneys' fees and expenses actually incurred, for any breach of the foregoing. The foregoing indemnification shall survive the termination of this Lease for any reason.

29. Assignment and Subleasing.

(a) Tenant may not assign, mortgage, pledge, encumber or otherwise transfer this Lease, or any interest hereunder, or sublet the Demised Premises, in whole or in part, without on each occasion first obtaining the prior express written consent of Landlord, which consent Landlord shall not unreasonably withhold. Any change in control of Tenant resulting from a merger, consolidation, stock transfer or asset sale shall be considered an assignment or transfer which requires Landlord's prior written consent. For purposes of this Section 29, by way of example and not limitation, Landlord shall be deemed to have reasonably withheld consent if Landlord reasonably determines (i) that the prospective assignee or subtenant is not of a financial strength similar to Tenant as of the Lease Date, (ii) that the prospective

assignee or subtenant has a poor business reputation, (iii) that the proposed use of the Demised Premises by such prospective assignee or subtenant (including, without limitation, a use involving the use or handling of Hazardous Substances) will negatively affect the value or marketability of the Building or the Project or (iv) that the prospective assignee or subtenant is a bona-fide third-party prospective tenant.

(b) If Tenant desires to assign this Lease or sublet the Demised Premises or any part thereof, and such transfer requires Landlord's consent hereunder, Tenant shall give Landlord written notice no later than thirty (30) days in advance of the proposed effective date of any proposed assignment or sublease, specifying (i) the name and business of the proposed assignee or sublessee, (ii) the amount and location of the space within the Demised Premises proposed to be subleased, (iii) the proposed effective date and duration of the assignment or subletting and (iv) the proposed rent or consideration to be paid to Tenant by such assignee or sublessee. Tenant shall promptly supply Landlord with financial statements and other information as Landlord may reasonably request to evaluate the proposed assignment or sublease. Landlord shall have a period of twenty (20) days following receipt of such notice and other information requested by Landlord within which to notify Tenant in writing that Landlord elects: (i) to permit Tenant to assign or sublet such space; provided, however, that, if the rent rate agreed upon between Tenant and its proposed subtenant is greater than the rent rate that Tenant must pay Landlord hereunder for that portion of the Demised Premises, or if any consideration shall be promised to or received by Tenant that is attributable to such proposed assignment or sublease (in addition to rent), then one half (1/2) of such excess rent and other consideration (after payment of brokerage commissions, advertising expenses, improvement allowances, attorneys' fees and other disbursements reasonably incurred by Tenant for such assignment and subletting if acceptable evidence of such disbursements is delivered to Landlord) shall be considered Additional Rent owed by Tenant to Landlord, and shall be paid by Tenant to Landlord, in the case of excess rent, in the same manner that Tenant pays Base Rent and, in the case of any other consideration, within ten (10) business days after receipt thereof by Tenant; or (ii) to refuse, in Landlord's reasonable discretion (taking into account all relevant factors including, without limitation, the factors set forth in the Section 29(a) above), to consent to Tenant's assignment or subleasing of such space and to continue this Lease in full force and effect as to the entire Demised Premises. If Landlord should fail to notify Tenant in writing of such election within the aforesaid twenty (20) day period, Landlord shall be deemed to have elected option (ii) above. Tenant agrees to reimburse Landlord for reasonable legal fees and any other reasonable costs incurred by Landlord in connection with any requested assignment or subletting (not to exceed $1,500 per request), and such payments shall not be deducted from the Additional Rent owed to Landlord pursuant to subsection (ii) above. Tenant shall deliver to Landlord copies of all documents effectuating any permitted assignment or subletting, which documents shall be in form and substance reasonably satisfactory to Landlord and which shall require such assignee to assume performance of all terms of this Lease on Tenant's part to be performed.

(c) No acceptance by Landlord of any rent or any other sum of money from any assignee, sublessee or other category of transferee shall be deemed to constitute Landlord's consent to any assignment, sublease, or transfer. Permitted subtenants or assignees shall become liable directly to Landlord for all obligations of Tenant hereunder, without, however, relieving Tenant of any of its liability hereunder. No such assignment, subletting, occupancy or collection shall be deemed the acceptance of the assignee, tenant or occupant, as Tenant, or a release of Tenant from the further performance by Tenant of Tenant's obligations under this Lease. Any assignment or sublease consented to by Landlord shall not relieve Tenant (or its assignee) from obtaining Landlord's consent to any subsequent assignment or sublease.

30. Termination or Expiration.

(a) No termination of this Lease prior to the normal ending thereof, by lapse of time or otherwise, shall affect Landlord's right to collect rent for the period prior to termination thereof.

(b) At the expiration or earlier termination of the Term of this Lease, Tenant shall surrender the Demised Premises and all improvements, alterations and additions thereto, and keys

therefor to Landlord, clean and neat, and in the same condition as at the Lease Commencement Date, excepting normal wear and tear, condemnation and casualty.

(c) If Tenant remains in possession of the Demised Premises after expiration of the Term, with or without Landlord's acquiescence and without any express agreement of the parties, Tenant shall be a tenant-at-sufferance at the greater of (i) one hundred fifty percent (150%) of the then current fair market base rental value of the Demised Premises or (ii) one hundred fifty percent (150%) of the Base Rent in effect at the end of the Term. Tenant shall also continue to pay all other Additional Rent due hereunder, and there shall be no renewal of this Lease by operation of law. In addition to the foregoing, Tenant shall be liable for all damages incurred by Landlord as a result of such holdover; provided, however, that Tenant shall not be liable for consequential damages incurred by Landlord unless Tenant remains in possession of the Demised Premises for more than thirty (30) days after expiration of the Term. No receipt of money by Landlord from Tenant after the termination of this Lease or Tenant's right of possession of the Demised Premises shall reinstate, continue or extend the Term or Tenant's right of possession.

31. Intentionally Omitted

32. Late Payments. In the event any installment of rent, inclusive of Base Rent, or Additional Rent or other sums due hereunder, if any, is not paid (i) within five (5) days after Tenant's receipt of written notice of such failure to pay on the first occasion during any twelve (12) month period, or (ii) as and when due with respect to any subsequent late payments in any twelve (12) month period, Tenant shall pay an administrative fee (the "Administrative Fee") equal to five percent (5%) of such past due amount, plus interest on the amount past due at the lesser of (i) the maximum interest rate allowed by law or (ii) a rate of fifteen percent (15%) per annum (the "Interest Rate") to defray the additional expenses incurred by Landlord in processing such payment. The Administrative Fee is in addition to, and not in lieu of, any of the Landlord's remedies hereunder.

33. Rules and Regulations. Tenant agrees to abide by the rules and regulations set forth on Exhibit D attached hereto, as well as other rules and regulations reasonably promulgated and delivered to Tenant by Landlord from time to time, so long as such rules and regulations are uniformly enforced against all tenants of Landlord in the Building.

34. Quiet Enjoyment. So long as Tenant has not committed an Event of Default hereunder, Landlord agrees that Tenant shall have the right to quietly use and enjoy the Demised Premises for the Term.

35. Miscellaneous.

(a) The parties hereto hereby covenant and agree that except to the extent otherwise expressly provided herein, Landlord shall receive the Base Rent, Additional Rent and all other sums payable by Tenant hereinabove provided as net income from the Demised Premises, without any abatement (except as set forth in Section 20 and Section 21), reduction, set-off, counterclaim, defense or deduction whatsoever.

(b) If any clause or provision of this Lease is determined to be illegal, invalid or unenforceable under present or future laws effective during the Term, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and that in lieu of such illegal, invalid or unenforceable clause or provision there shall be substituted a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.

(c) All rights, powers, and privileges conferred hereunder upon the parties hereto shall be cumulative, but not restrictive to those given by law.

(d) TIME IS OF THE ESSENCE OF THIS LEASE.

(e) No failure of Landlord or Tenant to exercise any power given Landlord or Tenant hereunder or to insist upon strict compliance by Landlord or Tenant with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's or Tenant's rights to demand exact compliance with the terms hereof.

(f) This Lease contains the entire agreement of the parties hereto as to the subject matter of this Lease and no prior representations, inducements, letters of intent, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force and effect. Any future amendment to this Lease must be in writing and signed by the parties hereto. The masculine (or neuter) pronoun, singular number shall include the masculine, feminine and neuter gender and the singular and plural number.

(g) This contract shall create the relationship of landlord and tenant between Landlord and Tenant; no estate shall pass out of Landlord; Tenant has a usufruct, not subject to levy and sale, and not assignable by Tenant except as expressly set forth herein.

(h) Landlord and Tenant agree to execute, upon request of the other, a short form memorandum of this Lease in recordable form and the requesting party shall pay the costs and charges for the recording of such short form memorandum of lease. Under no circumstances shall Tenant have the right to record this Lease (other than a short form memorandum of Lease, as reasonably approved by Landlord), and should Tenant do so, Tenant shall be in default hereunder.

(i) The captions of this Lease are for convenience only and are not a part of this Lease, and do not in any way define, limit, describe or amplify the terms or provisions of this Lease or the scope or intent thereof.

(j) This Lease may be executed in multiple counterparts, each of which shall constitute an original, but all of which taken together shall constitute one and the same agreement.

(k) This Lease shall be interpreted under the laws of the State where the Demised Premises are located.

(l) The parties acknowledge that this Lease is the result of negotiations between the parties, and in construing any ambiguity hereunder no presumption shall be made in favor of either party. No inference shall be made from any item which has been stricken from this Lease other than the deletion of such item.

36. Special Stipulations. The Special Stipulations, if any, attached hereto as Exhibit C, are incorporated herein and made a part hereof, and to the extent of any conflict between the foregoing provisions and the Special Stipulations, the Special Stipulations shall govern and control.

37. Lease Date. For purposes of this Lease, the term "Lease Date" shall mean the later date upon which this Lease is signed by Landlord and Tenant.

38. Authority. If Tenant is not a natural person, Tenant shall cause its corporate secretary or general partner, as applicable, to execute the certificate attached hereto as Exhibit E. Tenant is authorized by all required corporate or partnership action to enter into this Lease and the individual(s) signing this Lease on behalf of Tenant are each authorized to bind Tenant to its terms.

39. No Offer Until Executed. The submission of this Lease to Tenant for examination or consideration does not constitute an offer to lease the Demised Premises and this Lease shall become effective, if at all, only upon the execution and delivery thereof by Landlord and Tenant.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands under seals, the day and year first above written.

LANDLORD:

Date: August 31, 2000

INDUSTRIAL DEVELOPMENTS INTERNATIONAL (TENNESSEE), L.P., a Georgia limited partnership

By: IDI (Tennessee), Inc., a Georgia corporation, its sole general partner

By: /s/ Timothy J. Gunter
Name: Timothy J. Gunter
Title: Secretary

Attest: /s/ G. Bryan Blasingame, Jr.
Name: G. Bryan Blasingame, Jr.
Title: Assistant Secretary

[CORPORATE SEAL]

TENANT:

Date: August 23, 2000

SALESLINK CORPORATION, a Delaware corporation

By: /s/ Richard F. Torre
Name: Richard F. Torre
Title: CEO

Attest: /s/ B.C. Boothby, Jr.
Name: B.C. Boothby, Jr.
Title: COO

[CORPORATE SEAL]

ATTESTATION

Landlord - Partnership:
- - ----------

STATE OF GEORGIA_

COUNTY OF FULTON_

BEFORE ME, a Notary Public in and for said County, personally appeared Timothy J. Gunter and G. Bryan Blasingame, Jr., known to me to be the person(s) who, as Secretary and Assistant Secretary, respectively, of IDI (Tennessee), Inc., the corporation which executed the foregoing instrument in its capacity as general partner of Landlord, signed the same, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said corporation, in its capacity as general partner of Landlord, that the same is their free act and deed and they were duly authorized thereunto by the corporation and the partnership.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name, and affixed my official seal, this 31st day of August, 2000.

/s/ Suzanne Hoover
Notary Public

My Commission Expires: May 28, 2002

Tenant - Corporation:
- - ----------

STATE OF MASSACHUSETTS_

COUNTY OF ESSEX_

BEFORE ME, a Notary Public in and for said County, personally appeared Richard F. Torre and B.C. Boothby, Jr., known to me to be the person(s) who, as CEO and COO, respectively, of SalesLink Corporation, the corporation which executed the foregoing instrument in its capacity as Tenant, signed the same, and acknowledged to me that they did so sign said instrument in the name and upon behalf of said corporation as officers of said corporation, that the same is their free act and deed as such officers, respectively, and they were duly authorized thereunto by its board of directors; and that the seal affixed to said instrument is the corporate seal of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name, and affixed my official seal, this 23/rd/ day of August, 2000.

/s/ Nathaniel Gaede
Notary Public

My Commission Expires: March 24, 2006

EXHIBIT A

Demised Premises

[diagram of demised premises]

EXHIBIT B

Preliminary Plans and Specifications

FACILITY SPECIFICATIONS

GENERAL

Project:	Chickasaw Distribution Center
Building Site Size:	+37.42 Acres -
Building Address:	6100 Holmes Road Suite 101 Memphis, Tennessee 38141

BASE BUILDING SPECIFICATIONS

Building Area:	829,464 SF
Premises Components:	Office: 15,000 SF Warehouse: 399,504 SF ---------- TOTAL 414,504 SF
Premises Configuration:	855' X 520'
Building - Roofing:	EPDM single ply with minimum thickness 45 mils, black, mechanically fastened roof, insulated to R-19 with a ten year warranty. Roof has white deck and skylights.
Building - Exterior Walls:	Painted concrete tilt wall with architectural reveals. Paint is a 2 coat system; no additional sealer is included.
Building - Floor Slab:	6 inch unreinforced concrete slab on soil cemented grade, 4,000 PSI with a urethane floor sealer (2 coat system). Minimum specifications are Ff50, in pallet rack areas, Ff 35 elsewhere. Area within 50' of docks to have a premixed mineral hardener.

WAREHOUSE SPECIFICATIONS

Column Spacing:	57' x 42' typical, 57' x 50' loading bays
Minimum Clear Height:	32' minimum
Fire Sprinkler:	Fire sprinkler system in the warehouse area is an ESFR system. The park has a dual booster pump system (an electric pump and a back up diesel pump) and has two separate water sources providing redundancy in both water supply and pressure. Office areas to contain fire sprinkler per local code. Fire extinguishers, hose stations, and fire sprinkler-monitoring system per local codes.
Warehouse Lighting:	400-watt metal halide fixtures with shields spaced to provide 40 FC measured 3'0" A.F.F. All area is open except approximately 91,000 sf of racked area with aisles 6'0" wide. Emergency lighting provided.

Demising Wall:	One-hour fire-rated wall constructed of gypsum board on metal studs. Wall is insulated to R-11.
Electrical Service:	277/480 volt, three phase, four wire, sufficient amperage provided for building improvements plus an additional 1,500 amps available for Tenant's equipment. Two hookups provided for compactors.
Battery Charging Area:	Ventilation and eyewash station provided in battery charger area.
Warehouse Heating, Ventilating and Air Conditioning:	Warehouse to be heated to approximately 55 degrees F above outside ambient temperature and cooled to approximately 15 degrees F below outside ambient temperature.

An allowance of $30,000 is included for an Energy Management System and for a Public Address System.

Smoke Evacuation System:	Smoke evacuation system is included to satisfy local code requirements.
Water Fountains:	Four (4) water fountains provided at locations agreed upon by Landlord and Tenant.

TRUCK DOCKING

Dock High Doors:	Thirty-two (32) dock high (48") loading doors (9'x10') with vision panels. Doors are manually operated.
Grade Level Doors:	One (1) grade level door (14'x16'), manually operated.
Dock Equipment:	Thirty-two (32) doors to have mechanical pit levelers (30,000 lb.), dock lights, dock seals, abuse panels, bumpers, track guards and wheel chocks fastened to face of building.
Truck Courts:	130' total (50' concrete apron, 80' heavy-duty asphalt).
Entrance Gate:	One (1) swinging arm gate (12' minimum width) provided for the truck court entrance.

OFFICE IMPROVEMENTS

Office Entrance:	Insulated tinted glass in an aluminum storefront.
Office Improvement Allowance:	Landlord will provide an allowance of $600,000 for office improvements including restrooms and breakrooms. Unused portion will be credited against rent or returned as a check.

MISCELLANEOUS

Automobile Parking:	Approximately 300 spaces provided. Handicapped spaces per local code. Paving for automobile parking is light duty asphalt (2" asphalt on 6" soil cement).
Signage:	Tenant may install building and/or ground mounted signage, subject to Landlord approval of design and location.

Exterior Lighting:	Truck court lighting to be provided to 1.5 FC average by pole and building mounted fixtures. Car parking area lighting to be provided to 3.0 FC average by pole and building mounted fixtures.
Landscaping:	Class A landscaping including automatic irrigation system.
Exit Doors:	Steel insulated doors with hollow metal frames provided per local code.

EXHIBIT C

Special Stipulations

The Special Stipulations set forth herein are hereby incorporated into the body of the lease to which these Special Stipulations are attached (the "Lease"), and to the extent of any conflict between these Special Stipulations and the preceding language, these Special Stipulations shall govern and control.

1. Early Termination and Termination Payment. Provided that no Event of Default has occurred and is then continuing and no facts or circumstances exist, either at the time of Tenant's notice to Landlord or on the date such termination would otherwise be effective, which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, Tenant shall have the right to terminate this Lease effective on the date which is the last day of the sixtieth (60th) full calendar month of the Term. In order to exercise such termination right, Tenant shall notify Landlord of such exercise in writing at least one hundred eighty (180) days prior to the effective date of such termination, and together with such notice Tenant shall deliver to Landlord an amount equal to $1,325,000 as an agreed-upon termination fee. In the event Tenant fails to notify Landlord by such notice deadline, then provided that no Event of Default has occurred and is then continuing and no facts or circumstances exist, either at the time of Tenant's notice to Landlord or on the date such termination would otherwise be effective, which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, Tenant shall again have the right to terminate this Lease effective on the date which is the last day of the eighty-forth (84th) full calendar month of the Term. In order to exercise such termination right, Tenant shall notify Landlord of such exercise in writing at least one hundred eighty (180) days prior to the effective date of such termination, and together with such notice Tenant shall deliver to Landlord an amount equal to $1,000,000 as an agreed-upon termination fee. In the event Tenant fails to notify Landlord by such notice deadline, Tenant shall be deemed to have waived Tenant's termination right for the remainder of the Term and any extensions thereof.

2. Option to Extend Term.

(a) Landlord hereby grants to Tenant two (2) consecutive options to extend the Term for a period of five (5) years each, each such option to be exercised by Tenant giving written notice of its exercise to Landlord in the manner provided in this Lease at least one hundred eighty (180) days prior to (but not more than two hundred ten (210) days prior to) the expiration of the Term, as it may have been previously extended. No extension option may be exercised by Tenant if an Event of Default has occurred and is then continuing or any facts or circumstances then exist which, with the giving of notice or the passage of time, or both, would constitute an Event of Default either at the time of exercise of the option or at the time the applicable Term would otherwise have expired if the applicable option had not been exercised.

(b) If Tenant exercises its option[s] to extend the Term, Landlord shall, within thirty (30) days after the receipt of Tenant's notice of exercise, notify Tenant in writing of Landlord's reasonable determination of the Base Rent for the Demised Premises for the extended Term, which amount shall be determined using a per square foot rental rate not less than the rental rate used to determine the Base Rent in effect immediately prior to the effective date of the extension term, taking into account all relevant factors for space of this type in the southeast Memphis, Tennessee area for such five (5) year period. Tenant shall have thirty (30) days from its receipt of Landlord's notice to notify Landlord in writing that Tenant does not agree with Landlord's determination of the Base Rent, in which case Landlord and Tenant shall, for a period of ten (10) business days following Landlord's receipt of Tenant's notice, negotiate in good faith to establish the amount of the Base Rent for the Demised Premises for the extended Term. If Landlord and Tenant fail to agree on such amount within said 10-day period, Tenant shall be deemed to have elected to retract its option to extend the Term, in which case the Term, as it may have been previously extended, shall expire on its scheduled expiration date and Tenant's option to extend the

Term shall be void and of no further force and effect. If Tenant does not notify Landlord of such disagreement within thirty (30) days of its receipt of Landlord's notice, Base Rent for the Demised Premises for the applicable extended term shall be the Base Rent set forth in Landlord's notice to Tenant.

(c) Except for the Base Rent, which shall be determined as set forth in subparagraph (b) above, leasing of the Demised Premises by Tenant for the applicable extended term shall be subject to all of the same terms and conditions set forth in this Lease, including Tenant's obligation to pay Tenant's share of Operating Expenses as provided in this Lease; provided, however, that any improvement allowances, termination rights, rent abatements or other concessions applicable to the Demised Premises during the initial Term shall not be applicable during any such extended term, nor shall Tenant have any additional extension options unless expressly provided for in this Lease. Landlord and Tenant shall enter into an amendment to this Lease to evidence Tenant's exercise of its renewal option. If this Lease is guaranteed, it shall be a condition of Landlord's granting the renewal that Tenant deliver to Landlord a reaffirmation of the guaranty in which the guarantor acknowledges Tenant's exercise of its renewal option and reaffirms that the guaranty is in full force and effect and applies to said renewal.

(d) Following the commencement of the first extended term, if applicable, and upon written request from Tenant to Landlord, Landlord shall reduce the Security Deposit (by delivering to Tenant a check in the appropriate amount if the Security Deposit is in the form of cash, or by notifying the issuer of the Letter of Credit to reduce the balance of the Letter of Credit if the Security Deposit is in the form of the Letter Credit) to $114,334.00, provided that: (i) the Letter of Credit, if applicable, is in full force and effect (e.g. it has not expired or been converted to cash), (ii) Tenant is not then in default of this Lease and no event has occurred that with the passage of time or giving of notice would constitute a default of Tenant hereunder (provided, however, that if Tenant cures such default within the applicable cure period provided under this Lease, Tenant shall have the right to renew its request to reduce the Security Deposit pursuant to this subsection (d)), (iii) Tenant's net worth as of the date of such request by Tenant is not less than $20,000,000.00, and (iv) Tenant earned a cumulative positive net income for the four quarters immediately preceding such request (Tenant hereby agreeing to provide Landlord with such evidence as Landlord may reasonably require to determine Tenant's net worth and recent net income as of the date of such request by Tenant, which evidence may consist of (x) audited financial statements, or (y) if no audited financial statements are then available, unaudited financial statements certified by an officer of Tenant to be true and correct)).

3. Tenant Construction Allowance.

(a) Notwithstanding the provisions of Section 17 of this Lease, Landlord shall be responsible for the cost of the construction of the office space (the "Office Space") only up to an amount equal to $600,000.00 (the "Office Allowance"), and for the cost of the construction of the energy management system in the warehouse portion of the Demised Premises (the "Energy System") and the public address system (the "PA System; the Office Space, the Energy System and the PA System being referred to herein as the "Allowance Improvements") only up to an amount equal to $30,000.00 (the "Warehouse Allowance"; the Office Allowance and the Warehouse Allowance being referred to hereinafter as the "Tenant Allowance"). Upon Substantial Completion, Landlord shall deliver to Tenant a bill (together with reasonable back-up documentation) for all amounts in excess of the Tenant Allowance. Tenant agrees to pay such bill in full to Landlord within thirty (30) calendar days following receipt of such bill. In the event that the Tenant Allowance exceeds the actual cost to construct the Allowance Improvements, Landlord shall, at Landlord's option (a) pay Tenant, within sixty (60) days following the Lease Commencement Date, an amount equal to the difference between the Tenant Allowance and the actual cost of the Allowance Improvements (said difference being referred to herein as the "Savings"), or (b) provide Tenant with a credit against Base Rent (but not Additional Rent) in the amount of the Savings.

(b) For purposes of this Special Stipulation, the cost of the construction of the office space, the energy management system and the public address system shall be deemed to include, but not be limited to, the cost of the plans and specifications therefor and all permits applicable thereto.

4. PILOT Lease.

(a) Tenant shall have the right to attempt to reduce the real estate taxes and other impositions for the Demised Premises by participating in the Payment In Lieu Of Taxes ("PILOT Program") available through the City of Memphis and Shelby County, Tennessee and the Industrial Development Board of the City of Memphis and County of Shelby, Tennessee (the "IDB"). Tenant shall be responsible for preparing and filing the application for such PILOT Program and paying all fees in connection therewith. Landlord will cooperate with Tenant in its attempt to participate in the PILOT Program but Landlord shall not be obligated to incur any out-of-pocket expenses in connection with such cooperation. Tenant shall promptly reimburse to Landlord any and all of Landlord's expenses related to the PILOT Program, including, but not limited to, attorneys' fees and the cost of the Leasehold Policy (as defined below). Tenant agrees to prepare and file such application and pursue participation of the Demised Premises in the PILOT Program in a manner reasonably acceptable to Landlord so as to minimize to the greatest extent reasonably possible any adverse affect on Landlord's ability to sell, finance or market the Demised Premises. If either the City of Memphis or Shelby County, Tennessee or the IDB elects not to include the Demised Premises in the PILOT Program, if Tenant is unable to qualify the Demised Premises for participation in the PILOT Program, or if the Demised Premises are included in the PILOT Program and thereafter removed therefrom at any point during the Term other than solely as a result of a default by Landlord under the PILOT Lease (as hereinafter defined), Tenant shall be and remain fully obligated to pay the real estate taxes and other impositions as described in Section 6 (whether applied or increased retroactively as a result of a removal of the Demised Premises from the PILOT Program other than as a result of a default by Landlord under the PILOT Lease or otherwise, and including, without limitation, Tenant's share of any recapture payments under the PILOT Lease, if any) without any change or reduction in such obligations and Tenant's obligations under this Lease shall not be affected in any way whatsoever. In the event that Tenant is successful in making the Demised Premises part of the PILOT Program, (i) Landlord shall pass through to Tenant all reductions or abatements applicable to the Demised Premises and (ii) Landlord and Tenant agree and acknowledge that:

(A) Participation in the PILOT Program requires Landlord to convey title to the Building to the IDB with a leaseback of the Building to Landlord (the "PILOT Lease") and thus, this Lease shall automatically become a sublease for the term of the PILOT Lease and subject to the terms and conditions of the PILOT Lease. Notwithstanding, but without limiting, the foregoing, Landlord and Tenant shall, upon the request of the other, execute any and all documents reasonably necessary to confirm the status of this Lease as a sublease of the PILOT Lease, and that this Lease shall survive and become a prime lease if the Term shall extend beyond the term of the PILOT Lease.

(B) Tenant shall review and approve the PILOT Lease and shall comply with all terms and conditions thereof, to the extent applicable to the Demised Premises. Tenant shall have no responsibility for compliance with respect to any portion(s) of the Building covered by the PILOT Lease, other than the Demised Premises. Tenant acknowledges that Additional Rent under this Lease to be paid by Tenant shall include any payments Landlord is required to make under the PILOT Lease to the extent applicable to the Demised Premises. Tenant shall indemnify Landlord from and against all claims, damages, costs and expenses, including, without limitation, reasonable attorneys' fees and court costs, and any recapture payments, which Landlord may suffer as a result of a default under the PILOT Lease caused by the acts or omissions of Tenant. This subsection (B) shall survive the expiration or any earlier termination of this Lease.

(C) The documents necessary to implement the PILOT Program must be in a form and substance acceptable to Landlord and Tenant in their respective sole and absolute discretion. The PILOT Lease must contain an option in favor of Landlord to purchase the Building and the land on which the Building and the Building Common Area are constructed for One Dollar (or

such greater amount acceptable to Landlord, which shall be paid by Tenant) (the "Option") and Landlord shall receive a leasehold title insurance policy (the "Leasehold Policy"), the cost of which shall be paid by Tenant, insuring Landlord's interest as tenant under the PILOT Lease and the Option. Tenant shall have its counsel obtain the Leasehold Policy.

(D) Landlord acknowledges that as of the Lease Date, Endar Corporation ("Endar") leases from Landlord the remainder of the space within the Building (the "Endar Space"), and that Endar is attempting to have the IDB include the Endar Space under the PILOT Program. Notwithstanding anything to the contrary set forth in subsection (C) above, in the event that Endar succeeds in making the Endar Space a part of the PILOT Program before the Demised Premises is made a part of the PILOT Program, Tenant acknowledges that Endar will have theretofore obtained the Leasehold Policy, and Tenant agrees that in addition to obtaining any endorsements to the Leasehold Policy required by Landlord in connection with making the Demised Premises a part of the PILOT Program, Tenant shall be required to pay directly to Endar an amount equal to the difference between (i) one-half (1/2) of the cost of the title insurance premium paid by Endar to obtain the Leasehold Policy, and (ii) the cost to Tenant to obtain such endorsements to the Leasehold Policy required by Landlord.

(b) Notwithstanding anything to the contrary contained herein, provided that this Lease is in full force and effect and Tenant is not in default under this Lease (and has not caused a default under the PILOT Lease), Landlord hereby agrees that Landlord shall (i) comply in all material respect with all obligations of the "Lessee" under the PILOT Lease in order to preserve unto Tenant all of the benefits of the PILOT Program awarded to Tenant, (ii) reasonably cooperate with Tenant in ensuring Tenant's receipt of any notices of default under the PILOT Lease issued by the IDB, and an opportunity to cure any such defaults, and (iii) not exercise any option under the PILOT Lease in favor of Landlord to purchase the Building prior to the expiration or earlier termination of the PILOT period approved for Tenant by the IDB, without Tenant's prior written consent, which consent may be granted or withheld in Tenant's sole and absolute discretion.

(c) Except as set forth in subsection (a) above, Tenant shall not be required to incur any expenses in connection with any attempt by any other tenant in the Building to make any portion of the Building (other than the Demised Premises) a part of the PILOT Program; provided, however, that Tenant agrees to reasonably cooperate in any such other tenant's efforts to make such portion of the Building a part of the PILOT Program.

5. Measurement of the Demised Premises. Within thirty (30) calendar days after Substantial Completion of the Demised Premises, either party may have the Demised Premises and Building measured by an architect using accepted BOMA Standards, based on a "drip-line" measurement from the outside of the exterior walls of the Building and the Demised Premises and to the middle of any demising wall of the Demised Premises. The architect is subject to the other party's prior approval. The square footage so certified by such architect shall conclusively determine the Building Square Footage and the Demised Premises Square Footage for all purposes under this Lease, including, without limitation, calculation of Annual Base Rent and Monthly Base Rent Installments. If the Building Square Footage and the Demised Premises Square Footage differ from the amounts set forth in Sections 1(b) and 1(c) above, the Annual Base Rent and Monthly Base Rent Installments shall be adjusted on the basis of the square footage of the Building and the Demised Premises so certified by such architect, using the rental rates per square foot used to determine the Annual Base Rent set forth in Section 1(d) above. In addition, Tenant's Operating Expense Percentage in Section 1(j) shall be adjusted as necessary. If neither party elects to have the Demised Premises and Building measured in accordance with this Section 2, then the square footage of the Demised Premises and Building shall be deemed to be as set forth in Sections 1(b) and 1(c) above.

6. Inspection Rights.

(a) Landlord's books and records pertaining to the calculation of Operating Expenses for any calendar year within the Term may be inspected by Tenant (or by an independent certified accountant) at Tenant's expense, at any reasonable time within three (3) months after Tenant's receipt of Landlord's statement for Operating Expenses; provided that Tenant shall give Landlord not less than fifteen (15) days' prior written notice of any such inspection. If Landlord and Tenant agree that Landlord's calculation of Tenant's share of Operating Expenses for the inspected calendar year was incorrect, the parties shall enter into a written agreement confirming such error and then, and only then, Tenant shall be entitled to a credit against future Base Rent for said overpayment (or a refund of any overpayment if the Term has expired) or Tenant shall pay to Landlord the amount of any underpayment, as the case may be. If Tenant's inspection proves that Landlord's calculation of Tenant's share of Operating Expenses for the inspected calendar year resulted in an overpayment by more than fifteen percent (15%) of Tenant's share, Landlord shall also pay the reasonable fees and expenses of Tenant's independent professionals, if any, conducting said inspection.

(b) All of the information obtained through Tenant's inspection with respect to financial matters (including, without limitation, costs, expenses, income) and any other matters pertaining to Landlord, the Demised Premises, the Building and/or the Project as well as any compromise, settlement, or adjustment reached between Landlord and Tenant relative to the results of the inspection shall be held in strict confidence by Tenant and its officers, agents, and employees; and Tenant shall cause its independent professionals and any of its officers, agents or employees to be similarly bound. The obligations within this subsection (b) shall survive the expiration or earlier termination of the Lease.

7. Contesting of Taxes. If Landlord does not elect to contest real estate taxes applicable to the Building and the Building Common Area for a particular tax period during the Term, Tenant may request that Landlord contest such taxes by written notice to Landlord given, if at all, within sixty (60) days following Tenant's receipt of the statement required to be delivered by Landlord pursuant to Section 6(a) of the Lease covering the tax period in question. Landlord may then elect either to contest such taxes or to allow Tenant to so contest such taxes subject to Landlord's reasonable approval of the firm or individual hired to conduct such contest. In either case, Tenant shall be responsible for all costs of contesting such taxes to the extent that said costs exceed the savings realized by such contest. Any tax refund received by Landlord shall be applied first to the costs incurred by Tenant in connection with such contest, and any resulting savings over and above the costs incurred by Tenant in connection with such contest shall be distributed on a prorata basis between the parties (Landlord, Tenant and/or the other tenants of the Building, as the case may be) who contributed toward payment of the applicable tax bill.

8. Building Compliance with Laws. Landlord represents and warrants to Tenant that, to Landlord's actual knowledge, the design and construction of the Building materially complies with all applicable federal, state, county and municipal laws, ordinances and codes in effect as of the Lease Date, excepting therefrom any requirements related to Tenant's specific use of the Demised Premises.

9. Landlord Insurance.

(a) Landlord shall maintain at all times during the Term of this Lease, with such deductible as Landlord in its sole judgment determines advisable, insurance on the "All-Risk" or equivalent form on a Replacement Cost Basis against loss or damage to the Building. Such insurance shall be in the amount of 80% of the replacement value of the Building (excluding all fixtures and property required to be insured by Tenant under this Lease).

(b) Landlord shall maintain at all times during the Term commercial liability insurance with limits at least equal to the amount as Tenant is required to maintain pursuant to Section 8(a)(i) of this Lease.

10. Assignment and Subleasing. Notwithstanding the provisions of Section 29 of this Lease, Tenant shall have the right to assign or sublet this Lease to (a) a successor corporation that acquired substantially

all of Tenant's assets, (b) any entity owning a majority of the outstanding stock of Tenant, (c) any entity under common ownership or control with Tenant, or (d) any entity owned by Tenant, without the prior consent of Landlord, provided that Tenant shall give Landlord prior written notice of such assignment or subletting (or promptly following such assignment or subletting if Tenant is bound by written agreement not to disclose such proposed assignment or subletting until such time as the assignment or subletting has occurred), together with reasonable evidence of the net worth of such successor. If requested by Tenant, Landlord shall use reasonable efforts not to disclose such assignment or subletting to any third parties prior to the effective date of such assignment or subletting. Nothing in this Lease shall be deemed to prohibit, or require Landlord's consent to, the offering or transfer of stock publicly over a recognized securities exchange or over-the-counter market.

11. Operating Expenses. Notwithstanding the provisions of Section 6 of this Lease, Operating Expenses shall not include:

(a) Any payments of whatsoever kind due under the terms of any mortgage, ground lease or other underlying lease;

(b) Capital expenses of any kind whatsoever except as expressly permitted in the Lease;

(c) Rentals for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would constitute a capital improvement (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);

(d) The cost of any items to the extent Landlord receives reimbursement or is otherwise compensated therefor, such as through insurance proceeds, warranties and condemnation awards;

(e) Depreciation, amortization and interest payments, except as provided herein and except on materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied, and when depreciation or amortization is permitted or required; the item shall be amortized over its reasonably anticipated useful life;

(f) Advertising and promotional expenditures, and costs of signs in or on the Building identifying the owner of the Building or other tenants' signs;

(g) Marketing costs including leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with the lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building;

(h) Costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for other tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(i) Expenses in connection with maintenance or other services or benefits that are not offered to Tenant or for which Tenant or any other tenant is charged directly;

(j) Costs incurred by Landlord due to the violation by Landlord of the terms and conditions of any lease of space in the Building;

(k) Management fees paid or charged by Landlord in connection with the management of the Building to the extent such management fees are in excess of the management fees which are normally and customarily charged by landlords of comparable buildings in the vicinity of the Building;

(l) Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Building to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(m) Landlord's general corporate overhead and general and administrative expenses;

(n) Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord;

(o) The cost of overtime or other expense to Landlord in curing its defaults;

(p) Costs arising from Landlord's charitable or political contributions;

(q) Costs of sculpture, paintings or other objects of art;

(r) Costs associated with the operation of the business of the partnership or entity which constitutes Landlord as the same are distinguished from the costs of the Building, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs of any disputes between Landlord and its employees (if any) not engaged in Building operation, disputes of Landlord with Building management, or outside fees paid in connection with disputes with other tenants;

(s) Costs (including in connection therewith all attorneys' fees and costs of settlement judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims litigation or arbitrations pertaining to the Landlord and/or the Building and/or the Project;

(t) Income or excess profits or taxes assessed against Landlord, or any corporation, or capital stock taxes imposed upon Landlord; and

(u) Without limiting the management fee permitted in subsection (k) above, costs for any item or service in excess of the actual costs incurred by Landlord in connection with such item or service.

12. Tenant's Early Occupancy. Provided that Tenant obtains Landlord's prior written approval, such approval not to be unreasonably withheld, and if and to the extent permitted by applicable laws, rules and ordinances, Tenant may enter the Demised Premises (or portion thereof that is the subject of Landlord's prior written approval) prior to the Lease Commencement Date in order to make tenant improvements and otherwise prepare the Demised Premises for occupancy, provided that during said period: (i) Tenant shall comply with all terms and conditions of this Lease other than the obligation to pay Base Rent, (ii) Tenant shall not interfere with Landlord's completion of the Building and the Demised Premises and (iii) Tenant shall not begin operation of its business.

13. Installation of Satellite Dish. Tenant shall have the right to install one (1) satellite dish (the "Dish") on the roof of the Building at a location mutually agreeable to Landlord and Tenant, subject to the following:

(a) The installation, maintenance and removal shall be at Tenant's sole cost and expense, including, but not limited to, the reasonable costs for Landlord's roofing contractor to inspect and oversee said installation, maintenance and removal.

(b) The installation and location shall be in compliance with all applicable governmental regulations, laws and ordinances. Prior to installation, Tenant shall provide Landlord with satisfactory evidence of compliance with law.

(c) In no event shall the radius of the Dish be greater than six (6) feet.

(d) The installation shall require Landlord's prior written approval of the specifications of the Dish and the installation plans, which approval shall not be unreasonably withheld or delayed. In addition, the plans for installation shall receive the prior written approval of Landlord's roofing contractor, which approval must explicitly confirm that the roof warranty shall not be affected in any way by said installation and maintenance.

(e) Tenant hereby indemnifies Landlord against all costs, losses, damages, fines, attorney and contractor fees and other expenses and fees incurred by Landlord as a result of Tenant's installation, maintenance and removal of the Dish, including, but not limited to, the loss of Landlord's roof warranty as a result of Tenant's, or its agents, employees or contractors, acts or omissions. This indemnity shall survive the expiration or earlier termination of this Lease.

(f) The installation, maintenance and removal shall be completed lien free, or, in the alternative, Tenant shall bond over any such lien.

(g) The Dish shall be located at least eighty (80) feet from the front facade of the Building.

(h) Tenant's access to the roof shall be provided by Landlord's property management personnel, which personnel shall have the right to accompany Tenant onto the roof.

Tenant shall have no right to install any additional telecommunication equipment on the roof of the Building without Landlord's prior written consent, which consent shall not be unreasonably withheld. Tenant acknowledges that in reviewing any Tenant request to install such additional telecommunication equipment Landlord may require that Tenant deliver to Landlord such indemnities, permits, specifications and other information as Landlord may reasonably request. In addition, Landlord's approval may be conditioned upon Tenant agreeing to share with Landlord one-half (1/2) of any licensing or similar fees that Tenant may obtain as a result of such additional telecommunication equipment being installed on the roof of the Building (less Tenant's third party out-of-pocket costs in connection therewith).

14. Tenant's Property and Financing. Tenant may, from time to time and without the consent or approval of Landlord, grant security interests in Tenant's Property (as hereinafter defined) and execute and deliver security agreements, Uniform Commercial Code Financing Statements, equipment financing agreements, conditional bills of sale, leases or other title retention agreements or any modifications, extensions, replacement or amendments thereto in connection with the granting of security interests in Tenant's Property (collectively, "Equipment Financing Agreements"). Landlord agrees to execute and deliver such consents, access agreements, lien subordination agreements and other documents reasonably required by the holder or beneficiary of any Equipment Financing Agreement, provided that such consents, agreements and documents are reasonably acceptable to Landlord. Tenant agrees to reimburse Landlord for reasonable legal fees and any other reasonable costs incurred by Landlord in connection with

Landlord's review of any such consents, agreements and documents. For purposes of this Special Stipulation 14, "Tenant's Property" shall be deemed to mean Tenant's trade fixtures, equipment and personal property. In no event shall Tenant's Property be deemed to include, and Tenant's Property shall specifically exclude, any and all Improvements, as defined in Section 8(a)(ii) of the Lease.

15. Generator. A back-up generator (the "Generator") may, at Tenant's option and expense, be located within the Demised Premises, provided that (a) the design and precise location of the Generator is reasonably satisfactory to Landlord, (b) the Generator (and the use of the Generator) is in compliance with all of the terms and conditions of this Lease, and (c) the Generator (and the use of the Generator) is in compliance with any and all applicable laws, statutes, ordinances, regulations and protective covenants.

16. Right of First Offer to Lease. So long as the Lease is in full force and effect and no Event of Default has occurred and is then continuing and no facts or circumstances then exist which, with the giving of notice or the passage of time, or both, would constitute an Event of Default, Landlord hereby grants to Tenant a right of first offer (the "Right of First Offer") to expand the Demised Premises to include space in the Building that directly adjoins the Demised Premises (the "Offer Space") subject to the terms and conditions set forth herein. The term "directly adjoins", as used in the preceding sentence, shall mean space which actually adjoins the Demised Premises. By way of example, the Demised Premises is to contain approximately 414,504 square feet, located at one end of the Building, leaving approximately 414,504 square feet in the remainder of the Building. A lease by Landlord of approximately 200,000 square feet at the opposite end of the Building from the Demised Premises (thereby leaving approximately 214,504 square feet of space directly adjoining the Demised Premises) would not be subject to the Right of First Offer and would not constitute Offer Space.

(a) Tenant's then current financial condition, as revealed by its most current financial statements (which shall include quarterly and annual financial statements, including income statements, balance sheets, and cash flow statements, as required by Landlord), must demonstrate either that Tenant's net worth is at least equal to its net worth at the time the Lease was signed; or that Tenant otherwise meets financial criteria acceptable to Landlord.

(b) The term of the Right of First Offer shall commence on the Lease Commencement Date and continue throughout the initial Term (the "First Offer Period"), unless sooner terminated pursuant to the terms hereof.

(c) Subject to the other terms of this Right of First Offer, after any part of the Offer Space has or will "become available" (as defined herein) for leasing by Landlord, Landlord shall not, during the term of the Right of First Offer, lease to a third party that available portion of the Offer Space (the "Available Offer Space") without first offering Tenant the right to lease such Available Offer Space as set forth herein.

(i) Space shall be deemed to "become available" when Landlord desires to lease all or a portion of the Offer Space.

(ii) Notwithstanding subsection c(i) above, Offer Space shall not be deemed to "become available" if the space is (a) assigned or subleased by the current tenant of the space; or (b) re-let by the current tenant of the space by renewal, extension, or renegotiation (Tenant hereby acknowledging that as of the Lease Date, a tenant currently occupies all of the Offer Space) or (c) leased on a temporary basis for a period of less than twelve (12) months without any right to extend.

(d) Consistent with subsection (c), Landlord shall not lease any such Available Offer Space to a third party unless and until Landlord has first offered the Available Offer Space to Tenant in writing (the "Offer"). The Offer shall contain (i) a description of the Available Offer Space (which description shall include the square footage amount and location of such Available Offer Space) and an attached floor plan that shows the Available Offer Space; (ii) the date on which Landlord expects

the Available Offer Space to become available; (iii) the base rent for the Available Offer Space; (iv) the increase in Tenant's Operating Expense Percentage as defined in Section 1(j) of the Lease, (v) and the term for the Available Offer Space (which shall be no less than the remainder of the Term of this Lease then in effect). Upon receipt of the Offer, Tenant shall have the right, for a period of five (5) calendar days after receipt of the Offer, to exercise the Right of First Offer by giving Landlord written notice that Tenant desires to lease the Available Offer Space at the base rent and upon the special terms and conditions as are contained in the Offer. If the term of the Available Offer Space expires after the Term of the Lease, the Term of the Lease shall be extended to be coterminous with the term of the Available Offer Space and the Annual Base Rent per square foot for the existing Demised Premises during said extension shall be based upon the greater of (i) the base rent per square foot for the Available Offer Space or (ii) the Annual Base Rent per square foot of the Demised Premises for the last year of the Term multiplied by an amount equal to the sum of (a) 100% plus (b) three percent (3%) multiplied by the number of years or partial years of the current Term for which there has not been an escalation of Base Rent. If Tenant has an extension option under this Lease and the Term of this Lease is deemed extended to be coterminous with the expiration date set forth in the Offer, then the applicable extension option shall be deemed exercised for the period of time required to make the Term of this Lease coterminous with the expiration date of the Offer (and any partial extension term then remaining shall be subject to the terms and conditions of Special Stipulation 2 above).

(e) If, within such five (5)-day period, Tenant exercises the Right of First Offer, then Landlord and Tenant shall amend the Lease to include the Available Offer Space subject to the same terms and conditions as the Lease, as modified by the terms and conditions of the Offer. If this Lease is guaranteed now or at anytime in the future, Tenant simultaneously shall deliver to Landlord an original, signed, and notarized reaffirmation of each Guarantor's personal guaranty, in form and substance acceptable to Landlord.

(f) If, within such five (5)-day period, Tenant declines or fails to exercise the Right of First Offer, Landlord shall then have the right to lease the Available Offer Space in portions or in its entirety to a third party, unrelated to and unaffiliated with Landlord, at any time without regard to the restrictions in this Right of First Offer and on whatever terms and conditions Landlord may decide in its sole discretion, provided the base rent (as adjusted to account for any changes in the tenant improvement allowance), additional rent and any rent concessions are not substantially more favorable to such tenant than those set forth in the Offer, without again complying with all the provisions of this Right of First Offer.

(g) In the event that the Available Offer Space is leased to such a third party, this Right of First Offer shall be subordinate to any extension or renewal options contained in said lease. Further, if at the end of the term of said third party lease, said third party tenant desires to remain in the Offer Space, Landlord shall be entitled to renew said lease and this Right of First Offer shall be subject and subordinate to said renewal.

(h) If Landlord desires to lease the Available Offer Space at a base rent rate substantially less than the base rent rate set forth in the Offer (provided, that if the base rent rate is at least ninety percent (90%) of the base rent rate set forth in the Offer, said base rent rate shall be conclusively deemed to be not substantially less than the base rent set forth in the Offer), or if Landlord desires to materially alter or modify the special terms and conditions of the Offer, if any, Landlord shall be required to present the altered or modified Offer to Tenant pursuant to this Right of First Offer, in the same manner that the original Offer was submitted to Tenant.

(i) This Right of First Offer is personal to Saleslink Corporation (and any assignee pursuant to Special Stipulation 10 hereinabove) and shall become null and void upon the occurrence of an assignment (except for an assignment allowed without Landlord's consent pursuant to Special Stipulation 10 hereinabove) of Tenant's interest in the Lease or a sublet of all or a part of the Demised Premises.

17. Environmental Matters. If and only if Tenant complies with all of the following conditions and with Section 16 of this Lease, Tenant may use and store the substances in the Demised Premises of the type and in the quantities described below: (i) Tenant uses and stores all such substances in accordance with all applicable Environmental Laws; (ii) Tenant obtains all necessary permits and uses and stores such substances in compliance with those permits; (iii) Tenant uses and stores all such substances in accordance with the Materials Safety Data Sheets ("MSDS Sheets") which Tenant has provided to Landlord, (iv) prior to using or storing any of the substances listed below in the Demised Premises, Tenant has a program prepared for Tenant, at Tenant's sole cost, by a reputable environmental consultant acceptable to Landlord, to detail the steps Tenant must take to be in compliance with all applicable Environmental Laws and to handle all such substances in a safe and prudent manner and submits such plan to Landlord for its approval and thereafter, strictly follows such compliance plan, as evidenced by written compliance reports delivered to Landlord not less than quarterly by the environmental consultant; (v) Tenant does not use or store any of the substances listed below (or any other substances) in a manner that would cause the Demised Premises to become subject to regulation as a hazardous waste treatment, storage or disposal facility under RCRA or the regulations promulgated thereunder; and (vi) Tenant shall not use or store the substances listed below (or any other substances) in a manner as to cause Tenant to become regulated as a generator under RCRA other than as a Conditionally Exempt Small Quantity Generator as defined by RCRA. "Conditionally Exempt Small Quantity Generator" shall mean the current RCRA definition of a generator of not more than 100 kg. of hazardous wastes per month. For purposes of this weight limitation item only, "hazardous wastes" means only those materials defined as "hazardous wastes" upon the effective date of this Lease.

	Chemical	Quantity
a.	Ercopell Lacquer	75 gallons
b.	Acetone	6 gallons
c.	Isopropanol Anhydrous	75 gallons
d.	Biostrip #1	6 gallons
e.	EasiSolv 120 Solvent Cleaner	6 gallons
f.	Sericol Ultraviolet curable screen INK	150 gallons

EXHIBIT D

Rules And Regulations

These Rules and Regulations have been adopted by Landlord for the mutual benefit and protection of all the tenants of the Building in order to insure the safety, care and cleanliness of the Building and the preservation of order therein.

1. The sidewalks shall not be obstructed or used for any purpose other than ingress and egress. No tenant and no employees of any tenant shall go upon the roof of the Building without the consent of Landlord.

2. No awnings or other projections shall be attached to the outside walls of the Building.

3. The plumbing fixtures shall not be used for any purpose other than those for which they were constructed, and no sweepings, rubbish, rags or other substances, including Hazardous Substances, shall be thrown therein.

4. No tenant shall cause or permit any objectionable or offensive odors to be emitted from the Demised Premises.

5. The Demised Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

6. No tenant shall make, or permit to be made any unseemly or disturbing noises, sounds or vibrations or disturb or interfere with tenants of this or neighboring buildings or premises or those having business with them.

7. Each tenant must, upon the termination of this tenancy, return to the Landlord all keys of stores, offices, and rooms, either furnished to, or otherwise procured by, such tenant, and in the event of the loss of any keys so furnished, such tenant shall pay to the Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.

8. Canvassing, soliciting and peddling in the Building and the Project are prohibited and each tenant shall cooperate to prevent such activity.

9. Landlord will direct electricians as to where and how telephone or telegraph wires are to be introduced. No boring or cutting for wires or stringing of wires will be allowed without written consent of Landlord. The location of telephones, call boxes and other office equipment affixed to the Demised Premises shall be subject to the approval of Landlord.

10. Parking spaces associated with the Building are intended for the exclusive use of passenger automobiles. Except for intermittent deliveries, no vehicles other than passenger automobiles (which shall include, without limitation, sport utility vehicles and minivans) may be parked in a parking space without the express written permission of Landlord. Trucks and tractor trailers may only be parked at designated areas of the Building. Trucks and tractor trailers shall not block access to the Building.

11. No tenant shall use any area within the Project for storage purposes other than the interior of the Demised Premises.

EXHIBIT E

CERTIFICATE OF AUTHORITY
CORPORATION

The undersigned, Secretary of SalesLink Corporation, a Delaware corporation ("Tenant"), hereby certifies as follows to Industrial Developments International (Tennessee), L.P., a Georgia limited partnership ("Landlord"), in connection with Tenant's proposed lease of premises in Building "D", at Chickasaw Distribution Center, Shelby County, Tennessee (the "Premises"):

1. Tenant is duly organized, validly existing and in good standing under the laws of the State of Delaware, and duly qualified to do business in the State of Tennessee.

2. That the following named persons, acting individually, are each authorized and empowered to negotiate and execute, on behalf of Tenant, a lease of the Premises and that the signature opposite the name of each individual is an authentic signature:

(name)	(title)	(signature)
(name)	(title)	(signature)
(name)	(title)	(signature)

3. That the foregoing authority was conferred upon the person(s) named above by the Board of Directors of Tenant, at a duly convened meeting held _____, 200__.

_____
Secretary

[CORPORATE SEAL]

EXHIBIT F

IRREVOCABLE LETTER OF CREDIT

Industrial Developments International (Tennessee), L.P.
3424 Peachtree Road N.E.
Suite 1500
Atlanta, Georgia 30326
Attention: _____

Ladies and Gentlemen:

At the request and on the instructions of our customer, SalesLink Corporation (the "Applicant"), we hereby establish this Irrevocable Letter of Credit No. _____ (the "Letter of Credit") in the amount of $_____ in your favor. This Letter of Credit is effective immediately and expires on _____, 20__. This Letter of Credit will be automatically renewed (without amendment) for additional one (1) year periods unless we provide at least thirty (30) days' notice to you by certified mail or national courier service that we elect not to renew this Letter of Credit for such additional period. No extension will be granted, however, which extends the maturity date of this Letter of Credit beyond _____.

Funds under this Letter of Credit will be made available to you against receipt by us of (1) a sight draft in the form of Annex A attached hereto and (2) your drawing certificate in the form of Annex B attached hereto, in each case appropriately completed and purportedly signed by one of your authorized officers.

Presentation of any such sight draft and drawing certificate shall be made at our office located at _____, Attention: _____, telecopy number (____) _____, during our banking hours of ____ a.m., Eastern Time to ____ p.m., Eastern Time. Presentation hereunder may also be made in the form of facsimile transmission of the appropriate sight draft and drawing certificate to the preceding address and telecopy number.

If a sight draft and drawing certificate are presented hereunder by sight or by facsimile transmission as permitted hereunder, by 11:00 a.m., Eastern Time, and provided that such sight draft and drawing certificate conform to the terms and conditions of this Letter of Credit, payment shall be made to you, or to your designee, of the amount specified, in immediately available funds, not later than 2:00 p.m., Eastern Time, on the same day. If a sight draft and a drawing certificate are presented by you hereunder after the time specified above, and provided that such sight draft and drawing certificate conform to the terms and conditions of this Letter of Credit, payment shall be made to you, or to your designee, of the amount specified, in immediately available funds, not later than 2:00 p.m., Eastern Time, on the next business day. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you notice within one business day that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefor and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so and within the validity of this Letter of Credit.

Partial drawings are allowed under this Letter of Credit. Any drawing under this Letter of Credit will be paid from our general funds and not directly or indirectly from funds or collateral deposited with or for our account by the Applicant, or pledged with or for our account by the Applicant.

This Letter of Credit is transferable and notwithstanding Article 48 of the Uniform Customs (as defined below), this Letter of Credit may be successively transferred. Transfer of this Letter of Credit to a transferee shall be effected only upon the presentation to us of the original of this Letter of Credit accompanied by a certificate in the form of Annex C. Upon such presentation we shall transfer the same to your transferee or, if so requested by your transferee, issue a letter of credit to your transferee with provisions consistent with, and substantially the same as, this Letter of Credit.

This Letter of Credit shall be subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (the "Uniform Customs"), which is incorporated into the text of this Letter of Credit by this reference. This Letter of Credit shall be deemed to be issued under the laws of the State of Georgia and shall be governed by and construed in accordance with the law of the State of Georgia with respect to matters not governed by the Uniform Customs and matters on which the Uniform Customs and the laws of the State of Georgia are inconsistent.

Very truly yours,

[ISSUING BANK]

By:_____
Name:_____
Title:_____

ANNEX A

SIGHT DRAFT

Date:_____

At Sight

Pay to the order of the sum of _____ and ____/100 Dollars ($_____) drawn on [ISSUING BANK], as issuer of its Irrevocable Letter of Credit No. _____ dated _____, 20__.

Industrial Developments International (Tennessee), L.P.

By:_____
Name:_____
Title:_____

ANNEX B

DRAWING CERTIFICATE

Date:_____

[ISSUING BANK]
[ADDRESS]
Attention: _____

Re: Irrevocable Letter of Credit No. _____ (the "Letter of Credit") For the Account of SalesLink Corporation (the "Applicant")

Ladies and Gentlemen:

The undersigned, Industrial Developments International (Tennessee), L.P. (the "Beneficiary") hereby certifies that:

1) The Beneficiary is the lessor under that certain [Lease Agreement] dated _____, 20__, as amended, between the Beneficiary, as lessor, and the Applicant, as lessee (the "Lease").

2) The Beneficiary is entitled to payment under the Letter of Credit in the amount of $_____ by reason of the following condition (mark only one):

___ The Applicant has defaulted under the Lease.
___ The expiration date of the Letter of Credit is less than [30] days from the date of this Certificate.

3) Please direct payment under the Letter of Credit by wire transfer to:

[Depository Bank]
[Depository Bank Address]
ABA No. _____
Acct. No. _____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Certificate.

Industrial Developments International (Tennessee), L.P.

By:_____
Name:_____
Title:_____

ANNEX C

NOTICE OF TRANSFER

Date:_____

[ISSUING BANK]
[ADDRESS]
Attention: _____

Re: Irrevocable Letter of Credit No. _____ (the "Letter of Credit") For the Account of SalesLink Corporation

Ladies and Gentlemen:

You are hereby directed to transfer and endorse the Letter of Credit to _____ (the "Transferee") or to issue in accordance with the terms of the Letter of Credit, a new letter of credit to the Transferee having the same terms as the Letter of Credit.

We submit herewith for endorsement or cancellation the original of the Letter of Credit.

Very truly yours,

Industrial Developments International (Tennessee), L.P.

By:_____
Name:_____
Title:_____

EXHIBIT G

SIGN GUIDELINES

CHICKASAW DISTRIBUTION CENTER
SIGN GUIDELINES

General Requirements. All signs, including directional and temporary signs, must be approved in writing by the Architectural Committee prior to installation. Submit the drawings to Kurt Nelson at fax # (901) 385-0505. The location, size, color and construction of signs must be in keeping with the character of the park. Unless otherwise approved in writing by the Architectural Committee, only one (1) Structure-mounted sign per tenant is acceptable. Additionally, unless otherwise approved in writing by the Architectural Committee, the only ground-mounted signs that are permissible are those belonging to a tenant who occupies more than forty percent (40%) of the total square footage of the Structure located on a particular Lot. Except as set forth herein, only signs identifying the occupant's name shall be permitted. All signs must be either attached to the Structure or ground-mounted and adhere to the guidelines set forth herein. In addition to the guidelines below, the signs must be in compliance with all laws and codes.

Structure-Mounted Signs. All signs to be mounted on a Structure shall:

(a) be installed so as to be parallel to and contiguous with the Structure wall;

(b) not project more than fifteen (15) inches from the Structure wall;

(c) have a maximum mounting height (measured at the bottom of the sign) equal to one-fourth (1/4) of the height of the Structure surface on which it is placed and be located at the same height as any other tenant signs already existing on the building;

(d) have letters constructed as separate pieces of individual construction; and

(e) be of a design and material compatible with the design of the structure on which it will be installed;

(f) be of a color matching the structures' primary accent color (i.e., painted reveal).; and

(g) not contain any internal lighting.

Ground-Mounted Signs. All ground-mounted signs shall:

(a) be installed at least ten (10) feet away from any boundary of the Lot in which sign is erected;

(b) not be closer than three (3) feet from a driveway or parking area serving the lot in which such sign is to be installed;

(c) not have a gross surface area of more than fifty (50) square feet;

(d) not exceed six (6) feet in height from ground elevation;

(e) be connected to the ground along the entire base length of the sign;

(f) have a base being of a design and material similar to that of the Structure located on the Lot on which such sign is to be installed, with the face of such sign being of a design and material compatible with the design of said Structure; and

(g) be surrounded by landscaping.

LEASE PARTICULARS

1.	Date	:	14 March 2000
2.	Parties		
	2.1 Landlord		BRITEL FUND TRUSTEES LIMITED (Company number: 1687153) whose registered office is at Standon House 21 Mansell Street London E1 8AA
	2.2 Tenant	:	CMGI (UK) LIMITED (Company number 3871833) whose registered office is at Hasilwood House 60 Bishopsgate London EC2N 4AJ
	2.3 Guarantor	:	CMGI INC (incorporated in Delaware) whose principal place of business is at 100 Brickstone Square Andover MA01810 USA and whose address for service in England is Sygnus Court Market Street Maidenhead Berkshire SL6 8AD
3.	Building	:	The land and buildings known as Prospect House 80 to 110 New Oxford Street London WC1 as registered at H M Land Registry under Title Number NGL441887
4.	Premises	:	The third floor of the Building shown for identification only edged red on the third floor plan annexed
5.	Car Parking Spaces	:	the 4 spaces shown for identification only edged blue on the basement plan annexed or such other spaces (being not less than 4 in number) in lieu thereof at basement level as the Landlord may from time to time allocate for use by the Tenant

6.	Contractual Term	:	the term of years from and including 2000 up to and including 2010
7.	Principal Rent	:	FIVE HUNDRED AND TWENTY-THREE THOUSAND FOUR HUNDRED AND NINETY POUNDS ((Pounds)523,490) per annum subject to increase in accordance with the Second Schedule
8.	Rent Commencement Date	:	2000
9.	Rent Review Date	:	in 2005
10.	Premitted Use	:	as to that part of the Premises on the third floor of the Building as offices within Class B1 of the 1987 Order with ancillary parking in the Car Parking Spaces

This Lease made on the date and between the parties specified in the Particulars Witnesses as follows:

1. Definitions

In this Lease unless the context otherwise requires:

1.1 Adjoining Property means any adjoining or neighbouring premises in which the Landlord or a Group Company of the Landlord holds or shall at any time during the Term hold a freehold or leasehold interest;

1.2 Arbitration means arbitration in accordance with Clause 7.4;

1.3 Base Rate means the base rate from time to time of Royal Bank of Scotland PLC, or (if not available) such comparable rate of interest as the Landlord shall reasonably require;

1.4 Building means the building described in the Particulars, and includes any part of it and any alteration or addition to it or replacement of it;

1.5 Car Lifts means the car lifts shown for identification only edged brown on the basement plan annexed

1.6 Common Parts means the toilets, accesses, lifts (including without limitation the Car Lifts), car parks and other areas of the Building from time to time designated by the Landlord for common use by the tenants and occupiers of the Building but excluding any such areas as may be within the Premises or any other Lettable Units;

1.7 Conduit means any media for the passage of substances or energy and any ancillary apparatus attached to them and any enclosures for them;

1.8 Contractual Term means the term specified in the Particulars;

1.9 Encumbrances means the obligations and encumbrances contained or referred to in the documents specified in Part III of the First Schedule;

1.10 Group Company means a company which is a member of the same group of companies within the meaning of Section 42 of the Landlord and Tenant Act 1954;

1.11 Guarantor means the person so named in the Particulars and/or any party which gives a guarantee pursuant to the provisions of clause 4.16 hereof

1.12 Insured Risks means fire, lightning, earthquake, explosion, aircraft (other than hostile aircraft) and other aerial devices or articles dropped therefrom, riot, civil commotion, malicious damage, storm or tempest, bursting or overflowing of water tanks apparatus or pipes, flood, impact by road vehicles and in so far as the same is available at usual commercial rates in the UK insurance market acts of terrorism (to the extent that insurance against such risks may ordinarily be arranged with an insurer of good repute) and such other risks or insurance as may from time to time be reasonably required by the Landlord

(subject in all cases to such exclusions and limitations as may reasonably be imposed by the insurers), and Insured Risk means any one of them;

1.13 Landlord means the person for the time being entitled to the immediate reversion to this Lease being initially the person so named in the Particulars;

1.14 Landlord's Surveyor means the Landlord's surveyor or managing agent (who may be an employee of the Landlord) and who shall be appropriately qualified;

1.15 this Lease means this lease and any document supplemental to it or entered into pursuant to it;

1.16 Lettable Unit means a part of the Building which is let, or constructed or adapted for letting, from time to time;

1.17 Outside Service Hours Charge means the proper cost to the Landlord of providing any of the Services at the Tenant's request outside the Service Hours (or a fair proportion of such cost if requested or used by another tenant also);

1.18 Particulars means the descriptions and terms on the page headed Lease Particulars which form part of this Lease;

1.19 Permitted Part means a part of the Premises

1.19.1 where all of the following conditions are satisfied:

(a) the extent of the part intended to be sublet shall first have been approved by the Landlord (such approval not to be unreasonably withheld);

(b) the Landlord acting reasonably is satisfied that each part intended to be sublet and the remainder of the Premises will in each case be self-contained and capable of separate use and occupation;

(c) no more than two separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any time (provided that during only such time as this Lease is vested in CMGI (UK) Limited no more than three separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any one time); and

1.19.2 PROVIDED THAT before any Permitted Part is sublet the Tenant shall have obtained (and produced to the Landlord) a valid Order of the Court (together with the form of underlease to which such Order refers) excluding in respect of such proposed sub-demise the provisions of Sections 24 to 28 inclusive of the Landlord and Tenant Act 1954.

1.20 Planning Acts means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Planning (Consequential Provisions) Act 1990;

1.21 Premises means the premises described in the Particulars and any part of them and includes:

1.21.1 the floorboards, screed, plaster and other finishes on the floors, walls, columns and ceilings, and all carpets;

1.21.2 the raised floors and false ceilings (including light fittings), and the voids between the ceilings and false ceilings and the floor slab and the raised floors;

1.21.3 non-load-bearing walls and columns wholly within the Premises and one half of the thickness of such walls dividing the Premises from other parts of the Building;

1.21.4 all doors and internal windows and their frames, glass and fitments;

1.21.5 all Conduits, plant and machinery within and solely serving the Premises;

1.21.6 all Landlord's fixtures and fittings in the Premises;

1.21.7 all alterations and additions made to the Premises;

but excludes:

1.21.8 all structural and external parts of the Building;

1.21.9 load bearing framework roof foundations and joists;

1.21.10 all Conduits, plant and machinery serving other parts of the Building;

1.21.11 all external windows and their frames glass and fitments;

1.22 Principal Rent means the rent stated in the Particulars;

1.23 Quarter Days means 25 March, 24 June, 29 September and 25 December in every year and Quarter Day means any of them;

1.24 Service Charge means the service charge as specified in the Fourth Schedule;

1.25 Service Hours means 8 a.m. to 8 p.m. on Monday to Friday and 8 a.m. to 2 p.m. on Saturday, excluding all public holidays;

1.26 Services means the services set out in Parts 11(A) and 11(B) of the Fourth Schedule;

1.27 Tenant means the person so named in the Particulars, and includes its successors in title;

1.28 Term means the Contractual Term together with any continuation of the term or the tenancy (whether by statute or common law but not by renewal);

1.29 VAT means Value Added Tax and any similar tax substituted for it or levied in addition to it;

1.30 1987 Order means the Town and Country Planning (Use Classes) Order 1987 (as originally made);

1.31 1995 Act means the Landlord and Tenant (Covenants) Act 1995.

2. Interpretation

In this Lease unless the context otherwise requires:

2.1. If the Tenant or the Guarantor is more than one person then their covenants are joint and several;

2.2. Any reference to a statute includes any modification, extension or re-enactment of it and any orders, regulations, directions, schemes and rules made under it;

2.3 Any covenant by the Tenant not to do any act or thing includes an obligation not knowingly to permit or suffer such act or thing to be done;

2.4 If the Landlord reserves rights of access or other rights over or in relation to the Premises then those rights extend to persons properly authorised by it;

2.5 References to the act or default of the Tenant include acts or default or negligence of any undertenant, or of anyone at the Premises with the Tenant's or any undertenant's permission or sufferance;

2.6 The Clause headings in this Lease are for ease of reference only;

2.7 References to the last year of the Term shall mean the twelve months ending on the expiration or earlier termination of the Term;

2.8 The perpetuity period applicable to this Lease shall be the Term or 80 years from the commencement of the Term (whichever is the shorter);

2.9 References to Costs include all lawful liabilities, claims, demands, damages, losses and proper costs and expenses.

3. Demise and Rents

The Landlord DEMISES the Premises to the Tenant for the Contractual Term, TOGETHER WITH the rights set out in Part I of the First Schedule, EXCEPT AND RESERVING as mentioned in Part II of the First Schedule, subject to all rights enjoyed by the owners or occupiers of any neighbouring property over the Premises and subject to the Encumbrances, the Tenant paying by way of rent during the Term without any deduction, counterclaim or set off:

3.1 the Principal Rent and any VAT by equal quarterly payments in advance on the Quarter Days, to be paid by Banker's Standing Order to an account and bank within the United Kingdom if the Landlord so requires, the first payment for the period from and including the Rent Commencement Date to (but excluding) the next Quarter Day to be made on the Rent Commencement Date;

3.2 the Service Charge and any VAT at the times and in the manner set out in the Fourth Schedule, and the Outside Service Hours Charge and any VAT within 14 days of demand;

3.3 the following amounts and any VAT:

3.3.1 the sums specified in Clauses 4.2 (interest) and 4.5 (utilities);

3.3.2 the sums specified in Clause 6.2.1 (insurance);

3.3.3 all Costs incurred by the Landlord as a result of any breach of the Tenant's covenants in this Lease.

4. Tenant's covenants

The Tenant covenants with the Landlord throughout the Term, or until released pursuant to the 1995 Act, as follows:

4.1 Rents

To pay the rents and other sums reserved by this Lease on the due dates;

4.2 Interest

If the Landlord does not receive any sum due to it by the due date, to pay on demand interest on such sum at 4 per cent above Base Rate (compounded on the Quarter Days) from the due date until payment (both before and after any judgment), provided this Clause shall not prejudice any other right or remedy for the recovery of such sum;

4.3 Outgoings

To pay all existing and future rates, taxes, charges, assessments and outgoings in respect of the Premises (whether assessed or imposed on the owner or the occupier), except any tax (other than VAT) arising as a result of the receipt by the Landlord of the Principal Rent and any tax arising on any dealing by the Landlord or any superior landlord with its reversion to this Lease;

4.4 VAT

4.4.1 Any payment or other consideration to be provided to the Landlord is exclusive of VAT, and subject to receipt within 14 days thereafter of a valid VAT invoice the Tenant shall in addition pay any VAT chargeable on the date the payment or other consideration is due;

4.4.2 Any obligation to reimburse or pay the Landlord's expenditure extends to irrecoverable VAT on that expenditure, and the Tenant shall also reimburse or pay such VAT;

4.5 Utilities

To pay for all gas, electricity, water, telephone and other utilities used on the Premises, and all charges for meters and all standing charges, and a fair proportion of any joint charges as reasonably determined by the Landlord's Surveyor;

4.6 Repair

4.6.1 To put, keep and maintain the Premises (excluding air conditioning, ventilation and fire systems) and any Conduits, plant and equipment serving only the Premises in good and substantial repair and condition (damage by the Insured Risks excepted save to the extent that insurance moneys are irrecoverable as a result of the act or default of the Tenant);

4.6.2 To make good any disrepair for which the Tenant is liable within 2 months after the date of written notice from the Landlord (or sooner if the Landlord reasonably requires);

4.6.3 If the Tenant fails to comply with any such notice the Landlord may enter and carry out the work, and the proper cost shall be reimbursed by the Tenant on demand as a debt;

4.7 Decoration

4.7.1 To clean, prepare and paint or treat and generally redecorate all internal parts of the Premises in the fifth year and in the last year of the Term;

4.7.2 The work described in Clause 4.7.1 is to be carried out:

(i) in a good and workmanlike manner to the Landlord's reasonable satisfaction; and

(ii) in colours which (if different from the existing colour) are first approved in writing by the Landlord (approval not to be unreasonably withheld or delayed);

4.8 Cleaning

4.8.1 To keep the Premises clean, tidy and free from rubbish;

4.8.2 To clean the inside of windows and any washable surfaces at the Premises as often as reasonably necessary;

4.9 Overloading

Not to overload the floors or ceilings of the Premises, or the structure of the Building, or any plant, machinery or electrical installation serving the Premises or the Building nor to do anything which adversely interferes with the heating, air conditioning or ventilation of the Building;

4.10 Conduits

To keep the Conduits in or exclusively serving the Premises clear and free from any noxious, harmful or deleterious substance, and to remove any obstruction and repair any damage to such Conduits caused as a result of any breach of this covenant by the Tenant as soon as reasonably practicable to the Landlord's reasonable satisfaction;

4.11 Prohibited Uses

Not to use the Premises:

4.11.1 for any purpose which is noisy, offensive, dangerous, illegal, immoral or a nuisance or causes damage to the Landlord or its other tenants of the Building, or to owners or occupiers of any neighbouring property, or which involves any substance which may be harmful, polluting or contaminating;

4.11.2 for residential purposes;

4.11.3 for any auction, public or political meeting, public exhibition or show, or as a betting office or for gaming or playing amusement machines, or as a sex shop (as defined in the Local Government (Miscellaneous Provisions) Act 1982), or for the business of an undertaker, or for the business of a staff agency, employment agency or Government Department at which the general public call without appointment;

4.12 Permitted Use

Not to use the Premises otherwise than for the Permitted Use specified in the Particulars;

4.13 Signs

Not to erect any sign, notice or advertisement which is visible outside the Premises without the Landlord's prior written consent;

4.14 Alterations

4.14.1 Not to make any alterations or additions which:

(a) merge the Premises with any adjoining premises;

(b) affect the external appearance of the Premises;

(c) would permanently diminish the lettable floor area of the Premises

4.14.2 Not to make any alterations or additions to the Premises which affect the structure of the Building (including without limitation the roofs and foundations and the principal or load-bearing walls, floors, beams and columns) without the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.14.3 Not to make any other alterations or additions to the Premises provided that the Tenant may make internal non-structural alterations to the Premises if the Tenant has first provided the Landlord with all such details specifications and drawings of such internal non-structural alterations as the Landlord may reasonably require and provided further that if such non-structural alterations affect the heating, air conditioning or ventilation systems or any other services at the Building or any Conduit or other plant or machinery providing services within the Premises or the Building then the Tenant must obtain the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.15 Preservation of Easements

4.15.1 Not to prejudice the acquisition of any right of light for the benefit of the Premises by obstructing any window or opening, or giving any acknowledgment that the right is enjoyed by consent or any other act or default of the Tenant;

4.15.2 To preserve all rights of light and other easements enjoyed by the Premises, and not to grant to or permit or suffer anyone to acquire any right of light or other easement or right over the Premises and in the event of anyone otherwise claiming any such right if required by and at the cost of the Landlord to join in any action to be implemented by the Landlord in relation to such claim;

4.15.3 To give the Landlord immediate notice if any easement enjoyed by the Premises is obstructed, or any new easement affecting the Premises is made or attempted;

4.16 Alienation

4.16.1 Not to:

(a) assign, charge, or (save as permitted in clause 4.16.4) underlet nor to part with possession of part only of the Premises nor to agree to do so;

(b) part with the possession of the whole of the Premises except by an assignment or underletting permitted by this Clause 4.16;

(c) share the possession or occupation of the whole or any part of the Premises except as permitted by clause 4.16.7;

4.16.2 Not to assign or agree to assign the whole of the Premises without the Landlord's written consent (not to be unreasonably withheld or delayed), provided that:

(a) the Landlord may withhold consent in circumstances where in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease;

(b) the Landlord's consent shall in every case be subject to conditions (unless expressly excluded) requiring that:

(i) the assignee covenants with the Landlord to pay the rents and observe and perform the Tenant's covenants in this Lease during the residue of the Term, or until released pursuant to the 1995 Act;

(ii) the Tenant enters into an authorised guarantee agreement guaranteeing the performance of the Tenant's covenants in

this Lease by the assignee in the form set out in the Third Schedule with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iii) such other persons as the Landlord reasonably requires act as guarantors for the assignee and enter into direct covenants with the Landlord in the form set out in the Third Schedule (but referring in paragraph 1.2 to the assignee) with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iv) all rent and other payments then due under this Lease are paid before completion of the assignment;

4.16.3 The provisos to Clause 4.16.2 shall not prejudice the Landlord's right to withhold consent in other circumstances, or to impose other conditions, where it would be reasonable to do so;

4.16.4 Not to underlet or agree to underlet the whole of the Premises or any Permitted Part unless:

(a) the rent payable under the underlease is:

(i) not less than the best rent reasonably obtainable in the open market for the Premises or Permitted Part without fine or premium;

(ii) payable no more than one quarter in advance;

(iii) to be subject to upward-only reviews at five yearly intervals to coincide with the rent reviews under this Lease;

(b) the undertenant covenants with the Landlord and in the underlease:

(i) to observe and perform the Tenant's covenants in this Lease (except for payment of the rents) during the term of the underlease or until released pursuant to the 1995 Act;

(ii) not subject as herein provided to sub-underlet part only nor to share or part with possession or occupation of the whole or any part of the underlet premises, nor to assign or charge part only of the underlet premises;

(iii) not to assign or sub-underlet the whole of the underlet premises or (in the case of an underlease of the whole of the Premises) to sub-underlet a Permitted Part without in the case of a sub-underletting (whether of the whole of the Premises or of a Permitted Part) obtaining and producing to the tenant and to the Landlord an Order as referred to in clause 1.19.2 in relation to the tenancy created by such sub-underlease nor without the Landlord's prior written consent (which shall not be unreasonably withheld or delayed if the other requirements of this clause 4.16 are fulfilled); and

(iv) to include in any sub-underlease pursuant to paragraph (iii) an absolute prohibition against further underlettings of whole or part

(c) all rents and other ascertainable payments then due under this Lease are paid before completion of the underletting;

(d) in the case of an underletting of a Permitted Part the Order referred to in clause 1.19 has first been obtained and produced to the Landlord;

4.16.5 Without prejudice to Clause 4.16.4, not to underlet the whole of the Premises or any Permitted Part nor vary the terms of any underlease without the Landlord's written consent (not to be unreasonably withheld or delayed);

4.16.6 To take all necessary steps and proceedings to remedy any breach of the covenants of the undertenant under the underlease, and not to permit any reduction of the rent payable by any undertenant;

4.16.7 Notwithstanding Clause 4.16.1 the Tenant and any permitted undertenant may share occupation of the whole or any part of the Premises or the underlet premises with any company which is a Group Company of the Tenant or the undertenant (as the case may be)

PROVIDED THAT

(a) the relationship of landlord and tenant is not created; and

(b) occupation by any Group Company shall cease upon it ceasing to be a Group Company of the Tenant; and

(c) the Tenant informs the Landlord in writing before each occupier commences occupation (with evidence that the occupier is a Group Company of the Tenant or the permitted undertenant as the case may be) and after it ceases occupation;

4.16.8 Not to permit any other person to use the Car Parking Spaces except

(a) by way of written licence;

(b) for a period of not less than 3 months;

(c) so that the relationship of landlord and tenant is not created;

(d) to a person who is a direct tenant of the Landlord in or a permitted underlessee of office premises in the Building; and

(e) with the prior written approval of the Landlord (not to be unreasonably withheld or delayed)

4.17 Registration

4.17.1 Within 21 days to give to the Landlord's solicitors (or as the Landlord may direct) written notice of any assignment, charge, underlease or other devolution of the Premises or sharing of occupation together with three certified copies of the relevant document (and in a case to which clause 4.16.7 applies due evidence that the occupier is a Group Company of the Tenant) and a reasonable registration fee of not less than (Pounds)30;

4.17.2 Within 14 days of request to supply to the Landlord details of the persons using or permitted to use any of the Car Parking Spaces with details of the terms on which they use them and a certified copy of every licence issued and then current of which the Tenant has not previously supplied a copy

4.18 Statutory Requirements

To comply promptly with all notices served by any public, local or statutory authority, and with the requirements of any present or future statute European Union law regulation or directive (whether imposed on the owner or occupier), which affects the Premises or their use;

4.19 Planning

4.19.1 To comply with the Planning Acts;

4.19.2 Not to apply for or implement any planning permission affecting the Premises without first obtaining the Landlord's written consent;

4.19.3 If a planning permission is implemented the Tenant shall complete all the works permitted and comply with all the conditions imposed by the permission before the determination of the Term (including any works stipulated to be carried out by a date after the determination of the Term unless the Landlord requires otherwise);

4.19.4 If the Landlord reasonably so requires, to produce evidence to the Landlord that the provisions of this Clause 4.19 have been complied with;

4.20 Notices

4.20.1 To supply the Landlord with a copy of any notice, order or certificate or proposal for any notice, order or certificate affecting or capable of affecting the Premises as soon as it is received by or comes to the notice of the Tenant;

4.20.2 At the request of the Landlord and at the joint cost of the Landlord and the Tenant (but at the cost of the Tenant if the notice, order certificate or proposal is as a result of any breach by the Tenant) to make or join the Landlord in making such objections or representations against or in respect of any such notice, order or certificate as the Landlord may reasonably require;

4.21 Contaminants and Defects

4.21.1 To give the Landlord written notice of the existence of any contaminant, pollutant or harmful substance on or any defect in the Premises as soon as it comes to the notice of the Tenant;

4.21.2 If so requested by the Landlord to remove from the Premises or remedy to the Landlord's satisfaction any such contaminant pollutant or harmful substance which the Tenant has brought on or caused or allowed to be brought on to the Premises;

4.22 Entry by Landlord

To permit the Landlord at all reasonable times and on reasonable notice (except in emergency) to enter the Premises in order to:

4.22.1 inspect and record the condition of the Premises or any other parts of the Building or the Adjoining Property;

4.22.2 remedy any breach of the Tenant's obligations under this Lease;

4.22.3 repair, maintain, clean, alter, replace, install, add to or connect up to any Conduits which serve the Building or the Adjoining Property;

4.22.4 repair, maintain, alter or rebuild any part of the Building or the Adjoining Property;

4.22.5 comply with any of its obligations under this Lease;

Provided that the Landlord shall cause as little inconvenience as reasonably practicable in the exercise of such rights, and shall make good all damage to the Premises and the Tenant's fixtures and fittings caused by such entry as soon as reasonably practicable;

4.23 Landlord's Costs

To pay to the Landlord on demand amounts equal to such reasonable and proper Costs as it may incur:

4.23.1 in connection with any application for approval or consent made necessary by this Lease (including where consent is lawfully refused or the application is withdrawn);

4.23.2 incidental to or in reasonable contemplation of the preparation and service of a schedule of dilapidations (whether before or within 3 months after expiry of the Term) or a notice or proceedings under Section 146 or Section 147 of the Law of Property Act 1925 (even if forfeiture is avoided other than by relief granted by the Court);

4.23.3 in connection with the enforcement or remedying of any breach of the covenants in this Lease on the part of the Tenant and any Guarantor;

4.23.4 incidental to or in reasonable contemplation of the preparation and service of any notice under Section 17 of the 1995 Act;

4.24 Indemnity

To indemnify the Landlord against all Costs reasonably and properly incurred arising directly or indirectly from the use or occupation or condition of the Premises, or any breach of the Tenant's obligations under this Lease, or any act or default of the Tenant in relation to the Premises, or the exercise of the rights set out in Part I of the First Schedule;

4.25 Reletting Notices

To allow a letting or sale board to be displayed on the Premises (but not so that it restricts or interferes unreasonably with the light enjoyed by the Premises) and to allow prospective tenants or purchasers to view the Premises on reasonable notice;

4.26 Yielding up

4.26.1 Immediately before the end of the Term:

(i) to give up the Premises repaired and decorated and otherwise in accordance with the Tenant's covenants in this Lease;

(ii) if and to the extent the Landlord so requires, to remove all alterations made during the Term or any preceding period of occupation by the Tenant and reinstate the Premises as the Landlord shall reasonably direct and to its reasonable satisfaction;

(iii) if and to the extent the Landlord so requires to remove all signs, tenant's fixtures and fittings and other goods from the Premises, and make good any damage caused thereby to the Landlord's reasonable satisfaction;

(iv) to replace (if beyond repair) any damaged or missing Landlord's fixtures with ones of no less quality and value;

(v) to pay to the Landlord a sum equal to any rating relief which the Landlord will be unable to claim because the Premises shall be unoccupied for any period immediately before the end of the Term;

4.26.2 If the Tenant fails to comply with Clause 4.26.1 to pay to the Landlord on demand as liquidated damages:

(i) any Costs incurred by the Landlord in remedying the breach; and

(ii) a sum equivalent to the Principal Rent payable immediately before the end of the Term (disregarding any abatement) for the period reasonably required to remedy the breach

4.27 Encumbrances

Not to do or omit to do anything which would or might be a breach of the Encumbrances;

4.28 Regulations

4.28.1 To observe all reasonable rules and regulations relating to the Building from time to time made by the Landlord and notified to the Tenant;

4.28.2 Not to cause any obstruction to the Common Parts, nor to park, load or unload vehicles otherwise than in the areas designated for such purpose from time to time.

5. Landlord's Covenants

The Landlord covenants with the Tenant as follows:

5.1 Quiet Enjoyment

That, subject to the Tenant paying the rents reserved by and complying with the terms of this Lease, the Tenant may peaceably enjoy the Premises during the Term without any interruption by the Landlord or any person lawfully claiming under or in trust for it;

5.2 Provision of Services

The Landlord will provide the Services in a reasonably economic and efficient manner and in accordance with the principles of good estate management, Provided that:

5.2.1 the Services need only be provided during the Service Hours unless the Tenant requests other hours for which it is liable to pay the Outside Service Hours Charge whereupon the Landlord will provide such Services during such other hours;

5.2.2 the Landlord will not be in breach of this Clause as a result of any failure or interruption of any of the Services:

(a) resulting from circumstances beyond the Landlord's reasonable control, so long as the Landlord uses its reasonable endeavours to remedy the same as soon as reasonably practicable after becoming aware of such circumstances; or

(b) to the extent that the Services (or any of them) cannot reasonably be provided as a result of works of inspection, maintenance and repair or other works being carried out at the Building provided that the Landlord uses its reasonable endeavours (having regard to the interests of good estate management) to keep the disruption caused by such works to the minimum reasonably practicable.

5.3.1 To provide at the cost of the Tenant adequate heating and hot water air conditioning and operating chillers to the Premises at all times during the Term provided that:

5.3.1.1 such costs shall be paid by the Tenant adequate heating and hot water air conditioning and operating chillers to the Premises at all times during the Term provided that:

5.3.1.2 the Tenant's Share for the purposes of this clause 5.3.1 shall be 100%

5.3.1.3 in the event that any such costs are payable direct to the supplier by the Tenant clause 4.5 shall apply

5.3.2 To install and make operational as soon as reasonably practicable electricity check meters to each of the Lettable Units to enable the charge for power consumed in each of the Lettable Units to be assessed and charged at the service providers tariff rates

5.3.3 To provide security staff to the Building at all times during the Term and the cost of so doing shall form part of the Service Costs referred to in paragraph 7 of Part II(B) of the Fourth Schedule

6. Insurance

6.1 Landlord's insurance covenants

The Landlord covenants with the Tenant as follows:

6.1.1 To insure the Building (other than tenant's and trade fixtures and fittings) on usual and reasonable commercial terms unless the insurance is invalidated in whole or in part by any act or default of the Tenant:

(a) with an insurance office or underwriters of repute;

(b) against loss or damage by the Insured Risks;

(c) subject to such excesses as may be imposed by the insurers;

(d) in the full cost of reinstatement of the Building (in modern form if appropriate) including shoring up, demolition and site clearance, professional fees, VAT and allowance for building cost increases;

6.1.2 To insure against loss of the Principal Rent and the Service Charge and VAT thereon payable or reasonably estimated by the Landlord to be payable under this Lease arising from damage to the Premises by the Insured Risks for four years or such shorter period as the Landlord may reasonably require having regard to the likely period for reinstating the Premises;

6.1.3 At the request of the Tenant to produce evidence of the terms of the insurance under this Clause 6.1 and of payment of the current premium;

6.1.4 To notify the Tenant of any material change in the risks covered by the policy from time to time which would affect the Tenant;

6.1.5 To use its reasonable endeavours (but not being obliged to change insurers) at the cost (if any) of the Tenant to procure (at the discretion of the Landlord) either that a note of the Tenant's interest and the interest of any lawful undertenant is endorsed on the policy or that such interest is otherwise protected by means of an "Any Other Interests" provision in such policy or that the Landlord's insurers will issue in respect of the Tenant a waiver of rights of subrogation in relation to the Premises;

6.1.6 If any part of the Building is destroyed or damaged by an Insured Risk, then, unless payment of the insurance moneys is refused in whole or part because of the act or default of the Tenant, and subject to obtaining all necessary planning and other consents to use the insurance proceeds (except those relating to loss of rent and fees) and any insured excess paid by the Tenant under Clause 6.2.4(b) in reinstating the same (other than tenant's and trade fixtures and fittings) as quickly as reasonably practicable, in modern form if appropriate but not necessarily identical in layout and (in relation to the Premises) substantially as they were before the destruction or damage;

6.2 Tenant's insurance covenants

The Tenant covenants with the Landlord throughout the Term or until released pursuant to the 1995 Act as follows:

6.2.1 To pay to the Landlord within 7 days of demand sums equal to:

(a) a fair proportion (reasonably determined by the Landlord's Surveyors) of the amount which the Landlord spends on insurance pursuant to Clause 6.1.1;

(b) the whole of the amount which the Landlord spends on insurance pursuant to Clause 6.1.2;

6.2.2 To give the Landlord immediate written notice on becoming aware of any event or circumstance which might affect or lead to an insurance claim;

6.2.3 Not to do anything at the Premises which would or might prejudice or invalidate the insurance of the Building or the Adjoining Property or cause any premium for their insurance to be increased;

6.2.4 To pay to the Landlord within 7 days of demand:

(a) any increased premium and any Costs incurred by the Landlord as a result of a breach of Clause 6.2.3;

(b) the whole of the irrecoverable proportion of the insurance moneys if the Building or any part is destroyed or damaged by an Insured Risk but the insurance moneys are irrecoverable in whole or part due to the act or default of the Tenant;

6.2.5 To comply with the requirements and reasonable recommendations of the insurers of which the Tenant has received written notice;

6.2.6 To notify the Landlord of the full reinstatement cost of any fixtures and fittings installed at the Premises at the cost of the Tenant which become Landlord's fixtures and fittings;

6.2.7 Not to effect any insurance of the Premises against an Insured Risk, but if the Tenant effects or has the benefit of any such insurance the Tenant shall hold any insurance moneys upon trust for the Landlord and pay the same to the Landlord as soon as practicable;

6.3 Suspension of Rent

6.3.1 If the Premises are unfit for occupation and use because of damage by an Insured Risk then (save to the extent that payment of the loss of rent insurance moneys is refused due to the act or default of the Tenant) the Principal Rent and the Service Charge (or a fair proportion according to the nature and extent of the damage) shall be suspended until the earlier of:

(i) the date on which the Premises are again fit for occupation and use; and

(ii) the expiry of the loss of rent insurance period;

PROVIDED THAT if the Premises or the appropriate part thereof (or access thereto within the Building) have not been reinstated in accordance with the Landlord's obligation contained in Clause 6.1.4 of this Lease so as to render the Premises fit for occupation and use within four years after the date of the damage or destruction or if earlier by the date on which the said cesser of rent shall determine ("the Relevant Date") then either party may determine this Lease by serving one month's written notice on the other (such notice to expire within two months of the Relevant Date) whereupon this Lease shall cease and determine but without prejudice to any antecedent claims and all insurance monies received by the Landlord shall belong to it absolutely.

6.3.2 If the Premises or any part thereof (or access thereto within the Building) have been damaged or destroyed by an Insured Risk so as to render the Premises incapable of beneficial use, then the Landlord will procure that the Landlord's architect will produce to the Landlord and the Tenant a report (the "Report") as soon as reasonably practicable and in any event within 90 days of the date of the damage or destruction which shall confirm whether or not the Premises can in the Landlord's architect's reasonable opinion be reinstated within four years from the date of the damage or destruction, so as to render the Premises again capable of beneficial use. If the Report does not state that in the Landlord's architect's reasonable opinion the Premises can be reinstated as expressed above, then either the Landlord or the Tenant may within two weeks from receipt of the Report terminate this Lease by giving two weeks' written notice thereafter following receipt

of the Report.

6.3.3 Time shall be of the essence for the purpose of Clause 6.3.2. Termination of this Lease pursuant to Clause 6.3.2 shall be without prejudice to the rights of either party against the other in respect of any antecedent breach of covenant.

6.3.4 Any dispute relating to this Clause 6.3 shall be referred to Arbitration.

7. Provisos

7.1 Forfeiture

If any of the following events occurs:

7.1.1 the Tenant fails to pay any of the rents payable under this Lease within 21 days of the due date (whether or not formally demanded); or

7.1.2 the Tenant or Guarantor breaches any of its obligations in this Lease; or

7.1.3 execution or distress is levied on the Tenant's goods in the Premises; or

7.1.4 the Tenant or Guarantor being a company incorporated within the United Kingdom:

(a) has an Administration Order made in respect of it; or

(b) passes a resolution, or the Court makes an Order, for the winding up of the Tenant or the Guarantor, otherwise than a member's voluntary winding up of a solvent company for the purpose of amalgamation or reconstruction previously consented to by the Landlord (consent not to be unreasonably withheld); or

(c) has a receiver or administrative receiver or receiver and manager appointed over the whole or any part of its assets or undertaking; or

(d) is struck off the Register of Companies; or

(e) is deemed unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; or

7.1.5 proceedings or events analogous to those described in Clause 7.1.4 shall be instituted or shall occur where the Tenant or Guarantor is a company incorporated outside the United Kingdom; or

7.1.6 the Tenant or Guarantor being an individual:

(i) has a bankruptcy order made against him; or

(ii) appears to be unable to pay his debts within the meaning of Section 268 of the Insolvency Act 1986;

then the Landlord may re-enter the Premises or any part of the Premises in the name of the whole and forfeit this Lease and the Term created by this Lease shall immediately end, but without prejudice to the rights of the Landlord in respect of any breach of the obligations contained in this Lease;

7.2 No Compensation

Any right for the Tenant to claim compensation from the Landlord on vacating the Premises or otherwise is excluded to the extent permitted by law;

7.3 Notices

Section 196 of the Law of Property Act 1925 shall apply to any notice which may be served under this Lease and as if the final words of Section 196(4) "and that service... be delivered" were deleted and replaced by "and that service shall be deemed to be made on the third working day after posting";

7.4 Arbitration

7.4.1 Where this Lease provides for reference to Arbitration then reference shall be made in accordance with the Arbitration Act 1996 to a single arbitrator of not less than ten years' qualification experienced in the valuation and letting of property similar to and in the locality of the Premises agreed between the Landlord and the Tenant, or in the absence of agreement nominated on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors;

7.4.2 In the absence of a determination by the arbitrator as to his fees they shall be borne equally by the Landlord and the Tenant;

7.4.3 If the arbitrator is ready to make his award, but is unwilling to do so due to either party's failure to pay its share of the costs in connection with the award, the Landlord may serve on the Tenant a notice requiring the Tenant to pay such costs within 14 days, and if the Tenant fails to comply with such notice the Landlord may pay to the arbitrator the Tenant's costs and any amount so paid shall be a debt due forthwith from the Tenant to the Landlord;

7.5 No Implied Easements

The grant of this Lease does not confer any rights over the Building or the Adjoining Property or any other property except those mentioned in Part I of the First Schedule, and Section 62 of the Law of Property Act 1925 is excluded from this Lease, nor shall this Lease impose any restriction on the use of any property not comprised in this Lease;

7.6 Planning Acts

The Landlord does not warrant that the Permitted Use complies with the Planning Acts.

8. Applicable Law and Jurisdiction

8.1 This Lease shall be governed by and construed in accordance with English law

8.2 The parties to this Lease

8.2.1 irrevocably submit to the non-exclusive jurisdiction of the Courts of England and Wales to settle any disputes arising out of this Lease; and

8.2.2 waive any objection to any legal action or proceedings in such court on the grounds of venue or that it is an inconvenient or inappropriate forum;

8.3 The bringing of any legal action or proceedings in any jurisdiction shall not preclude the person bringing such action from bringing any such legal action or proceedings in any other jurisdiction.

9. Guarantee
The Guarantor covenants with the Landlord in the terms set out in the Third Schedule

10. It is hereby certified that there is no Agreement for Lease to which this Lease gives effect

Executed by the parties as a Deed the day and year first before written.

THE COMMON SEAL of BRITEL FUND TRUSTEES)
- - ---------- ----------
LIMITED was affixed to this Deed)
- - -------
in the presence of:)

/s/ illegible
Authorised Signing Officer

/s/ illegible
Authorised Signing Officer

THE COMMON SEAL of CMGI (UK) LIMITED)
- - ---------- ----------
was affixed to this Deed in the presence of:)

/s/ Andrew J. Hajducky, III
Director

/s/ William Williams II
Director

Executed as a Deed by of CMGI INC)
----
acting by:)

By: /s/ Andrew J. Hajducky III

Name: Andrew J. Hajducky III
Title: Executive Vice President, CFO and Treasurer

Authorised Signatory

DATED 14 March 2000

BRITEL FUND TRUSTEES LIMITED

- and -

CMGI (UK) LIMITED

- and -

CMGI INC

LEASE

of
the fourth floor of Prospect House
80 to 110 (Even) New Oxford Street London WC1
together with the right to use
4 basement car parking spaces

LEASE PARTICULARS

1.	Date	:	14 March 2000
2.	Parties		
	2.1 Landlord		BRITEL FUND TRUSTEES LIMITED (Company number: 1687153) whose registered office is at Standon House 21 Mansell Street London E1 8AA
	2.2 Tenant	:	CMGI (UK) LIMITED (Company number 3871833) whose registered office is at Hasilwood House 60 Bishopsgate London EC2N 4AJ
	2.3 Guarantor	:	CMGI INC (incorporated in Delaware) whose principal place of business is at 100 Brickstone Square Andover MA01810 USA and whose address for service in England is Sygnus Court Market Street Maidenhead Berkshire SL6 8AD
3.	Building	:	The land and buildings known as Prospect House 80 to 110 New Oxford Street London WC1 as registered at H M Land Registry under Title Number NGL441887
4.	Premises	:	The fourth floor of the Building shown for identification only edged red on the fourth floor plan annexed
5.	Car Parking Spaces	:	the 4 spaces shown for identification only edged blue on the basement plan annexed or such other spaces (being not less than 4 in number) in lieu thereof at basement level as the Landlord may from time to time allocate for use by the Tenant

6.	Contractual Term	:	the term of years from and including 2000 up to and including 2010
7.	Principal Rent	:	FIVE HUNDRED AND THIRTY-FOUR THOUSAND TWO HUNDRED AND THIRTY POUNDS ((Pounds)534,230) per annum subject to increase in accordance with the Second Schedule
8.	Rent Commencement Date:		2000
9.	Rent Review Date	:	in 2005
10.	Permitted Use	:	as to that part of the Premises on the fourth floor of the Building as offices within Class B1 of the 1987 Order with ancillary parking in the Car Parking Spaces

This Lease made on the date and between the parties specified in the Particulars Witnesses as follows:

1. Definitions
In this Lease unless the context otherwise requires:

1.1 Adjoining Property means any adjoining or neighbouring premises in which the Landlord or a Group Company of the Landlord holds or shall at any time during the Term hold a freehold or leasehold interest;

1.2 Arbitration means arbitration in accordance with Clause 7.4;

1.3 Base Rate means the base rate from time to time of Royal Bank of Scotland PLC, or (if not available) such comparable rate of interest as the Landlord shall reasonably require;

1.4 Building means the building described in the Particulars, and includes any part of it and any alteration or addition to it or replacement of it;

1.5 Car Lifts means the car lifts shown for identification only edged brown on the basement plan annexed

1.6 Common Parts means the toilets, accesses, lifts (including without limitation the Car Lifts), car parks and other areas of the Building from time to time designated by the Landlord for common use by the tenants and occupiers of the Building but excluding any such areas as may be within the Premises or any other Lettable Units;

1.7 Conduit means any media for the passage of substances or energy and any ancillary apparatus attached to them and any enclosures for them;

1.8 Contractual Term means the term specified in the Particulars;

1.9 Encumbrances means the obligations and encumbrances contained or referred to in the documents specified in Part III of the First Schedule;

1.10 Group Company means a company which is a member of the same group of companies within the meaning of Section 42 of the Landlord and Tenant Act 1954;

1.11 Guarantor means the person so named in the Particulars and/or any party which gives a guarantee pursuant to the provisions of clause 4.16 hereof

1.12 Insured Risks means fire, lightning, earthquake, explosion, aircraft (other than hostile aircraft) and other aerial devices or articles dropped therefrom, riot, civil commotion, malicious damage, storm or tempest, bursting or overflowing of water tanks apparatus or pipes, flood, impact by road vehicles and in so far as the same is available at usual commercial rates in the UK insurance market acts of terrorism (to the extent that insurance against such risks may ordinarily be arranged with an insurer of good repute) and such other risks or insurance as may from time to time be reasonably required by the Landlord

(subject in all cases to such exclusions and limitations as may reasonably be imposed by the insurers), and Insured Risk means any one of them;

1.13 Landlord means the person for the time being entitled to the immediate reversion to this Lease being initially the person so named in the Particulars;

1.14 Landlord's Surveyor means the Landlord's surveyor or managing agent (who may be an employee of the Landlord) and who shall be appropriately qualified;

1.15 this Lease means this lease and any document supplemental to it or entered into pursuant to it;

1.16 Lettable Unit means a part of the Building which is let, or constructed or adapted for letting, from time to time;

1.17 Outside Service Hours Charge means the proper cost to the Landlord of providing any of the Services at the Tenant's request outside the Service Hours (or a fair proportion of such cost if requested or used by another tenant also);

1.18 Particulars means the descriptions and terms on the page headed Lease Particulars which form part of this Lease;

1.19 Permitted Part means a part of the Premises

1.19.1 where all of the following conditions are satisfied:

(a) the extent of the part intended to be sublet shall first have been approved by the Landlord (such approval not to be unreasonably withheld);

(b) the Landlord acting reasonably is satisfied that each part intended to be sublet and the remainder of the Premises will in each case be self-contained and capable of separate use and occupation;

(c) no more than two separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any time (provided that during only such time as this Lease is vested in CMGI (UK) Limited no more than three separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any one time); and

1.19.2 PROVIDED THAT before any Permitted Part is sublet the Tenant shall have obtained (and produced to the Landlord) a valid Order of the Court (together with the form of underlease to which such Order refers) excluding in respect of such proposed sub-demise the provisions of Sections 24 to 28 inclusive of the Landlord and Tenant Act 1954.

1.20 Planning Acts means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Planning (Consequential Provisions) Act 1990;

1.21 Premises means the premises described in the Particulars and any part of them and includes:

1.21.1 the floorboards, screed, plaster and other finishes on the floors, walls, columns and ceilings, and all carpets;

1.21.2 the raised floors and false ceilings (including light fittings), and the voids between the ceilings and false ceilings and the floor slab and the raised floors;

1.21.3 non-load-bearing walls and columns wholly within the Premises and one half of the thickness of such walls dividing the Premises from other parts of the Building;

1.21.4 all doors and internal windows and their frames, glass and fitments;

1.21.5 all Conduits, plant and machinery within and solely serving the Premises;

1.21.6 all Landlord's fixtures and fittings in the Premises;

1.21.7 all alterations and additions made to the Premises; but excludes:

1.21.8 all structural and external parts of the Building;

1.21.9 load bearing framework roof foundations and joists;

1.21.10 all Conduits, plant and machinery serving other parts of the Building;

1.21.11 all external windows and their frames glass and fitments;

1.22 Principal Rent means the rent stated in the Particulars;

1.23 Quarter Days means 25 March, 24 June, 29 September and 25 December in every year and Quarter Day means any of them;

1.24 Service Charge means the service charge as specified in the Fourth Schedule;

1.25 Service Hours means 8 a.m. to 8 p.m. on Monday to Friday and 8 a.m. to 2 p.m. on Saturday, excluding all public holidays;

1.26 Services means the services set out in Parts 11(A) and 11(B) of the Fourth Schedule;

1.27 Tenant means the person so named in the Particulars, and includes its successors in title;

1.28 Term means the Contractual Term together with any continuation of the term or the tenancy (whether by statute or common law but not by renewal);

1.29 VAT means Value Added Tax and any similar tax substituted for it or levied in addition to it;

1.30 1987 Order means the Town and Country Planning (Use Classes) Order 1987 (as originally made);

1.31 1995 Act means the Landlord and Tenant (Covenants) Act 1995.

2. Interpretation

In this Lease unless the context otherwise requires:

2.1. If the Tenant or the Guarantor is more than one person then their covenants are joint and several;

2.2. Any reference to a statute includes any modification, extension or re-enactment of it and any orders, regulations, directions, schemes and rules made under it;

2.3 Any covenant by the Tenant not to do any act or thing includes an obligation not knowingly to permit or suffer such act or thing to be done;

2.4 If the Landlord reserves rights of access or other rights over or in relation to the Premises then those rights extend to persons properly authorised by it;

2.5 References to the act or default of the Tenant include acts or default or negligence of any undertenant, or of anyone at the Premises with the Tenant's or any undertenant's permission or sufferance;

2.6 The Clause headings in this Lease are for ease of reference only;

2.7 References to the last year of the Term shall mean the twelve months ending on the expiration or earlier termination of the Term;

2.8 The perpetuity period applicable to this Lease shall be the Term or 80 years from the commencement of the Term (whichever is the shorter);

2.9 References to Costs include all lawful liabilities, claims, demands, damages, losses and proper costs and expenses.

3. Demise and Rents

The Landlord DEMISES the Premises to the Tenant for the Contractual Term, TOGETHER WITH the rights set out in Part I of the First Schedule, EXCEPT AND RESERVING as mentioned in Part II of the First Schedule, subject to all rights enjoyed by the owners or occupiers of any neighbouring property over the Premises and subject to the Encumbrances, the Tenant paying by way of rent during the Term without any deduction, counterclaim or set off:

3.1 the Principal Rent and any VAT by equal quarterly payments in advance on the Quarter Days, to be paid by Banker's Standing Order to an account and bank within the United Kingdom if the Landlord so requires, the first payment for the period from and including the Rent Commencement Date to (but excluding) the next Quarter Day to be made on the Rent Commencement Date;

3.2 the Service Charge and any VAT at the times and in the manner set out in the Fourth Schedule, and the Outside Service Hours Charge and any VAT within 14 days of demand;

3.3 the following amounts and any VAT:

3.3.1 the sums specified in Clauses 4.2 (interest) and 4.5 (utilities);

3.3.2 the sums specified in Clause 6.2.1 (insurance);

3.3.3 all Costs incurred by the Landlord as a result of any breach of the Tenant's covenants in this Lease.

4. Tenant's covenants

The Tenant covenants with the Landlord throughout the Term, or until released pursuant to the 1995 Act, as follows:

4.1 Rents

To pay the rents and other sums reserved by this Lease on the due dates;

4.2 Interest

If the Landlord does not receive any sum due to it by the due date, to pay on demand interest on such sum at 4 per cent above Base Rate (compounded on the Quarter Days) from the due date until payment (both before and after any judgment), provided this Clause shall not prejudice any other right or remedy for the recovery of such sum;

4.3 Outgoings

To pay all existing and future rates, taxes, charges, assessments and outgoings in respect of the Premises (whether assessed or imposed on the owner or the occupier), except any tax (other than VAT) arising as a result of the receipt by the Landlord of the Principal Rent and any tax arising on any dealing by the Landlord or any superior landlord with its reversion to this Lease;

4.4 VAT

4.4.1 Any payment or other consideration to be provided to the Landlord is exclusive of VAT, and subject to receipt within 14 days thereafter of a valid VAT invoice the Tenant shall in addition pay any VAT chargeable on the date the payment or other consideration is due;

4.4.2 Any obligation to reimburse or pay the Landlord's expenditure extends to irrecoverable VAT on that expenditure, and the Tenant shall also reimburse or pay such VAT;

4.5 Utilities

To pay for all gas, electricity, water, telephone and other utilities used on the Premises, and all charges for meters and all standing charges, and a fair proportion of any joint charges as reasonably determined by the Landlord's Surveyor;

4.6 Repair

4.6.1 To put, keep and maintain the Premises (excluding air conditioning, ventilation and fire systems) and any Conduits, plant and equipment serving only the Premises in good and substantial repair and condition (damage by the Insured Risks excepted save to the extent that insurance moneys are irrecoverable as a result of the act or default of the Tenant);

4.6.2 To make good any disrepair for which the Tenant is liable within 2 months after the date of written notice from the Landlord (or sooner if the Landlord reasonably requires);

4.6.3 If the Tenant fails to comply with any such notice the Landlord may enter and carry out the work, and the proper cost shall be reimbursed by the Tenant on demand as a debt;

4.7 Decoration

4.7.1 To clean, prepare and paint or treat and generally redecorate all internal parts of the Premises in the fifth year and in the last year of the Term;

4.7.2 The work described in Clause 4.7.1 is to be carried out:

(i) in a good and workmanlike manner to the Landlord's reasonable satisfaction; and

(ii) in colours which (if different from the existing colour) are first approved in writing by the Landlord (approval not to be unreasonably withheld or delayed);

4.8 Cleaning

4.8.1 To keep the Premises clean, tidy and free from rubbish;

4.8.2 To clean the inside of windows and any washable surfaces at the Premises as often as reasonably necessary;

4.9 Overloading

Not to overload the floors or ceilings of the Premises, or the structure of the Building, or any plant, machinery or electrical installation serving the Premises or the Building nor to do anything which adversely interferes with the heating, air conditioning or ventilation of the Building;

4.10 Conduits

To keep the Conduits in or exclusively serving the Premises clear and free from any noxious, harmful or deleterious substance, and to remove any obstruction and repair any damage to such Conduits caused as a result of any breach of this covenant by the Tenant as soon as reasonably practicable to the Landlord's reasonable satisfaction;

4.11 Prohibited Uses

Not to use the Premises:

4.11.1 for any purpose which is noisy, offensive, dangerous, illegal, immoral or a nuisance or causes damage to the Landlord or its other tenants of the Building, or to owners or occupiers of any neighbouring property, or which involves any substance which may be harmful, polluting or contaminating;

4.11.2 for residential purposes;

4.11.3 for any auction, public or political meeting, public exhibition or show, or as a betting office or for gaming or playing amusement machines, or as a sex shop (as defined in the Local Government (Miscellaneous Provisions) Act 1982), or for the business of an undertaker, or for the business of a staff agency, employment agency or Government Department at which the general public call without appointment;

4.12 Permitted Use

Not to use the Premises otherwise than for the Permitted Use specified in the Particulars;

4.13 Signs

Not to erect any sign, notice or advertisement which is visible outside the Premises without the Landlord's prior written consent;

4.14 Alterations

4.14.1 Not to make any alterations or additions which:

(a) merge the Premises with any adjoining premises;

(b) affect the external appearance of the Premises;

(c) would permanently diminish the lettable floor area of the Premises

4.14.2 Not to make any alterations or additions to the Premises which affect the structure of the Building (including without limitation the roofs and foundations and the principal or load-bearing walls, floors, beams and columns) without the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.14.3 Not to make any other alterations or additions to the Premises provided that the Tenant may make internal non-structural alterations to the Premises if the Tenant has first provided the Landlord with all such details specifications and drawings of such internal non-structural alterations as the Landlord may reasonably require and provided further that if such non-structural alterations affect the heating, air conditioning or ventilation systems or any other services at the Building or any Conduit or other plant or machinery providing services within the Premises or the Building then the Tenant must obtain the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.15 Preservation of Easements

4.15.1 Not to prejudice the acquisition of any right of light for the benefit of the Premises by obstructing any window or opening, or giving any acknowledgment that the right is enjoyed by consent or any other act or default of the Tenant;

4.15.2 To preserve all rights of light and other easements enjoyed by the Premises, and not to grant to or permit or suffer anyone to acquire any right of light or other easement or right over the Premises and in the event of anyone otherwise claiming any such right if required by and at the cost of the Landlord to join in any action to be implemented by the Landlord in relation to such claim;

4.15.3 To give the Landlord immediate notice if any easement enjoyed by the Premises is obstructed, or any new easement affecting the Premises is made or attempted;

4.16 Alienation

4.16.1 Not to:

(a) assign, charge, or (save as permitted in clause 4.16.4) underlet nor to part with possession of part only of the Premises nor to agree to do so;

(b) part with the possession of the whole of the Premises except by an assignment or underletting permitted by this Clause 4.16;

(c) share the possession or occupation of the whole or any part of the Premises except as permitted by clause 4.16.7;

4.16.2 Not to assign or agree to assign the whole of the Premises without the Landlord's written consent (not to be unreasonably withheld or delayed), provided that:

(a) the Landlord may withhold consent in circumstances where in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease;

(b) the Landlord's consent shall in every case be subject to conditions (unless expressly excluded) requiring that:

(i) the assignee covenants with the Landlord to pay the rents and observe and perform the Tenant's covenants in this Lease during the residue of the Term, or until released pursuant to the 1995 Act;

(ii) the Tenant enters into an authorised guarantee agreement guaranteeing the performance of the Tenant's covenants in

this Lease by the assignee in the form set out in the Third Schedule with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iii) such other persons as the Landlord reasonably requires act as guarantors for the assignee and enter into direct covenants with the Landlord in the form set out in the Third Schedule (but referring in paragraph 1.2 to the assignee) with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iv) all rent and other payments then due under this Lease are paid before completion of the assignment;

4.16.3 The provisos to Clause 4.16.2 shall not prejudice the Landlord's right to withhold consent in other circumstances, or to impose other conditions, where it would be reasonable to do so;

4.16.4 Not to underlet or agree to underlet the whole of the Premises or any Permitted Part unless:

(a) the rent payable under the underlease is:

(i) not less than the best rent reasonably obtainable in the open market for the Premises or Permitted Part without fine or premium;

(ii) payable no more than one quarter in advance;

(iii) to be subject to upward-only reviews at five yearly intervals to coincide with the rent reviews under this Lease;

(b) the undertenant covenants with the Landlord and in the underlease:

(i) to observe and perform the Tenant's covenants in this Lease (except for payment of the rents) during the term of the underlease or until released pursuant to the 1995 Act;

(ii) not subject as herein provided to sub-underlet part only nor to share or part with possession or occupation of the whole or any part of the underlet premises, nor to assign or charge part only of the underlet premises;

(iii) not to assign or sub-underlet the whole of the underlet premises or (in the case of an underlease of the whole of the Premises) to sub-underlet a Permitted Part without in the case of a sub-underletting (whether of the whole of the Premises or of a Permitted Part) obtaining and producing to the tenant and to the Landlord an Order as referred to in clause 1.19.2 in relation to the tenancy created by such sub-underlease nor without the Landlord's prior written consent (which shall not be unreasonably withheld or delayed if the other requirements of this clause 4.16 are fulfilled); and

(iv) to include in any sub-underlease pursuant to paragraph (iii) an absolute prohibition against further underlettings of whole or part

(c) all rents and other ascertainable payments then due under this Lease are paid before completion of the underletting;

(d) in the case of an underletting of a Permitted Part the Order referred to in clause 1.19 has first been obtained and produced to the Landlord;

4.16.5 Without prejudice to Clause 4.16.4, not to underlet the whole of the Premises or any Permitted Part nor vary the terms of any underlease without the Landlord's written consent (not to be unreasonably withheld or delayed);

4.16.6 To take all necessary steps and proceedings to remedy any breach of the covenants of the undertenant under the underlease, and not to permit any reduction of the rent payable by any undertenant;

4.16.7 Notwithstanding Clause 4.16.1 the Tenant and any permitted undertenant may share occupation of the whole or any part of the Premises or the underlet premises with any company which is a Group Company of the Tenant or the undertenant (as the case may be)

PROVIDED THAT

(a) the relationship of landlord and tenant is not created; and

(b) occupation by any Group Company shall cease upon it ceasing to be a Group Company of the Tenant; and

(c) the Tenant informs the Landlord in writing before each occupier commences occupation (with evidence that the occupier is a Group Company of the Tenant or the permitted undertenant as the case may be) and after it ceases occupation;

4.16.8 Not to permit any other person to use the Car Parking Spaces except

(a) by way of written licence;

(b) for a period of not less than 3 months;

(c) so that the relationship of landlord and tenant is not created;

(d) to a person who is a direct tenant of the Landlord in or a permitted underlessee of office premises in the Building; and

(e) with the prior written approval of the Landlord (not to be unreasonably withheld or delayed)

4.17 Registration

4.17.1 Within 21 days to give to the Landlord's solicitors (or as the Landlord may direct) written notice of any assignment, charge, underlease or other devolution of the Premises or sharing of occupation together with three certified copies of the relevant document (and in a case to which clause 4.16.7 applies due evidence that the occupier is a Group Company of the Tenant) and a reasonable registration fee of not less than (Pounds)30;

4.17.2 Within 14 days of request to supply to the Landlord details of the persons using or permitted to use any of the Car Parking Spaces with details of the terms on which they use them and a certified copy of every licence issued and then current of which the Tenant has not previously supplied a copy

4.18 Statutory Requirements

To comply promptly with all notices served by any public, local or statutory authority, and with the requirements of any present or future statute European Union law regulation or directive (whether imposed on the owner or occupier), which affects the Premises or their use;

4.19 Planning

4.19.1 To comply with the Planning Acts;

4.19.2 Not to apply for or implement any planning permission affecting the Premises without first obtaining the Landlord's written consent;

4.19.3 If a planning permission is implemented the Tenant shall complete all the works permitted and comply with all the conditions imposed by the permission before the determination of the Term (including any works stipulated to be carried out by a date after the determination of the Term unless the Landlord requires otherwise);

4.19.4 If the Landlord reasonably so requires, to produce evidence to the Landlord that the provisions of this Clause 4.19 have been complied with;

4.20 Notices

4.20.1 To supply the Landlord with a copy of any notice, order or certificate or proposal for any notice, order or certificate affecting or capable of affecting the Premises as soon as it is received by or comes to the notice of the Tenant;

4.20.2 At the request of the Landlord and at the joint cost of the Landlord and the Tenant (but at the cost of the Tenant if the notice, order certificate or proposal is as a result of any breach by the Tenant) to make or join the Landlord in making such objections or representations against or in respect of any such notice, order or certificate as the Landlord may reasonably require;

4.21 Contaminants and Defects

4.21.1 To give the Landlord written notice of the existence of any contaminant, pollutant or harmful substance on or any defect in the Premises as soon as it comes to the notice of the Tenant;

4.21.2 If so requested by the Landlord to remove from the Premises or remedy to the Landlord's satisfaction any such contaminant pollutant or harmful substance which the Tenant has brought on or caused or allowed to be brought on to the Premises;

4.22 Entry by Landlord

To permit the Landlord at all reasonable times and on reasonable notice (except in emergency) to enter the Premises in order to:

4.22.1 inspect and record the condition of the Premises or any other parts of the Building or the Adjoining Property;

4.22.2 remedy any breach of the Tenant's obligations under this Lease;

4.22.3 repair, maintain, clean, alter, replace, install, add to or connect up to any Conduits which serve the Building or the Adjoining Property;

4.22.4 repair, maintain, alter or rebuild any part of the Building or the Adjoining Property;

4.22.5 comply with any of its obligations under this Lease;

Provided that the Landlord shall cause as little inconvenience as reasonably practicable in the exercise of such rights, and shall make good all damage to the Premises and the Tenant's fixtures and fittings caused by such entry as soon as reasonably practicable;

4.23 Landlord's Costs

To pay to the Landlord on demand amounts equal to such reasonable and proper Costs as it may incur:

4.23.1 in connection with any application for approval or consent made necessary by this Lease (including where consent is lawfully refused or the application is withdrawn);

4.23.2 incidental to or in reasonable contemplation of the preparation and service of a schedule of dilapidations (whether before or within 3 months after expiry of the Term) or a notice or proceedings under Section 146 or Section 147 of the Law of Property Act 1925 (even if forfeiture is avoided other than by relief granted by the Court);

4.23.3 in connection with the enforcement or remedying of any breach of the covenants in this Lease on the part of the Tenant and any Guarantor;

4.23.4 incidental to or in reasonable contemplation of the preparation and service of any notice under Section 17 of the 1995 Act;

4.24 Indemnity

To indemnify the Landlord against all Costs reasonably and properly incurred arising directly or indirectly from the use or occupation or condition of the Premises, or any breach of the Tenant's obligations under this Lease, or any act or default of the Tenant in relation to the Premises, or the exercise of the rights set out in Part I of the First Schedule;

4.25 Reletting Notices

To allow a letting or sale board to be displayed on the Premises (but not so that it restricts or interferes unreasonably with the light enjoyed by the Premises) and to allow prospective tenants or purchasers to view the Premises on reasonable notice;

4.26 Yielding up

4.26.1 Immediately before the end of the Term:

(i) to give up the Premises repaired and decorated and otherwise in accordance with the Tenant's covenants in this Lease;

(ii) if and to the extent the Landlord so requires, to remove all alterations made during the Term or any preceding period of occupation by the Tenant and reinstate the Premises as the Landlord shall reasonably direct and to its reasonable satisfaction;

(iii) if and to the extent the Landlord so requires to remove all signs, tenant's fixtures and fittings and other goods from the Premises, and make good any damage caused thereby to the Landlord's reasonable satisfaction;

(iv) to replace (if beyond repair) any damaged or missing Landlord's fixtures with ones of no less quality and value;

(v) to pay to the Landlord a sum equal to any rating relief which the Landlord will be unable to claim because the Premises shall be unoccupied for any period immediately before the end of the Term;

4.26.2 If the Tenant fails to comply with Clause 4.26.1 to pay to the Landlord on demand as liquidated damages:

(i) any Costs incurred by the Landlord in remedying the breach; and

(ii) a sum equivalent to the Principal Rent payable immediately before the end of the Term (disregarding any abatement) for the period reasonably required to remedy the breach

4.27 Encumbrances

Not to do or omit to do anything which would or might be a breach of the Encumbrances;

4.28 Regulations

4.28.1 To observe all reasonable rules and regulations relating to the Building from time to time made by the Landlord and notified to the Tenant;

4.28.2 Not to cause any obstruction to the Common Parts, nor to park, load or unload vehicles otherwise than in the areas designated for such purpose from time to time.

5. Landlord's Covenants

The Landlord covenants with the Tenant as follows:

5.1 Quiet Enjoyment

That, subject to the Tenant paying the rents reserved by and complying with the terms of this Lease, the Tenant may peaceably enjoy the Premises during the Term without any interruption by the Landlord or any person lawfully claiming under or in trust for it;

5.2 Provision of Services

The Landlord will provide the Services in a reasonably economic and efficient manner and in accordance with the principles of good estate management, Provided that:

5.2.1 the Services need only be provided during the Service Hours unless the Tenant requests other hours for which it is liable to pay the Outside Service Hours Charge whereupon the Landlord will provide such Services during such other hours;

5.2.2 the Landlord will not be in breach of this Clause as a result of any failure or interruption of any of the Services:

(a) resulting from circumstances beyond the Landlord's reasonable control, so long as the Landlord uses its reasonable endeavours to remedy the same as soon as reasonably practicable after becoming aware of such circumstances; or

(b) to the extent that the Services (or any of them) cannot reasonably be provided as a result of works of inspection, maintenance and repair or other works being carried out at the Building provided that the Landlord uses its reasonable endeavours (having regard to the interests of good estate management) to keep the disruption caused by such works to the minimum reasonably practicable.

5.3.1 To provide at the cost of the Tenant adequate heating and hot water air conditioning and operating chillers to the Premises at all times during the Term provided that:

5.3.1.1 such costs shall be paid by the Tenant in the manner and at the times set out in Part I of the Fourth Schedule (which shall apply mutatis mutandis) save where clause 5.3.1.3 applies

5.3.1.2 the Tenant's Share for the purposes of this clause 5.3.1 shall be 100%

5.3.1.3 in the event that any such costs are payable direct to the supplier by the Tenant clause 4.5 shall apply

5.3.2 To install and make operational as soon as reasonably practicable electricity check meters to each of the Lettable Units to enable the charge for power consumed in each of the Lettable Units to be assessed and charged at the service providers tariff rates

5.3.3 To provide security staff to the Building at all times during the Term and the cost of so doing shall form part of the Service Costs referred to in paragraph 7 of Part II(B) of the Fourth Schedule

6. Insurance

6.1 Landlord's insurance covenants

The Landlord covenants with the Tenant as follows:

6.1.1 To insure the Building (other than tenant's and trade fixtures and fittings) on usual and reasonable commercial terms unless the insurance is invalidated in whole or in part by any act or default of the Tenant:

(a) with an insurance office or underwriters of repute;

(b) against loss or damage by the Insured Risks;

(c) subject to such excesses as may be imposed by the insurers;

(d) in the full cost of reinstatement of the Building (in modern form if appropriate) including shoring up, demolition and site clearance, professional fees, VAT and allowance for building cost increases;

6.1.2 To insure against loss of the Principal Rent and the Service Charge and VAT thereon payable or reasonably estimated by the Landlord to be payable under this Lease arising from damage to the Premises by the Insured Risks for four years or such shorter period as the Landlord may reasonably require having regard to the likely period for reinstating the Premises;

6.1.3 At the request of the Tenant to produce evidence of the terms of the insurance under this Clause 6.1 and of payment of the current premium;

6.1.4 To notify the Tenant of any material change in the risks covered by the policy from time to time which would affect the Tenant;

6.1.5 To use its reasonable endeavours (but not being obliged to change insurers) at the cost (if any) of the Tenant to procure (at the discretion of the Landlord) either that a note of the Tenant's interest and the interest of any lawful undertenant is endorsed on the policy or that such interest is otherwise protected by means of an "Any Other Interests" provision in such policy or that the Landlord's insurers will issue in respect of the Tenant a waiver of rights of subrogation in relation to the Premises;

6.1.6 If any part of the Building is destroyed or damaged by an Insured Risk, then, unless payment of the insurance moneys is refused in whole or part because of the act or default of the Tenant, and subject to obtaining all necessary planning and other consents to use the insurance proceeds (except those relating to loss of rent and fees) and any insured excess paid by the Tenant under Clause 6.2.4(b) in reinstating the same (other than tenant's and trade fixtures and fittings) as quickly as reasonably practicable, in modern form if appropriate but not necessarily identical in layout and (in relation to the Premises) substantially as they were before the destruction or damage;

6.2 Tenant's insurance covenants

The Tenant covenants with the Landlord throughout the Term or until released pursuant to the 1995 Act as follows:

6.2.1 To pay to the Landlord within 7 days of demand sums equal to:

(a) a fair proportion (reasonably determined by the Landlord's Surveyors) of the amount which the Landlord spends on insurance pursuant to Clause 6.1.1;

(b) the whole of the amount which the Landlord spends on insurance pursuant to Clause 6.1.2;

6.2.2 To give the Landlord immediate written notice on becoming aware of any event or circumstance which might affect or lead to an insurance claim;

6.2.3 Not to do anything at the Premises which would or might prejudice or invalidate the insurance of the Building or the Adjoining Property or cause any premium for their insurance to be increased;

6.2.4 To pay to the Landlord within 7 days of demand:

(a) any increased premium and any Costs incurred by the Landlord as a result of a breach of Clause 6.2.3;

(b) the whole of the irrecoverable proportion of the insurance moneys if the Building or any part is destroyed or damaged by an Insured Risk but the insurance moneys are irrecoverable in whole or part due to the act or default of the Tenant;

6.2.5 To comply with the requirements and reasonable recommendations of the insurers of which the Tenant has received written notice;

6.2.6 To notify the Landlord of the full reinstatement cost of any fixtures and fittings installed at the Premises at the cost of the Tenant which become Landlord's fixtures and fittings;

6.2.7 Not to effect any insurance of the Premises against an Insured Risk, but if the Tenant effects or has the benefit of any such insurance the Tenant shall hold any insurance moneys upon trust for the Landlord and pay the same to the Landlord as soon as practicable;

6.3 Suspension of Rent

6.3.1 If the Premises are unfit for occupation and use because of damage by an Insured Risk then (save to the extent that payment of the loss of rent insurance moneys is refused due to the act or default of the Tenant) the Principal Rent and the Service Charge (or a fair proportion according to the nature and extent of the damage) shall be suspended until the earlier of:

(i) the date on which the Premises are again fit for occupation and use; and

(ii) the expiry of the loss of rent insurance period;

PROVIDED THAT if the Premises or the appropriate part thereof (or access thereto within the Building) have not been reinstated in accordance with the Landlord's obligation contained in Clause 6.1.4 of this Lease so as to render the Premises fit for occupation and use within four years after the date of the damage or destruction or if earlier by the date on which the said cesser of rent shall determine ("the Relevant Date") then either party may determine this Lease by serving one month's written notice on the other (such notice to expire within two months of the Relevant Date) whereupon this Lease shall cease and determine but without prejudice to any antecedent claims and all insurance monies received by the Landlord shall belong to it absolutely.

6.3.2 If the Premises or any part thereof (or access thereto within the Building) have been damaged or destroyed by an Insured Risk so as to render the Premises incapable of beneficial use, then the Landlord will procure that the Landlord's architect will produce to the Landlord and the Tenant a report (the "Report") as soon as reasonably practicable and in any event within 90 days of the date of the damage or destruction which shall confirm whether or not the Premises can in the Landlord's architect's reasonable opinion be reinstated within four years from the date of the damage or destruction, so as to render the Premises again capable of beneficial use. If the Report does not state that in the Landlord's architect's reasonable opinion the Premises can be reinstated as expressed above, then either the Landlord or the Tenant may within two weeks from receipt of the Report terminate this Lease by giving two weeks' written notice thereafter following receipt

of the Report.

6.3.3 Time shall be of the essence for the purpose of Clause 6.3.2. Termination of this Lease pursuant to Clause 6.3.2 shall be without prejudice to the rights of either party against the other in respect of any antecedent breach of covenant.

6.3.4 Any dispute relating to this Clause 6.3 shall be referred to Arbitration.

7. Provisos

7.1 Forfeiture

If any of the following events occurs:

7.1.1 the Tenant fails to pay any of the rents payable under this Lease within 21 days of the due date (whether or not formally demanded); or

7.1.2 the Tenant or Guarantor breaches any of its obligations in this Lease; or

7.1.3 execution or distress is levied on the Tenant's goods in the Premises; or

7.1.4 the Tenant or Guarantor being a company incorporated within the United Kingdom:

(a) has an Administration Order made in respect of it; or

(b) passes a resolution, or the Court makes an Order, for the winding up of the Tenant or the Guarantor, otherwise than a member's voluntary winding up of a solvent company for the purpose of amalgamation or reconstruction previously consented to by the Landlord (consent not to be unreasonably withheld); or

(c) has a receiver or administrative receiver or receiver and manager appointed over the whole or any part of its assets or undertaking; or

(d) is struck off the Register of Companies; or

(e) is deemed unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; or

7.1.5 proceedings or events analogous to those described in Clause 7.1.4 shall be instituted or shall occur where the Tenant or Guarantor is a company incorporated outside the United Kingdom; or

7.1.6 the Tenant or Guarantor being an individual:

(i) has a bankruptcy order made against him; or

(ii) appears to be unable to pay his debts within the meaning of Section 268 of the Insolvency Act 1986;

then the Landlord may re-enter the Premises or any part of the Premises in the name of the whole and forfeit this Lease and the Term created by this Lease shall immediately end, but without prejudice to the rights of the Landlord in respect of any breach of the obligations contained in this Lease;

7.2 No Compensation

Any right for the Tenant to claim compensation from the Landlord on vacating the Premises or otherwise is excluded to the extent permitted by law;

7.3 Notices

Section 196 of the Law of Property Act 1925 shall apply to any notice which may be served under this Lease and as if the final words of Section 196(4) "and that service... be delivered" were deleted and replaced by "and that service shall be deemed to be made on the third working day after posting";

7.4 Arbitration

7.4.1 Where this Lease provides for reference to Arbitration then reference shall be made in accordance with the Arbitration Act 1996 to a single arbitrator of not less than ten years' qualification experienced in the valuation and letting of property similar to and in the locality of the Premises agreed between the Landlord and the Tenant, or in the absence of agreement nominated on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors;

7.4.2 In the absence of a determination by the arbitrator as to his fees they shall be borne equally by the Landlord and the Tenant;

7.4.3 If the arbitrator is ready to make his award, but is unwilling to do so due to either party's failure to pay its share of the costs in connection with the award, the Landlord may serve on the Tenant a notice requiring the Tenant to pay such costs within 14 days, and if the Tenant fails to comply with such notice the Landlord may pay to the arbitrator the Tenant's costs and any amount so paid shall be a debt due forthwith from the Tenant to the Landlord;

7.5 No Implied Easements

The grant of this Lease does not confer any rights over the Building or the Adjoining Property or any other property except those mentioned in Part I of the First Schedule, and Section 62 of the Law of Property Act 1925 is excluded from this Lease, nor shall this Lease impose any restriction on the use of any property not comprised in this Lease;

7.6 Planning Acts

The Landlord does not warrant that the Permitted Use complies with the Planning Acts.

8. Applicable Law and Jurisdiction

8.1 This Lease shall be governed by and construed in accordance with English law

8.2 The parties to this Lease

8.2.1 irrevocably submit to the non-exclusive jurisdiction of the Courts of England and Wales to settle any disputes arising out of this Lease; and

8.2.2 waive any objection to any legal action or proceedings in such court on the grounds of venue or that it is an inconvenient or inappropriate forum;

8.3 The bringing of any legal action or proceedings in any jurisdiction shall not preclude the person bringing such action from bringing any such legal action or proceedings in any other jurisdiction.

9. Guarantee
The Guarantor covenants with the Landlord in the terms set out in the Third Schedule

10. It is hereby certified that there is no Agreement for Lease to which this Lease gives effect

Executed by the parties as a Deed the day and year first before written.

THE COMMON SEAL of BRITEL FUND TRUSTEES)
LIMITED was affixed to this Deed)
in the presence of:)

/s/ illegible
Authorised Signing Officer

/s/ illegible
Authorised Signing Officer

THE COMMON SEAL of CMGI (UK) LIMITED)
was affixed to this Deed in the presence of:)

/s/ Andrew J. Hajducky, III
Director

/s/ William Williams II
Director

Executed as a Deed by of CMGI INC)
----
acting by:)

By: /s/ Andrew J. Hajducky III

Name: Andrew J. Hajducky III
Title: Executive Vice President, CFO and Treasurer

Authorised Signatory

DATED 14 March 2000

BRITEL FUND TRUSTEES LIMITED

- and -

CMGI (UK) LIMITED

- and -

CMGI INC

LEASE

of
the fourth floor of Prospect House
80 to 110 (Even) New Oxford Street London WC1
together with the right to use
4 basement car parking spaces

EXHIBIT 10.38

LEASE PARTICULARS

1. Date		:	14 March 2000
2. Parties			
2.1	Landlord		BRITEL FUND TRUSTEES LIMITED (Company number: 1687153) whose registered office is at Standon House 21 Mansell Street London E1 8AA
2.2	Tenant	:	CMGI (UK) LIMITED (Company number 3871833) whose registered office is at Hasilwood House 60 Bishopsgate London EC2N 4AJ
2.3	Guarantor	:	CMGI INC (incorporated in Delaware) whose principal place of business is at 100 Brickstone Square Andover MA01810 USA and whose address for service in England is Sygnus Court Market Street Maidenhead Berkshire SL6 8AD
3. Building		:	The land and buildings known as Prospect House 80 to 110 New Oxford Street London WC1 as registered at H M Land Registry under Title Number NGL441887
4. Premises		:	The fifth floor of the Building shown for identification only edged red on the fifth floor plan annexed
5. Car Parking Spaces		:	the 4 spaces shown for identification only edged blue on the basement plan annexed or such other spaces (being not less than 4 in number) in lieu thereof at basement level as the Landlord may from time to time allocate for use by the Tenant

6.	Contractual Term	:	the term of years from and including 2000 up to and including 2010
7.	Principal Rent	:	FIVE HUNDRED AND TWENTY-EIGHT THOUSAND SEVEN HUNDRED AND TWENTY POUNDS ((Pounds)528,720) per annum subject to increase in accordance with the Second Schedule
8.	Rent Commencement Date	:	2000
9.	Rent Review Date	:	in 2005
10.	Permitted Use	:	as to that part of the Premises on the fifth floor of the Building as offices within Class B1 of the 1987 Order with ancillary parking in the Car Parking Spaces

This Lease made on the date and between the parties specified in the Particulars Witnesses as follows:

1. Definitions

In this Lease unless the context otherwise requires:

1.1 Adjoining Property means any adjoining or neighbouring premises in which the Landlord or a Group Company of the Landlord holds or shall at any time during the Term hold a freehold or leasehold interest;

1.2 Arbitration means arbitration in accordance with Clause 7.4;

1.3 Base Rate means the base rate from time to time of Royal Bank of Scotland PLC, or (if not available) such comparable rate of interest as the Landlord shall reasonably require;

1.4 Building means the building described in the Particulars, and includes any part of it and any alteration or addition to it or replacement of it;

1.5 Car Lifts means the car lifts shown for identification only edged brown on the basement plan annexed

1.6 Common Parts means the toilets, accesses, lifts (including without limitation the Car Lifts), car parks and other areas of the Building from time to time designated by the Landlord for common use by the tenants and occupiers of the Building but excluding any such areas as may be within the Premises or any other Lettable Units; 1.7 Conduit means any media for the passage of substances or energy and any ancillary apparatus attached to them and any enclosures for them;

1.8 Contractual Term means the term specified in the Particulars;

1.9 Encumbrances means the obligations and encumbrances contained or referred to in the documents specified in Part III of the First Schedule;

1.10 Group Company means a company which is a member of the same group of companies within the meaning of Section 42 of the Landlord and Tenant Act 1954;

1.11 Guarantor means the person so named in the Particulars and/or any party which gives a guarantee pursuant to the provisions of clause 4.16 hereof

1.12 Insured Risks means fire, lightning, earthquake, explosion, aircraft (other than hostile aircraft) and other aerial devices or articles dropped therefrom, riot, civil commotion, malicious damage, storm or tempest, bursting or overflowing of water tanks apparatus or pipes, flood, impact by road vehicles and in so far as the same is available at usual commercial rates in the UK insurance market acts of terrorism (to the extent that insurance against such risks may ordinarily be arranged with an insurer of good repute) and such other risks or insurance as may from time to time be reasonably required by the Landlord (subject in all cases to such exclusions and limitations as may reasonably be imposed by the insurers), and Insured Risk means any one of them;

1.13 Landlord means the person for the time being entitled to the immediate reversion to this Lease being initially the person so named in the Particulars;

1.14 Landlord's Surveyor means the Landlord's surveyor or managing agent (who may be an employee of the Landlord) and who shall be appropriately qualified;

1.15 this Lease means this lease and any document supplemental to it or entered into pursuant to it;

1.16 Lettable Unit means a part of the Building which is let, or constructed or adapted for letting, from time to time;

1.17 Outside Service Hours Charge means the proper cost to the of providing any of the Services at the Tenant's request outside the Service Hours (or a fair proportion of such cost if requested or used by another tenant also);

1.18 Particulars means the descriptions and terms on the page headed Lease Particulars which form part of this Lease;

1.19 Permitted Part means a part of the Premises

1.19.1 where all of the following conditions are satisfied:

(a) the extent of the part intended to be sublet shall first have been approved by the Landlord (such approval not to be unreasonably withheld);

(b) the Landlord acting reasonably is satisfied that each part intended to be sublet and the remainder of the Premises will in each case be self-contained and capable of separate use and occupation;

(c) no more than two separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any time (provided that during only such time as this Lease is vested in CMGI (UK) Limited no more than three separate occupations (including the occupation of the Tenant itself if relevant) shall subsist at any one time); and

1.19.2 PROVIDED THAT before any Permitted Part is sublet the Tenant shall have obtained (and produced to the Landlord) a valid Order of the Court (together

with the form of underlease to which such Order refers) excluding in respect of such proposed sub-demise the provisions of Sections 24 to 28 inclusive of the Landlord and Tenant Act 1954.

1.20 Planning Acts means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Planning (Consequential Provisions) Act 1990;

1.21 Premises means the premises described in the Particulars and any part of them and includes:

1.21.1 the floorboards, scReed, plaster and other finishes on the floors, walls, columns and ceilings, and all carpets;

1.21.2 the raised floors and false ceilings (including light fittings), and the voids between the ceilings and false ceilings and the floor slab and the raised floors;

1.21.3 non-load-bearing walls and columns wholly within the Premises and one half of the thickness of such walls dividing the Premises from other parts of the Building;

1.21.4 all doors and internal windows and their frames, glass and fitments;

1.21.5 all Conduits, plant and machinery within and solely serving the Premises;

1.21.6 all Landlord's fixtures and fittings in the Premises;

1.21.7 all alterations and additions made to the Premises; but excludes:

1.21.8 all structural and external parts of the Building;

1.21.9 load bearing framework roof foundations and joists;

1.21.10 all Conduits, plant and machinery serving other parts of the Building;

1.21.11 all external windows and their frames glass and fitments;

1.22 Principal Rent means the rent stated in the Particulars;

1.23 Quarter Days means 25 March, 24 June, 29 September and 25 December in evyear and Quarter Day means any of them;

1.24 Service Charge means the service charge as specified in the Fourth Schedule;

1.25 Service Hours means 8 a.m. to 8 p.m. on Monday to Friday and 8 a.m. to 2 p.m. on Saturday, excluding all public holidays;

1.26 Services means the services set out in Parts 11(A) and 11(B) of the Fourth Schedule;

1.27 Tenant means the person so named in the Particulars, and includes its successors in title;

1.28 Term means the Contractual Term together with any continuation of the term or the tenancy (whether by statute or common law but not by renewal);

1.29 VAT means Value Added Tax and any similar tax substituted for it or levied in addition to it;

1.30 1987 Order means the Town and Country Planning (Use Classes) Order 1987 (as originally made);

1.31 1995 Act means the Landlord and Tenant (Covenants) Act 1995.

2. Interpretation

In this Lease unless the context otherwise requires:

2.1. If the Tenant or the Guarantor is more than one person then their covenants are joint and several;

2.2. Any reference to a statute includes any modification, extension or re-enactment of it and any orders, regulations, directions, schemes and rules made under it;

2.3 Any covenant by the Tenant not to do any act or thing includes an obligation not knowingly to permit or suffer such act or thing to be done;

2.4 If the Landlord reserves rights of access or other rights over or in relation to the Premises then those rights extend to persons properly authorised by it;

2.5 References to the act or default of the Tenant include acts or default or negligence of any undertenant, or of anyone at the Premises with the Tenant's or any undertenant's permission or sufferance;

2.6 The Clause headings in this Lease are for ease of reference only;

2.7 References to the last year of the Term shall mean the twelve months ending on the expiration or earlier termination of the Term;

2.8 The perpetuity period applicable to this Lease shall be the Term or 80 years from the commencement of the Term (whichever is the shorter);

2.9 References to Costs include all lawful liabilities, claims, demands, damages, losses and proper costs and expenses.

3. Demise and Rents

The Landlord DEMISES the Premises to the Tenant for the Contractual Term, TOGETHER WITH the rights set out in Part I of the First Schedule, EXCEPT AND RESERVING as mentioned in Part II of the First Schedule, subject to all rights enjoyed by the owners or occupiers of any neighbouring property over the Premises and subject to the Encumbrances, the Tenant paying by way of rent during the Term without any deduction, counterclaim or set off:

3.1 the Principal Rent and any VAT by equal quarterly payments in advance on the Quarter Days, to be paid by Banker's Standing Order to an account and bank within the United Kingdom if the Landlord so requires, the first payment for the period from and including the Rent Commencement Date to (but excluding) the next Quarter Day to be made on the Rent Commencement Date;

3.2 the Service Charge and any VAT at the times and in the manner set out in the Fourth Schedule, and the Outside Service Hours Charge and any VAT within 14 days of demand;

3.3 the following amounts and any VAT:

3.3.1 the sums specified in Clauses 4.2 (interest) and 4.5

3.3.2 the sums specified in Clause 6.2.1 (insurance);

3.3.3 all Costs incurred by the Landlord as a result of any breach of the Tenant's covenants in this Lease.

4. Tenant's covenants

The Tenant covenants with the Landlord throughout the Term, or until released pursuant to the 1995 Act, as follows:

4.1 Rents

To pay the rents and other sums reserved by this Lease on the due dates;

4.2 Interest

If the Landlord does not receive any sum due to it by the due date, to pay on demand interest on such sum at 4 per cent above Base Rate (compounded on the Quarter Days) from the due date until payment (both before and after any judgment), provided this Clause shall not prejudice any other right or remedy for the recovery of such sum;

4.3 Outgoings

To pay all existing and future rates, taxes, charges, assessments and outgoings in respect of the Premises (whether assessed or imposed on the owner or the occupier), except any tax (other than VAT) arising as a result of the receipt by the Landlord of the Principal Rent and any tax arising on any dealing by the Landlord or any superior landlord with its reversion to this Lease;

4.4 VAT

4.4.1 Any payment or other consideration to be provided to the Landlord is exclusive of VAT, and subject to receipt within 14 days thereafter of a valid VAT invoice the Tenant shall in addition pay any VAT chargeable on the date the payment or other consideration is due;

4.4.2. Any obligation to reimburse or pay the Landlord's expenditure extends to irrecoverable VAT on that expenditure, and the Tenant shall also reimburse or pay such VAT;

4.5 Utilities

To pay for all gas, electricity, water, telephone and other utilities used on the Premises, and all charges for meters and all standing charges, and a fair proportion of any joint charges as reasonably determined by the Landlord's Surveyor;

4.6 Repair

4.6.1 To put, keep and maintain the Premises (excluding air conditioning, ventilation and fire systems) and any Conduits, plant and equipment serving only the Premises in good and substantial repair and condition (damage by the Insured Risks excepted save to the extent that insurance moneys are irrecoverable as a result of the act or default of the Tenant);

4.6.2 To make good any disrepair for which the Tenant is liable within 2 months after the date of written notice from the Landlord (or sooner if the Landlord reasonably requires);

4.6.3 If the Tenant fails to comply with any such notice the Landlord may enter and carry out the work, and the proper cost shall be reimbursed by the Tenant on demand as a debt;

4.7 Decoration

4.7.1 To clean, prepare and paint or treat and generally redecorate all internal parts of the Premises in the fifth year and in the last year of the Term;

4.7.2 The work described in Clause 4.7.1 is to be carried out:

(i) in a good and workmanlike manner to the Landlord's reasonable satisfaction; and

(ii) in colours which (if different from the existing colour) are first approved in writing by the Landlord (approval not to be unreasonably withheld or delayed);

4.8 Cleaning

4.8.1 To keep the Premises clean, tidy and free from rubbish;

4.8.2 To clean the inside of windows and any washable surfaces at the Premises as often as reasonably necessary;

4.9 Overloading

Not to overload the floors or ceilings of the Premises, or the structure of the Building, or any plant, machinery or electrical installation serving the Premises or the Building nor to do anything which adversely interferes with the heating, air conditioning or ventilation of the Building;

4.10 Conduits

To keep the Conduits in or exclusively serving the Premises clear and free from any noxious, harmful or deleterious substance, and to remove any obstruction and repair any damage to such Conduits caused as a result of any breach of this covenant by the Tenant as soon as reasonably practicable to the Landlord's reasonable satisfaction;

4.11 Prohibited Uses

Not to use the Premises:

4.11.1 for any purpose which is noisy, offensive, dangerous, illegal, immoral or a nuisance or causes damage to the Landlord or its other tenants of the Building, or to owners or occupiers of any neighbouring property, or which involves any substance which may be harmful, polluting or contaminating;

4.11.2 for residential purposes;

4.11.3 for any auction, public or political meeting, public exhibition or show, or as a betting office or for gaming or playing amusement machines, or as a sex shop (as defined in the Local Government (Miscellaneous Provisions) Act 1982), or for the business of an undertaker, or for the business of a staff agency, employment agency or Government Department at which the general public call without appointment;

4.12 Permitted Use

Not to use the Premises otherwise than for the Permitted Use specified in the Particulars;

4.13 Signs

Not to erect any sign, notice or advertisement which is visible outside the Premises without the Landlord's prior written consent;

4.14 Alterations

4.14.1 Not to make any alterations or additions which:

(a) merge the Premises with any adjoining premises;

(b) affect the external appearance of the Premises;

(c) would permanently diminish the lettable floor area of the Premises

4.14.2 Not to make any alterations or additions to the Premises which affect the structure of the Building (including without limitation the roofs and foundations and the principal or load-bearing walls, floors, beams and columns) without the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.14.3 Not to make any other alterations or additions to the Premises provided that the Tenant may make internal non-structural alterations to the Premises if the Tenant has first provided the Landlord with all such details specifications and drawings of such internal non-structural alterations as the Landlord may reasonably require and provided further that if such non-structural alterations affect the heating, air conditioning or ventilation systems or any other services at the Building or any Conduit or other plant or machinery providing services within the Premises or the Building then the Tenant must obtain the Landlord's prior written consent (not to be unreasonably withheld or delayed)

4.15 Preservation of Easements

4.15.1 Not to prejudice the acquisition of any right of light for the benefit of the Premises by obstructing any window or opening, or giving any acknowledgment that the right is enjoyed by consent or any other act or default of the Tenant;

4.15.2 To preserve all rights of light and other easements enjoyed by the Premises, and not to grant to or permit or suffer anyone to acquire any right of light or other easement or right over the Premises and in the event of anyone otherwise claiming any such right if required by and at the cost of the Landlord to join in any action to be implemented by the Landlord in relation to such claim;

4.15.3 To give the Landlord immediate notice if any easement enjoyed by the Premises is obstructed, or any new easement affecting the Premises is made or attempted;

4.16 Alienation

4.16.1 Not to:

(a) assign, charge, or (save as permitted in clause 4.16.4) underlet nor to part with possession of part only of the Premises nor to agree to do so;

(b) part with the possession of the whole of the Premises except by an assignment or underletting permitted by this Clause 4.16;

(c) share the possession or occupation of the whole or any part of the Premises except as permitted by clause 4.16.7;

4.16.2 Not to assign or agree to assign the whole of the Premises without the Landlord's written consent (not to be unreasonably withheld or delayed), provided that:

(a) the Landlord may withhold consent in circumstances where in the reasonable opinion of the Landlord the proposed assignee is not of sufficient financial standing to enable it to comply with the Tenant's covenants in this Lease;

(b) the Landlord's consent shall in every case be subject to conditions (unless expressly excluded) requiring that:

(i) the assignee covenants with the Landlord to pay the rents and observe and perform the Tenant's covenants in this Lease during the residue of the Term, or until released pursuant to the 1995 Act;

(ii) the Tenant enters into an authorised guarantee agreement guaranteeing the performance of the Tenant's covenants in this Lease by the assignee in the form set out in the Third Schedule with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iii) such other persons as the Landlord reasonably requires act as guarantors for the assignee and enter into direct covenants with the Landlord in the form set out in the Third Schedule (but referring in paragraph 1.2 to the assignee) with such reasonable additional provisions and other amendments as the Landlord may from time to time reasonably require;

(iv) all rent and other payments then due under this Lease are paid before completion of the assignment;

4.16.3 The provisos to Clause 4.16.2 shall not prejudice the Landlord's right to withhold consent in other circumstances, or to impose other conditions, where it would be reasonable to do so;

4.16.4 Not to underlet or agree to underlet the whole of the Premises or any Permitted Part unless:

(a) the rent payable under the underlease is:

(i) not less than the best rent reasonably obtainable in the open market for the Premises or Permitted Part without fine or premium;

(ii) payable no more than one quarter in advance;

(iii) to be subject to upward-only reviews at five yearly intervals to coincide with the rent reviews under this Lease;

(b) the undertenant covenants with the Landlord and in the underlease:

(i) to observe and perform the Tenant's covenants in this Lease (except for payment of the rents) during the term of the underlease or until released pursuant to the 1995 Act;

(ii) not subject as herein provided to sub-underlet part only nor to share or part with possession or occupation of the whole or any part of the underlet premises, nor to assign or charge part only of the underlet premises;

(iii) not to assign or sub-underlet the whole of the underlet premises or (in the case of an underlease of the whole of the Premises) to sub-underlet a Permitted Part without in the case of a sub-underletting (whether of the whole of the Premises or of a Permitted Part) obtaining and producing to the tenant and to the Landlord an Order as referred to in clause 1.19.2 in relation to the tenancy created by such sub-underlease nor without the Landlord's prior written consent (which shall not be unreasonably withheld or delayed

if the other requirements of this clause 4.16 are fulfilled); and

(iv) to include in any sub-underlease pursuant to paragraph (iii) an absolute prohibition against further underlettings of whole or part

(c) all rents and other ascertainable payments then due under this Lease are paid before completion of the underletting;

(d) in the case of an underletting of a Permitted Part the Order referred to in clause 1.19 has first been obtained and produced to the Landlord;

4.16.5 Without prejudice to Clause 4.16.4, not to underlet the whole of the Premises or any Permitted Part nor vary the terms of any underlease without the Landlord's written consent (not to be unreasonably withheld or delayed);

4.16.6 To take all necessary steps and proceedings to remedy any breach of the covenants of the undertenant under the underlease, and not to permit any reduction of the rent payable by any undertenant;

4.16.7 Notwithstanding Clause 4.16.1 the Tenant and any permitted undertenant may share occupation of the whole or any part of the Premises or the underlet premises with any company which is a Group Company of the Tenant or the undertenant (as the case may be)

PROVIDED THAT

(a) the relationship of landlord and tenant is not created; and

(b) occupation by any Group Company shall cease upon it ceasing to be a Group Company of the Tenant; and

(c) the Tenant informs the Landlord in writing before each occupier commences occupation (with evidence that the occupier is a Group Company of the Tenant or the permitted undertenant as the case may be) and after it ceases occupation;

4.16.8 Not to permit any other person to use the Car Parking Spaces except

(a) by way of written licence;

(b) for a period of not less than 3 months;

(c) so that the relationship of landlord and tenant is not created;

(d) to a person who is a direct tenant of the Landlord in or a permitted underlessee of office premises in the Building; and

(e) with the prior written approval of the Landlord (not to be unreasonably withheld or delayed)

4.17 Registration

4.17.1 Within 21 days to give to the Landlord's solicitors (or as the Landlord may direct) written notice of any assignment, charge, underlease or other devolution of the Premises or sharing of occupation together with three certified copies of the relevant document (and in a case to which clause 4.16.7 applies due evidence that the occupier is a Group Company of the Tenant) and a reasonable registration fee of not less than (Pounds)30;

4.17.2 Within 14 days of request to supply to the Landlord details of the persons using or permitted to use any of the Car Parking Spaces with details of the terms on which they use them and a certified copy of every licence issued and then current of which the Tenant has not previously supplied a copy

4.18 Statutory Requirements

To comply promptly with all notices served by any public, local or statutory authority, and with the requirements of any present or future statute European Union law regulation or directive (whether imposed on the owner or occupier), which affects the Premises or their use;

4.19 Planning

4.19.1 To comply with the Planning Acts;

4.19.2 Not to apply for or implement any planning permission affecting the Premises without first obtaining the Landlord's written consent;

4.19.3 If a planning permission is implemented the Tenant shall complete all the works permitted and comply with all the conditions imposed by the permission before the determination of the Term (including any works stipulated to be carried out by a date after the determination of the Term unless the Landlord requires otherwise);

4.19.4 If the Landlord reasonably so requires, to produce evidence to the Landlord that the provisions of this Clause 4.19 have been complied with;

4.20 Notices

4.20.1 To supply the Landlord with a copy of any notice, order or certificate or proposal for any notice, order or certificate affecting or capable of affecting the Premises as soon as it is received by or comes to the notice of the Tenant;

4.20.2 At the request of the Landlord and at the joint cost of the Landlord and the Tenant (but at the cost of the Tenant if the notice, order certificate or proposal is as a result of any breach by the Tenant) to make or join the Landlord in making such objections or representations against or in respect of any such notice, order or certificate as the Landlord may reasonably require;

4.21 Contaminants and Defects

4.21.1 To give the Landlord written notice of the existence of any contaminant, pollutant or harmful substance on or any defect in the Premises as soon as it comes to the notice of the Tenant;

4.21.2 If so requested by the Landlord to remove from the Premises or remedy to the Landlord's satisfaction any such contaminant pollutant or harmful substance which the Tenant has brought on or caused or allowed to be brought on to the Premises;

4.22 Entry by Landlord

To permit the Landlord at all reasonable times and on reasonable notice (except in emergency) to enter the Premises in order to:

4.22.1 inspect and record the condition of the Premises or any other parts of the Building or the Adjoining Property;

4.22.2 remedy any breach of the Tenant's obligations under this Lease;

4.22.3 repair, maintain, clean, alter, replace, install, add to or connect up to any Conduits which serve the Building or the Adjoining Property;

4.22.4 repair, maintain, alter or rebuild any part of the Building or the Adjoining Property;

4.22.5 comply with any of its obligations under this Lease;

Provided that the Landlord shall cause as little inconvenience as reasonably practicable in the exercise of such rights, and shall make good all damage to the Premises and the Tenant's fixtures and fittings caused by such entry as soon as reasonably practicable;

4.23 Landlord's Costs

To pay to the Landlord on demand amounts equal to such reasonable and proper Costs as it may incur:

4.23.1 in connection with any application for approval or consent made necessary by this Lease (including where consent is lawfully refused or the application is withdrawn);

4.23.2 incidental to or in reasonable contemplation of the preparation and service of a schedule of dilapidations (whether before or within 3 months after expiry of the Term) or a notice or proceedings under Section 146 or Section 147 of the Law of Property Act 1925 (even if forfeiture is avoided other than by relief granted by the Court);

4.23.3 in connection with the enforcement or remedying of any breach of the covenants in this Lease on the part of the Tenant and any Guarantor;

4.23.4 incidental to or in reasonable contemplation of the preparation and service of any notice under Section 17 of the 1995 Act;

4.24 Indemnity

To indemnify the Landlord against all Costs reasonably and properly incurred arising directly or indirectly from the use or occupation or condition of the Premises, or any breach of the Tenant's obligations under this Lease, or any act or default of the Tenant in relation to the Premises, or the exercise of the rights set out in Part I of the First Schedule;

4.25 Reletting Notices

To allow a letting or sale board to be displayed on the Premises (but not so that it restricts or interferes unreasonably with the light enjoyed by the Premises) and to allow prospective tenants or purchasers to view the Premises on reasonable notice;

4.26 Yielding up

4.26.1 Immediately before the end of the Term:

(i) to give up the Premises repaired and decorated and otherwise in accordance with the Tenant's covenants in this Lease;

(ii) if and to the extent the Landlord so requires, to remove all alterations made during the Term or any preceding period of occupation by the Tenant and reinstate the Premises as the Landlord shall reasonably direct and to its reasonable satisfaction;

(iii) if and to the extent the Landlord so requires to remove all signs, tenant's fixtures and fittings and other goods from the Premises, and make good any damage caused thereby to the Landlord's reasonable satisfaction;

(iv) to replace (if beyond repair) any damaged or missing Landlord's fixtures with ones of no less quality and value;

(v) to pay to the Landlord a sum equal to any rating relief which the Landlord will be unable to claim because the Premises shall be unoccupied for any period immediately before the end of the Term;

4.26.2 If the Tenant fails to comply with Clause 4.26.1 to pay to the Landlord on demand as liquidated damages:

(i) any Costs incurred by the Landlord in remedying the breach; and

(ii) a sum equivalent to the Principal Rent payable immediately before the end of the Term (disregarding any abatement) for the period reasonably required to remedy the breach

4.27 Encumbrances

Not to do or omit to do anything which would or might be a breach of the Encumbrances;

4.28 Regulations

4.28.1 To observe all reasonable rules and regulations relating to the Building from time to time made by the Landlord and notified to the Tenant ;

4.28.2 Not to cause any obstruction to the Common Parts, nor to park, load or unload vehicles otherwise than in the areas designated for such purpose from time to time.

5. Landlord's Covenants

The Landlord covenants with the Tenant as follows:

5.1 Quiet Enjoyment

That, subject to the Tenant paying the rents reserved by and complying with the terms of this Lease, the Tenant may peaceably enjoy the Premises during the Term without any interruption by the Landlord or any person lawfully claiming under or in trust for it;

5.2 Provision of Services

The Landlord will provide the Services in a reasonably economic and efficient manner and in accordance with the principles of good estate management, Provided that:

5.2.1 the Services need only be provided during the Service Hours unless the Tenant requests other hours for which it is liable to pay the Outside Service Hours Charge whereupon the Landlord will provide such Services during such other hours;

5.2.2 the Landlord will not be in breach of this Clause as a result of any failure or interruption of any of the Services:

(a) resulting from circumstances beyond the Landlord's reasonable control, so long as the Landlord uses its reasonable endeavours to remedy the same as soon as reasonably practicable after becoming aware of such circumstances; or

(b) to the extent that the Services (or any of them) cannot reasonably be provided as a result of works of inspection, maintenance and repair or

other works being carried out at the Building provided that the Landlord uses its reasonable endeavours (having regard to the interests of good estate management) to keep the disruption caused by such works to the minimum reasonably practicable.

5.3.1 To provide at the cost of the Tenant adequate heating and hot water air conditioning and operating chillers to the Premises at all times during the Term provided that:

5.3.1.1 such costs shall be paid by the Tenant in the manner and at the times set out in Part I of the Fourth Schedule (which shall apply mutatis mutandis) save where clause 5.3.1.3 applies

5.3.1.2 the Tenant's Share for the purposes of this clause 5.3.1 shall be 100%

5.3.1.3 in the event that any such costs are payable direct to the supplier by the Tenant clause 4.5 shall apply

5.3.2 To install and make operational as soon as reasonably practicable electricity check meters to each of the Lettable Units to enable the charge for power consumed in each of the Lettable Units to be assessed and charged at the service providers tariff rates

5.3.3 To provide security staff to the Building at all times during the Term and the cost of so doing shall form part of the Service Costs referred to in paragraph 7 of Part II(B) of the Fourth Schedule

6. Insurance

6.1 Landlord's insurance covenants

The Landlord covenants with the Tenant as follows:

6.1.1 To insure the Building (other than tenant's and trade fixtures and fittings) on usual and reasonable commercial terms unless the insurance is invalidated in whole or in part by any act or default of the Tenant:

(a) with an insurance office or underwriters of repute;

(b) against loss or damage by the Insured Risks;

(c) subject to such excesses as may be imposed by the insurers;

(d) in the full cost of reinstatement of the Building (in modern form if appropriate) including shoring up, demolition and site clearance, professional fees, VAT and allowance for building cost increases;

6.1.2 To insure against loss of the Principal Rent and the Service Charge and VAT thereon payable or reasonably estimated by the Landlord to be payable under this Lease arising from damage to the Premises by the Insured Risks for four years or such shorter period as the Landlord may reasonably require having regard to the likely period for reinstating the Premises;

6.1.3 At the request of the Tenant to produce evidence of the terms of the insurance under this Clause 6.1 and of payment of the current premium;

6.1.4 To notify the Tenant of any material change in the risks covered by the policy from time to time which would affect the Tenant;

6.1.5 To use its reasonable endeavours (but not being obliged to change insurers) at the cost (if any) of the Tenant to procure (at the discretion of the Landlord) either that a note of the Tenant's interest and the interest of any lawful undertenant is endorsed on the policy or that such interest is otherwise protected by means of an "Any Other Interests" provision in such policy or that the Landlord's insurers will issue in respect of the Tenant a waiver of rights of subrogation in relation to the Premises;

6.1.6 If any part of the Building is destroyed or damaged by an Insured Risk, then, unless payment of the insurance moneys is refused in whole or part because of the act or default of the Tenant, and subject to obtaining all necessary planning and other consents to use the insurance proceeds (except those relating to loss of rent and fees) and any insured excess paid by the Tenant under Clause 6.2.4(b) in reinstating the

same (other than tenant's and trade fixtures and fittings) as quickly as reasonably practicable, in modern form if appropriate but not necessarily identical in layout and (in relation to the Premises) substantially as they were before the destruction or damage;

6.2 Tenant's insurance covenants

The Tenant covenants with the Landlord throughout the Term or until released pursuant to the 1995 Act as follows:

6.2.1 To pay to the Landlord within 7 days of demand sums equal to:

(a) a fair proportion (reasonably determined by the Landlord's Surveyors) of the amount which the Landlord spends on insurance pursuant to Clause 6.1.1;

(b) the whole of the amount which the Landlord spends on insurance pursuant to Clause 6.1.2;

6.2.2 To give the Landlord immediate written notice on becoming aware of any event or circumstance which might affect or lead to an insurance claim;

6.2.3 Not to do anything at the Premises which would or might prejudice or invalidate the insurance of the Building or the Adjoining Property or cause any premium for their insurance to be increased;

6.2.4 pay to the Landlord within 7 days of demand:

(a) any increased premium and any Costs incurred by the Landlord as a result of a breach of Clause 6.2.3;

(b) the whole of the irrecoverable proportion of the insurance moneys if the Building or any part is destroyed or damaged by an Insured Risk but the insurance moneys are irrecoverable in whole or part due to the act or default of the Tenant;

6.2.5 To comply with the requirements and reasonable recommendations of the insurers of which the Tenant has received written notice;

6.2.6 To notify the Landlord of the full reinstatement cost of any fixtures and fittings installed at the Premises at the cost of the Tenant which become Landlord's fixtures and fittings;

6.2.7 Not to effect any insurance of the Premises against an Insured Risk, but if the Tenant effects or has the benefit of any such insurance the Tenant shall hold any insurance moneys upon trust for the Landlord and pay the same to the Landlord as soon as practicable;

6.3 Suspension of Rent

6.3.1 If the Premises are unfit for occupation and use because of damage by an Insured Risk then (save to the extent that payment of the loss of rent insurance moneys is refused due to the act or default of the Tenant) the Principal Rent and the Service Charge (or a fair proportion according to the nature and extent of the damage) shall be suspended until the earlier of:

(i) the date on which the Premises are again fit for occupation and use; and

(ii) the expiry of the loss of rent insurance period;

PROVIDED THAT if the Premises or the appropriate part thereof (or access thereto within the Building) have not been reinstated in accordance with the Landlord's obligation contained in Clause 6.1.4 of this Lease so as to render the Premises fit for occupation and use within four years after the date of the damage or destruction or if earlier by the date on which the said cesser of rent shall determine ("the Relevant Date") then either party may determine this Lease by serving one month's written notice on the other (such notice to expire within two months of the Relevant Date) whereupon this Lease shall cease and determine but without prejudice to any

antecedent claims and all insurance monies received by the Landlord shall belong to it absolutely.

6.3.2 If the Premises or any part thereof (or access thereto within the Building) have been damaged or destroyed by an Insured Risk so as to render the Premises incapable of beneficial use, then the Landlord will procure that the Landlord's architect will produce to the Landlord and the Tenant a report (the "Report") as soon as reasonably practicable and in any event within 90 days of the date of the damage or destruction which shall confirm whether or not the Premises can in the Landlord's architect's reasonable opinion be reinstated within four years from the date of the damage or destruction, so as to render the Premises again capable of beneficial use. If the Report does not state that in the Landlord's architect's reasonable opinion the Premises can be reinstated as expressed above, then either the Landlord or the Tenant may within two weeks from receipt of the Report terminate this Lease by giving two weeks' written notice thereafter following receipt of the Report.

6.3.3 Time shall be of the essence for the purpose of Clause 6.3.2. Termination of this Lease pursuant to Clause 6.3.2 shall be without prejudice to the rights of either party against the other in respect of any antecedent breach of covenant.

6.3.4 Any dispute relating to this Clause 6.3 shall be referred to Arbitration.

7. Provisos

7.1 Forfeiture

If any of the following events occurs:

7.1.1 the Tenant fails to pay any of the rents payable under this Lease within 21 days of the due date (whether or not formally demanded); or

7.1.2 the Tenant or Guarantor breaches any of its obligations in this Lease; or

7.1.3 execution or distress is levied on the Tenant's goods in the Premises; or

7.1.4 the Tenant or Guarantor being a company incorporated within the United Kingdom:

(a) has an Administration Order made in respect of it; or

(b) passes a resolution, or the Court makes an Order, for the winding up of the Tenant or the Guarantor, otherwise than a member's voluntary winding up of a solvent company for the purpose of amalgamation or reconstruction previously consented to by the Landlord (consent not to be unreasonably withheld); or

(c) has a receiver or administrative receiver or receiver and manager appointed over the whole or any part of its assets or undertaking; or

(d) is struck off the Register of Companies; or

(e) is deemed unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986; or

7.1.5 proceedings or events analogous to those described in Clause 7.1.4 shall be instituted or shall occur where the Tenant or Guarantor is a company incorporated outside the United Kingdom; or

7.1.6 the Tenant or Guarantor being an individual:

(i) has a bankruptcy order made against him; or

(ii) appears to be unable to pay his debts within the meaning of Section 268 of the Insolvency Act 1986;

then the Landlord may re-enter the Premises or any part of the Premises in the name of the whole and forfeit this Lease and the Term created by this Lease shall immediately end, but without prejudice to the rights of the Landlord in respect of any breach of the obligations contained in this Lease;

7.2 No Compensation

Any right for the Tenant to claim compensation from the Landlord on vacating the Premises or otherwise is excluded to the extent permitted by law;

7.3 Notices

Section 196 of the Law of Property Act 1925 shall apply to any notice which may be served under this Lease and as if the final words of Section 196(4) "and that service... be delivered" were deleted and replaced by "and that service shall be deemed to be made on the third working day after posting";

7.4 Arbitration

7.4.1 Where this Lease provides for reference to Arbitration then reference shall be made in accordance with the Arbitration Act 1996 to a single arbitrator of not less than ten years' qualification experienced in the valuation and letting of property similar to and in the locality of the Premises agreed between the Landlord and the Tenant, or in the absence of agreement nominated on the application of either party by the President for the time being of the Royal Institution of Chartered Surveyors;

7.4.2 In the absence of a determination by the arbitrator as to his fees they shall be borne equally by the Landlord and the Tenant;

7.4.3 If the arbitrator is ready to make his award, but is unwilling to do so due to either party's failure to pay its share of the costs in connection with the award, the Landlord may serve on the Tenant a notice requiring the Tenant to pay such costs within 14 days, and if the Tenant fails to comply with such notice the Landlord may pay to the arbitrator the Tenant's costs and any amount so paid shall be a debt due forthwith from the Tenant to the Landlord;

7.5 No Implied Easements

The grant of this Lease does not confer any rights over the Building or the Adjoining Property or any other property except those mentioned in Part I of the First Schedule, and Section 62 of the Law of Property Act 1925 is excluded from this Lease, nor shall this Lease impose any restriction on the use of any property not comprised in this Lease;

7.6 Planning Acts

The Landlord does not warrant that the Permitted Use complies with the Planning Acts.

8. Applicable Law and Jurisdiction

8.1 This Lease shall be governed by and construed in accordance with English law

8.2 The parties to this Lease

8.2.1 irrevocably submit to the non-exclusive jurisdiction of the Courts of England and Wales to settle any disputes arising out of this Lease; and

8.2.2 waive any objection to any legal action or proceedings in such court on the grounds of venue or that it is an inconvenient or inappropriate forum;

8.3 The bringing of any legal action or proceedings in any jurisdiction shall not preclude the person bringing such action from bringing any such legal action or proceedings in any other jurisdiction.

9. Guarantee
The Guarantor covenants with the Landlord in the terms set out in the Third Schedule

10. It is hereby certified that there is no Agreement for Lease to which this Lease gives effect

Executed by the parties as a Deed the day and year first before written.

THE COMMON SEAL of BRITEL FUND TRUSTEES)
LIMITED was affixed to this Deed)
in the presence of:)

/s/ illegible
Authorised Signing Officer

/s/ illegible
Authorised Signing Officer

THE COMMON SEAL of CMGI (UK) LIMITED)
was affixed to this Deed in the presence of:)

/s/ Andrew J. Hajducky, III
Director

/s/ William Williams II
Director

Executed as a Deed by of CMGI INC)
----
acting by:)

By: :/s/ Andrew J. Hajducky III

Name: Andrew J. Hajducky III
Title: Executive Vice President, CFO and Treasurer

Authorised Signatory

DATED 14 March 2000

BRITEL FUND TRUSTEES LIMITED

- and -

CMGI (UK) LIMITED

- and -

CMGI INC

LEASE

of
the fifth floor of Prospect House
80 to 110 (Even) New Oxford Street London WC1
together with the right to use
4 basement car parking spaces

INDENTURE OF LEASE made as of this day of March, 2000, between 622 BUILDING COMPANY LLC, a New York limited liability company, having an office at 750 Lexington Avenue, New York, New York 10022 ("Landlord") and CMGI Inc., a Delaware corporation having an office at 100 Brickstone Square, Andover, Massachusetts 01810 ("Tenant").

W I T N E S S E T H :

ARTICLE 1

Premises; Term

Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the following space ("Demised Premises"): the entire 9/th/ and 11/th/ and part of the 10th floors as shown crosshatched on the floor plan (Schedule A) attached hereto, in the office building known as and by the street number 622 Third Avenue, in the Borough of Manhattan, City and State of New York ("Building"), upon and subject to the terms, covenants and conditions hereafter set forth.

TO HAVE AND TO HOLD the Demised Premises unto Tenant for a term commencing on March 15, 2000 (the "Commencement Date") (subject to Section 2.01) and ending on August 31, 2007 (the "Expiration Date"), or on such earlier date upon which said term may expire or terminate pursuant to the conditions of this Lease or pursuant to law.

IT IS MUTUALLY COVENANTED AND AGREED between Landlord and Tenant as follows:

ARTICLE 2

Commencement of Term

Section 2.01. The term of this Lease, for which the Demised Premises are hereby leased, shall commence on the Commencement Date, and the Landlord shall deliver possession of the Demised Premises on the Commencement Date and deliver a countersigned original of this Lease on or before such date. Delivery of possession of the Demised Premises includes delivery of keys and reasonable access to and from all portions of the Demised Premises.

Section 2.02. Tenant has fully inspected the Demised Premises, is familiar with the condition thereof and agrees to accept possession of the same on the Commencement Date. Landlord shall not be required to do any work therein to make the same suitable for the operation of Tenant's business.

Section 2.03. Promptly after the Commencement Date, Landlord and Tenant shall execute a statement in recordable form confirming the agreed upon Commencement and Expiration Dates of this Lease, in accordance with the foregoing provisions.

ARTICLE 3

Rent

Section 3.01. Tenant shall pay as rent for the Demised Premises, the following:

(a) a fixed minimum rent (the "minimum rent") at the annual rate of $3,375,000.00 per annum (or $281,250.00 per month), provided if the Commencement Date is not the first day of a month, then the minimum rent for such month shall be prorated; and

(b) all other sums and charges required to be paid by Tenant under the terms of this Lease (including without limitation, the payments required to be made under Article 22), which shall be deemed to be and are sometimes referred to hereafter as additional rent.

Section 3.02. Notwithstanding the provisions of Section 3.01 hereof and provided Tenant is not then in default under any of the provisions of this Lease on its part to be performed, Tenant shall be entitled to an abatement of the minimum rent only as follows: the amount of $281,250.00 for each of the 1/st/, 2/nd/, 3/rd/, 37/th/ and 49/th/ full months of the term succeeding the Commencement Date. Tenant acknowledges that the consideration for the aforesaid abatement of minimum rent is Tenant's agreement to perform all of the terms, covenants and conditions of this Lease on its part to be performed. Tenant shall be required to pay additional rent from and after the Commencement Date.

Section 3.03. The minimum rent shall be payable in equal monthly installments in advance on the first day of each and every month during the term of this Lease, except that the amount of $281,250.00 shall be paid upon the execution of this Lease and applied to the payment of minimum rent for the fourth (4th) full month of the term.

Landlord and Tenant agree that Tenant shall pay minimum rent, additional rent and other amounts now due or hereafter to become due to the Landlord or its agents as provided for in this Lease, (as and when due) directly to the following lock-box account:

622 Building Company LLC
P.O. Box 41007
Newark, New Jersey 07101-8700

All rent checks shall be made payable to 622 Building Company LLC.

Section 3.04. Tenant shall pay the minimum rent and additional rent in lawful money of the United States which shall be legal tender for the payment of all debts, public and private, at the time of payment.

Section 3.05. The minimum rent and additional rent shall be payable by Tenant without any set-off, abatement or deduction whatsoever and without notice or demand, except as otherwise expressly provided herein.

ARTICLE 4

Use

Section 4.01. Tenant shall use and occupy the Demised Premises for administrative, executive and general office purposes only, including a data center and computer room.

Section 4.02. Notwithstanding the provisions of Section 4.01, Tenant shall not use or allow the use of the Demised Premises or any part thereof (1) for the cooking and/or sale of food, except that Tenant may have a coffee maker and warm foods through a microwave; (2) for storage for sale of any alcoholic beverage in the Demised Premises; (3) for the storage and/or sale of any product or material from the Demised Premises; (4) for manufacturing or printing purposes; (5) for the conduct of a school or training facility or similar type of business which results in the presence of the general public in the Demised Premises, except that Tenant may have training classes for its personnel incidental to its business; (6) for the conduct of the business of an employment agency or personnel agency; (7) for the conduct of any public auction or public exhibition; (8) for occupancy by a foreign, United States, state, municipal or other governmental or quasi-governmental body, agency or department or any authority or other entity which is affiliated therewith or controlled thereby and which has diplomatic or sovereign immunity or the like with respect to a commercial lease; (9) for messenger or delivery service (excluding Tenant's own employees or outside services); (10) as a public stenographer or typist; (11) as a telephone or telegraph agency, except that Tenant as an incident to its business may have audio visual and closed circuit television facilities and other types of telecommunication equipment; (12) as a company engaged in the business of renting office(s) or desk space in the Demised Premises; (13) as medical offices or a laboratory; (14)

as a travel agency; (15) as a dating service; (16) as a restaurant; (17) as a night club, discotheque, arcade or like kind establishments; (18) as a public or quasi-public health facility, radiation treatment facility, methadone clinic or other drug related clinic, abortion clinic, or for any practice conducted in or through the format of a clinic; (19) as a pawn shop; (20) as an off-track betting parlor; (21) as a homeless shelter, soup kitchen or similar use; (22) for the sale or display or pornographic products or services; (23) for the use or storage of flammable liquids or chemicals (unless incidental to a permitted use); (24) as a funeral parlor; (25) for the sale or grooming of pets; or (26) for any form of spiritualist services, such a fortune telling or reading. Furthermore, the Demised Premises shall not be used for any purpose that would, in Landlord's reasonable judgment, create unreasonable or excessive elevator or floor loads, impair or interfere with any of the Building operations or the proper and economic heating, air-conditioning, cleaning or any other services of the Building, interfere with the use of the other areas of the Building by any other tenants, or impair the appearance of the Building. Neither Tenant nor any person within Tenant's control shall use, generate, store, treat and/or dispose of any Hazardous Materials (as hereinafter defined) in, on, under or about the Demised Premises, except for small quantities customarily used in offices and in compliance with all applicable laws.

Section 4.03. If any governmental license or permit, other than a Certificate of Occupancy or any license or permit required for the proper and lawful conduct of Tenant's business in the Demised Premises, or any part thereof, and if failure to secure such license or permit would in any way affect Landlord, Tenant, at its expense, shall duly procure and thereafter maintain such license or permit and submit the same for inspection by Landlord. Tenant shall at all times comply with the terms and conditions of each such license or permit.

Section 4.04. Tenant shall not at any time use or occupy, or permit anyone to use or occupy, the Demised Premises, or do or permit anything to be done in the Demised Premises, in violation of the Certificate of Occupancy, for the Demised Premises or for the Building, and will not permit or cause any act to be done or any condition to exist on the Demised Premises which may be dangerous unless safeguarded as required by law, or which in law constitutes a nuisance, public or private, or which may make void or voidable any insurance then in force covering the Building and building equipment.

Section 4.05. Landlord represents that the existing Certificate of Occupancy permits the use of the Demised Premises for the purposes set forth in Section 4.01, and that Landlord shall not change the Certificate of Occupancy to prohibit such uses.

ARTICLE 5

Alterations, Fixtures

Section 5.01. Tenant, without Landlord's prior consent, shall make no structural alterations, installations, additions, or improvements in or to the Demised Premises ("work") including, but not limited to, an air-conditioning or cooling system, or any unit or part

thereof or other apparatus of like or other nature, railings, mezzanine floors, galleries and the like. However, Tenant may make non-structural interior work, subject to Landlord's prior written consent which shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, Tenant, without Landlord's consent but subject to Landlord's approval of contractors, may make non-structural interior work which does not affect the structural integrity of the Building or the Building systems, does not affect the other tenants in the Building, does not violate any mortgage, does not cost more than $50,000 in the aggregate during any twelve (12) month period, and Tenant has given not less than ten (10) days prior notice thereof. With respect to any work requiring Landlord's approval and performance by any contractor other than Landlord, Tenant shall pay to Landlord ten (10%) percent of the cost of such work for supervision, coordination and other expenses incurred by Landlord in connection therewith. However, such ten (10%) percent charge shall not apply to Tenant's initial work in the Demised Premises nor does it apply to painting, wallcovering, carpeting or furnishings. Tenant acknowledges that the ICIP Program (as hereinafter defined) may impose requirements with respect to the hiring and training practices, among other matters, of contractors and subcontractors engaged to perform certain work in the Building for Tenant (collectively, herein called "Tenant's Contractors"). To the extent required by law, Tenant shall use Tenant's Contractors (subject to Landlord's approval) that qualify under the applicable requirements of the ICIP Program for the performance of Tenant's initial work and any subsequent alterations to the Demised Premises and Tenant will require Tenant's Contractors to comply with the provisions of the ICIP Program. If Landlord is notified of any violation of the ICIP Program by Tenant's Contractors (to the extent such contractors are required by law to comply with the ICIP Program) Landlord shall promptly advise Tenant, and Tenant shall take all necessary actions to cure such violations. Workers' compensation and public liability insurance and property damage insurance, all in amounts and with companies and/or forms reasonably satisfactory to Landlord, shall be provided and at all times maintained by Tenant's contractors engaged in the performance of the work, and before proceeding with the work, certificates of such insurance shall be furnished to Landlord. If consented to by Landlord, all such work shall be done at Tenant's sole expense and in full compliance with all governmental authorities having jurisdiction thereover. Upon completion of such work, Tenant shall deliver to Landlord full scale "as built" plans for the same. Landlord upon request of Tenant, will waive its right to any lien upon Tenant's trade fixtures and equipment, in such form as shall be reasonably acceptable to Landlord. All work affixed to the realty or if not so affixed but for which Tenant shall have received a credit, shall become the property of Landlord, subject to Tenant's right to replace same during the term hereof with items of equal quality class and value, and shall remain upon, and be surrendered with, the Demised Premises as a part thereof at the end of the term or any renewal or extension term, as the case may be, without allowance to Tenant or charge to Landlord, unless Landlord elects otherwise on notice to Tenant given at the time that Landlord has consented to the work. However, if Landlord shall elect at the time Tenant requests consent to any work, otherwise, Tenant at Tenant's expense, at or prior to any termination of this Lease, shall remove all such work or such portion thereof as Landlord shall elect and Tenant shall restore the Demised Premises to its original condition, reasonable wear and tear excepted, at Tenant's expense. However, Tenant shall not be obligated to remove its initial work in the Demised Premises. If any Building facilities or services, including but not

limited to air-conditioning and ventilating equipment installed by Landlord, are adversely affected or damaged by reason of the work by Tenant, Tenant, at its expense, shall repair such damage to the extent such damage has been caused by Tenant's work and shall correct the work so as to prevent any further damage or adverse effect on such facilities or services.

Section 5.02. Prior to commencing any work pursuant to the provisions of Section 5.01, Tenant shall furnish to Landlord:

(a) Plans and specifications for the work to be done. However, if Landlord fails to respond to Tenant's request for Landlord's consent to the work within ten (10) business days after its receipt of such request together with all required information, then Landlord shall be deemed to have consented thereto.

(b) Copies of all governmental permits and authorizations which may be required in connection with such work.

(c) A certificate evidencing that Tenant (or Tenant's contractor) has procured workers' compensation insurance covering all persons employed in connection with the work who might assert claims for death or bodily injury against Landlord, Tenant, any mortgagee or the Building.

(d) Such additional personal injury and property damage insurance (over and above the insurance required to be carried by Tenant pursuant to the provisions of Section 9.03) as Landlord may reasonably require because of the nature of the work to be done by Tenant.

(e) With respect to Tenant's work, other than Tenant's initial work, exceeding the cost of $50,000, a bond or other security satisfactory to Landlord, in the amount of one hundred ten (110%) percent of the aggregate cost of the work, to insure completion of such work.

Section 5.03. Where furnished by or at the expense of Tenant (except the replacement of an item theretofore furnished and paid for by Landlord or for which Tenant has received a credit), all movable property, furniture, furnishings, roller files, equipment and trade fixtures ("personalty") other than those affixed to the realty in such manner as to cause material damage upon its removal, shall remain the property of and shall be removed by Tenant on or prior to any termination or expiration of this Lease, and, in the case of damage by reason of such removal, Tenant, at Tenant's expense, promptly shall repair the damage. If Tenant does not remove any such personalty, Landlord, after two (2) business days notice to Tenant, at its election, (a) may cause the personalty to be removed and placed in storage at Tenant's expense or (b) may treat the personalty as abandoned and may dispose of the personalty as it sees fit without accounting to Tenant for any proceeds realized upon such disposal.

Section 5.04. Tenant agrees that the exercise of its rights pursuant to the

provisions of this Article 5 shall not be done in a manner which would create any work stoppage, picketing, labor disruption or dispute or violate Landlord's union contracts affecting the Building or interfere with the business of Landlord or any Tenant or occupant of the Building. In the event of the occurrence of any condition described above arising from the exercise by Tenant of its right pursuant to the provisions of this Article 5, Tenant shall, immediately upon notice from Landlord, cease the manner of exercise of such right giving rise to such condition. In the event Tenant fails to cease such manner of exercise of its rights as aforesaid, Landlord, in addition to any rights available to it under this Lease and pursuant to law, shall have the right to injunction. With respect to Tenant's work, Tenant shall make all arrangements for, and pay all expenses incurred in connection with, use of the freight elevators servicing the Demised Premises during those hours other than as provided in Section 21.01(a) in accordance with Landlord's customary charges therefor.

ARTICLE 6

Repairs

Section 6.01. Except as provided in Articles 10 and 14, Tenant shall take good care of the Demised Premises and the fixtures wholly contained therein and all portions of the HVAC, mechanical, plumbing and electrical systems wholly contained within and exclusively serving the Demised Premises, and at its sole cost and expense make all repairs thereto as and when needed to preserve them in good working order and condition. All damage or injury to the Demised Premises or the Building or to any building equipment or systems caused by Tenant moving property in or out of the Building or by installation or removal of personalty or resulting from negligence or conduct of Tenant, its employees, agents, contractors, customers, invitees and visitors, shall be repaired, promptly by Tenant at Tenant's expense, and whether or not involving structural changes or alterations, to the satisfaction of Landlord. All repairs shall include replacements or substitutions where necessary and shall be at least equal to the quality, class and value of the property repaired, replaced or substituted and shall be done in a good and workmanlike manner.

Section 6.02. Landlord, at its expense, shall maintain and make all repairs and replacements, structural and otherwise, to the exterior and public portions of the Building, the Building systems up to its connection with the Demised Premises, and to the Demised Premises, unless Tenant is required to make them under the provisions of Section 6.01 or unless required as a result of the performance or existence of alterations performed by Tenant or on Tenant's behalf, in which event Tenant, at its expense, shall perform such maintenance, repairs or replacements. Tenant shall notify Landlord of the necessity for any repairs for which Landlord may be responsible in the Demised Premises under the provisions of this Section. Landlord shall have no liability to Tenant by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease, or required by law, to make in or to any portion of the Building or the Demised Premises, or in or to the fixtures, equipment or appurtenances of the Building or the Demised Premises. Notwithstanding the foregoing,

Landlord shall use reasonable efforts to make such repairs or changes in a manner to minimize its interference with the normal conduct of Tenant's business, provided Landlord shall not be required to employ overtime or premium labor.

Section 6.03. Tenant shall not store or place any materials or other obstructions in the lobby or other public portions of the Building, or on the sidewalk abutting the Building.

ARTICLE 7

Floor Load; Noise

Section 7.01. Tenant shall not place a load upon any floor of the Demised Premises which exceeds the load per square foot which such floor was designed to carry (50 lbs. live per square foot).

Section 7.02. Business machines and mechanical equipment belonging to Tenant which cause noise, vibration or any other nuisance that may be transmitted to the structure or other portions of the Building or to the Demised Premises, to such a degree as to be objectionable to Landlord or which interfere with the use or enjoyment by other tenants of their premises or the public portions of the Building, shall be placed and maintained by Tenant, at Tenant's expense, in settings of cork, rubber or spring type vibration eliminators sufficient to eliminate such objectionable or interfering noise or vibration.

ARTICLE 8

Laws, Ordinances, Requirements of Public Authorities

Section 8.01. (a) Subject to the provisions of this Article 8, Tenant, at its expense, shall comply with all laws, orders, ordinances, rules and regulations and directions of Federal, State, County and Municipal authorities and departments thereof having jurisdiction over the Demised Premises and the Building, including but not limited to the Americans With Disabilities Act ("Governmental Requirements"), referable to Tenant or the Demised Premises, arising by reason of Tenant's particular manner of use of the Demised Premises (other than in contradistinction merely for the office uses permitted in Section 4.01) or any installations made therein by or at Tenant's request, or any default by Tenant under this Lease.

(b) Except as otherwise provided herein, Tenant covenants and agrees that Tenant shall, at Tenant's sole cost and expense, comply at all times with all Governmental Requirements governing the use, generation, storage, treatment and/or disposal of any "Hazardous Materials" (which term shall mean any biologically or chemically active or other toxic or hazardous wastes, pollutants or substances, including, without limitation, asbestos, PCBs,

petroleum products and by-products, substances defined or listed as "hazardous substances" or "toxic substances" or similarly identified in or pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. (S) 9601 et seq., and as hazardous wastes under the Resource Conservation and Recovery Act, 42 U.S.C. (S) 6010 et seq., any chemical substance or mixture regulated under the Toxic Substance Control Act of 1976, as amended, 15 U.S.C. (S) 2601 et seq., any "toxic pollutant" under the Clean Water Act, 33 U.S.C. (S) 466 et seq., as amended, any hazardous air pollutant under the Clean Air Act, 42 U.S.C. (S) 7401 et seq., hazardous materials identified in or pursuant to the Hazardous Materials Transportation Act, 49 U.S.C. (S) 1802 et seq., and any hazardous or toxic substances or pollutant regulated under any other Governmental Requirements). Tenant shall agree to execute, from time to time, at Landlord's request, affidavits, representations and the like concerning Tenant's best knowledge and belief regarding the presence of Hazardous Materials in, on, under or about the Demised Premises, the Building or the Land. Tenant shall indemnify and hold harmless Landlord, its partners, officers, shareholders, members, directors and employees, Overlandlord and any mortgagee (collectively, the "Indemnitees"), from and against any loss, cost, damage, liability or expense (including attorneys' fees and disbursements) arising by reason of any cleanup, removal, remediation, detoxification action or any other activity required or recommended of any Indemnitees by any government authority by reason of the presence in or about the Land, the Building or the Demised Premises of any Hazardous Materials, as a result of or in connection with the act or omission of Tenant or any person or entity within Tenant's control or the breach of this Lease by Tenant or any person or entity within Tenant's control. The foregoing covenants and indemnity shall survive the expiration of any termination of this Lease. Tenant, at its own cost and expense, may contest, in any manner permitted by Governmental Requirements (including appeals to a court, governmental department or authority having jurisdiction), the validity or the enforcement of any Government Requirements which Tenant is required to comply, and may defer compliance, provided that (i) such non-compliance shall not subject Landlord to criminal prosecution or subject the Land and/or Building to sale or any lien, unless Tenant posts a bond to remove such lien, (ii) Tenant shall indemnify Landlord against any cost, damage or injury from such non-compliance, and if any mortgagee shall require, Tenant shall deliver a surety bond by a surety company approved by such mortgagee and Landlord with respect to such indemnity, and (iii) Tenant shall promptly, diligently and continuously prosecute such contest. Landlord, at no expense to Landlord, shall cooperate with Tenant and execute any required documents, provided Landlord is reasonably satisfied that the facts set forth in such documents are accurate.

(c) Landlord, at its expense, shall comply with and cure Governmental Requirements relating to the public portions of the Building and

to the Demised Premises, provided that Tenant is not obligated to comply with them under the provisions of subdivision (a) of this Section. Landlord, at its expense, may contest the validity of any Governmental Requirements and postpone compliance therewith pending such contest.

(d) Landlord represents that on the Commencement Date the Demised Premises will be free of Hazardous Materials and in compliance with applicable Governmental Requirements. Landlord, at its expense, agrees to remedy any condition arising out of a breach of the representations contained in this subdivision (d) and agrees to indemnify and hold Tenant harmless from and against any costs, expenses and damages arising out of a breach of such representations.

Section 8.02. If Tenant receives written notice of any violation of any Governmental Requirements applicable to the Demised Premises, it shall give prompt notice thereof to Landlord.

Section 8.03. Tenant will not clean, nor allow any window in the Demised Premises to be cleaned, from the outside in violation of Section 202 of the Labor Law or the rules of the Board of Standards and Appeals or of any other board or body having or asserting jurisdiction.

ARTICLE 9

Insurance

Section 9.01. Provided Tenant has notice of the applicable provisions, Tenant shall not do or permit to be done any act or thing in or upon the Demised Premises which will invalidate or be in conflict with the Certificate of Occupancy for the Building or the terms of the insurance policies covering the Building and the property and equipment therein; and, subject to Section 8.01, Tenant, at its expense, shall comply with all rules, orders, regulations and requirements of the New York Board of Fire Underwriters or any other similar body having jurisdiction, and of the insurance carriers, and shall not knowingly do or permit anything to be done in or upon the Demised Premises in a manner which increases the rate of insurance for the Building or any property or equipment therein over the rate in effect on the Commencement Date, provided further that nothing in this Section shall prohibit the uses permitted under Section 4.01.

Section 9.02. If, by reason of Tenant's failure to comply with the provisions of Section 9.01 or any of the other provisions of this Lease, the rate of insurance for the Building or the property and equipment of Landlord shall be higher than on the Commencement Date, Tenant shall pay to Landlord any additional or increased insurance premiums to the extent resulting therefrom thereafter paid by Landlord, and Tenant shall make such payment forthwith on demand of Landlord. In any action or proceeding wherein Landlord and Tenant

are parties, a schedule or "make up" of any insurance rate for the Building or Demised Premises issued by the New York Fire Insurance Exchange, or other body establishing fire insurance rates for the Building, shall be conclusive evidence of the facts therein stated and of the several items and charges in the insurance rates then applicable to the Building or Demised Premises.

Section 9.03. (a) Tenant covenants to provide on or before the Commencement Date and to keep in force during the term hereof, the following insurance coverage:

(i) For the benefit of Landlord, Tenant and any mortgagee, a commercial policy of liability insurance protecting and indemnifying Landlord, Tenant and any mortgagee against any and all claims for personal injury, death or property damage occurring upon, in or about the Demised Premises, and the public portions of the Building in connection with any act of Tenant, its employees, agents, contractors, customers, invitees and visitors including, without limitation, personal injury, death or property damage resulting from any work performed by or on behalf of Tenant, with coverage of not less than $5,000,000.00 combined single limit for personal injury, death and property damage arising out of one occurrence or accident.

(ii) Fire and extended coverage in an amount adequate to cover the cost of replacement of all personal property, fixtures, furnishings and equipment, including Tenant's work (as referred to in Section 5.01), located in the Demised Premises.

(b) All such insurance shall (i) be effected under valid and enforceable policies, (ii) be issued by insurers of recognized responsibility authorized to do business in the State of New York, (iii) contain a provision whereby the insurer agrees not to cancel the insurance without thirty (30) days' prior written notice to Landlord, and (iv) contain a provision that no act or omission of Tenant shall result in forfeiture of the insurance as against Landlord.

On or before the Commencement Date, Tenant shall deliver to Landlord duplicate originals of the aforesaid policies or certificates evidencing the aforesaid insurance coverage, and renewal policies or certificates shall be delivered to Landlord at least thirty (30) days prior to the expiration date of each policy with proof of payment of the premiums thereof.

Section 9.04 Landlord shall maintain fire and extended coverage insurance covering the Building in an amount required by the mortgagee, and shall also

maintain liability insurance.

Section 9.05. Landlord and Tenant shall each secure an appropriate clause in, or an endorsement upon, each fire or extended coverage policy obtained by it and covering the Building, the Demised Premises or the personal property, fixtures and equipment located therein or thereon, pursuant to which the respective insurance companies waive subrogation or permit the insured, prior to any loss, to agree with a third party to waive any claim it might have against said third party. The waiver of subrogation or permission for waiver of any claim herein before referred to shall extend to the agents of each party and its employees and, in the case of Tenant, shall also extend to all other persons and entities occupying or using the Demised Premises in accordance with the terms of this lease. If and to the extent that such waiver or permission can be obtained only upon payment of an additional charge, then, the party benefitting from the waiver or permission shall pay such charge upon demand, or shall be deemed to have agreed that the party obtaining the insurance coverage in question shall be free of any further obligations under the provisions hereof relating to such waiver or permission.

Subject to the foregoing provisions of this Section 9.05, and insofar as may be permitted by the terms of the insurance policies carried by it, (i) each party hereby releases the other with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damages or destruction with respect to its property by fire or other casualty (including rental value or business interruption, as the case may be) occurring during the term of this Lease covered by insurance and (ii) Tenant releases other tenants but only to the extent that the policies of such other tenants permit a similar waiver for the benefit of Tenant and such other tenant gives such a waiver.

ARTICLE 10

Damage by Fire or Other Cause

Section 10.01. If the Demised Premises shall be damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord and the minimum rent and additional rent pursuant to the provisions of Article 22 until such repairs shall be made, shall be apportioned according to the part of the Demised Premises which is usable and accessable by Tenant. Landlord shall have no responsibility to repair any damage to Tenant's work (as referred to in Section 5.01), the same being the responsibility of Tenant. No penalty shall accrue for delays which may arise by reason of adjustment of insurance by Landlord, unavoidable delays (as hereinafter defined), or any other cause beyond Landlord's reasonable control. Tenant shall give notice to Landlord promptly upon learning thereof in case of fire or other damage to the Demised Premises. If the Demised Premises are totally or substantially damaged or are rendered wholly or substantially unusable by fire or any such other casualty, or if the Building shall be so damaged that Landlord shall decide to demolish it or to rebuild it (whether or not the Demised Premises shall have been damaged), Landlord at its election may terminate this Lease by written notice to Tenant, within ninety (90) days after such fire or

other casualty, and thereupon the term of this Lease shall expire by lapse of time upon the third (3rd) day after such notice is given, and Tenant shall vacate and surrender the Demised Premises to Landlord. However, if more than twenty-five (25%) percent of the rentable square feet of the Demised Premises shall be damaged during the last year of the term hereof, either Landlord or Tenant, at its election, may terminate this Lease by written notice to the other within sixty (60) days after such fire or other casualty, and thereupon the term of this Lease shall expire upon the third (3/rd/) day after such notice is given and Tenant shall vacate and surrender the Demised Premises to Landlord. Tenant shall not be liable under this Lease for anything accruing after the date of such expiration. Notwithstanding the foregoing, if Landlord does not substantially complete such repairs within six (6) months from the date of such casualty (as such period may be extended pursuant to Article 34), then Tenant may elect to terminate this Lease by notice to Landlord within ten (10) days following the expiration of such time period, and thereupon the term of this Lease shall expire on the thirtieth (30/th/) day after such notice is given and Tenant shall vacate and surrender the Demised Premises to Landlord, unless within such thirty (30) day period, Landlord substantially completes such repairs, in which event this Lease shall remain in full force and effect. Tenant hereby waives the provisions of Section 227 of the Real Property Law, and the provisions of this Article shall govern and control in lieu thereof.

Section 10.02. No damages of compensation shall be payable by Landlord nor shall Tenant make any claim for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Demised Premises or of the Building. Landlord shall use its best efforts to commence and effect such repairs promptly and in such manner as not to unreasonably interfere with Tenant's occupancy.

ARTICLE 11

Assignment, Subletting, Mortgaging

Section 11.01. Tenant will not, by operation of law or otherwise, assign, mortgage or encumber this Lease, or sublet or permit the Demised Premises or any part thereof to be occupied or used by others for desk space, mailing privileges or otherwise, without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld or delayed subject to the provisions of Section 11.07. If this Lease be assigned, or if the Demised Premises or any part thereof be underlet or occupied by anybody other than Tenant, Landlord, may, after default by Tenant, collect rent from the assignee, undertenant or occupant, and apply the net amount collected to the rent herein reserved, but no assignment, underletting, occupancy or collection shall be deemed a waiver of the provisions hereof, the acceptance of the assignee, undertenant or occupant as tenant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained. The consent by Landlord to any assignment, subletting, mortgage or encumbrance shall not in any manner be construed to relieve Tenant from obtaining Landlord's express consent to any other or further assignment, subletting, mortgage or encumbrance. In no event shall any permitted sublessee assign or encumber its sublease or further sublet all or any portion of its sublet space,

or otherwise suffer or permit the sublet space or any part thereof to be used or occupied by others, without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld or delayed subject to the provisions of Section 11.07.

Section 11.02. If Tenant shall at any time or times during the term of this Lease desire to assign this Lease or sublet all or part of the Demised Premises, Tenant shall give notice thereof to Landlord, which notice shall be accompanied by (a) a conformed or photostatic copy of the proposed assignment or sublease, the effective or commencement date of which shall be not less than thirty (30) nor more than 180 days after the giving of such notice, (b) a statement setting forth in reasonable detail the identity of the proposed assignee or subtenant, the nature of its business and its proposed use of the Demised Premises, and (c) current financial information with respect to the proposed assignee or subtenant, including, without limitation, its most recent financial report. Such notice shall be deemed an offer from Tenant to Landlord whereby Landlord (or Landlord's designee) may, at its option, (i) sublease such space (hereinafter called the "Leaseback Space") from Tenant upon the terms and conditions hereinafter set forth (if the proposed transaction is a sublease of all or part of the Demised Premises), (ii) terminate this Lease (if the proposed transaction is an assignment or a sublease (whether by one sublease or a series of related or unrelated subleases) of all or substantially all of the Demised Premises, or (iii) terminate this Lease with respect to the Leaseback Space (if the proposed transaction is a sublease of part of the Demised Premises). Said options may be exercised by Landlord by notice to Tenant at any time within twenty (20) days after such notice has been given by Tenant to Landlord; and during such twenty (20) day period Tenant shall not assign this Lease nor sublet such space to any person.

Section 11.03. If Landlord exercises its option to terminate this Lease in the case where Tenant desires either to assign this Lease or sublet (whether by one sublease or a series of related or unrelated subleases) all or substantially all of the Demised Premises, then this Lease shall end and expire on the date that such assignment or sublet was to be effective or commence, as the case may be, and the minimum rent and additional rent shall be paid and apportioned to such date.

Section 11.04. If Landlord exercises its option to terminate this Lease in part in any case there Tenant desires to sublet part of the Demised Premises, then (a) this Lease shall end and expire with respect to such part of the Demised Premises on the date that the proposed sublease was to commence; and (b) from and after such date the minimum rent and additional rent shall be adjusted, based upon the proportion that the rentable area of the Demised Premises remaining bears to the total rentable area of the Demised Premises; and (c) Landlord shall pay the costs incurred by Landlord in physically separating such part of the Demised Premises from the balance of the Demised Premises and in complying with any laws and requirements of any public authorities relating to such separation.

Section 11.05. If Landlord exercises its option to sublet the Leaseback Space, such sublease to Landlord or its designee (as subtenant) shall be at the lower of (i) the rental rate per rentable square foot of minimum rent and additional rent then payable pursuant

to this Lease or (iii) the rentals set forth in the proposed sublease, and shall be for the same term as that of the proposed subletting, and such sublease:

(a) shall be expressly subject to all of the covenants, agreements, terms, provisions and conditions of this Lease except such as are irrelevant or inapplicable, and except as otherwise expressly set forth to the contrary in this Section;

(b) Such sublease shall be upon the same terms and conditions as those contained in the proposed sublease, except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this Section;

(c) Such sublease shall give the sublesee the unqualified and unrestricted right, without Tenant's permission, to assign such sublease or any interest therein and/or to sublet the Leaseback Space and to make any and all changes, alterations, and improvements in the space covered by such sublease at no cost or liability to Tenant and if the proposed sublease will result in all or substantially all of the Demised Premises being sublet, grant Landlord or its designee the option to extend the term of such sublease for the balance of the term of this Lease less one (1) day;

(d) Such sublease shall provide that any assignee or further subtenant, of Landlord or its designee, may, at the election of Landlord, be permitted to make alterations, decorations and installations in the Leaseback Space or any part thereof and shall also provide in substance that any such alterations, decorations and installations in the Leaseback Space therein made by any assignee or subtenant of Landlord or its designee may be removed, in whole or in part, by such assignee or subtenant, at its option, prior to or upon the expiration or other termination of such sublease provided that such assignee or subtenant, at its expense, shall repair any damage and injury to that portion of the Leaseback Space so sublet caused by such removal and restore to the condition such space was in at the beginning of the sublease term for other than customary office installations; and

(e) Such sublease shall also provide that (i) the parties to such sublease expressly negate any intention that any estate created under such sublease be merged with any other estate held by either of said parties, (ii) any assignment or subletting by Landlord or its designee (as the subtenant) may be for any purpose or purposes that Landlord, in Landlord's reasonable discretion, shall deem suitable or appropriate, (iii) Landlord, at Tenant's expense, may make such alterations as may be required or deemed necessary by Landlord to physically separate the Leaseback Space from the balance of the Demised Premises and to comply with any laws and requirements of public authorities

relating to such separation, and (iv) that at the expiration of the term of such sublease, Tenant will accept the space covered by such sublease in its then existing condition, subject to the obligations of the sublessee to make such repairs thereto as may be necessary to restore the premises demised by such sublease to a comparable condition as such space was in at the beginning of the sublease term.

Section 11.06. (a) If Landlord exercises its option to sublet the Leaseback Space, Landlord shall indemnify and save Tenant harmless from all obligations under this Lease as to the Leaseback Space during the period of time it is so sublet to Landlord.

(b) Performance by Landlord, or its designee, under a sublease of the Leaseback Space shall be deemed performance by Tenant of any similar obligation under this Lease and any default under any such sublease shall not give rise to a default under a similar obligation contained in this Lease, nor shall Tenant be liable for any default under this Lease or deemed to be in default hereunder if such default is occasioned by or arises from any act or omission of any occupant holding under or pursuant to any such sublease.

(c) Tenant shall have no obligation, at the expiration or earlier termination of the term of this Lease, to remove any alteration, installation or improvement made in the Leaseback Space by Landlord or by any occupant thereof.

Section 11.07. In the event Landlord does not exercise an option provided to it pursuant to Section 11.02 and provided that Tenant is not in default in any of Tenant's obligations under this Lease, Landlord's consent (which must be in writing and in form reasonably satisfactory to Landlord) to the proposed assignment or sublease shall not be unreasonably withheld or delayed, provided and upon condition that:

(a) Tenant shall have complied with the provisions of Section 11.02 and Landlord shall not have exercised any of its options under said Section 11.02 within the time permitted therefor;

(b) In Landlord's judgment, the proposed assignee or subtenant is engaged in a business and the Demised Premises, or the relevant part thereof, will be used in a manner which (i) is limited to the use expressly permitted under Sections 4.01 and 4.02 of this Lease, and (ii) is in keeping with the then standards of the Building;

(c) The proposed assignee or subtenant is a reputable person of good character and with sufficient financial worth considering the responsibility involved, and Landlord has been furnished with reasonable proof

thereof;

(d) Neither (i) the proposed assignee or sublessee nor (ii) any person which, directly or indirectly, controls, is controlled by or is under common control with, the proposed assignee or sublessee, is then an occupant of any part of the Building other than the Demised Premises;

(e) The proposed assignee or sublessee is not a person with whom Landlord is currently negotiating to lease space in the Building;

(f) The proposed sublease shall be in form reasonably satisfactory to Landlord and shall comply with the provisions of this Article;

(g) At any one time there shall not be more than four (4) unrelated subtenants on any full floor and not more than two (2) unrelated subtenants on any partial floor (including Landlord or its designee) in the Demised Premises;

(h) Tenant shall reimburse Landlord on demand for any reasonable costs that may be incurred by Landlord in connection with said assignment or sublease, including, without limitation, the reasonable costs incurred in making investigations as to the acceptability of the proposed assignee or subtenant, and reasonable legal costs incurred in connection with the granting of any requested consent;

(i) Tenant shall not have (i) advertised in any way the availability of the Demised Premises without prior notice to Landlord, or (ii) listed the Demised Premises at a rental rate less than the minimum rent or additional rent at which Landlord is then offering to lease other space in the Building; and

(j) The proposed subtenant or assignee shall not be entitled, directly or indirectly, to diplomatic or sovereign immunity and shall be subject to the service of process in and the jurisdiction of the courts of New York State.

Except for any subletting by Tenant to Landlord or its designee pursuant to the provisions of this Article, each subletting pursuant to this Article shall be subject to all of the covenants, agreements, terms, provisions and conditions contained in this Lease. Notwithstanding any such subletting to Landlord or any such subletting to any other subtenant and/or acceptance of rent or additional rent by Landlord from any subtenant, Tenant shall and will remain fully liable for the payment for the minimum rent and additional rent due and to become due hereunder and for the performance of all the covenants, agreements, terms, provisions and conditions contained in this Lease on the part of Tenant to be performed and

all acts and omissions of any licensee or subtenant or anyone claiming under or through any subtenant which shall be in violation of any of the obligations of this Lease, and any such violation shall be deemed to be a violation by Tenant. Tenant further agrees that notwithstanding any such subletting, no other person claiming through or under Tenant (except as provided in Section 11.05) shall or will be made except upon compliance with and subject to the provisions of this Article. If Landlord shall decline to give its consent to any proposed assignment or sublease (provided landlord has not unreasonably withheld or delayed its consent), or if Landlord shall exercise its option under Section 11.02, Tenant shall indemnify, defend and hold harmless Landlord against and from any and all loss, liability, damages, costs and expenses (including reasonable counsel fees) resulting from any claims that may be made against Landlord by the proposed assignee or sublessee or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease. Notwithstanding the foregoing, Tenant, without Landlord's consent, may allow a portion of the Demised Premises to be occupied by a majority owned subsidiary or an affiliate or related entity controlling, controlled by or under common control with Tenant, provided such occupancy shall not create any landlord and tenant relationship or privity as between Landlord and any such occupant and Tenant shall give Landlord prior reasonable notice of such proposed occupancy. Such occupancies shall not be counted towards the total allowed under Section 11.07(g), and Landlord has no rights of termination or recapture with respect to such occupancies.

Section 11.08. In the event that (a) Landlord fails to exercise its options under Section 11.02 and consents to a proposed assignment or sublease, and (b) Tenant fails to execute and deliver the assignment or sublease to which Landlord consented within ninety (90) days after the giving of such consent, then, Tenant shall again comply with all of the provisions and conditions of Section 11.02 before assigning this Lease or subletting all or part of the Demised Premises.

Section 11.09. With respect to each and every sublease or subletting authorized by Landlord under the provisions of this Lease, it is further agreed:

(a) No subletting shall be for a term ending later than one day prior to the expiration date of this Lease;

(b) No sublease shall be valid, and no subtenant shall take possession of the Premises or any part thereof, until an executed counterpart of such sublease has been delivered to Landlord;

(c) Each sublease shall provide that it is subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate, and that in the event of termination, re-entry or dispossess by Landlord under this Lease Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor, under such sublease, and such subtenant shall, at Landlord's option, attorn to Landlord pursuant to the then

executory provisions of such sublease, except that Landlord shall not (i) be liable for any previous act or omission of Tenant under such sublease, (ii) be subject to any offset, not expressly provided in such sublease, which thereto accrued to such subtenant against Tenant, or (iii) be bound by any previous modification of such sublease or by any previous prepayment of more than one month's rent.

Section 11.10. If Landlord gives its consent to any assignment of this Lease or to any sublease, Tenant shall, in consideration therefor, pay to Landlord, as additional rent:

(a) in the case of an assignment of this Lease or an assignment by any sublease, an amount equal to one-half of all sums and other considerations paid to Tenant from the assignee for such assignment or paid to Tenant by any sublessee or other person claiming through or under Tenant for such assignment (including, but not limited to sums paid for the sale of Tenant's or sublessee's fixtures, leasehold improvements, less, in case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's or sublessee's federal income tax returns). The sums payable to Landlord under this Section 11.10(a) shall be paid to Landlord as and when paid by such assignee to Tenant; and

(b) in the case of a sublease, an amount equal to one-half of the rents and charges and other consideration payable under the sublease to Tenant by the subtenant or paid to Tenant by any such sublessee or other person claiming through or under Tenant in connection with such subletting which is in excess of all rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder or such sublessee) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's or sublessee's federal income tax returns). The sums payable to Landlord under this Section 11.10(b) shall be paid to Landlord as and when paid by such subtenant to Tenant.

(c) For the purposes of computing the sums payable by Tenant to Landlord under subparagraphs (a) and (b) hereof, there shall be first excluded from the consideration payable to Tenant by any assignee or sublessee any transfer taxes, rent concession, reasonable attorneys' fees, reasonable brokerage commissions, advertising costs and fix-up costs paid by Tenant with respect to such assignment or subletting, but only to the extent any such sums are allocable to the period of this Lease (in the case of any assignment), or the term of any sublease.

Section 11.11. If Tenant or any subtenant is a corporation, partnership, limited

liability company or other entity, the provisions of Section 11.01 shall apply to a transfer (by one or more transfers) of a majority of the stock, partnership, membership or other ownership interests or transfer of all or substantially all of the assets of Tenant or such subtenant, as the case may be, as if such transfer of a majority of the stock, partnership, membership or other ownership interests or all or substantially all of the assets of Tenant or such subtenant were an assignment of this Lease; but said provisions and the provisions of Sections 11.02 and 11.10 shall not apply to transactions with a corporation, partnership, limited liability company or other entity into or with which Tenant or such subtenant is merged or consolidated, or to which all or substantially all of the assets of Tenant are transferred, or to any corporation, partnership, limited liability company or other entity which controls or is controlled by Tenant or such subtenant or is under common control with Tenant or such subtenant, provided that in any of such events (i) the successor to Tenant or such subtenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the greater of (1) the net worth of Tenant or such subtenant immediately prior to such merger, consolidation or transfer, or (2) the net worth of Tenant herein named on the date of this Lease or the net worth of such subtenant on the date of such sublease, and (ii) proof satisfactory to Landlord of such net worth shall have been delivered to Landlord at least ten (10) days prior to the effective date of any such transaction. Notwithstanding the foregoing, without Landlord's consent, subject to the provisions of Section 11.11 Tenant may assign this Lease, or subject to the provision of the last paragraph of Section 11.07 and Section 11.09 Tenant may sublet a part of the Demised Premises, to a controlled subsidiary or controlled affiliate of Tenant, provided a duly executed counterpart of such assignment together with the assumption by the assignee or duly executed counterpart of such sublease, as the case may be, is delivered to Landlord upon the earlier of (a) at least ten (10) days prior to its effective date or (b) within three (3) business days of the transaction to which such asisgnment or sublease is not subject to confidentiality requirements but in no event more than ten (10) days after the effective date. Such subleases shall not be counted towards the total allowed under Section 11.07(g) and Landlord has no rights of termination or recapture with respect to the subleases or assignments permitted in this Section 11.11.

Section 11.12. Any assignment or transfer, whether made with Landlord's consent pursuant to Section 11.06 or without Landlord's consent pursuant to Section 11.10, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby the assignee shall assume the obligations of this Lease on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions in this Article 11 shall, notwithstanding such assignment or transfer, continue to be binding upon it in respect of all future assignments and transfers. The original named Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of minimum rent and/or additional rent by Landlord from an assignee, transferee, or any other party, the original named Tenant shall remain fully liable for the payment of the minimum rent and additional rent and for the other obligations of this Lease on the part of Tenant to be performed or observed.

Section 11.13. The joint and several liability of Tenant and any immediate or remote successor in interest of Tenant and the due performance of the obligations of this Lease on Tenant's part to be performed or observed shall not be discharged, released or impaired in any respect by any agreement or stipulation made by Landlord extending the time of, or modifying any of the obligations of, this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of this Lease.

Section 11.14. The listing of any name ot her than that of Tenant, whether on the doors of the Demised Premises, or the Building directory, if any, or otherwise, shall not operate to vest any right or interest in this Lease or in the Demised Premises, nor shall it be deemed to be the consent of Landlord to any assignment or transfer of this Lease, to any sublease of the Demised Premises, or to the use or occupancy thereof by others. Landlord at its cost, shall provide Tenant up to thirty (30) listings in the main lobby for Tenant and permitted occupants and subtenants.

ARTICLE 12

Liability and Indemnity by Landlord and Tenant

Section 12.01. Each party shall indemnify the other against and save the other harmless from any liability to and claim by or on behalf of any person, firm, governmental authority, corporation or entity for personal injury, death or property damage, arising:

(a) (i) with respect to Tenant, from its use of the Demised Premises, or from any work whatsoever done or omitted to be done by Tenant, its employees, agents, contractors, customers, invitees or visitors, or from any accident thereat, and (ii) with respect to Landlord, from any work whatsoever done or omitted to be done in the Building by Landlord, its agents, contractors or employees; and

(b) from any breach or default by either party of and under any of the terms, covenants and conditions of this Lease on such party's part to be performed.

Each party also shall indemnify the other against and save the other harmless from all costs, reasonable counsel fees, expenses and penalties incurred by the other in connection with any such liability or claim other than such liability or claim incurred as a result of such party's negligence or willful misconduct.

If any action or proceeding shall be brought against either party in connection with any such liability or claim, the other party (the "Indemnitor") , on notice from the party against whom such action or proceeding was commenced (the "Indemitee") , shall defend such action or proceeding, at the Indemnitor's expense, by counsel reasonably satisfactory to the Indemnitee , or by the attorney for the Indemnitor's insurance carrier whose insurance policy

covers the liability or claim.

Section 12.02. Landlord shall not be liable for any damage to property of Tenant or of others entrusted to employees of the Building, nor for the loss of or damage to any property of Tenant by theft or otherwise, except if due to the negligence or willful act of Landlord, its agents, contractors or employees. Landlord and its agents shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Building or from the pipes, appliances or plumbing works or from the roof, street or sub-surface or from any other place or by dampness or by any other cause of whatsoever nature, except if due to the negligence or willful act of Landlord, its agents, contractors or employees; nor shall Landlord be liable for any such damage caused by other tenants or persons in the Building or caused by operations in construction of any public or quasi-public work. If, at any time any windows of the Demised Premises are permanently closed, darkened or bricked up by reason of the requirements of law or temporarily closed or darkened by reason of repairs, alterations or maintenance by Landlord, Landlord shall not be liable for any damage Tenant may sustain thereby and Tenant shall not be entitled to any compensation therefor nor abatement of rent nor shall the same release Tenant from its obligations hereunder nor constitute an eviction.

Tenant shall give immediate notice to Landlord upon its discovery of accidents in the Demised Premises.

Section 12.03. (a) If in this Lease it is provided that Landlord's consent or approval as to any matter will not be unreasonably withheld, and it is established by a court or body having final jurisdiction thereover that Landlord has been unreasonable, the only effect of such finding shall be that Landlord shall be deemed to have given its consent or approval; but Landlord shall not be liable to Tenant in any respect for money damages by reason of withholding its consent.

(b) If there is a dispute between Landlord and Tenant under Section 11.07 relating to the reasonableness of the withholding of a consent or approval by Landlord, Tenant may, at its option, as its sole and exclusive remedy, submit such dispute to arbitration in the City of New York under the Expedited Procedures provisions of the Commercial Arbitration Rules of the American Arbitration Association or any successor (the "AAA") (presently Rules E-1 through E-10 and, to the extent applicable, Section R-19); provided, however, that with respect to any such arbitration, (i) the list of arbitrators referred to in Rule E-5 shall be returned within five (5) days from the date of mailing; (ii) the parties shall notify the AAA by telephone, within four (4) days of any objections to the arbitrator appointed and will have no right to object if the arbitrator so appointed was on the list submitted by the AAA and was not objected to in accordance with Rule E-5; (iii) the Notice of hearing referred to in Rule E-8 shall be four (4) days in advance of the hearing; (iv) the hearing shall be held

within seven (7) days after the appointment of the arbitrator; (v) the arbitrator shall have no right to award damages; and (vi) the decision and award of the arbitrator shall be final and conclusive on the parties. The sole issue to be submitted to the arbitrator, which shall be included as part of his oath, shall be the reasonableness of Landlord's determination to withhold consent or approval under the provisions of this Lease. The arbitrators conducting any arbitration shall be bound by the provisions of this Lease and shall not have the right or power to consider, determine or resolve any other issue or dispute between the parties, or to add to, subtract from, or otherwise modify such provisions. Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration upon request of the other and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder. Each of the arbitrators shall have at least ten (10) years' experience in the business of managing real estate or acting as a real estate broker with first-class office buildings located in Manhattan. Each party hereunder initially shall pay its own costs, fees and expenses in connection with any arbitration or other action or proceeding brought under this Article 12, and the expenses and fees of the arbitrators selected initially shall be shared equally by Landlord and tenant, provided, however, that the losing party shall reimburse the prevailing party for its reasonable expenses paid to unrelated third parties in connection with the foregoing. Notwithstanding any contrary provisions hereof, if Tenant shall submit such dispute to arbitration, then Landlord and Tenant agree that (i) the arbitrators may not award or recommend any damages to be paid by either party, and (ii) in no event shall either party be liable for, nor be entitled to recover, any damages.

ARTICLE 13

Moving of Heavy Equipment

Tenant shall not move any safe, heavy equipment or bulky matter in or out of the Building without Landlord's written consent, which shall not be unreasonably withheld. If the movement of such items requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work and all such work shall be done in full compliance with the Administrative Code of the City of New York and other municipal requirements. All such movements shall be made during hours which will least interfere with the normal operations of the Building, and all damage caused by such movement shall be promptly repaired by Tenant at Tenant's expense.

ARTICLE 14

Condemnation

Section 14.01. In the event that the whole or more than ten (10%) percent of the Demised Premises shall be condemned or taken in any manner for any public or quasi-public use, this Lease and the term and estate hereby granted shall forthwith cease and terminate as of the date of vesting of title. In the event that ten (10%) percent or less of the Demised Premises shall be so condemned or taken, then, effective as of the date of vesting of title, the minimum rent and additional rent hereunder for such part shall be equitably abated and this Lease shall continue as to such part not so taken. In the event that only a part of the Building shall be so condemned or taken, then (a) if substantial structural alteration or reconstruction of the Building shall, in the opinion of Landlord, be necessary or appropriate as a result of such condemnation or taking (whether or not the Demised Premises be affected), Landlord may, at its option, terminate this Lease and the term and estate hereby granted as of the date of such vesting of title by notifying Tenant in writing of such termination within sixty (60) days following the date on which Landlord shall have received notice of the vesting of title, or (b) if Landlord does not elect to terminate this Lease, as aforesaid, this Lease shall be and remain unaffected by such condemnation or taking, except that the minimum rent and additional rent shall be abated to the extent, if any, hereinbefore provided. In the event that only a part of the Demised Premises shall be so condemned or taken and this Lease and the term and estate hereby granted are not terminated as hereinbefore provided, Landlord, out of the portion of the award allocated for such purpose , will restore with reasonable diligence the remaining structural portions of the Demised Premises as nearly as practicable to the same condition as it was in prior to such condemnation or taking.

Section 14.02. In the event of termination in any of the cases hereinabove provided, this Lease and the term and estate hereby granted shall expire as of the date of such termination with the same effect as if that were the Expiration Date and the rent hereunder shall be apportioned as of such date.

Section 14.03. In the event of any condemnation or taking hereinabove mentioned of all or a part of the Building, Landlord shall be entitled to receive the entire award in the condemnation proceeding, including any award made for the value of the estate vested by this Lease in Tenant, and Tenant hereby expressly assigns to Landlord any and all right, title and interest of Tenant now or hereafter arising in or to any such award or any part thereof, and Tenant shall be entitled to receive no part of such award. Notwithstanding the foregoing, Tenant may make a separate claim for Tenant's moveable trade fixtures and moving expenses, provided the same shall not affect or reduce Landlord's award.

ARTICLE 15

Entry, Right to Change Public Portions of the Building

Section 15.01. Tenant shall permit Landlord to erect, use and maintain pipes and conduits in and through the walls, within the ceiling or below the floors of the Demised Premises. Landlord, or its agents or designee shall have the right, on prior written notice

(except no notice in an emergency), to enter the Demised Premises for the purpose of making such repairs or alterations as Landlord shall desire, shall be required or shall have the right to make under the provisions of this Lease; and shall also have the right to enter the Demised Premises for the purpose of inspecting them or exhibiting them to prospective purchasers or lessees of the entire Building or to prospective mortgagees or to prospective assignees of any such mortgagees. Landlord shall, during the progress of any work in the Demised Premises, be allowed to take all material into and upon the Demised Premises that may be required for the repairs or alterations above mentioned without the same constituting an eviction of Tenant in whole or in part and the rent reserved shall in no wise abate, except as otherwise provided in this Lease, while said repairs or alterations are being made. However, Landlord shall use reasonable efforts to make such repairs or alterations in a manner to minimize its interference with the normal conduct of Tenant's business, provided Landlord shall not be required to employ overtime or premium labor.

Section 15.02. During the twelve (12) months prior to the expiration of the term of this Lease, Landlord may exhibit the Demised Premises to prospective tenants.

Section 15.03. Landlord shall have the right at any time without thereby creating an actual or constructive eviction or incurring any liability to Tenant therefor, to change the arrangement or location of such of the following as are not contained within the Demised Premises: entrances, passageways, doors and doorways, corridors, elevators, stairs, toilets, and other like public service portions of the Building; and to put so-called "solar film" or other energy-saving installations on the inside and outside of the windows. All parts (except surfaces facing the interior of the Demised Premises) of all walls, windows and doors bounding the Demised Premises (including exterior Building walls, exterior core corridor walls, exterior doors and entrances), all space in or adjacent to the Demised Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air cooling, plumbing and other mechanical facilities, service closets and other Building facilities are not part of the Demised Premises and Landlord shall have the use thereof, as well as access thereto through the Demised Premises for the purposes of operation, maintenance, alteration and repair. However, Landlord shall use reasonable efforts to make such repairs or alterations in a manner to minimize its interference with the normal conduct of Tenant's business, provided Landlord shall not be required to employ overtime or premium labor.

Section 15.04. Landlord shall have the right at any time to name the Building as it desires and to change any and all such names at any time thereafter.

ARTICLE 16

Conditional Limitations, Etc.

Section 16.01. If at any time during the term of this Lease:

(a) Tenant or any guarantor of this Lease shall file a petition

in bankruptcy or insolvency or for reorganization or arrangement or for the appointment of a receiver of all or a portion of Tenant's or such guarantor's property, or

(b) Any petition of the kind referred to in subdivision (a) of this Section shall be filed against Tenant or such guarantor and such petition shall not be vacated, discharged or withdrawn within ninety (90) days, or

(c) Tenant or such guarantor shall be adjudicated a bankrupt by any court, or

(d) Tenant or such guarantor shall make an assignment for the benefit of creditors, or

(e) a permanent receiver shall be appointed for the property of Tenant or such guarantor by order of a court of competent jurisdiction by reason of the insolvency of Tenant or such guarantor (except where such receiver shall be appointed in an involuntary proceeding, if he shall not be withdrawn within ninety (90) days after the date of his appointment),

then Landlord, at Landlord's option, may terminate this Lease on five (5) days' notice to Tenant, and upon such termination, Tenant shall quit and surrender the Demised Premises to Landlord.

Section 16.02 (a) If Tenant assumes this Lease and proposes to assign the same pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. (S) 101 et seq. (the "Bankruptcy Code") to any person or entity who shall have made a bona fide offer to accept an assignment of this Lease on terms acceptable to Tenant, then notice of such proposed assignment, setting forth (i) the name and address of such person, (ii) all of the terms and conditions of such offer, and (iii) the adequate assurance to be provided Landlord to assure such person's future performance under the Lease, including, without limitation, the assurance referred to in section 365(b)(1) of the Bankruptcy Code, shall be given to Landlord by Tenant not later than twenty (20) days after receipt by Tenant but in no event later than ten (10) days prior to the date that Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and Landlord shall thereupon have the prior right and option, to be exercised by notice to Tenant given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such person, less any brokerage commissions which may be payable out of the consideration to be paid by such person for the assignment of this Lease.

(b) If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other considerations payable or otherwise delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all monies or other considerations constituting Landlord's Property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid to Landlord.

(c) Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall upon demand execute and deliver to Landlord an instrument confirming such assumption.

(d) Nothing contained in this Section shall, in any way, constitute a waiver of the provisions of this Lease relating to assignment. Tenant shall not, by virtue of this Section, have any further rights relating to assignment other than those granted in the Bankruptcy Code.

(e) Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

(f) The term "Tenant" as used in this Section includes any trustee, debtor in possession, receiver, custodian or other similar officer.

Section 16.03. If this Lease shall terminate pursuant to the provisions of Section 16.01:

(a) Landlord shall be entitled to recover from Tenant arrears in minimum rent and additional rent and, in addition thereto as liquidated damages, an amount equal to the difference between the minimum rent and additional rent for the unexpired portion of the term of this Lease which had been in force immediately prior to the termination effected under Section 16.01 of this Article and the fair and the reasonable rental value of the Demised Premises, on the date of termination, for the same period, both discounted at the rate of eight (8%) percent per annum to the date of termination; or

(b) Landlord shall be entitled to recover from Tenant arrears in minimum rent and additional rent and, in addition thereto as liquidated

damages, an amount equal to the maximum allowed by statute or rule of law in effect at the time when and governing the proceedings in which such damages are to be proved, whether or not such amount be greater or less than the amount referred to in subdivision (a) of this Section.

Section 16.04. (a) If Tenant shall fail to make any payment of any minimum rent or additional rent when the same becomes due and payable, or if the Demised Premises become deserted, or if Tenant shall fail to cancel or discharge any mechanic's lien or other lien within the time period as provided in Section 17.02, and if any of the foregoing defaults shall continue for a period of seven (7) days after notice thereof by Landlord, or

(b) If Tenant shall be in default in the performance of any of the other terms, covenants and conditions of this Lease and such default shall not have been remedied within thirty (30) days after notice by Landlord to Tenant specifying such default and requiring it to be remedied; or where such default reasonably cannot be remedied within such period of thirty (30) days, if Tenant shall not have commenced the remedying thereof within such period of time and shall not be proceeding with due diligence to remedy it,

then Landlord, at Landlord's election, may terminate this Lease on five (5) days' notice to Tenant, and upon such termination Tenant shall quit and surrender the Demised Premises to Landlord.

Section 16.05. If this Lease shall terminate as provided in this Article or if Tenant shall be in default in the payment of minimum rent or additional rent when the same become due and payable, and such default shall continue for a period of seven (7) days after notice by Landlord to Tenant,

(a) Landlord may re-enter and resume possession of the Demised Premises and remove all persons and property therefrom either by summary dispossess proceedings or by a suitable action or proceeding, at law or in equity, or by force or otherwise, without being liable for any damages therefor, and

(b) Landlord may re-let the whole or any part of the Demised Premises for a period equal to, greater or less than the remainder of the then term of this Lease, at such rental and upon such terms and conditions as Landlord shall deem reasonable to any tenant it may deem suitable and for any use and purpose it may deem appropriate. Landlord shall not be liable in any respect for failure to re-let the Demised Premises or, in the event of such re-letting, for failure to collect the rent thereunder and any sums received by Landlord on a re-letting in excess of the rent reserved in this Lease shall belong to Landlord.

Section 16.06. If this Lease shall terminate as provided in this Article or by summary proceedings (except as to any termination under Section 16.01), Landlord shall be entitled to recover from Tenant as damages, in addition to arrears in minimum rent and additional rent,

(a) an amount equal to (i) all expenses incurred by Landlord in recovering possession of the Demised Premises and in connection with the re-letting of the Demised Premises, including, without limitation, the cost of repairing, renovating or remodeling the Demised Premises, (ii) the cost of performing any work required to be done by Tenant under this Lease, (iii) the cost of placing the Demised Premises in the same condition as that in which Tenant is required to surrender them to Landlord under this Lease, and (iv) all brokers' commissions and legal fees incurred by Landlord in re-letting the Demised Premises, which amounts set forth in this subdivision (a) shall be due and payable by Tenant to Landlord at such time or times as they shall have been incurred; and

(b) an amount equal to the deficiency between the minimum rent and additional rent which would have become due and payable had this Lease not terminated and the net amount, if any, of rent collected by Landlord on re-letting the Demised Premises. The amounts specified in this subdivision shall be due and payable by Tenant on the several days on which such minimum rent and additional rent would have become due and payable had this Lease not terminated. Tenant consents that Landlord shall be entitled to institute separate suits or actions or proceedings for the recovery of such amount or amounts, and Tenant hereby waives the right to enforce or assert the rule against splitting a cause of action as a defense thereto.

Landlord, at its election, which shall be exercised by the service of a notice on Tenant, at any time after such termination of this Lease, may collect from Tenant and Tenant shall pay, in lieu of the sums becoming due, under the provisions of subdivision (b) of this Section, an amount equal to the difference between the minimum rent and additional rent which would have become due and payable had this Lease not terminated (from the date of the service of such notice to the end of the term of this Lease which had been in force immediately prior to any termination effected under this Article) and the then fair and reasonable rental value of the Demised Premises for the same period, both discounted to the date of the service of such notice at the rate of eight (8%) percent per annum.

Section 16.07. Tenant, for itself and for all persons claiming through or under it, hereby waives any and all rights which are or may be conferred upon Tenant by any present or future law to redeem the Demised Premises after a warrant to dispossess shall have been issued or after judgment in an action of ejectment shall have been made and entered.

Section 16.08. The words "re-enter" and "re-entry", as used in this Article, are not restricted to their technical legal meanings.

Section 16.09. Landlord shall not be required to give any notice of its intention to re-enter, except as otherwise provided in this Lease.

Section 16.10. In any action or proceeding brought by Landlord against Tenant, predicated on a default in the payment of minimum rent or additional rent, Tenant shall not have the right to and shall not interpose any set-off or counterclaim of any kind whatsoever, other than a claim which would be legally barred for failure to raise as a counterclaim in such action or proceeding. If Tenant has any claim, Tenant shall be entitled only to bring an independent action therefor; and if such independent action is brought by Tenant, Tenant shall not be entitled to and shall not consolidate it with any pending action or proceeding brought by Landlord against Tenant for a default in the payment of minimum rent or additional rent.

ARTICLE 17

Mechanic's Liens

Section 17.01. If, subject to and notwithstanding Landlord's consent as required under this Lease, Tenant shall cause any changes, alterations, additions, improvements, installations or repairs to be made to or at the Demised Premises or shall cause any labor to be performed or material to be furnished in connection therewith, neither Landlord nor the Demised Premises, under any circumstances, shall be liable (except for Landlord's payment obligations pursuant to Article 38) for the payment of any expense incurred or for the value of any work done or material furnished, and all such changes, alterations, additions, improvements, installations and repairs and labor and material shall be made, furnished and performed upon Tenant's credit alone and at Tenant's expense, and Tenant shall be solely and wholly responsible to contractors, laborers, and materialmen furnishing and performing such labor and material. Nothing contained in this Lease shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, to any contractor, laborer or materialman to furnish or to perform any such labor or material.

Section 17.02. If, because of any act or omission (or alleged act or omission) of Tenant any mechanic's or other lien, charge or order for the payment of money shall be filed against the Demised Premises or the Building or Landlord's estate as tenant under any ground or underlying lease (whether or not such lien, charge or order is valid or enforceable as such), for work claimed to have been for, or materials furnished to, Tenant, Tenant, at Tenant's expense, shall cause it to be cancelled or discharged of record by bonding or otherwise within twenty (20) days after such filing, and Tenant shall indemnify Landlord against and save Landlord harmless from and shall pay all reasonable costs, expenses, losses, fines and penalties, including, without limitation, reasonable attorneys' fees, resulting therefrom.

ARTICLE 18

Landlord's and Tenant's Right to Perform Obligations

Section 18.01. If Tenant shall default in the performance of any of the terms or covenants and conditions of this Lease, Landlord, without being under any obligation to do so and without hereby waiving such default, may remedy such default for the account and at the expense of Tenant. Any payment made or expense incurred by Landlord for such purpose (including, but not limited to, reasonable attorneys' fees) with interest at the maximum legal rate, shall be deemed to be additional rent hereunder and shall be paid by Tenant to Landlord on demand, or at Landlord's election, added to any subsequent installment or installments of minimum rent.

Section 18.02. If Landlord shall fail to perform any repair or maintenance obligation required to be performed by Landlord in the Demised Premises pursuant to the provisions of this Lease, then Tenant shall give Landlord written notice (the "Repair Notice") stating the repair or maintenance obligation which affects the Demised Premises. If Landlord fails to remedy the condition set forth in the Repair Notice within thirty (30) days after it was given, then to the extent such repair or maintenance may be performed by Tenant solely within the Demised Premises, Tenant may perform the same. Landlord shall reimburse Tenant for the reasonable, actual costs and expenses of performing the same, within twenty (20) after receipt from Tenant of paid receipts therefor, together with waivers of liens with respect thereto.

ARTICLE 19

Covenant of Quiet Enjoyment

Landlord covenants that upon Tenant paying the minimum rent and additional rent and observing and performing all the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed, Tenant and all persons claiming through or under Tenant may peaceably and quietly enjoy the Demised Premises, subject nevertheless to the terms and conditions of this Lease, and provided, however, that no eviction of Tenant by reason of the foreclosure of any mortgage now or hereafter affecting the Demised Premises, whether such termination is by operation of law, by agreement or otherwise, shall be construed as a breach of this covenant nor shall any action be brought against Landlord by reason thereof.

ARTICLE 20

Excavation

In the event that construction is to be commenced or an excavation is made or authorized for building or other purposes upon land adjacent to the Building, Tenant shall, if necessary, afford to the person or persons causing or authorized to commence construction or cause such excavation or to engage in such other purpose, license to enter upon the Demised Premises for the purpose of doing such work as shall reasonably be necessary to protect or

preserve the Building, from injury or damage and to support the Building and any new structure to be built by proper foundations, pinning and/or underpinning, or otherwise. However, Landlord shall cause reasonable efforts to be made to have such work performed in a manner to minimize any interference with the normal conduct of Tenant's business, provided overtime or premium labor shall not be required to be employed to perform such work.

ARTICLE 21

Services and Equipment

Section 21.01. Landlord shall, at its cost and expense:

(a) Provide operatorless passenger elevator service Mondays through Fridays from 8:00 A.M. to 6:00 P.M., holidays excepted. A passenger elevator will be available at all other times. A freight elevator shall be available Mondays through Fridays, holidays excepted, only from 8:00 to 6:00 P.M. The freight elevator shall be available on a "first come, first served" basis during the said days and hours and on a reservation "first come, first served" basis other than on said days and hours at Landlord's customary charges therefor.

(b) Maintain and repair the Building standard heating, ventilating and air conditioning system servicing the Demised Premises (the "HVAC System") installed by Landlord, except for those repairs which are the obligation of Tenant pursuant to Article 6 of this Lease. The HVAC System will be operated by Landlord as and when required by law, or for the comfortable occupancy of the Demised Premises (as determined by Landlord) throughout the year on Mondays through Fridays, holidays excepted, from 8:00 A.M. to 6:00 P.M.; provided that Tenant shall draw and close the draperies or blinds for the windows of the Demised Premises whenever the HVAC system is in operation and the position of the sun so requires and shall, at all times, cooperate fully with Landlord and abide by all of the Rules and Regulations which Landlord may prescribe for the proper functioning of the HVAC System. Landlord agrees to operate the HVAC System servicing the Demised Premises in accordance with their design criteria unless energy and/or water conservation programs, guidelines or laws and/or requirements of public authorities, shall provide for any reduction in operations below said design criteria in which case such equipment shall be operated so as to provide reduced service in accordance therewith. Tenant expressly acknowledges that some or all windows are or may be hermetically sealed and will not open and Landlord makes no representation as to the habitability of the Demised Premises at any time the HVAC System is not in operation. Tenant hereby expressly waives any claims against Landlord arising out of the cessation of operation of the HVAC System, or the suitability of the Demised Premises when the same is not

in operation, whether due to normal scheduling or the reasons set forth in Section 21.03. Said system is designed to be capable of manufacturing, within tolerances normal in first-class office buildings, inside space conditions averaging 78 degrees Fahrenheit dry bulb and 50% relative humidity when outside conditions are 95 degrees Fahrenheit dry bulb and 75 degrees Fahrenheit wet bulb, and a temperature of not lower than an average of 68 degrees Fahrenheit when outside temperature is 50 degrees Fahrenheit or lower. Landlord will not be responsible for the failure of the HVAC System if such failure results from the occupancy of the Demised Premises by more than an average of one (1) person for each one hundred (100) square feet in any separate room or area, and upon a combined lighting and standard electrical load not to exceed three (3) watts per usable square foot (excluding the Building HVAC), or if Tenant shall install and operate machines, incandescent lighting and appliances the total connected electrical load in excess of the Building's electrical specifications, as determined by Landlord's consulting engineers. If Tenant shall occupy the Demised Premises at an occupancy rate of greater than that for which the HVAC System was designed, or if the total connected electrical load is in excess of the Building's electrical specifications, as determined by Landlord's consulting engineers, or if Tenant's partitions shall be arranged in such a way as to interfere with the normal operation of the HVAC System, Landlord may elect to make changes to the HVAC System or the ducts through which it operates required by reason thereof, and the cost thereof shall be reimbursed by Tenant to Landlord, as additional rent, within twenty (20) days after presentation of a bill therefor. Landlord, throughout the term, shall have free access to all mechanical installations of Landlord, including but not limited to air-cooling, fan, ventilating and machine rooms and electrical closets, and Tenant shall not construct partitions or other obstructions that may interfere with Landlord's free access thereto, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Neither Tenant nor any person or entity within Tenant's control shall at any time enter the said enclosures or tamper with, adjust, touch or otherwise in any manner affect said mechanical installations, except as set forth herein with respect to the thermostatic controls within the Demised Premises.

(c) Provide Building standard cleaning services in Tenant's office space and public portions of the Building, except no services shall be performed Saturdays, Sundays and holidays, in accordance with Schedule "D" annexed hereto and made part hereof. If, however, any additional cleaning of the Demised Premises is to be done by Tenant, it shall be done at Tenant's sole expense, in a manner reasonably satisfactory to Landlord and no one other than persons approved by Landlord shall be permitted to enter the Demised Premises or the Building for such purpose. Tenant, at its own cost, may utilize its own employees or outside contractors to perform additional cleaning services in the Demised Premises, provided such employees or outside contractors do not

cause any labor disruption or dispute or violate Landlord's union contracts affecting the Building. However, such use of outside contractors shall be subject to the right of Landlord to match the costs chargeable by such outside contractors, in which event Landlord shall perform such services at such cost, to be paid by Tenant within twenty (20) days after being billed therefor. Tenant shall pay to Landlord the cost of removal of any of Tenant's refuse and rubbish from the Demised Premises and the Building (i) to the extent that the same, in any one day, exceeds the average daily amount of refuse and rubbish usually attendant upon the use of such Demised Premises as offices, as described and included in Landlord's cleaning contract for the Building or recommended by Landlord's cleaning contractor, and (ii) related to or deriving from the preparation or consumption of food or drink, excluding food or drink for normal business use. Bills for the same shall be rendered by Landlord to Tenant at such time as Landlord may elect and shall be due and payable as additional rent within twenty (20) days after the time rendered. Tenant, at Tenant's expense, shall cause the Demised Premises to be exterminated from time to time to the satisfaction of Landlord and additionally shall cause all portions of the Demised Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be treated against infestation by vermin, rodents or roaches, whenever there is evidence of any infestation. Tenant shall not permit any person to enter the Demised Premises or the Building for the purpose of providing such extermination services, unless such persons have been approved by Landlord. If so requested by Landlord, Tenant shall store any refuse generated by the consumption of food or beverages on the Demised Premises in a cold box or similar facility.

(d) Furnish hot and cold water for lavatory and drinking purposes. If Tenant requires, uses or consumes water for any other purposes, Landlord may install a meter or meters or other means to measure Tenant's water consumption, and Tenant shall reimburse Landlord for the cost of the meter or meters and the installation thereof, and shall pay for the maintenance of said meter equipment and/or pay Landlord's cost of other means of measuring such water consumption by Tenant. Tenant shall pay to Landlord on demand the cost of all water consumed as measured by said meter or meters or as otherwise measured, including sewer rents.

(e) If Tenant shall require and request any of the foregoing services at times other than above provided, and if such request is made at least twenty-four (24) hours prior to the time when such additional services are required, Landlord will provide them and Tenant shall pay to Landlord promptly thereafter the charges therefor at the then Building standard rate charged to other tenants in the Building.

Section 21.02. Holidays shall be deemed to mean all federal holidays, state holidays and Building Service Employees Union Contract holidays.

Section 21.03. Landlord reserves the right to interrupt, curtail or suspend the services required to be furnished by Landlord under this Lease when necessary by reason of accident, emergency, mechanical breakdown or when required by any law, order or regulation of any Federal, State, County or Municipal authority, or for any other cause beyond the control of Landlord. Landlord shall use due diligence to complete all required repairs or other necessary work as quickly as possible so that Tenant's inconvenience resulting therefrom may be for as short a period of time as circumstances will reasonably permit. Except as otherwise provided in this Lease, Tenant shall not be entitled to nor shall Tenant make claim for any diminution or abatement of minimum rent or additional rent or other compensation, nor shall this Lease or any of the obligations of Tenant be affected or reduced by reason of such interruption, curtailment, suspension, work or inconvenience.

Section 21.04. Tenant shall reimburse Landlord promptly for the actual out-of-pocket cost to Landlord of removal from the Demised Premises and the Building of any refuse and rubbish of Tenant not covered by the Cleaning Specifications (Schedule D) and Tenant shall pay all bills therefor when rendered.

Section 21.05. If Tenant shall request Landlord to furnish any services in addition to those hereinabove provided or perform any work not required under this Lease, and Landlord agrees to furnish and/or perform the same, Tenant shall pay to Landlord promptly thereafter the charges therefor, which charges are deemed to be additional rent and payable as such.

Section 21.06. Landlord shall provide security in the Building lobby and Tenant shall have access to the Demised Premises twenty-four (24) hours per day, seven (7) days per week, subject to emergencies, police power and Article 34.

Section 21.07. Landlord represents that the Building facility equipment is Y2K ready and the Building shall be operated and maintained as a first-class building similar to other first-class buildings in the vicinity of the Building.

ARTICLE 22

Escalation

Section 22.01. Taxes. Tenant shall pay to Landlord, as additional rent, tax escalation in accordance with this Section:

(a) Definitions: For the purpose of this Section, the following definitions shall apply:

(i) The term "Tax Base Factor" shall mean the average of the real estate taxes for the Building Project for the periods from July 1, 1999 to June 30, 2000, and from July 1, 2000 to June 30, 2001, as finally determined.

(ii) The term "The Building Project" shall mean the parcel of Land described in Schedule B of this Lease with all improvements erected thereon.

(iii) The term "Comparative Tax Year" shall mean the New York City real estate tax year commencing on July 1, 2001 and each subsequent New York City real estate tax year. If the present use of July 1-June 30 New York City real estate tax year shall hereafter be changed, then such changed tax year shall be used with appropriate adjustment for the transition.

(iv) The term "Real Estate Taxes" shall mean the total of all taxes and special or other assessments and charges of any Special Business Improvement District levied, assessed or imposed at any time by any governmental authority: (a) upon or against the Building Project, and (b) in connection with the receipt of income or rents from the Building Project to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof. Income, franchise, transfer, inheritance, corporate, mortgage recording or capital stock taxes of Landlord, or penalties or interest thereon, shall be excluded from "Real Estate Taxes" for the purposes hereof. If, due to a future change in the method of taxation or in the taxing authority, or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the Real Estate Taxes, or in lieu of or addition to or increase of Real Estate Taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be included within "Real Estate Taxes." Tenant acknowledges that the Tax Escalation Payment (as hereinafter defined) constitutes a method by which Landlord is seeking to compensate for increases in expenses and that the Tax Escalation Payment shall be calculated and paid by Tenant to Landlord whether or not Real Estate Taxes have then been paid by Landlord.

(v) The term "the Percentage" for purposes of computing tax escalation, shall mean 8.573%.

(b) (i) In the event that the Real Estate Taxes payable for any Comparative Tax Year shall exceed the Tax Base Factor, Tenant shall pay to Landlord, as additional rent for such Comparative Tax Year, an amount for tax escalation ("Tax Escalation Payment")equal to the Percentage of the excess. Before or after the start of each Comparative Tax Year, Landlord shall furnish to Tenant a statement of the Tax Escalation Payment payable for such Comparative Tax Year, together with a copy of the tax bill. Tenant shall make its aforesaid Tax Escalation Payment to Landlord, in installments in the same manner and not later than thirty (30) days prior to the last date that Real Estate Taxes are payable by Landlord to the governmental authority. If a statement is furnished to Tenant after the commencement of the Comparative Tax Year in respect of which such statement is rendered, Tenant shall, within twenty (20) days thereafter, pay to Landlord an amount equal to those installments of the total Tax Escalation Payment then due. If, during the term of this Lease, Real Estate Taxes are required to be paid, in full or in monthly or other installments, on any other date or dates than as presently required, or if Landlord shall be required to make monthly deposits of Real Estate Taxes to the holder of any mortgage, then Tenant's Tax Escalation Payment(s) shall be correspondingly adjusted so that the same are due to Landlord in corresponding installments not later than thirty (30) days prior to the last date on which the applicable installment of such Real Estate Taxes shall be due and payable to the governmental authority or such mortgagee.

(ii) If in any tax certiorari proceeding regarding Real Estate Taxes payable for any Comparative Tax Year or in otherwise establishing such taxes, Landlord has incurred expenses for legal and/or consulting services rendered in applying for, negotiating or obtaining a reduction of the assessment upon which the Real Estate Taxes are predicated, Tenant shall pay an amount equal to the Percentage of such expenses.

(iii) The statements of the Tax Escalation Payment to be furnished by Landlord as provided above shall constitute a final determination as between Landlord and Tenant of the Tax Escalation Payment for the periods represented thereby, except for mathematical error in computation.

(iv) In no event shall the fixed minimum rent under this Lease be reduced by virtue of this Section 22.01.

(v) Upon the date of any expiration or termination of this Lease, whether the same be the date hereinabove set forth for the expiration of the term or any prior or subsequent date, a proportionate share of the Tax Escalation Payment for the Comparative Tax Year during which such expiration or termination occurs shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid, or due and payable by Landlord to Tenant if the amount paid by Tenant exceeded such proportionate share. The said proportionate share shall be based upon the length of time that this Lease shall have been in existence during such Comparative Tax Year. Prior to or promptly after said expiration or termination, Landlord shall compute the Tax Escalation Payment due from or owed to Tenant, as aforesaid and Tenant shall promptly pay Landlord any amount unpaid. If Landlord shall receive a refund or a tax credit of any amount of Real Estate Taxes for any Comparative Tax Year for which Tenant has made a payment, Landlord shall pay to Tenant within fifteen (15) days of its receipt of such refund the Percentage of any such refund, less the Percentage of any legal fees and other expenses provided for in Section 22.01(b)(ii) to the extent the same have not theretofore been paid by Tenant.

(vi) Landlord's and Tenant's obligations to make the adjustments referred to in subdivision (v) above shall survive any expiration or termination of this Lease.

(vii) Any delay or failure of Landlord in billing any Tax Escalation Payment hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such Tax Escalation Payment hereunder.

(viii) Notwithstanding any language to the contrary contained in this Lease, Landlord and Tenant agree that for the purposes of this Section 22.01, Real Estate Taxes and Tax Escalation Payments shall be calculated without regard to any deductions, credits, abatements, or deferral of Real Estate Taxes which Landlord may receive pursuant to Sections

11.256 through 11-267 of the Administrative Code of the City of New York, authorized by Title 2-D of Article 4 of the New York Real Property Tax Law and any and all rules and regulations promulgated thereunder (herein collectively called the "ICIP Program").

Section 22.02. Porter's Wage Rate. Tenant shall pay to the Landlord, as additional rent, a porter's wage rate escalation in accordance with this Section:

(a) For the purpose of this Section, the following definitions shall apply:

(i) "Wage Rate" shall mean the minimum regular hourly rate of wages in effect as of January 1st of each year (whether paid by Landlord or any contractor employed by Landlord) computed as paid over a forty hour week to Porters in Class A office buildings pursuant to an Agreement between Realty Advisory Board on Labor Relations, Incorporated, or any successor thereto, and Local 32B-32J of the Building Service Employees International Union, AFL-CIO, or any successor thereto; and provided, however, that if there is no such agreement in effect prescribing a wage rate for Porters, computations and payments shall thereupon be made upon the basis of the regular hourly wage rate actually payable in effect as of January 1st of each year, and provided, however, that if in any year during the term, the regular employment of Porters shall occur on days or during the hours when overtime or other premium pay rates are in effect pursuant to such Agreement, then the term "hourly rate of wages" as used herein shall be deemed to mean the average hourly rate for the hours in a calendar week during which Porters are regularly employed (e.g., if pursuant to an agreement between Realty Advisory Board and the Local the regular employment of Porters for forty hours during a calendar week is at a regular hourly wage rate of $3.00 for the first thirty hours, and premium or overtime hourly wage rate of $4.50 for the remaining ten hours, then the hourly rate of wages under this Article during such period shall be the total weekly rate of $135.00 divided by the total number of regular hours of employment, forty or $3.375). Notwithstanding the foregoing, if at any time such hourly wage rate is different for new hire and old hire Porters, then thereafter such hourly wage rate shall be based on the weighted average of the wage rates for the different classifications of Porters.

(ii) "Base Wage Rate" shall mean the Wage Rate in effect on January 1, 2000.

(iii) The term "Porters" shall mean that classification of non-supervisory employees employed in and about the Building who devote a major portion of their time to general cleaning, maintenance and miscellaneous services essentially of a non-technical and non-mechanical nature and are the type of employees who are presently included in the classification of "Class A-Others" in the Commercial Building Agreement between the Realty Advisory Board and the aforesaid Union.

(iv) The term "minimum regular hourly rate of wages" shall not include any payments for fringe benefits or adjustments of any kind.

(v) The term "Multiplication Factor" shall mean 75,000.

(b) If the Wage Rate for any calendar year during the term shall be increased above the Base Wage Rate, then Tenant shall pay, as additional rent, an amount equal to the product obtained by multiplying the Multiplication Factor by 100% of the number of cents (including any fraction of a cent) by which the Wage Rate is greater than the Base Wage Rate, such payment to be made in equal one-twelfth (1/12th) monthly installments commencing with the first monthly installment of minimum rent falling due on or after the effective date of such increase in Wage Rate (payable retroactive from said effective date) and continuing thereafter until a new adjustment shall have become effective in accordance with the provisions of this Article. Landlord shall give Tenant notice of each change in Wage Rate which will be effective to create or change Tenant's obligation to pay additional rent pursuant to the provisions of this Section 22.02 and such notice shall contain Landlord's calculation in reasonable detail and certified as true by an authorized partner of Landlord or of its managing agent, of the annual rate of additional rent payable resulting from such increase in Wage Rate. Such amounts shall be prorated for any partial calendar years during the term.

(c) Every notice given by Landlord pursuant to Section 22(b) hereof shall be conclusive and binding upon Tenant, except for manifest error.

(d) The "Wage Rate" is intended to be a substitute comparative index of economic costs and does not necessarily reflect the actual

costs of wages or other expenses of operating the Building. The Wage Rate shall be used whether or not the Building is a Class A office building and whether or not Porters are employed in the Building and without regard to whether such employees are members of the Union referred to in subsection (a) hereof.

ARTICLE 23

Electricity

Section 23.01.

(a) Landlord shall provide electricity to the Demised Premises on a submetering basis from the existing risers and switches on the floor. Tenant's consumption of electricity shall be measured by one independent time of day (or use) submeter furnished and installed by Landlord, at the cost of Tenant, and read by Landlord. If Tenant shall require electricity exceeding the available service capacity, any additional risers, feeders and similar electrical equipment which may be required, shall be installed by Landlord, at the expense of Tenant, to and for the use of Tenant in the Demised Premises during the term hereof. Any riser(s) shall terminate at a disconnect switch to be located at a point designated by Landlord in electrical closet(s) on the floor of the Demised Premises. Such disconnect switch shall be the sole source from which Tenant is to obtain electricity. Such submeter shall at all times be maintained by Tenant, at its expense, unless damaged due to the negligence of Landlord, its agents, employees or contractors. Tenant covenants and agrees to purchase electric power from Landlord or Landlord's designated agent at charges, terms and rates set, from time to time, during the term of this Lease by Landlord but not more than those specified in the service classification in effect from time to time pursuant to which Landlord then purchases electric current from the Electric Service Provider or Alternate Service Provider (as said terms are hereinafter defined), as the case may be, plus a fee equal to five (5%) percent of such charges, representing agreed upon administrative and overhead costs to Landlord. Bills therefor shall be rendered monthly or at such other times as Landlord may elect together with copies of the submeter printouts showing the totalized demand for the meter and copies of the applicable public utility rate schedule pursuant to which Landlord is then purchasing electricity for the Building, and the amount, as computed from such meter, shall be deemed to be, and be paid as, additional rent, within ten (10) days thereafter, without any set-off or deduction. If any tax is imposed upon Landlord's receipt from the sale or resale of electric energy to Tenant by any federal, state or municipal authority, Tenant covenants and agrees that, where permitted by law, Tenant's pro rata share of such taxes shall be passed on to, and included in the bill of, and paid by, Tenant to Landlord.

(b) Landlord has advised Tenant that presently Con Edison ("Electric Service Provider") is the utility company selected by Landlord to provide electricity service for the Building. Notwithstanding the foregoing, if permitted by law, Landlord shall have the right at any time and from time to time during the term of this Lease to either contract for service from a different company or companies providing comparable electricity service at comparable or lower rates (each such company shall hereinafter be referred to as an "Alternate Service Provider") or continue to contract for service from the Electric Service Provider.

(c) Tenant shall cooperate with Landlord, the Electric Service Provider, and any Alternate Service Provider at all times and, as reasonably necessary, shall allow Landlord, Electric Service Provider, and any Alternate Service Provider reasonable access to the Building's electric lines, feeders, risers, wiring, and any other machinery within the Demised Premises.

Section 23.02. Landlord shall not be liable in any way for any loss, damage or expense that Tenant may sustain or incur by reason of or any failure, change, interruption or defect in the supply or character of electric energy furnished to the Demised Premises by reason of any requirement, act or omission of the Electric Service Provider or Alternate Service Provider (as said terms are hereinafter defined) serving the Building with electricity and no such failure, change, interruption or defect shall constitute an act of constructive eviction, in whole or in part, or entitle Tenant to any abatement of minimum rent or additional rent or relieve Tenant of its obligations under this Lease. Tenant shall furnish and install, at its sole cost and expense, all lighting fixtures, tubes, lamps, bulbs, ballasts and outlets relating to Tenant's electrical equipment.

Section 23.03. Tenant's connected electrical load in the Demised Premises, including lighting, shall not at any time exceed the capacity of any of the electrical conductors and equipment in or servicing the Demised Premises which capacity Landlord represents to be six (6) watts per usable square foot (excluding the Building HVAC). In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building electric service, Tenant shall not, without Landlord's prior consent in each instance, make any alteration or addition to the electric system of the Demised Premises existing on the Commencement Date, nor connect any additional fixtures, appliances or equipment that would exceed the electrical capacity of the Demised Premises represented by Landlord. Should Landlord grant such consent, all additional risers or other equipment required therefor shall be provided by Landlord and the cost thereof shall be paid by Tenant.

Section 23.04. Landlord reserves the right to discontinue furnishing electric energy at any time, whether or not Tenant is in default under this Lease, upon not less than thirty (30) days' notice to Tenant, provided Landlord discontinues furnishing electricity to all other tenants in the Building. If Landlord exercises such right of discontinuance, this Lease

shall continue in full force and effect and shall be unaffected thereby, except only that, from and after the effective date of such discontinuance, Landlord shall not be obligated to furnish electric energy to Tenant. If Landlord so elects to discontinue furnishing electric energy to Tenant, Tenant shall arrange to obtain electric energy directly from the public utility company furnishing electric service to the Building. Notwithstanding the foregoing, Landlord shall not discontinue furnishing electric energy until Tenant is able to obtain such electric energy directly from said public utility. Such electric energy may be furnished to Tenant by means of the then existing Building system feeders, risers and wiring to the extent that they are available, suitable and safe for such purposes. All meters and additional panel boards, feeders, risers, wiring and other conductors and equipment which may be required to obtain electric energy directly from such public utility company, and which are to be located within the Demised Premises, shall be installed by Landlord at its expense if such discontinuance was voluntary, or installed by Landlord at Tenant's expense if such discontinuance was required by law or the utility company. Thereafter, all of such equipment shall be maintained by Tenant at its expense.

ARTICLE 24

Broker

Landlord and Tenant covenant and represent that the sole brokers who negotiated and brought about this transaction were Cushman Realty Corporation, CRF Partners, Inc. and Cohen Brothers Realty Corporation. Landlord agrees to pay a commission therefor to Cushman Realty Corporation and Cohen Brothers Realty Corporation as per separate agreements and Landlord shall not be responsible for any separate payment to CRF Partners, Inc. . Landlord and Tenant agree to hold the other harmless against any claims for a brokerage commission arising out of a breach by the other of the representations contained in this Article.

ARTICLE 25

Subordination and Ground Lease

Section 25.01. This Lease is subject and subordinate to (a) all ground and underlying leases on the Land and/or Building now or hereafter existing, and (b) to all mortgages which may now or hereafter affect any such ground and underlying leases or the Land and/or the Building, and to all renewals, modifications, amendments, consolidations, replacements or extensions of any of the foregoing. This clause shall be self-operative and no further instrument of subordination shall be required. However, in confirmation of such subordination, Tenant, at any time and from time to time, shall execute promptly, and within fifteen (15) days of such request, any certificate and document that Landlord may reasonably request which reasonably evidences such subordination. Landlord, within forty-five (45) days from the date hereof, agrees to obtain from Credit Suisse First Boston Mortgage Capital, LLC, the holder of the existing mortgage which is a lien on the Building Project, an agreement (the "non-disturbance and attornment agreement") providing in substance that Tenant's possession

of and rights in the Demised Premises and under this Lease shall remain undisturbed, so long as Tenant is not in default under the provisions of this Lease, after any notice and the expiration of any applicable periods of grace, and provided Tenant agrees in said instrument to attorn to such mortgagee as its landlord under this Lease. If a fully executed and acknowledged original copy of such non-disturbance and attornment agreement is not delivered to Tenant within such forty-five (45) day period, Tenant, as its sole remedy for Landlord's failure to obtain the non-disturbance and attornment agreement, may by notice given within fifteen (15) days after the expiration of such forty-five (45) day period, terminate this Lease on a date specified in such notice which shall not be later than thirty (30) days after the date of said notice, unless prior to such termination date all such copies are delivered to Tenant or Tenant elects to rescind such notice. In the event of such termination, neither Landlord nor Tenant shall have any further liability to each other except that Landlord shall return to Tenant all moneys given to Landlord upon the execution of this Lease. Concurrently with the execution of this Lease, Tenant has executed a non-disturbance and attornment agreement with respect to such mortgagee. It is further agreed that this Lease shall not be subject and subordinate to and Tenant shall not be required to attorn to any mortgages or any ground or underlying leases which may hereafter affect the Building Project, unless the holder of each such mortgage or lessor under each such lease executes such non-disturbance and attornment agreement in the then customary form of such mortgagee or lessor.

Section 25.02. (a) The Tenant covenants and agrees that if by reason of a default under any underlying lease, or under any mortgage, such underlying lease and the leasehold estate of the Landlord in the Demised Premises is terminated, or the Land and/or the Building are foreclosed upon or transferred in lieu of a foreclosure, the Tenant will attorn to the then holder of the reversionary interest in the premises demised by this Lease or the foreclosure purchaser or transferee in lieu of foreclosure, and will recognize such holder, purchaser or transferee as the Tenant's Landlord under this Lease, unless, subject to any non-disturbance agreement, the lessor under such underlying lease or the holder of any such mortgage shall, in any proceeding to terminate such underlying lease or foreclose such mortgage, elects to terminate this Lease and the rights of Tenant hereunder provided, however, the holder of the reversionary interest or the foreclosure purchaser or transferee in lieu of foreclosure shall not be (i) liable for any act or omission or negligence of Landlord under this Lease; (ii) subject to any counterclaim, defense or offset, not expressly provided for in this Lease and asserted with reasonable promptness which theretofore shall have accrued to Tenant against Landlord; (iii) obligated to perform, undertake or complete any work in the Demised Premises or to prepare it for occupancy; (iv) bound by any previous modification or amendment of this Lease or by any previous prepayment of more than one (1) month's rent, unless such modification or prepayment shall have been approved in writing by the holder of such Mortgage; (v) obligated to repair the Demised Premises, or the Building, or any part thereof, in the event of any damage beyond such repair as can reasonably be accomplished

from the net proceeds of insurance actually made available to the then holder of the reversionary interest or the foreclosure purchaser or transferee in lieu of foreclosure; (vi) obligated to repair the Demised Premises or the Building, or any part thereof, in the event of partial condemnation of the Demised Premises or the Building; (vii) required to account for any security deposit of Tenant unless actually delivered to such holder, purchaser or transferee by Landlord; (viii) bound by any obligation to make any payment to Tenant or grant any credits, except for services, repairs, maintenance and restoration provided for under this Lease to be performed by Landlord after the date of attornment; or (ix) responsible for any monies owing by Landlord to Tenant. Nothing contained in this subparagraph shall be construed to impair any right otherwise exercisable by any such holder, purchaser or transferee. Tenant agrees to execute and deliver, at any time and from time to time, upon the request of the Landlord of or the lessor under any such underlying lease or the holder of any such mortgage any instrument which may be necessary or appropriate to evidence such attornment. The Tenant further waives the provisions of any statute or rule or law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to surrender possession of the premises demised hereby in the event any proceeding is brought by the lessor under any underlying lease or the holder of any such mortgage to terminate the same, and agrees that, subject to any non-disturbance agreement, unless and until any such lessor or holder, in connection with any such proceeding, shall elect to terminate this Lease and the rights of Tenant hereunder, this Lease shall not be affected in any way whatsoever by any such proceeding.

(b) Upon Tenant's receipt of a written notice from the lessor under any underlying lease or the holder of any such mortgage to the effect that (i) the lessor of said underlying lease or the holder of any such mortgage is entitled to send a notice to the Landlord, as tenant under said underlying lease, terminating said lease, or such holder is entitled to performance by Tenant under the Lease, and (ii) the Tenant should pay the minimum rent and additional rent thereafter due and payable under this Lease to said lessor or the holder of any such mortgage at a place designated in such notice, Tenant shall pay such minimum rent and additional rent to said lessor under said underlying lease or the holder of any such mortgage at such designated place until such time as said lessor or holder shall notify Tenant that Landlord is no longer in default under said underlying lease or such mortgage and that Tenant may resume paying all minimum rent and additional rent thereafter due and payable under this Lease to Landlord. Tenant shall have no liability to the Landlord for paying any minimum rent or additional rent to said lessor under the underlying lease or holder of any such mortgage or otherwise acting in accordance with the provisions of any notice sent to it under this paragraph and shall be relieved of its obligations to pay Landlord any minimum rent or additional rent under this

Lease to the extent such payments are made to said lessor under the underlying lease.

Section 25.03. In the event of any act or omission by Landlord which would give Tenant the right to terminate this Lease or to claim a partial or total eviction, pursuant to the terms of this Lease, if any, Tenant will not exercise any such right until:

(a) it has given a written notice to cure (concurrently with any notice given to Landlord), regarding such act or omission to the holder of any mortgage and to the landlord of any ground or underlying lease, whose names and addresses shall previously have been furnished to Tenant, addressed to such holder and landlord at the last addresses so furnished, and

(b) a reasonable period of time (not to exceed the period in this Lease or the ground lease or the mortgage, as the case may be) for remedying such act or omission shall have elapsed following such giving of notice and the expiration of any grace period applicable thereto in favor of Landlord hereunder, during which such holder and landlord, or any of them, with reasonable diligence, following the giving of such notice, shall not have commenced and is or are not continuing to remedy such act or omission or to cause the same to be remedied.

Section 25.04. If, in connection with obtaining financing for the Building, or of Landlord's interest in any ground or underlying lease, a banking, insurance or other recognized institutional lender shall request modifications in this Lease as a condition to such financing, Tenant will not withhold, delay or defer its consent thereto and its execution and delivery of such modification agreement, provided that such modifications do not increase the obligations (including the monetary obligations) of Tenant hereunder or adversely affect the leasehold interest hereby created or Tenant's use and enjoyment of the Demised Premises or Tenant's rights or reduce the Building's services or Landlord's obligations.

Section 25.05. Landlord represents that the only mortgage covering the Land and Building is the existing mortgage held by Credit Suisse First Boston Mortgage Capital, LLC, that there are no defaults thereunder by Landlord, and that there is no present ground or underlying lease covering the Land and Building.

ARTICLE 26

Estoppel Certificate

Landlord and Tenant shall at any time, and from time to time, within ten (10) business days after so requested by the other execute, acknowledge and deliver to the other , a statement addressed to the other or its designee or the holder of any mortgage encumbering the Land and/or Building (a) certifying that this Lease is unmodified and in full force and effect

(or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (b) stating the dates to which the minimum rent and additional rent have been paid, (c) stating whether or not there exists any default by the other under this Lease, and, if so, specifying each such default, and (d) such other information as may be required by Landlord, Tenant or any mortgagee, it being intended that any such statement may be relied upon by Landlord, Tenant, by any mortgagee or prospective mortgagee of any mortgage affecting the Building or the leasehold estate under any ground or underlying lease affecting the land described in Schedule B and/or Building and improvements thereon, or may be relied upon by the landlord under any such ground or underlying lease or a purchaser of Lessee's estate under any such ground or underlying lease or any interest therein, or any assignee of Tenant.

ARTICLE 27

Waiver of Jury Trial

Tenant hereby waives the right to trial by jury in any summary proceeding that may hereafter be instituted against it or in any action or proceeding that may be brought by Landlord on matters which are connected with this Lease, or any of its provisions or Tenant's use or occupancy of the Demised Premises, including any claims for injury or damage, or any emergency or other statutory remedy with respect thereto.

ARTICLE 28

Surrender of Premises

Section 28.01. Upon the expiration or other termination of the term of this Lease, Tenant shall quit and surrender the Demised Premises, vacant, broom clean, in good order and condition, ordinary wear and tear and damage by fire or other casualty excepted, and shall remove all its personal property therefrom. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

Section 28.02. In the event Tenant shall remain in possession of the Demised Premises after the expiration or other termination of the term of this Lease, such holding over shall not constitute a renewal or extension of this Lease. Landlord, may, at its option, elect to treat Tenant as one who is not removed at the end of the term, and thereupon be entitled to all of the remedies against Tenant provided by law in that situation or Landlord may elect to construe such holding over as a tenancy from month-to-month, subject to all of the terms and conditions of this Lease, except as to the duration thereof, and the minimum rent shall be due, in either of such events, at a monthly rental rate equal to two (2) times the monthly installment of minimum rent which would otherwise be payable for such month, together with any and all additional rent. Tenant shall also be responsible for and hereby indemnifies Landlord against any claims made by any succeeding tenant or prospective tenant founded upon Tenant's delay in surrendering the Demised Premises to Landlord.

ARTICLE 29

Rules and Regulations

Section 29.01. Tenant, its servants, employees, agents, visitors and licensees shall observe faithfully and comply with the rules and regulations set forth in Schedule "C" attached hereto and made a part hereof. Landlord shall have the right from time to time during the term of this Lease to make reasonable changes in and additions to the rules thus set forth provided such changes and additions are applicable to all other office tenants in the Building. All rules and regulations shall be enforced in a non-discriminatory manner.

Section 29.02. Any failure by Landlord to enforce any rules and regulations now or hereafter in effect, either against Tenant or any other tenant in the Building, shall not constitute a breach hereunder or waiver of any such rules and regulations.

ARTICLE 30

Successors and Assigns and Definitions

Section 30.01. The covenants, conditions and agreements contained in this Lease shall bind and enure to the benefit of Landlord and Tenant and their respective distributees, legal representatives, successors and, except as otherwise provided herein, their assigns.

Section 30.02. The term "Landlord" as used in this Lease, so far as the covenants and agreements on the part of Landlord are concerned shall be limited to mean and include only the owner or owners at the time in question of the tenant's estate under any ground or underlying lease covering the Land described in Schedule B hereto annexed and/or the fee title of Landlord covering the Land and/or the Building and improvements thereon. In the event of any assignment or assignments of such tenant's estate or transfer of such title, Landlord herein named (and in case of any subsequent assignment or transfer, the then assignor or transferor) shall be automatically freed and relieved from and after the date of such assignment or transfer of all personal liability as respects to performance of any of Landlord's covenants and agreements thereafter to be performed, and such assignee or transferee shall be bound by all of such covenants and agreements; it being intended that Landlord's covenants and agreements shall be binding on Landlord, its successors and assigns only during and in respect of their successive periods of such ownership.

However, in any event, the members in Landlord shall not have any personal liability or obligation by reason of any default by Landlord under any of Landlord's covenants and agreements in this Lease. In case of such default, Tenant will look only to Landlord's estate, as tenant, under such ground or underlying lease and/or its interest in the Land and/or Building, to recover any loss or damage resulting therefrom; and Tenant shall have no right to

nor shall Tenant assert any claim against nor have recourse to Landlord's other property or assets to recover such loss or damage.

Section 30.03. All pronouns or any variation thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural as the identity of the person or persons may require; and if Tenant shall consist of more than one (1) person, the obligations of such persons, as Tenant, under this Lease, shall be joint and several.

Section 30.04. The definitions contained in Schedule E annexed hereto are hereby made a part of this Lease.

ARTICLE 31

Notices

Any notice, statement, certificate, request, approval, consent or demand required or permitted to be given under this Lease shall be in writing sent by registered or certified mail (or reputable, commercial overnight courier service) return receipt requested, addressed, as the case may be, to Landlord, at 750 Lexington Avenue, New York, New York 10022, and to Tenant prior to its occupancy of the Demised Premises at its address hereinbefore first set forth, and after its occupancy at the Demised Premises with copies to Chief Financial Officer and General Counsel, CMGI, Inc., 100 Brickstone Square, Andover, Massachusetts 01810, or to such other addresses as Landlord or Tenant respectively shall designate in the manner herein provided. Such notice, statement, certificate, request, approval, consent or demand shall be deemed to have been given on the date when mailed, as aforesaid, or on the date of delivery by overnight courier.

ARTICLE 32

No Waiver; Entire Agreement

Section 32.01. The specific remedies to which Landlord may resort under the provisions of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may be lawfully entitled in case of any breach or threatened breach by Landlord of any of the terms, covenants and conditions of this Lease. The failure of Landlord or Tenant to insist upon the strict performance of any of the terms, covenants and conditions of this Lease, or to exercise any right or remedy herein contained, shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition, right or remedy. A receipt by Landlord of minimum rent or additional rent with knowledge of the breach of any term, covenant or condition of this Lease shall not be deemed a waiver of such breach. This Lease may not be changed or terminated orally. In addition to the other remedies in this Lease provided, Landlord shall be entitled to seek to restrain by injunction, the violation or attempted or threatened violation of any of the terms, covenants and conditions of this Lease or to a decree, any court having jurisdiction in the matter, compelling

performance of any such terms, covenants and conditions.

Section 32.02. No receipt of monies by Landlord from Tenant, after any re-entry or after the cancellation or termination of this Lease in any lawful manner, shall reinstate the Lease; and after the service of notice to terminate this Lease, or after commencement of any action, proceeding or other remedy, Landlord may demand, receive and collect any monies due, and apply them of account of Tenant's obligations under this Lease but without in any respect affecting such notice, action, proceeding or remedy, except that if a money judgment is being sought in any such action or proceeding, the amount of such judgment shall be reduced by such payment.

Section 32.03. If Tenant is in arrears in the payment of minimum rent or additional rent, Tenant waives its right, if any, to designate the items in arrears against which any payments made by Tenant are to be credited and Landlord may apply any of such payments to any such items in arrears as Landlord, in its sole discretion, shall determine, irrespective of any designation or request by Tenant as to the items against which any such payments shall be credited.

Section 32.04. No payment by Tenant nor receipt by Landlord of a lesser amount than may be required to be paid hereunder shall be deemed to be other than on account of any such payment, nor shall any endorsement or statement on any check or any letter accompanying any check tendered as payment be deemed an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such payment due or pursue any other remedy in this Lease provided.

Section 32.05. This Lease and the Schedules annexed hereto constitute the entire agreement between Landlord and Tenant referable to the Demised Premises, and all prior negotiations and agreements are merged herein.

Section 32.06. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 33

Captions

The captions of Articles in this Lease are inserted only as a matter of convenience and for reference and they in no way define, limit or describe the scope of this Lease or the intent of any provision thereof.

ARTICLE 34

Inability to Perform

If the performance or observance by Landlord or Tenant of any of the terms, covenants and conditions of this Lease on the part of Landlord or Tenant to be performed shall be delayed by reason of unavoidable delays (as hereinafter defined), then the time for the performance or observance thereof shall be extended for the period of time as Landlord or Tenant shall have been so delayed, provided Tenant shall continue, notwithstanding unavoidable delays, to be obligated to pay minimum rent and additional rent without abatement.

Notwithstanding anything to the contrary contained in this Lease, if Landlord shall fail to provide services or perform work or repairs, as provided in this Lease (collectively, an "Interruption"), and such Interruption shall materially impair the customary operation of Tenant's business in all or any part of the Demised Premises (other than a de minimis part), and if (i) such Interruption shall continue for a period in excess of thirty (30) consecutive days following receipt by Landlord of notice from Tenant describing such Interruption and (ii) such Interruption shall not have been caused by an act or omission in violation of this Lease by or the negligence of Tenant, or of Tenant agents, servants, employees or contractors (an Interruption that satisfied all of the foregoing conditions being referred to hereinafter as a "Material Interruption"), then Tenant shall be entitled to an abatement of the minimum rent and escalation rent payable under Article 22 (such abatement to be prorated if only a part of the Demised Premises shall be so affected by such Material Interruption),which shall begin on the 31st consecutive day of such Material Interruption and shall end upon the date such Material Interruption has been terminated.

The words "unavoidable delays", as used in this Lease shall mean (a) the enactment of any law or issuance of any governmental order, rule or regulation (i) prohibiting or restricting performance of work of the character required to be performed by Landlord under this Lease, or (ii) establishing rationing or priorities in the use of materials, or (iii) restricting the use of labor, and (b) strikes, lockouts, acts of God, inability to obtain labor or materials, enemy action, civil commotion, fire, unavoidable casualty or other similar types of causes beyond the reasonable control of Landlord, other than financial inability.

ARTICLE 35

No Representations by Landlord

Neither Landlord nor any agent or employee of Landlord has made any representation whatsoever with respect to the Demised Premises except as expressly set forth in this Lease.

ARTICLE 36

Rent Control

In the event the minimum rent and/or additional rent or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, Tenant shall enter into such agreement(s) and take such other steps (without additional expense or liability to Tenant) as Landlord may reasonably request and as may be legally permissible to permit Landlord to collect the maximum rents which from time to time during the continuance of such legal rent restriction may be legally permissible (and not in excess of the amounts reserved therefor under this Lease). Upon the termination of such legal rent restriction, (a) the minimum rent and/or additional rent shall become and thereafter be payable in accordance with the amounts reserved herein for the periods following such termination, and (b) Tenant shall pay to Landlord promptly upon being billed, to the maximum extent legally permissible, an amount equal to (i) minimum rent and/or additional rent which would have been paid pursuant to this Lease but for such legal rent restriction less (ii) the rents paid by Tenant during the period such legal rent restriction was in effect.

ARTICLE 37

Landlord's Contribution

Subject to the provisions of Article 5 of this Lease, and except for the work to be performed by Landlord pursuant to Section 2.02, Tenant agrees to perform the initial work and installations required to make the Demised Premises suitable for the conduct of Tenant's business. Tenant agrees to deliver to Landlord, for Landlord's approval the plans and specifications for Tenant's initial work within sixty (60) days following the Commencement Date (the "initial work"). Landlord agrees to contribute up to the sum of $1,912,500.00 ("Landlord's Contribution") toward the cost of such work, which shall include hard and soft costs. Landlord shall pay to Tenant, from time to time, but not more often that once a month, ninety (90%) percent of the cost of the work requested by Tenant theretofore performed by the contractor, provided Tenant delivers to Landlord concurrently with its request, receipted bills of the contractor involved approved by Tenant, a certificate by Tenant's architect that such bills have been approved and the work or materials evidenced by such bills have been satisfactorily performed or delivered and a waiver of mechanic's lien signed by the contractor with respect to the amount paid as evidenced by the receipted bill, such payment to be made to Tenant within ten (10) days after receipt of Tenant's request together with the aforesaid documentation. Within ten (10) days after Landlord receives a certificate from Tenant's architect stating that Tenant's work has been substantially completed, that the same has been performed in compliance with all applicable Governmental Requirements and the approved plans and specifications and delivery to Landlord, if applicable, of the final "sign-off" letters and equipment use permits (as necessary) for all work performed from the applicable municipal authorities, Landlord shall pay to Tenant the aggregate of the ten (10%) percent sums retained

by Landlord. Landlord shall have no obligation or responsibility to pay any cost exceeding the amount of Landlord's Contribution. If the amount Tenant expends for the cost exceeds the amount of Landlord's Contribution, Tenant shall be responsible for the payment to the contractors of the excess. If said amount is less than the amount of Landlord's Contribution, Landlord shall apply such difference to the payment of minimum rent as and when the same would otherwise become due and payable under this Lease. Tenant shall indemnify and hold Landlord harmless from and against any and all claims, costs and expenses in connection with such work exceeding the amount of Landlord's Contribution.

ARTICLE 38

Roof Equipment

Tenant shall have the right to use its prorata share of the available area on the roof designated by Landlord for the purpose of locating and/or installing, at its own cost and expense, a satellite dish, antenna and/or telecommunications equipment (collectively "Equipment"). However, if Landlord thereafter is required to use additional area on the roof in connection with the operation of the Building, and no other area on the roof is then available for such purpose, Tenant's prorata share thereof shall be reduced accordingly and Tenant shall remove its Equipment from such area and repair any damage caused thereby. Tenant shall also have the right, subject to the provisions of Article 5, to install in the Building core area, risers, ducts, conduits or other facilities, necessary to connect such Equipment to the Demised Premises or the Additional Space (as hereinafter defined) then leased by Tenant. All such Equipment and connecting facilities shall be installed and maintained in a manner not to disturb the other tenants in the Building, the operation of the Building systems therein, in compliance with all applicable Governmental Requirements, and subject to plans showing the type of Equipment and connecting facilities to be installed and its location and manner of installation, such plans to be approved by Landlord. Tenant shall cause the Equipment to be covered under Tenant's liability insurance policy. Tenant shall indemnify and hold Landlord harmless from and against any loss, claim, damage or expense in connection with or relating to the installation, maintenance and operation of such Equipment and connecting facilities. Tenant, at its own cost, shall repair any damage to the Building, roof and/or Demised Premises caused by such work, and shall at all times maintain and repair the Equipment and wiring, including any required replacements thereof.

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year first above written.

622 BUILDING COMPANY LLC,
By: 622 Building Corp.,
its managing member

By: /s/ Charles Steven Cohen

Charles Steven Cohen, President

Landlord

CMGI, INC.

By: /s/ Andrew J. Hajducky III

Andrew J. Hajducky III
Executive Vice President, CFO and Treasurer

Tenant

EXHIBIT 10.40

LEASE

TST 555/575 MARKET, L.L.C.,

a Delaware limited liability company,

Landlord

and

CMGI, Inc.,

a Delaware corporation,

Tenant

for

575 Market Street

San Francisco, California

February 4, 2000

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Schedule of Exhibits

Exhibit A-1	Floor Plan of the 12th Floor
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Exhibit B	Definitions
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Exhibit F	Rules and Regulations
Exhibit G	Form of Subordination, Non-Disturbance and Attornment Agreement

LEASE

THIS LEASE is made as of the 4th day of February, 2000 ("Effective Date"), between TST 555/575 MARKET, L.L.C. ("Landlord"), a Delaware limited liability company, and CMGI, Inc. ("Tenant"), a Delaware corporation.

Landlord and Tenant hereby agree as follows:

ARTICLE 1

BASIC LEASE PROVISIONS

PREMISES	The 12/th/ and 13/th/ floors of the Building, as more particularly described on Exhibit A-1 and A-2 attached hereto.
BUILDING	The building, fixtures, equipment and other improvements and appurtenances now located or hereafter erected, located or placed upon the land known as 575 Market Street, San Francisco, California.
REAL PROPERTY	The Building, together with the plot of land upon which it stands.
SCHEDULED COMMENCEMENT DATE	February 1, 2000.
COMMENCEMENT DATE	The later to occur of (a) the Scheduled Commencement Date, and (b) the Effective Date.
RENT COMMENCEMENT DATE	The earlier to occur of (a) the 60/th/calendar day following the Commencement Date; and (b) the date Tenant physically occupies the Premises for purposes of commencing the conducting of its business operations therein.
EXPIRATION DATE	The day preceding the 7/th/ anniversary of the Commencement Date.
TERM	The period commencing on the Commencement Date and ending on the Expiration Date.
PERMITTED USES	Executive and general offices, including computer data and laboratory rooms and studio recording rooms, for the transaction of Tenant's business in keeping with Comparable Buildings.
BASE YEAR	Calendar year 2000.
TENANT'S PROPORTIONATE SHARE	5.095%.
AGREED AREA OF BUILDING	458,136 rentable square feet.
AGREED AREA OF PREMISES	12/th/ Floor: 11,671 rentable square feet 13/th/ Floor: 11,671 rentable square feet Premises: 23,342 rentable square feet

FIXED RENT	Period	Per Annum	Per Month
	Months 1-42	$1,120,416.00	$93,368.00
	Months 43-84	$1,190,442.00	$99,203.50

ADDITIONAL RENT	All sums other than Fixed Rent payable by Tenant to Landlord under this Lease, including Tenant's Tax Payment, Tenant's Operating Payment, late charges, overtime or excess service charges, damages, and interest and other costs related to Tenant's failure to perform any of its obligations under this Lease.
RENT	Fixed Rent and Additional Rent, collectively.
ADVANCE RENT	$93,368.00 (which shall be applied toward Fixed Rent for the first month of the Term)
INTEREST RATE	The lesser of (i) 4% per annum above the then-current Base Rate, or (ii) the maximum rate permitted by applicable law.
SECURITY DEPOSIT	$93,368.00.
TENANT'S ADDRESS FOR NOTICES	CMGI, Inc. 100 Brickstone Square Andover, Massachusetts 01810 Attn: General Counsel Copies to: Hale and Dorr LLP 60 State Street Boston, Massachusetts 02109 Attn: Pamela Coravos, Esq.
LANDLORD'S ADDRESS FOR NOTICES	TST 555/575, L.L.C. c/o Tishman Speyer Properties, L.P. 520 Madison Avenue, Sixth Floor New York, New York 10022 Attn: Chief Financial Officer Copies to: TST 555/575 Market, L.L.C. c/o Tishman Speyer Properties, L.P. 575 Market Street, 20th Floor San Francisco, California 94105 Attn: Property Manager and: Tishman Speyer Properties, L.P. 520 Madison Avenue, Sixth Floor New York, New York 10022 Attn: General Counsel

TENANT'S BROKER	Cushman Realty Corporation and CRF Partners, Inc.
LANDLORD'S AGENT	Tishman Speyer Properties, L.P. or any other person designated at any time and from time to time by Landlord as Landlord's Agent and their successors and assigns.
LANDLORD'S CONTRIBUTION	$466,840.00 ($20.00 per rentable square foot).
PARKING PRIVILEGES	2.

All capitalized terms used in this Lease without definition are defined in Exhibit B.

ARTICLE 2

PREMISES, TERM, RENT

Section 2.1 Lease of Premises. Subject to the terms of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises for the Term. In addition, Landlord grants to Tenant the right to use, on a non-exclusive basis and in common with other tenants, the Common Areas.

Section 2.2 Commencement Date. Upon the Effective Date, the terms and provisions hereof shall be fully binding on Landlord and Tenant prior to the occurrence of the Commencement Date. The Term of this Lease shall commence on the Commencement Date. Unless sooner terminated or extended as hereinafter provided, the Term shall end on the "Expiration Date" specified in Article 1. If Landlord does not tender possession of the Premises to Tenant on or before the Scheduled Commencement Date, for any reason whatsoever, Landlord shall not be liable for any damage thereby, and this Lease shall not be void or voidable thereby. No failure to tender possession of the applicable portion of the Premises to Tenant on or before the Scheduled Commencement Date shall in any way affect any other obligations of Tenant hereunder. Once the Rent Commencement Date is determined, Landlord and Tenant shall execute an agreement stating the Commencement Date, Rent Commencement Date and Expiration Date, but the failure to do so will not affect the determination of such dates. For purposes of determining whether Tenant has accepted possession of the Premises, Tenant shall be deemed to have done so when Tenant first moves Tenant's Property and/or any of its personnel into the Premises, except to the extent that Tenant is authorized in this Lease or by Landlord's agreement to do any of the foregoing without being deemed to have accepted possession of the Premises.

Section 2.3 Payment of Rent. Tenant shall pay to Landlord, without notice or demand, and without any set-off, counterclaim, abatement or deduction whatsoever, except as may be expressly set forth in this Lease, in lawful money of the United States by wire transfer of funds or by check drawn upon a bank approved by Landlord, (i) Fixed Rent in equal monthly installments, in advance, on the first day of each calendar month during the Term, commencing on the Rent Commencement Date, and (ii) Additional Rent, at the times and in the manner set forth in this Lease.

Section 2.4 First Month's Rent. Tenant shall pay the Advance Rent upon the execution of this Lease. If the Rent Commencement Date is on the first day of a month, the Advance Rent shall be credited towards the first month's Fixed Rent payment. If the Rent Commencement Date is not the first day of a month, then on the Rent Commencement Date, Tenant shall pay Fixed Rent for the period from the Rent Commencement Date through the last day of such month, and the Advance Rent shall be credited towards Fixed Rent for the next succeeding calendar month.

Section 2.5 Early Access. Provided that no Tenant Parties unreasonably interfere with Landlord's work in the Premises, Landlord shall allow Tenant access to the Premises to install

cabling, furniture and equipment which shall not be deemed acceptance of possession for purposes of Section 2.2. Before Tenant's entry into the Premises as permitted hereunder, Tenant shall submit a schedule to Landlord (and Landlord's contractor, if so requested by Landlord), for their reasonable approval, which schedule shall detail the timing and purpose of Tenant's entry. Tenant shall hold Landlord harmless from and indemnify and protect and defend Landlord against any loss or damage to the Premises and against injury to any person caused by Tenant's actions as a result of such entry.

Section 2.6 Termination Right. Subject to the following terms and provisions, Tenant shall have a one time option, exercisable by not less than 12 months' prior written notice to Landlord (the "Termination Notice") (which Termination Notice shall be irrevocable) to terminate this Lease effective as of the last day of the 60th month following the Commencement Date. If Tenant elects to so terminate this Lease, Tenant shall pay to Landlord, concurrently with Tenant's delivery of the Termination Notice, a termination fee (the "Termination Fee") in an amount equal to $515,977. If Tenant fails to timely deliver the Termination Notice and include therewith the Termination Fee, then Tenant's rights pursuant to this Section 2.6 shall lapse and be of no further force or effect. Tenant's payment of the Termination Fee shall not relieve Tenant of its obligation to timely pay rent for the balance of the Term.

Section 2.7 Interim Occupancy. For a period commencing on the Commencement Date and ending on the Rent Commencement Date (the "Interim Occupancy Period"), Tenant shall be permitted to use and occupy the 11th floor of the Building (the "Interim Premises"); provided that if due to Unavoidable Delays (excluding in all cases any delays caused by the acts, failure to act or omissions of Tenant) the Initial Installations are not Substantially Complete by the Rent Commencement Date, then the Interim Occupancy Date shall be extended by the amount of such Unavoidable Delay but in no event more than an additional period of 30 days. Tenant acknowledges that, (a) Landlord has made no representations concerning the physical condition of the Interim Premises or the suitability thereof for Tenant's intended use; (b) Landlord has no obligation to perform any improvements, alterations, refurbishments or repairs in order to ready the Interim Premises for Tenant's use; (c) Tenant shall accept Landlord's tender of possession of the Interim Premises in their then "As-Is" condition; and (d) during the Interim Occupancy Period, Tenant may not perform any Alterations to the Interim Premises, other than the installation of telephone and data cabling. Tenant's occupancy of the Interim Premises shall be upon all of the terms and provisions of this Lease, except that the Fixed Rent payable for the Interim Premises shall be $34,040 per month, prorated for any partial periods based upon the actual number of days in the subject calendar month. If Tenant fails to vacate the Interim Premises on the last day of the Interim Occupancy Period (in broom-clean condition), Tenant shall be deemed in holdover of the Interim Premises, which holdover shall be subject to Section 19.2 of this Lease.

ARTICLE 3

USE AND OCCUPANCY

Tenant shall use and occupy the Premises for the Permitted Uses and for no other purpose. Tenant shall not use or occupy or permit the use or occupancy of any part of the Premises in a manner constituting a Prohibited Use. If Tenant uses the Premises for a purpose constituting a Prohibited Use, violating any Requirement, or causing the Building to be in violation of any Requirement, then Tenant shall promptly discontinue such use upon notice of such violation. Tenant, at its expense, shall procure and at all times maintain and comply with the terms and conditions of all licenses and permits required for the lawful conduct of the Permitted Uses in the Premises. If Tenant installs a recording studio within the Premises, such recording studio shall be soundproofed in a manner reasonably acceptable to Landlord to prevent the transmission of noise or vibrations to the premises of other tenants of the Building. Landlord and Tenant agree that the recording studio improvements constitute Specialty Alterations.

ARTICLE 4

CONDITION OF THE PREMISES

Tenant has inspected the Premises and agrees (a) to accept possession of each portion of the Premises in the condition existing on the respective Rent Commencement Date "as is", but subject to Landlord's obligation to maintain the Premises as expressly provided herein, (b) that neither Landlord nor Landlord's agents have made any representations or warranties with respect to the Premises or the Building except as expressly set forth herein, and (c) except for Landlord's Contribution described in Exhibit "C" attached hereto, Landlord has no obligation to perform any work, supply any materials, incur any expense or make any alterations or improvements to prepare the Premises for Tenant's occupancy. Tenant's occupancy of any part of the Premises shall be conclusive evidence, as against Tenant, that Tenant has accepted possession of the Premises in its then current condition and at the time such possession was taken, the Premises and the Building were in a good and satisfactory condition as required by this Lease. Tenant agrees and acknowledges that it shall be responsible, at its sole cost and expense, for (i) ensuring that the core hardware to be installed on all doors within the Premises by Tenant shall be Building Standard lever-type where required by the Americans With Disabilities Act of 1990 (the "ADA"), (ii) bringing the toilet rooms within the Premises into compliance with the ADA, (iii) upgrading the lobby separation doors on each floor in accordance with applicable Requirements; and (iv) replacing ceiling tiles in accordance with Building Standards as reasonably established by Landlord.

ARTICLE 5

ALTERATIONS

Section 5.1 Tenant's Alterations. (a) Tenant shall not make any alterations, additions or other physical changes in or about the Premises (collectively, "Alterations") other than decorative Alterations such as painting, wall coverings and floor coverings (collectively, "Decorative Alterations"), without Landlord's prior consent, which consent shall not be unreasonably withheld or delayed so long as such Alterations (i) are non-structural and do not affect any Building Systems, (ii) affect only the Premises and are not visible from outside of the Premises, (iii) do not affect the certificate of occupancy issued for the Building or the Premises, and (iv) do not violate any Requirement.

(b) Plans and Specifications. Prior to making any Alterations, Tenant, at its expense, shall (i) submit to Landlord for its written approval, detailed plans and specifications ("Plans") of each proposed Alteration (other than Decorative Alterations), and with respect to any Alteration affecting any Building System, evidence that the Alteration has been designed by, or reviewed and approved by, Landlord's designated engineer for the affected Building System, (ii) obtain all permits, approvals and certificates required by any Governmental Authorities, (iii) furnish to Landlord duplicate original policies or certificates of worker's compensation (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors in connection with such Alteration) and commercial general liability (including property damage coverage) insurance and Builder's Risk coverage (as described in Article 11) all in such form, with such companies, for such periods and in such amounts as Landlord may reasonably require, naming Landlord, Landlord's Agent any Lessor and any Mortgagee as additional insureds, and (iv) furnish to Landlord reasonably satisfactory evidence of Tenant's ability to complete and to fully pay for such Alterations (other than Decorative Alterations). Tenant shall give Landlord not less than 5 Business Days' notice prior to performing any Decorative Alteration, which notice shall contain a description of such Decorative Alteration.

(c) Governmental Approvals. Tenant, at its expense, shall, as and when required, promptly obtain certificates of partial and final approval of such Alterations required by any Governmental Authority and shall furnish Landlord with copies thereof, together with "as-built" Plans for such Alterations prepared on an AutoCAD Computer Assisted Drafting and Design System (or

such other system or medium as Landlord may accept), using naming conventions issued by the American Institute of Architects in June, 1990 (or such other naming conventions as Landlord may accept) and magnetic computer media of such record drawings and specifications translated in DFX format or another format acceptable to Landlord.

Section 5.2 Manner and Quality of Alterations. All Alterations shall be performed (a) in a good and workmanlike manner and materially free from defects, (b) substantially in accordance with the Plans, and by contractors approved by Landlord, and (c) in compliance with all Requirements, the terms of this Lease and all construction procedures and regulations then prescribed by Landlord. All materials and equipment shall be of first quality and at least equal to the applicable standards for the Building then established by Landlord, and no such materials or equipment (other than Tenant's Property) shall be subject to any lien or other encumbrance.

Section 5.3 Removal of Tenant's Property. Tenant's Property shall remain the property of Tenant and Tenant may remove the same at any time on or before the Expiration Date. On or prior to the Expiration Date, Tenant shall, unless otherwise directed by Landlord, at Tenant's expense, remove any Specialty Alteration designated in writing by Landlord to be removed at the time consent thereto was granted and close up any slab penetrations in the Premises. Tenant shall repair and restore, in a good and workmanlike manner, any damage to the Premises or the Building caused by Tenant's removal of any Specialty Alterations or Tenant's Property or by the closing of any slab penetrations, and upon default thereof, Tenant shall reimburse Landlord, within 30 days of delivery of an invoice therefor, for Landlord's cost of repairing and restoring such damage. Any Above Building Standard Installations (as hereinafter defined) or Tenant's Property not so removed shall be deemed abandoned and Landlord may remove and dispose of same, and repair and restore any damage caused thereby, at Tenant's cost and without accountability to Tenant. Tenant shall not be required to remove any of the Improvements or any subsequent Alterations unless, in either case, the same constitute Specialty Alterations which Landlord advises Tenant in writing must be removed at the time consent thereto was granted. If requested by Tenant prior to the installation of any component of the Improvements or of any Alterations, Landlord will notify Tenant in writing whether (i) any such component of the Improvements or any such Alterations, or any material component thereof (including, without limitation, any oversized or exposed conduit) not expressly included within the definition of Specialty Alterations is considered by Landlord to be such and (ii) Landlord will waive any requirement that Tenant remove the same upon the expiration or earlier termination of this Lease.

Section 5.4 Mechanic's Liens. Tenant, at its expense, shall discharge any lien or charge filed against the Real Property in connection with any work done or claimed to have been done by or on behalf of, or materials furnished or claimed to have been furnished to, Tenant, within 10 days after Tenant's receipt of notice thereof by payment, filing the bond required by law or otherwise in accordance with law.

Section 5.5 Labor Relations. Tenant shall not employ, or permit the employment of, any contractor, mechanic or laborer, or permit any materials to be delivered to or used in the Building, if, in Landlord's reasonable judgment, such employment, delivery or use will interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or others. If such interference or conflict occurs, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

Section 5.6 Tenant's Costs. Tenant shall pay to Landlord, within 30 days of demand therefor, all out-of-pocket costs actually incurred by Landlord in connection with Tenant's Alterations, including costs incurred in connection with (a) Landlord's review of the Alterations (including review of requests for approval thereof) and (b) the provision of Building personnel during the performance of any Alteration, to operate elevators or otherwise to facilitate Tenant's Alterations. In addition, if Tenant's Alterations (exclusive of Decorative Alterations and the installation of furniture, fixtures and equipment, data wiring and computer equipment) cost more than $25,000.00, Tenant shall pay to

Landlord, within 30 days of demand therefor, an administrative fee in an amount equal to 5% of the total cost of such Alterations.

Section 5.7 Tenant's Equipment. Tenant shall provide notice to Landlord prior to moving any heavy machinery, heavy equipment, freight, bulky matter or fixtures (collectively, "Equipment") into or out of the Building and shall pay to Landlord any costs actually incurred by Landlord in connection therewith. If such Equipment requires special handling, Tenant agrees (a) to employ only persons holding all necessary licenses to perform such work, (b) all work performed in connection therewith shall comply with all applicable Requirements and (c) such work shall be done only during hours designated by Landlord.

Section 5.8 Legal Compliance. The approval of Plans, or consent by Landlord to the making of any Alterations, does not constitute Landlord's representation that such Plans or Alterations comply with any Requirements. Landlord shall not be liable to Tenant or any other party in connection with Landlord's approval of any Plans, or Landlord's consent to Tenant's performing any Alterations. If any Alterations made by or on behalf of Tenant, require Landlord to make any alterations or improvements to any part of the Building in order to comply with any Requirements, Tenant shall pay all costs and expenses incurred by Landlord in connection with such alterations or improvements.

Section 5.9 Floor Load. Tenant shall not place a load upon any floor of the Premises that exceeds 50 pounds per square foot "live load". Landlord reserves the right to reasonably designate the position of all Equipment which Tenant wishes to place within the Premises, and to place limitations on the weight thereof.

ARTICLE 6

REPAIRS

Section 6.1 Landlord's Repair and Maintenance. Landlord shall operate, maintain and, except as provided in Section 6.2 hereof, make all necessary repairs (both structural and nonstructural) to (i) the Building Systems, (ii) the Common Areas and (iii) the toilet rooms located within the Premises (other than any executive restrooms installed by Tenant), in conformance with standards applicable to Comparable Buildings and in compliance with all Requirements.

Section 6.2 Tenant's Repair and Maintenance. Tenant shall promptly, at its expense and in compliance with Article 5, make all nonstructural repairs to the Premises (including the toilet rooms and elevator lobbies) and the fixtures, equipment and/or and appurtenances therein other than the Building Systems (collectively, "Building Fixtures") as and when needed to preserve the Premises in good working order and condition, except for reasonable wear and tear and damage for which Tenant is not responsible. All damage to the Building or to any portion thereof, or to any Building Fixtures requiring structural or nonstructural repair caused by or resulting from the negligence or willful misconduct or improper conduct of or the moving of Tenant's Property or Equipment into, within or out of the Premises by a Tenant Party, shall be repaired at Tenant's expense by (i) Tenant, if the required repairs are nonstructural in nature and do not affect any Building System, or (ii) Landlord, if the required repairs are structural in nature, involve replacement of exterior window glass or affect any Building System. All Tenant repairs shall be of good quality utilizing new construction materials. If Tenant fails after 10 days' notice (or such shorter period as may be required in an emergency) to proceed with due diligence to make any repairs required to be made by Tenant, Landlord may make such repairs and all costs and expenses incurred by Landlord on account thereof, plus interest thereon at the Interest Rate, shall be paid by Tenant within 10 days after delivery of an invoice therefor.

Section 6.3 Interruptions Due to Repairs. Landlord reserves the right to make all changes, alterations, additions, improvements, repairs or replacements to the Building, including the Building Systems (collectively, "Restorative Work"), as Landlord deems necessary or desirable, provided that in no event shall the level of any Building service decrease in any material respect from

the level required of Landlord in this Lease as a result thereof (other than temporary changes in the level of such services during the performance of any such Restorative Work). Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises during the performance of such Restorative Work. There shall be no Rent abatement or allowance to Tenant for a diminution of rental value, no actual or constructive eviction of Tenant, in whole or in part, no relief from any of Tenant's other obligations under this Lease, and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others performing, or failing to perform, any Restorative Work. Notwithstanding any contrary provision of this Lease, if Tenant is prevented from using for the conduct of its business, and does not use for the conduct of its business, the Premises or any material portion thereof, for fifteen (15) consecutive Business Days (the "Eligibility Period") as a result of (i) any construction, repair, maintenance or alteration performed by Landlord after the Commencement Date and not necessitated by the negligence or willful misconduct of any Tenant Party, or (ii) the failure in any material respect of Landlord or its agents or contractors to provide to the Premises any of the utilities and services required to be provided under this Lease (including Articles 10 and 14 below) and not caused by the negligence or willful misconduct of any Tenant Party or otherwise due to the occurrence of a casualty or condemnation, or (iii) any failure to provide access to the Premises and not caused by the negligence or willful misconduct of any Tenant Party or otherwise due to the occurrence of a casualty or condemnation, then, in any and all such events, Tenant's obligation to pay Fixed Rent, Tenant's Operating Payment and Tenant's Tax Payment shall be abated or reduced, as the case may be, from and after the first (1st) day following the last day of the Eligibility Period and continuing for such time that Tenant continues to be so prevented from using for the conduct of its business, and does not so use for the conduct of its business, the Premises or a material portion thereof, in the proportion that the rentable square feet of the portion of the Premises that Tenant is prevented from using, and does not so use, bears to the total rentable square feet of the Premises.

ARTICLE 7

INCREASES IN TAXES AND OPERATING EXPENSES

Section 7.1 Definitions. For the purposes of this Article 7, the following terms shall have the meanings set forth below:

(a) "Assessed Valuation" shall mean the amount for which the Real Property is assessed by the County Assessor of the City and County of San Francisco for the purpose of imposition of Taxes.

(b) "Base Operating Expenses" shall mean the Operating Expenses for the Base Year.

(c) "Base Taxes" shall mean the Taxes payable on account of the Base Year.

(d) "Comparison Year" shall mean any calendar year commencing subsequent to the Base Year.

(e) "Operating Expenses" shall mean the aggregate of all costs and expenses paid or incurred by or on behalf of Landlord in connection with the ownership, operation, repair and maintenance of the Real Property, including capital improvements only if such capital improvement either (i) is reasonably intended to result in a reduction in Operating Expenses (as for example, a labor-saving improvement) provided, the amount included in Operating Expenses in any Comparison Year shall not exceed an amount equal to the savings reasonably anticipated to result from the installation and operation of such improvement, and/or (ii) is made during any Comparison Year in compliance with Requirements enacted or imposed after the Effective Date (including the interpretation, amendment or modification after the Effective Date of Requirements enacted or imposed prior to the Effective Date). Such capital improvements shall be amortized (with interest at the Base Rate) on a straight-line basis over such period as Landlord shall reasonably determine, and

the amount included in Operating Expenses in any Comparison Year shall be equal to the annual amortized amount. Operating Expenses shall not include any Excluded Expenses. If during all or part of the Base Year or any Comparison Year, Landlord shall not furnish any particular item(s) of work or service (which would otherwise constitute an Operating Expense) to any leasable portions of the Building for any reason, then, for purposes of computing Operating Expenses for such period, the amount included in Operating Expenses for such period shall be increased by an amount equal to the costs and expenses that would have been reasonably incurred by Landlord during such period if Landlord had furnished such item(s) of work or service to such portion of the Building. In determining the amount of Operating Expenses for the Base Year or any Comparison Year, if less than 95% of the Building rentable area is occupied by tenants at any time during any such Base Year or Comparison Year, Operating Expenses shall be determined for such Base Year or Comparison Year to be an amount equal to the like expenses which would normally be expected to be incurred had such occupancy been 95% throughout such Base Year or Comparison Year. Tenant understands and acknowledges that, from time to time during the Term, the Building may be operated by Landlord as part of a larger office complex, comprising the Building, the Plaza and Common Areas adjacent to the Building and that certain other office building commonly known as 555 Market Street ("555 Market"). For purposes of this Article 7, the Building and 555 Market are sometimes hereinafter jointly referred to as the "Project." Landlord shall have the right, from time to time during the Term, to operate the Project in an integrated fashion, and to include within Operating Expenses and Real Property Taxes the amount of Operating Expenses and Real Property Taxes paid or incurred by Landlord with respect to the Project. During such periods of time as Landlord so elects, "Base Year Operating Expenses" and "Base Year Taxes" shall be deemed to mean Operating Expenses and Real Estate Taxes incurred by Landlord for the Project during the Base Year, and "Tenant's Percentage Share" shall mean the product of (a) the Rentable Area of the Premises, and (b) a fraction, the numerator of which is one and the denominator of which is the Rentable Area of the Project. In addition, during such periods of time as Landlord does not elect to determine Operating Expenses and Real Property Taxes on a Project-wide basis, Operating Expenses and Real Estate Taxes for the Building shall include a reasonable allocation of such costs and expenses as Landlord may incur in the maintenance, operation, administration and repair of the Common Areas servicing the Project.

(f) "Statement" shall mean a statement containing a comparison of (i) the Taxes payable for the Base Year and for any Comparison Year, or (ii) the Base Operating Expenses and the Operating Expenses payable for any Comparison Year.

(g) "Taxes" shall mean (i) all real estate taxes, assessments, sewer and water rents, rates and charges and other governmental levies, impositions or charges, whether general, special, ordinary, extraordinary, foreseen or unforeseen, which may be assessed, levied or imposed upon all or any part of the Real Property, and (ii) all expenses (including reasonable attorneys' fees and disbursements and experts' and other witnesses' fees) incurred in contesting any of the foregoing or the Assessed Valuation of the Real Property; provided that Landlord's determination to prosecute such contest is reasonable under the prevailing circumstances as measured by the reasonably anticipated cost and Landlord's determination of the reasonable scope of potential savings). Taxes shall not include (x) interest or penalties incurred by Landlord as a result of Landlord's late payment of Taxes, or (y) any franchise, net income, excess profits, gift, capital stock, inheritance, succession or estate taxes imposed upon Landlord. If Landlord elects to pay any assessment in annual installments, then (i) such assessment shall be deemed to have been so divided and to be payable in the maximum number of installments permitted by law, and (ii) there shall be deemed included in Taxes for each Comparison Year the installments of such assessment becoming payable during such Comparison Year, together with interest payable during such Comparison Year on such installments and on all installments thereafter becoming due as provided by law, all as if such assessment had been so divided. If at any time the methods of taxation prevailing on the Effective Date shall be altered so that in lieu of or as an addition to the whole or any part of Taxes, there shall be assessed, levied or imposed (1) a tax, assessment, levy, imposition or charge based on the income or rents received from the Real Property whether or not wholly or partially as a capital levy or otherwise, (2) a

tax, assessment, levy, imposition or charge measured by or based in whole or in part upon all or any part of the Real Property and imposed upon Landlord, (3) a license fee measured by the rents, or (4) any other tax, assessment, levy, imposition, charge or license fee however described or imposed, then all such taxes, assessments, levies, impositions, charges or license fees or the part thereof so measured or based shall be deemed to be Taxes.

Section 7.2 Tenant's Tax Payment. (a) If the Taxes payable for any Comparison Year exceed the Base Taxes, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess ("Tenant's Tax Payment"). On or about the start of each Comparison Year, Landlord shall furnish to Tenant a Statement of the Taxes. Tenant shall pay Tenant's Tax Payment to Landlord, in monthly installments, on the first day of each month during each Comparison Year, an amount equal to 1/12 of Tenant's Tax Payment due for each Comparison Year. If there is any increase or decrease in Taxes payable for any Comparison Year, whether levied during or after such Comparison Year, Landlord may furnish a revised Statement for such Comparison Year, Tenant's Tax Payment for such Comparison Year shall be adjusted and, within 30 days after delivery of such revised Statement (a) with respect to any increase in Taxes payable for such Comparison Year, Tenant shall pay such increase in Tenant's Tax Payment to Landlord, or (b) with respect to any decrease in Taxes payable for such Comparison Year, Landlord shall credit such decrease in Tenant's Tax Payment against the next installment of Rent payable by Tenant.

(b) Only Landlord may institute proceedings to reduce the Assessed Valuation of the Real Property and the filings of any such proceeding by Tenant without Landlord's consent shall constitute an Event of Default. If the Taxes payable for the Base Year are reduced, the Base Taxes shall be correspondingly revised, the Additional Rent previously paid or payable on account of Tenant's Tax Payment hereunder for all Comparison Years shall be recomputed on the basis of such reduction, and Tenant shall pay to Landlord within 30 days after being billed therefor, any deficiency between the amount of such Additional Rent previously computed and paid by Tenant to Landlord, and the amount due as a result of such recomputations. If Landlord receives a refund of Taxes for any Comparison Year, Landlord shall, at its election, either pay to Tenant, or credit against subsequent payments of Rent due hereunder, an amount equal to Tenant's Proportionate Share of the refund, net of any expenses incurred by Landlord in achieving such refund and not otherwise included within Taxes, which amount shall not exceed Tenant's Tax Payment paid for such Comparison Year. Landlord shall not be obligated to file any application or institute any proceeding seeking a reduction in Taxes or the Assessed Valuation.

(c) Tenant shall be responsible for any applicable occupancy or rent tax now in effect or hereafter enacted and, if payable by Landlord, Tenant shall pay such amounts to Landlord, within 30 days of Landlord's demand therefor.

Section 7.3 Tenant's Operating Payment. (a) If the Operating Expenses payable for any Comparison Year exceed the Base Operating Expenses, Tenant shall pay to Landlord Tenant's Proportionate Share of such excess ("Tenant's Operating Payment"). For each Comparison Year, Landlord shall furnish to Tenant a statement setting forth Landlord's reasonable estimate of Tenant's Operating Payment for such Comparison Year (the "Estimate"). Tenant shall pay to Landlord on the 1/st/ day of each month during such Comparison Year an amount equal to 1/12 of Landlord's estimate of Tenant's Operating Payment for such Comparison Year. If Landlord furnishes an Estimate for a Comparison Year subsequent to the commencement thereof, then (a) until the 1/st/ day of the month following the month in which the Estimate is furnished to Tenant, Tenant shall pay to Landlord on the 1/st/ day of each month an amount equal to the monthly sum payable by Tenant to Landlord under this Section 7.3 during the last month of the preceding Comparison Year, (b) promptly after the Estimate is furnished to Tenant or together therewith, Landlord shall give notice to Tenant stating whether the installments of Tenant's Operating Payment previously made for such Comparison Year were greater or less than the installments of Tenant's Operating Payment to be made for such Comparison Year in accordance with the Estimate, and (i) if there shall be a deficiency, Tenant shall pay the amount thereof within 10 Business Days after demand therefor, or (ii) if there shall have been an

overpayment, Landlord shall credit the amount thereof against subsequent payments of Rent due hereunder, and (c) on the 1/st/ day of the month following the month in which the Estimate is furnished to Tenant, and on the 1/st/ day of each month thereafter throughout the remainder of such Comparison Year, Tenant shall pay to Landlord an amount equal to 1/12 of Tenant's Operating Payment shown on the Estimate.

(b) On or before May 1/st/ of each Comparison Year, Landlord shall furnish to Tenant a Statement for the immediately preceding Comparison Year. If the Statement shows that the sums paid by Tenant under Section 7.3(a) exceeded the actual amount of Tenant's Operating Payment for such Comparison Year, Landlord shall credit the amount of such excess against subsequent payments of Rent due hereunder. If the Statement shows that the sums so paid by Tenant were less than Tenant's Operating Payment for such Comparison Year, Tenant shall pay the amount of such deficiency within 10 Business Days after delivery of the Statement to Tenant.

Section 7.4 Non-Waiver; Disputes. (a) Landlord's failure to render any Statement on a timely basis with respect to any Comparison Year within 3 years of the end thereof shall not prejudice Landlord's right to thereafter render a Statement with respect to such Comparison Year prior to the expiration of such 3 year period or any subsequent Comparison Year, nor shall the rendering of a Statement prejudice Landlord's right to thereafter render a corrected Statement for that Comparison Year within 3 years of the end thereof.

(b) Each Statement sent to Tenant shall be conclusively binding upon Tenant unless Tenant (i) pays to Landlord when due the amount set forth in such Statement, without prejudice to Tenant's right to dispute such Statement, and (ii) within 90 days after such Statement is sent, sends a notice to Landlord objecting to such Statement and specifying the reasons therefor. Tenant agrees that Tenant will not employ, in connection with any dispute under this Lease, any person who is to be compensated in whole or in part, on a contingency fee basis. If the parties are unable to resolve any dispute as to the correctness of such Statement within 30 days following such notice of objection, either party may refer the issues raised to one of the "Big Five" public accounting firms selected by Landlord and reasonably acceptable to Tenant, and the decision of such accountants shall be conclusively binding upon Landlord and Tenant. In connection therewith, Tenant and such accountants shall execute and deliver to Landlord a confidentiality agreement, in form and substance reasonably satisfactory to Landlord, whereby such parties agree not to disclose to any third party any of the information obtained in connection with such review. Tenant shall pay the fees and expenses relating to such procedure, unless such accountants determine that Landlord overstated Operating Expenses by more than 5% for such Comparison Year, in which case Landlord shall pay such fees and expenses.

Section 7.5 Final Year of Term. If the Expiration Date occurs on a date other than December 31st, any Additional Rent under this Article 7 for the Comparison Year in which such Expiration Date occurs shall be apportioned on the basis of the number of days in the period from January 1/st/ to the Expiration Date. Upon the expiration or earlier termination of this Lease, any Additional Rent under this Article 7 shall be paid or adjusted within 30 days after submission of the Statement.

Section 7.6 No Reduction in Rent. In no event shall any decrease in Operating Expenses or Taxes in any Comparison Year below the Base Operating Expenses or Base Taxes, as the case may be, result in a reduction in the Fixed Rent or any other component of Additional Rent payable hereunder.

Section 7.7 Computation of Operating Expenses. Operating Expenses shall be computed in accordance with the following general principles:

(a) Recovery Limited to Actual Costs. In no event shall Tenant pay more during any calendar year than one hundred percent (100%) of Tenant's Proportionate Share of the actual increase in Operating Expenses incurred by Landlord during such calendar year, as adjusted pursuant to Section 7.1(e), and Landlord shall not recover the cost of any items more than once;

(b) Arm's Length. All services rendered to and materials supplied to the Building shall be rendered or supplied at a cost comparable to those charged in arm's-length transactions for similar services or materials rendered or supplied for similar purposes to Comparable Buildings;

(c) Accounting Policies. The accrual basis of accounting used in determining Base Year Direct Expenses shall be consistently applied in determining Operating Expenses in subsequent calendar years; and

(d) Assessments. All assessments and premiums which are not specifically charged to Tenant because of what Tenant has done, which can be paid by Landlord in installments, shall be paid by Landlord in the maximum number of installments permitted by law and not included in Operating Expenses except in the year in which the assessment or premium installment is due actually paid; provided, however, that if the prevailing practice in other Comparable Buildings is to pay such assessments or premiums on an earlier basis, and Landlord pays on such basis, such assessments or premiums shall be included in Operating Expenses as paid by Landlord; in no event, however, shall Landlord include any accrued interest (resulting from such assessments or premiums) in its computation of Operating Expenses.

ARTICLE 8

REQUIREMENTS OF LAW

Section 8.1 Compliance with Requirements.

(a) Tenant's Compliance. Tenant, at its expense, shall comply with all Requirements applicable to the Premises; provided, however, that Tenant shall not be obligated to comply with any Requirements requiring any structural alterations to the Building or alterations to the Building Systems or to the Common Areas unless the application of such Requirements arises from (i) the specific manner and nature of Tenant's use or occupancy of the Premises, as distinct from general office use, (ii) Alterations made by Tenant, or (iii) a breach by Tenant of any provisions of this Lease. Any such repairs or alterations shall be made at Tenant's expense by Tenant (1) in compliance with Article 5 if such repairs or alterations are nonstructural and do not affect any Building System, or (2) by Landlord if such repairs or alterations are structural or affect any Building System. If Tenant obtains knowledge of any failure to comply with any Requirements applicable to the Premises, Tenant shall give Landlord prompt written notice thereof.

(b) Hazardous Materials. Tenant shall not cause or permit (i) any Hazardous Materials to be brought into the Building, (ii) the storage or use of Hazardous Materials in any manner not permitted by any Requirements, or (iii) the escape, disposal or release of any Hazardous Materials within or in the vicinity of the Building (exclusive of the accidental release by any Tenant Parties of any Hazardous Materials not introduced to the Premises by a Tenant Party and as to which such Tenant Party has no knowledge of the presence thereof). Nothing herein shall be deemed to prevent Tenant's use of any Hazardous Materials customarily used in the ordinary course of office work, provided such use is in accordance with all Requirements. Tenant shall be responsible, at its expense, for all matters directly or indirectly based on, or arising or resulting from the presence of Hazardous Materials in the Building which is caused or permitted by a Tenant Party. Tenant shall provide to Landlord copies of all communications received by Tenant with respect to any Requirements relating to Hazardous Materials, and/or any claims made in connection therewith. Landlord or its agents may perform environmental inspections of the Premises at any time in accordance with Section 15.1. Landlord hereby represents to Tenant that to Landlord's current actual knowledge, the Building does not contain any asbestos or asbestos-containing building materials (ACBM).

(c) Landlord's Compliance. Landlord shall comply with (or cause to be complied with) all Requirements applicable to the Building which are not the obligation of Tenant, to the extent

that non-compliance would unreasonably impair Tenant's use and occupancy of the Premises for the Permitted Use.

(d) Landlord's Insurance. Tenant shall not cause or permit any action or condition that would (i) invalidate or conflict with Landlord's insurance policies, (ii) violate applicable rules, regulations and guidelines of the Fire Department, Fire Insurance Rating Organization or any other authority having jurisdiction over the Building, (iii) cause an increase in the premiums of fire insurance for the Building over that payable with respect to Comparable Buildings, or (iv) result in Landlord's insurance companies' refusing to insure the Building or any property therein in amounts and against risks as reasonably determined by Landlord. If fire insurance premiums increase as a result of Tenant's failure to comply with the provisions of this Section 8.1, Tenant shall promptly cure such failure and shall reimburse Landlord for the increased fire insurance premiums paid by Landlord as a result of such failure by Tenant.

Section 8.2 Fire and Life Safety. If the Fire Insurance Rating Organization or any Governmental Authority or any of Landlord's insurers requires or recommends any modifications and/or alterations be made or any additional equipment be supplied in connection with the sprinkler system or fire alarm and life-safety system serving the Building by reason of Tenant's business, any Alterations performed by Tenant or the location of the partitions, Tenant's Property, or other contents of the Premises, Landlord (to the extent outside of the Premises) or Tenant (to the extent within the Premises) shall make such modifications and/or Alterations, and supply such additional equipment, in either case at Tenant's expense.

ARTICLE 9

SUBORDINATION

Section 9.1 Subordination and Attornment. (a) This Lease is subject and subordinate to all Mortgages and Superior Leases, and, at the request of any Mortgagee or Lessor, Tenant shall attorn to such Mortgagee or Lessor, its successors in interest or any purchaser in a foreclosure sale; provided such parties agree to recognize Tenant's interest in this Lease so long as no Event of Default then exists.

(b) If a Lessor or Mortgagee or any other person or entity shall succeed to the rights of Landlord under this Lease, whether through possession or foreclosure action or the delivery of a new lease or deed, then at the request of the successor landlord and upon such successor landlord's written agreement to accept Tenant's attornment and to recognize Tenant's interest under this Lease, Tenant shall be deemed to have attorned to and recognized such successor landlord as Landlord under this Lease. The provisions of this Section 9.1 are self-operative and require no further instruments to give effect hereto; provided, however, that Tenant shall promptly execute and deliver any instrument that such successor landlord may reasonably request evidencing such attornment, and containing such commercially reasonable terms and conditions as may be required by such Mortgagee or Lessor, provided such terms and conditions do not increase the Rent, materially increase Tenant's obligations or materially and adversely affect Tenant's rights under this Lease. Upon such attornment this Lease shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in this Lease except that such successor landlord shall not be

(i) liable for any act or omission of Landlord (except to the extent such act or omission continues beyond the date when such successor landlord succeeds to Landlord's interest and Tenant gives notice of such act or omission);

(ii) subject to any defense, claim, counterclaim, set-off or offsets which Tenant may have against Landlord;

(iii) bound by any prepayment of more than one month's Rent to any prior landlord;

(iv) bound by any obligation to make any payment to Tenant which was required to be made prior to the time such successor landlord succeeded to Landlord's interest;

(v) bound by any obligation to perform any work or to make improvements to the Premises except for (x) repairs and maintenance required to be made by Landlord under this Lease, and (y) repairs to the Premises as a result of damage by fire or other casualty or a partial condemnation pursuant to the provisions of this Lease, but only to the extent that such repairs can reasonably be made from the net proceeds of any insurance or condemnation awards, respectively, actually made available to such successor landlord;

(vi) bound by any modification, amendment or renewal of this Lease made without successor landlord's consent;

(vii) liable for the repayment of any security deposit or surrender of any letter of credit, unless and until such security deposit actually is paid or such letter of credit is actually delivered to such successor landlord; or

(viii) liable for the payment of any unfunded tenant improvement allowance, refurbishment allowance or similar obligation.

(c) Tenant shall from time to time within 10 Business Days of request from Landlord execute and deliver any documents or instruments that may be reasonably required by any Mortgagee or Lessor to effectuate any subordination.

Section 9.2 Mortgage or Superior Lease Defaults. Any Mortgagee may elect that this Lease shall have priority over the Mortgage and, upon notification to Tenant by such Mortgagee, this Lease shall be deemed to have priority over such Mortgage, regardless of the date of this Lease.

Section 9.3 Tenant's Termination Right. As long as any Superior Lease or Mortgage exists, Tenant shall not seek to terminate this Lease by reason of any act or omission of Landlord until (a) Tenant shall have given notice of such act or omission to all Lessors and/or Mortgagees, and (b) a reasonable period of time shall have elapsed following the giving of notice of such default and the expiration of any applicable notice or grace periods (unless such act or omission is not capable of being remedied within a reasonable period of time), during which period such Lessors and/or Mortgagees shall have the right, but not the obligation, to remedy such act or omission and thereafter diligently proceed to so remedy such act or obligation. If any Lessor or Mortgagee elects to remedy such act or omission of Landlord, Tenant shall not seek to terminate this Lease so long as such Lessor or Mortgagee is proceeding with reasonable diligence to effect such remedy and such remedy is effected within the later to occur of (x) 90 days or (y) 30 days after such Lessor or Mortgagee obtains possession of the Real Property if such possession is reasonably required to effect such cure.

Section 9.4 Provisions. The provisions of this Article 9 shall (a) inure to the benefit of Landlord, any future owner of the Building or the Real Property, Lessor or Mortgagee and any sublessor thereof and (b) apply notwithstanding that, as a matter of law, this Lease may terminate upon the termination of any such Superior Lease or Mortgage.

Section 9.5 Non-Disturbance Agreements. Landlord hereby agrees to use reasonable efforts to obtain for Tenant a subordination, non-disturbance and attornment agreement (an "SNDA") from its existing Mortgagee, in the form attached hereto as Exhibit G, provided that Landlord shall have no liability to Tenant in the event that it is unable to obtain any such SNDA. Tenant shall reimburse Landlord, within 30 days after demand therefor, for Landlord's out-of-pocket costs, including reasonable attorney's fees and disbursements, incurred in connection with such efforts. As a condition to Tenant's agreement hereunder to subordinate Tenant's interest in this Lease to any future Mortgage and/or any Superior Lease made between Landlord and such Mortgagee and/or Lessor, Landlord shall obtain from each Mortgagee or Lessor an agreement, in recordable form and in

the standard form customarily employed by such Mortgagee or Lessor, pursuant to which such Mortgagee or Lessor shall agree that if and so long as no Event of Default hereunder shall have occurred and be continuing, the leasehold estate granted to Tenant and the rights of Tenant pursuant to this Lease to quiet and peaceful possession of the Premises shall not be terminated, modified, affected or disturbed by any action which such Mortgagee may take to foreclose any such Mortgage, or which such Lessor shall take to terminate such Superior Lease, as applicable, and that any successor landlord shall recognize this Lease as being in full force and effect as if it were a direct lease between such successor landlord and Tenant upon all of the terms, covenants, conditions and options granted to Tenant under this Lease, except as otherwise provided in Section 9.1(b) hereof (any such agreement, a "Non-Disturbance Agreement").

ARTICLE 10

SERVICES

Section 10.1 Access to the Premises; Elevators. Landlord shall provide access to the Premises and passenger and freight elevator service to the Premises 24 hours per day, 7 days per week; provided, however, Landlord may reasonably limit elevator service during times other than Ordinary Business Hours.

Section 10.2 Heating. Ventilation and Air Conditioning. Landlord shall furnish to the Premises heating, ventilation and air-conditioning ("HVAC") in accordance with the Design Standards set forth in Exhibit D during Ordinary Business Hours. Landlord shall have access to all air-cooling, fan, ventilating and machine rooms and electrical closets and all other mechanical installations of Landlord (collectively, "Mechanical Installations"), and Tenant shall not construct partitions or other obstructions which may interfere with Landlord's access thereto or the moving of Landlord's equipment to and from the Mechanical Installations. No Tenant Party shall at any time enter the Mechanical Installations or tamper with, adjust, or otherwise affect such Mechanical Installations. Landlord shall not be responsible if the HVAC System fails to provide cooled or heated air, as the case may be, to the Premises in accordance with the Design Standards by reason of (i) any equipment installed by, for or on behalf of Tenant, which has an electrical load in excess of the average electrical load and human occupancy factors for the HVAC System as designed, or (ii) any rearrangement of partitioning or other Alterations made or performed by, for or on behalf of Tenant other than as constructed pursuant to (A) the Final Plans (as such term is defined in the Workletter), or (B) plans and specifications for Alterations proposed by Tenant which are approved by Landlord and where such approval is not conditioned upon the installation of supplemental HVAC Equipment. Tenant shall cooperate with Landlord and shall abide by the rules and regulations which Landlord may reasonably prescribe for the proper functioning and protection of the HVAC System.

Section 10.3 Overtime Freight Elevators and HVAC. The Fixed Rent does not include any charge to Tenant for the furnishing of any freight elevator service or HVAC to the Premises during any periods other than Ordinary Business Hours ("Overtime Periods"). If Tenant desires any such services during Overtime Periods, Tenant shall deliver notice to the Building office requesting such services at least 24 hours prior to the time Tenant requests such services to be provided; provided, however, that Landlord shall use reasonable efforts to arrange such service on such shorter notice as Tenant shall provide. If Landlord furnishes freight elevator or HVAC service during Overtime Periods, Tenant shall pay to Landlord the cost thereof at the then established rates for such services in the Building.

Section 10.4 Cleaning. Landlord shall cause the Premises (excluding any portions thereof used for the storage, preparation, service or consumption of food or beverages) to be cleaned, substantially in accordance with the standards set forth in Exhibit E. Any areas of the Premises requiring additional cleaning such as areas used for preparation or consumption of food, computer rooms, mail rooms and trading floors shall be cleaned, at Tenant's expense, by Landlord's cleaning contractor, at rates which shall be competitive with rates of other cleaning contractors providing

comparable services to Comparable Buildings. Landlord's cleaning contractor and its employees shall have access to the Premises at all times except during Ordinary Business Hours.

Section 10.5 Water. Landlord shall provide water in the core lavatories on each floor of the Building and to the pantries within the Premises; provided that the cost of installing any water lines to such pantries and the cost of acquiring and installing any necessary hot water boosters, shall be solely for the account of Tenant. If Tenant requires water for any additional purposes, Tenant shall pay for the cost of bringing water to the Premises and Landlord may install a meter to measure the water. Tenant shall pay the cost of such installation, and for all maintenance, repairs and replacements thereto, and for the reasonable charges of Landlord for the water consumed.

Section 10.6 Refuse Removal. Landlord shall provide refuse removal services at the Building. Tenant shall pay to Landlord, within 10 Business Days after delivery of an invoice therefor, Landlord's reasonable charge for such removal to the extent that the refuse generated by Tenant exceeds the refuse customarily generated by general office tenants. Tenant shall not dispose of any refuse in the Common Areas, and if Tenant does so, Tenant shall be liable for Landlord's reasonable charge for such removal.

Section 10.7 Telecommunications Riser Capacity. Landlord shall make available to Tenant for its non-exclusive use reasonably sufficient telecommunication riser access at a riser terminating at the telecommunications closets located on each floor of the Premises. The riser provided to Tenant shall provide reasonably sufficient access to allow Tenant to bring T1/T3 lines to the Premises. Tenant shall be responsible, at its sole cost and expense (including the cost of installing any required conduits) of installing such T1/T3 lines.

Section 10.8 Directory. Within a reasonable time following the Commencement Date, which may not be until March 31, 2000, Landlord shall install in the main ground floor lobby of the Building a computerized directory wherein the Building's tenants shall be listed with a capacity for up to 25 listings per floor for Tenant (including its operating divisions, Portfolio Companies (as hereinafter defined), permitted assignees and sublessees, Related Corporations and others permitted to occupy the Premises hereunder). Until such time as the computerized directory is so installed, Landlord shall identify Tenant's presence within the Building through other reasonable means. Tenant shall be entitled to a proportionate share of such listings. From time to time, but not more frequently than monthly, Landlord shall reprogram the computerized directory to reflect such changes in the listings therein as Tenant shall request.

Section 10.9 Service Interruptions. Landlord reserves the right to suspend any service when necessary, by reason of Unavoidable Delays, accidents or emergencies, or for Restorative Work which, in Landlord's reasonable judgment, are necessary or appropriate until such Unavoidable Delay, accident or emergency shall cease or such Restorative Work is completed and Landlord shall not be liable for any interruption, curtailment or failure to supply services. Landlord shall use reasonable efforts to restore such service, remedy such situation and minimize any interference with Tenant's business. The exercise of any such right or the occurrence of any such failure by Landlord shall not constitute an actual or constructive eviction, in whole or in part, entitle Tenant to any compensation, abatement or diminution of Rent, relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience to Tenant, or interruption of Tenant's business, or otherwise.

ARTICLE 11

INSURANCE; PROPERTY LOSS OR DAMAGE

Section 11.1 Tenant's Insurance. (a) Tenant, at its expense, shall obtain and keep in full force and effect during the Term:

(i) a policy of commercial general liability insurance on an occurrence basis against claims for personal injury, death and/or property damage occurring in or about the Building, under which Tenant is named as the insured and Landlord, Landlord's Agent and any Lessors and any Mortgagees whose names have been furnished to Tenant are named as additional insureds (the "Insured Parties"). Such insurance shall provide primary coverage without contribution from any other insurance carried by or for the benefit of the Insured Parties, and Tenant shall obtain blanket broad-form contractual liability coverage to insure its indemnity obligations set forth in Article 26. The minimum limits of liability shall be a combined single limit with respect to each occurrence in an amount of not less than $5,000,000.00; provided, however, that Landlord shall retain the right to require Tenant to increase such coverage from time to time to that amount of insurance which in Landlord's reasonable judgment is then being customarily required by landlords for similar office space in Comparable Buildings. The deductible or self insured retention for such policy shall not exceed $10,000.00;

(ii) insurance against loss or damage by fire, and such other risks and hazards as are insurable under then available standard forms of "all risk" property insurance policies with extended coverage, insuring Tenant's Property and all Alterations and improvements to the Premises (including the Improvements constructed pursuant to the Workletter) to the extent such Alterations and improvements exceed the cost of the Improvements typically performed in connection with the initial occupancy of general office tenants in Comparable Buildings ("Building Standard Installations"), for the full insurable value thereof or replacement cost thereof, having a deductible amount, if any, as reasonably determined by Landlord;

(iii) during the performance of any Alteration, until completion thereof, Builder's Risk insurance on an "all risk" basis and on a completed value form including a Permission to Complete and Occupy endorsement, for full replacement value covering the interest of Landlord and Tenant (and their respective contractors and subcontractors) in all work incorporated in the Building and all materials and equipment in or about the Premises;

(iv) Workers' Compensation Insurance, as required by law;

(v) Business Interruption Insurance; and

(vi) such other insurance in such amounts as the Insured Parties may reasonably require from time to time.

(b) All insurance required to be carried by Tenant (i) shall contain a provision that (x) no act or omission of Tenant shall affect or limit the obligation of the insurance company to pay the amount of any loss sustained, and (y) shall be noncancellable and/or no material change in coverage shall be made thereto unless the Insured Parties receive 30 days' prior notice of the same, by certified mail, return receipt requested, and (ii) shall be effected under valid and enforceable policies issued by reputable insurers permitted to do business in the State of California and rated in Best's Insurance Guide, or any successor thereto as having a "Best's Rating" of "A-" and a "Financial Size Category" of at least "X" or, if such ratings are not then in effect, the equivalent thereof or such other financial rating as Landlord may at any time consider appropriate.

(c) On or prior to the Commencement Date, Tenant shall deliver to Landlord appropriate policies of insurance, including evidence of waivers of subrogation required to be carried pursuant to this Article 11. Evidence of each renewal or replacement of a policy shall be delivered by Tenant to Landlord at least 10 days prior to the expiration of such policy. In lieu of the policy of insurance required to be delivered to Landlord pursuant to this Article 11 (the "Policy"), Tenant may deliver to Landlord a certification from Tenant's insurance company (on the form currently designated "Acord 27", or the equivalent) which shall be binding on Tenant's insurance company, and which shall expressly provide that such certification (i) conveys to the Insured Parties all the rights and privileges afforded under the Policy as primary insurance, and (ii) contains an unconditional obligation of the insurance company to advise all Insured Parties in writing by certified mail, return receipt requested,

at least 30 days in advance of any termination or change to the Policy that would affect the interest of any of the Insured Parties.

Section 11.2 Waiver of Subrogation. Landlord and Tenant shall each procure an appropriate clause in or endorsement to any property insurance covering the Premises, the Building and personal property, fixtures and equipment located therein, wherein the insurer waives subrogation or consents to a waiver of right of recovery, and Landlord and Tenant agree not to make any claim against, or seek to recover from, the other for any loss or damage to its property or the property of others resulting from fire or other hazards to the extent covered by such property insurance; provided, however, that the release, discharge, exoneration and covenant not to sue contained herein shall be limited by and be coextensive with the terms and provisions of the waiver of subrogation or waiver of right of recovery. Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for, (i) damage to any Above Building Standard Installations, (ii) Tenant's Property, and (iii) any loss suffered by Tenant due to interruption of Tenant's business.

Section 11.3 Restoration. (a) If the Premises are damaged by fire or other casualty, or if the Building is damaged such that Tenant is deprived of reasonable access to the Premises, the damage shall be repaired by Landlord, to substantially the condition of the Premises prior to the damage (or to such other condition as Tenant may prescribe which is reasonably acceptable to Landlord, but in no event less than restoring Building Standard Installations) , subject to the provisions of any Mortgage or Superior Lease, but Landlord shall have no obligation to repair or restore (i) Tenant's Property or (ii) except as provided in Section 11.3(b), any Above Building Standard Installations. So long as Tenant is not in default beyond applicable grace or notice provisions in the payment or performance of its obligations under this Section 11.3, and provided Tenant timely delivers to Landlord either Tenant's Restoration Payment (as hereinafter defined) or the Restoration Security (as hereinafter defined) or Tenant expressly waives any obligation of Landlord to repair or restore any of Tenant's Above Building Standard Installations, then until the restoration of the Premises is Substantially Completed or would have been Substantially Completed but for Tenant Delay, Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment shall be reduced in the proportion by which the area of the part of the Premises which is not usable (or accessible) and is not used by Tenant bears to the total area of the Premises.

(b) As a condition precedent to Landlord's obligation to repair or restore any Above Building Standard Installations, Tenant shall (i) pay to Landlord within 30 days of written demand a sum ("Tenant's Restoration Payment") equal to the amount, if any, by which (A) the cost, as estimated by a reputable independent contractor designated by Landlord, of repairing and restoring all Alterations and improvements in the Premises to their condition prior to the damage, exceeds (B) the cost of restoring the Premises with Building Standard Installations, or (ii) furnish to Landlord security (the "Restoration Security") in form and amount reasonably acceptable to Landlord to secure Tenant's obligation to pay all costs in excess of restoring the Premises with Building Standard Installations. To the extent practicable, the Restoration Security may be converted to cash and utilized to fund Tenant's obligation for Tenant's Above Building Standard Installations. If Tenant shall fail to deliver to Landlord either (1) Tenant's Restoration Payment or the Restoration Security, as applicable, or (2) a written waiver by Tenant, in form satisfactory to Landlord, of all of Landlord's obligations to repair or restore any of the Above Building Standard Installations, in either case within 30 days after Landlord's demand therefore, Landlord shall have no obligation to restore any Above Building Standard Installations and Tenant's abatement of Fixed Rent, Tenant's Tax Payment and Tenant's Operating Payment shall cease when the restoration of the Premises (other than any Above Building Standard Installations) is Substantially Complete.

Section 11.4 Landlord's Termination Right. Notwithstanding anything to the contrary contained in Section 11.3, if the Premises are totally damaged or are rendered wholly untenantable, or if the Building shall be so damaged that, in Landlord's reasonable opinion, substantial alteration, demolition, or reconstruction of the Building shall be required (whether or not the Premises are so damaged or rendered untenantable), then in either of such events, Landlord may, not later than 60

days following the date of the damage, terminate this Lease by notice to Tenant, provided that if the Premises are not damaged, Landlord may not terminate this Lease unless Landlord similarly terminates the leases of other tenants in the Building aggregating at least 50% of the portion of the Building occupied for office purposes immediately prior to such damage. If this Lease is so terminated, (a) the Term shall expire upon the 30th day after such notice is given, (b) Tenant shall vacate the Premises and surrender the same to Landlord, (c) Tenant's liability for Rent shall cease as of the date of the damage, and (d) any prepaid Rent for any period after the date of the damage shall be refunded by Landlord to Tenant.

Section 11.5 Tenant's Termination Right. If the Premises are totally damaged and are thereby rendered wholly untenantable, or if the Building shall be so damaged that Tenant is deprived of reasonable access to the Premises, and if Landlord elects to restore the Premises, Landlord shall, within 60 days following the date of the damage, cause a contractor or architect selected by Landlord to give notice (the "Restoration Notice") to Tenant of the date by which such contractor or architect estimates the restoration of the Premises (excluding any Above Building Standard Installations) shall be Substantially Completed. If such date, as set forth in the Restoration Notice, is more than 12 months from the date of such damage, then Tenant shall have the right to terminate this Lease by giving notice (the "Termination Notice") to Landlord not later than 30 days following delivery of the Restoration Notice to Tenant. If Tenant delivers a Termination Notice, this Lease shall be deemed to have terminated as of the date of the giving of the Termination Notice, in the manner set forth in the second sentence of Section 11.4.

Section 11.6 Final 18 Months. Notwithstanding anything to the contrary in this Article 11, if any damage during the final 18 months of the Term renders the Premises wholly untenantable, either Landlord or Tenant may terminate this Lease by notice to the other party within 30 days after the occurrence of such damage and this Lease shall expire on the 30th day after the date of such notice. For purposes of this Section 11.6, the Premises shall be deemed wholly untenantable if Tenant shall be precluded from using more than 50% of the Premises for the conduct of its business and Tenant's inability to so use the Premises is reasonably expected to continue for more than 90 days.

Section 11.7 Landlord's Liability. Any Building employee to whom any property shall be entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agent with respect to such property and neither Landlord nor its agents shall be liable for any damage to such property, or for the loss of or damage to any property of Tenant by theft or otherwise. None of the Insured Parties shall be liable for any injury or damage to persons or property or interruption of Tenant's business resulting from fire or other casualty, any damage caused by other tenants or persons in the Building or by construction of any private, public or quasi-public work, or any latent defect in the Premises or in the Building (except that Landlord shall be required to repair the same to the extent provided in Article 5). No penalty shall accrue for delays which may arise by reason of adjustment of fire insurance on the part of Landlord or Tenant, or for any Unavoidable Delays arising from any repair or restoration of any portion of the Building, provided that Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises during the performance of any such repair or restoration.

Section 11.8 Landlord's Insurance. Landlord shall, from and after the Effective Date and until the Expiration Date, maintain in effect the following insurance: (i) fire and "all risk" insurance providing coverage in the event of fire, vandalism, malicious mischief and all other risks normally covered by "all risk" policies in the area of the Building, covering the Building (excluding the property required to be insured by Tenant pursuant to Section 11.1) in an amount not less than ninety-five percent (95%) of the full replacement value (less commercially reasonable deductibles which as of the Effective Date is Twenty-Five Thousand Dollars ($25,000.00) but is subject to periodic change over the Term) of the Building excluding foundations, footings and other below-grade structural elements; and (ii) commercial general liability insurance or the equivalent in the amount of at least Five Million Dollars ($5,000,000.00), against claims of bodily injury, personal injury or property damage arising out of Landlord's operations, assumed liabilities, contractual liabilities, or use of the Building and Common

Areas. Such insurance may be carried under blanket or umbrella insurance policies. Upon written request from Tenant, but no more than one (1) time during any calendar year, Landlord shall provide Tenant with evidence that Landlord is carrying the insurance Landlord is required to maintain pursuant to this Section 11.8

ARTICLE 12

EMINENT DOMAIN

Section 12.1 Taking. (a) Total Taking. If all or substantially all of the Real Property, the Building or the Premises shall be acquired or condemned for any public or quasi-public purpose (a "Taking"), this Lease shall terminate and the Term shall end as of the date of the vesting of title and Rent shall be prorated and adjusted as of such date.

(b) Partial Taking. Upon a Taking of only a part of the Real Property, the Building or the Premises then, except as hereinafter provided in this Article 12, this Lease shall continue in full force and effect, provided that from and after the date that is the earlier of Tenant's deprivation of use or the date of the vesting of title, Fixed Rent and Tenant's Proportionate Share shall be modified to reflect the reduction of the Premises and/or the Building as a result of such Taking.

(c) Landlord's Termination Right. Whether or not the Premises are affected, Landlord may, by notice to Tenant, within 60 days following the date upon which Landlord receives notice of the Taking of all or a material portion of the Real Property, the Building or the Premises, terminate this Lease, provided that Landlord elects to terminate leases (including this Lease) affecting at least 50% of the rentable area of the Building.

(d) Tenant's Termination Right. If the part of the Real Property so Taken contains more than 20% of the total area of the Premises occupied by Tenant immediately prior to such Taking, or if, by reason of such Taking, Tenant no longer has reasonable means of access to the Premises, Tenant may terminate this Lease by notice to Landlord given within 30 days following the date upon which Tenant is given notice of such Taking. If Tenant so notifies Landlord, this Lease shall end and expire upon the 30th day following the giving of such notice. If a part of the Premises shall be so Taken and this Lease is not terminated in accordance with this Section 12.1 Landlord, without being required to spend more than it collects as an award, shall, subject to the provisions of any Mortgage or Superior Lease, restore that part of the Premises not so Taken to a self-contained rental unit substantially equivalent (with respect to character, quality, appearance and services) to that which existed immediately prior to such Taking, excluding Tenant's Property and any Above Building Standard Installations.

(e) Apportionment of Rent. Upon any termination of this Lease pursuant to the provisions of this Article 12, Rent shall be apportioned as of, and shall be paid or refunded up to and including, the date of such termination.

Section 12.2 Awards. Upon any Taking, Landlord shall receive the entire award for any such Taking, and Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term or Tenant's Alterations; and Tenant hereby assigns to Landlord all of its right in and to such award. Nothing contained in this Article 12 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the then value of any Tenant's Property or Above Building Standard Installations included in such Taking and for any moving expenses, provided any such award is in addition to, and does not result in a reduction of, the award made to Landlord.

Section 12.3 Temporary Taking. If all or any part of the Premises is Taken temporarily during the Term for any public or quasi-public use or purpose, Tenant shall give prompt notice to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay all Rent payable by Tenant without reduction or abatement and to perform all of its other obligations

under this Lease, except to the extent prevented from doing so by the condemning authority, and Tenant shall be entitled to receive any award or payment from the condemning authority for such use, which shall be received, held and applied by Tenant as a trust fund for payment of the Rent falling due.

ARTICLE 13

ASSIGNMENT AND SUBLETTING

Section 13.1 Consent Requirements.

(a) No Assignment or Subletting. Except as expressly set forth herein, Tenant shall not assign, mortgage, pledge, encumber, or otherwise transfer this Lease, whether by operation of law or otherwise, and shall not sublet, or permit, or suffer the Premises or any part thereof to be used or occupied by others (whether for desk space, mailing privileges or otherwise), without Landlord's prior consent in each instance. Any assignment, sublease, mortgage, pledge, encumbrance or transfer in contravention of the provisions of this Article 13 shall be void and shall constitute an Event of Default.

(b) Collection of Rent. If, without Landlord's consent, this Lease is assigned, or any part of the Premises is sublet or occupied by anyone other than Tenant or this Lease is encumbered (by operation of law or otherwise), Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the Rent herein reserved. No such collection shall be deemed a waiver of the provisions of this Article 13, an acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the performance of Tenant's covenants hereunder, and in all cases Tenant shall remain fully liable for its obligations under this Lease.

(c) Further Assignment/Subletting. Landlord's consent to any assignment or subletting shall not relieve Tenant from the obligation to obtain Landlord's consent to any further assignment or subletting. In no event shall any permitted subtenant assign or encumber its sublease or further sublet any portion of its sublet space, or otherwise suffer or permit any portion of the sublet space to be used or occupied by others.

Section 13.2 Tenant's Notice. If Tenant desires to assign this Lease or sublet all or any portion of the Premises, Tenant shall give notice thereof to Landlord, which shall be accompanied by (a) with respect to an assignment of this Lease, the date Tenant desires the assignment to be effective, and (b) with respect to a sublet of all or a part of the Premises, a description of the portion of the Premises to be sublet. Such notice shall be deemed an offer from Tenant to Landlord of the right, at Landlord's option, (1) to terminate this Lease with respect to such space as Tenant proposes to sublease (the "Partial Space"), upon the terms and conditions hereinafter set forth, or (2) if the proposed transaction is an assignment of this Lease or a subletting of two (2) full floors or more of the Premises, to terminate this Lease with respect to the entire Premises. Such option may be exercised by notice from Landlord to Tenant within 30 days after delivery of Tenant's notice. If Landlord exercises its option to terminate all or a portion of this Lease, (a) this Lease shall end and expire with respect to all or a portion of the Premises, as the case may be, on the date that such assignment or sublease was to commence, (b) Rent shall be apportioned, paid or refunded as of such date, (c) Tenant, upon Landlord's request, shall enter into an amendment of this Lease ratifying and confirming such total or partial termination, and setting forth any appropriate modifications to the terms and provisions hereof, and (d) Landlord shall be free to lease the Premises (or any part thereof) to Tenant's prospective assignee or subtenant. Tenant shall pay all costs to make the Partial Space a self-contained rental unit.

Section 13.3 Conditions to Assignment/Subletting. (a) If Landlord does not exercise its termination option provided under Section 13.2, and provided that no Event of Default then exists, Landlord's consent to the proposed assignment or subletting shall not be unreasonably withheld or delayed. Such consent shall be granted or denied as soon as practicable and in no case more than

30 days after delivery to Landlord of (i) a true and complete statement reasonably detailing the identity of the proposed assignee or subtenant ("Transferee"), the nature of its business and its proposed use of the Premises, (ii) current financial information with respect to the Transferee, including its most recent financial statements, and (iii) any other information Landlord may reasonably request, provided that:

(A) in Landlord's reasonable judgment, the Transferee is engaged in a business or activity, and the Premises will be used in a manner, which (1) is in keeping with the then standards of the Building, (2) is for the Permitted Uses, and (3) does not violate any restrictions set forth in this Lease, any Mortgage or Superior Lease or any negative covenant as to use of the Premises required by any other lease in the Building;

(B) the Transferee is reputable with sufficient financial means to perform all of its obligations under this Lease or the sublease, as the case may be;

(C) if Landlord has, or reasonably expects to have within 2 months thereafter, comparable space available in the Building (it being understood that floors 17 through 40 are not comparable space), neither the Transferee nor any person which, directly or indirectly, controls, is controlled by, or is under common control with, the Transferee is then an occupant of the Building;

(D) the Transferee is not a person or entity (or affiliate of a person or entity) with whom Landlord is then or has been within the prior 6 months negotiating in connection with the rental of space in the Building; provided that the provisions of this Section 13.3(a)(A) shall not apply if the proposed Transferee is Engage Technologies, Inc. ("Engage") or a Related Corporation (as hereinafter defined);

(E) there shall be not more than 2 subtenants in each floor of the Premises;

(F) the aggregate consideration to be paid by the Transferee under the terms of the proposed sublease shall not be less than 90% of the fixed rent at which Landlord is then offering to lease other space in the Building (the "Market Sub-rent") determined as though the Premises were vacant and taking into account (1) the length of the term of the proposed sublease, (2) any rent concessions granted to Transferee, and (3) the cost of any Alterations being performed for the Transferee;

(G) Tenant shall, within 30 days of demand, reimburse Landlord for all reasonable expenses incurred by Landlord in connection with such assignment or sublease, including any investigations as to the acceptability of the Transferee and all legal costs reasonably incurred in connection with the granting of any requested consent;

(H) Tenant shall not list the Premises to be sublet or assigned with a broker, agent or other entity or otherwise offer the Premises for subletting at a rental rate less than the Market Sub-rent; and

(I) the Transferee shall not be entitled, directly or indirectly, to diplomatic or sovereign immunity, regardless of whether the Transferee agrees to waive such diplomatic or sovereign immunity, and shall be subject to the service of process in, and the jurisdiction of the courts of, the City and County of San Francisco and State of California.

(b) With respect to each and every subletting and/or assignment approved by Landlord under the provisions of this Lease:

(i) the form of the proposed assignment or sublease shall be reasonably satisfactory to Landlord;

(ii) no sublease shall be for a term ending later than one day prior to the Expiration Date;

(iii) except as otherwise provided in Section 13.7, no Transferee shall take possession of any part of the Premises, until an executed counterpart of such sublease or assignment has been delivered to Landlord and approved by Landlord as provided in Section 13.3(a);

(iv) if an Event of Default occurs prior to the effective date of such assignment or subletting and is continuing and yet uncured on the date that would otherwise be such effective date, then Landlord's consent thereto, if previously granted, shall be immediately deemed revoked without further notice to Tenant, and any such deemed unconsented to assignment or subletting shall constitute a further Event of Default hereunder; and

(v) each sublease shall be subject and subordinate to this Lease and to the matters to which this Lease is or shall be subordinate; and Tenant and each Transferee shall be deemed to have agreed that upon the occurrence and during the continuation of an Event of Default hereunder, Tenant has hereby assigned to Landlord, and Landlord may, at its option, accept such assignment of, all right, title and interest of Tenant as sublandlord under such sublease, together with all modifications, extensions and renewals thereof then in effect and such Transferee shall, at Landlord's option, attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be (A) liable for any previous act or omission of Tenant under such sublease, (B) subject to any counterclaim, offset or defense not expressly provided in such sublease, which theretofore accrued to such Transferee against Tenant, (C) bound by any previous modification of such sublease not consented to by Landlord or by any prepayment of more than one month's rent, (D) bound to return such Transferee's security deposit, if any, except to the extent Landlord shall receive actual possession of such deposit and such Transferee shall be entitled to the return of all or any portion of such deposit under the terms of its sublease, or (E) obligated to make any payment to or on behalf of such Transferee, or to perform any work in the subleased space or the Building, or in any way to prepare the subleased space for occupancy, beyond Landlord's obligations under this Lease. The provisions of this Section 13.3(b)(v) shall be self-operative, and no further instrument shall be required to give effect to this provision, provided that the Transferee shall execute and deliver to Landlord any instruments Landlord may reasonably request to evidence and confirm such subordination and attornment.

Section 13.4 Binding on Tenant; Indemnification of Landlord. Notwithstanding any assignment or subletting or any acceptance of rent by Landlord from any Transferee, Tenant shall remain fully liable for the payment of all Rent due and for the performance of all the covenants, terms and conditions contained in this Lease on Tenant's part to be observed and performed, and any default under any term, covenant or condition of this Lease by any Transferee or anyone claiming under or through any Transferee shall be deemed to be a default under this Lease by Tenant. Tenant shall indemnify, defend, protect and hold harmless Landlord from and against any and all Losses resulting from any claims that may be made against Landlord by the Transferee or anyone claiming under or through any Transferee or by any brokers or other persons claiming a commission or similar compensation in connection with the proposed assignment or sublease, irrespective of whether Landlord shall give or decline to give its consent to any proposed assignment or sublease, or if Landlord shall exercise any of its options under this Article 13.

Section 13.5 Tenant's Failure to Complete. If Landlord consents to a proposed assignment or sublease and Tenant fails to execute and deliver to Landlord such assignment or sublease within 90 days after the giving of such consent, then Tenant shall again comply with all of the provisions and conditions of Section 13.2 before assigning this Lease or subletting all or part of the Premises.

Section 13.6 Profits. If Tenant enters into any assignment or sublease permitted hereunder or consented to by Landlord, Tenant shall, within 60 days of Landlord's consent to such assignment or

sublease, deliver to Landlord a list of Tenant's reasonable third-party brokerage fees, legal fees and architectural fees paid or to be paid in connection with such transaction and any actual costs incurred by Tenant in separately demising the subleased space (collectively, "Transaction Costs"), together with a list of all of Tenant's Property to be transferred to such Transferee. The Transaction Costs shall be amortized, on a straight-line basis, over the term of any sublease. Tenant shall deliver to Landlord evidence of the payment of such Transaction Costs promptly after the same are paid. In consideration of such assignment or subletting, Tenant shall pay to Landlord:

(a) In the case of an assignment, as and when paid, 50% of all sums and other consideration paid to Tenant by the Transferee for or by reason of such assignment attributable to Tenant's interest under this Lease (including sums paid for the sale or rental of Tenant's Property, less, in the case of a sale thereof, the then fair market value thereof, as reasonably determined by Landlord) after first deducting the Transaction Costs; or

(b) In the case of a sublease, 50% of any consideration payable under the sublease to Tenant by the Transferee which exceeds on a per square foot basis the Fixed Rent accruing during the term of the sublease in respect of the subleased space (together with any sums paid for the sale or rental of Tenant's Property, less, in the case of the sale thereof, the then fair market value thereof, as reasonably determined by Landlord) after first deducting the monthly amortized amount of Transaction Costs. The sums payable under this clause shall be paid by Tenant to Landlord monthly as and when paid by the subtenant to Tenant.

Section 13.7 Transfers. (a) Related Entities. Sections 13.1, 13.2 or 13.3(a) do not apply to Section 13.7 Transfers. If Tenant is a corporation, the transfer (by one or more transfers) of a majority of the stock of Tenant shall be deemed a voluntary assignment of this Lease; provided, however, that the provisions of this Article 13 shall not apply to the transfer of shares of stock of Tenant if and so long as Tenant is publicly traded on a nationally recognized stock exchange or electronic trading system. For purposes of this Section 13.7 the term "transfers" shall be deemed to include the issuance of new stock which results in a majority of the stock of Tenant being held by a person or entity which does not hold a majority of the stock of Tenant on the Effective Date. If Tenant is a limited liability company, partnership, trust, or any other legal entity, the transfer (by one or more transfers) of a majority of the beneficial ownership interests in such entity, however characterized, shall be deemed a voluntary assignment of this Lease. The provisions of Sections 13.1, 13.2 or 13.3(a) shall not apply to transactions with a corporation or other legal entity into or with which Tenant is merged or consolidated or to which substantially all of Tenant's assets are transferred so long as (i) such transfer was made for a legitimate independent business purpose and not for the purpose of transferring this Lease, (ii) either the successor to Tenant has a net worth computed in accordance with generally accepted accounting principles at least equal to the net worth of Tenant immediately prior to such merger, consolidation or transfer, or if CMGI, Inc. is the surviving entity and subsequent to such transaction the financial condition of Tenant will not be materially impaired, and (iii) proof satisfactory to Landlord of such net worth is delivered to Landlord at least 10 days prior to the effective date of any such transaction, or within 5 Business Days thereafter in connection with a confidential transaction, the existence of which is not within the public domain and which either pursuant to applicable Requirements or by agreement with the other party thereto must remain confidential. Tenant may also, upon prior notice to Landlord, permit any corporation or other business entity which controls, is controlled by, or is under common control with the original Tenant (a "Related Corporation") to sublet or otherwise occupy all or part of the Premises for the Permitted Uses or take an assignment of Tenant's interest under this Lease, provided the Related Corporation is in Landlord's reasonable judgment of a character and engaged in a business which is in keeping with the standards for the Building and for so long as such entity remains a Related Corporation. For so long as Greenwitch LLC, iCAST, Engage and/or Activate (collectively, "Portfolio Companies") are Related Corporations, Landlord hereby consents to the Portfolio Companies' use and occupancy of the Premises. Such sublease shall not be deemed to vest in any such Related Corporation any right or interest in this Lease nor shall any such sublease or assignment relieve, release, impair or discharge any of Tenant's obligations hereunder. For the purposes hereof, "control" shall be deemed

to mean ownership of not less than 50% of all of the voting stock of such corporation or not less than 50% of all of the legal and equitable interest in any other business entity if Tenant is not a corporation. Notwithstanding the foregoing, Tenant shall have no right to assign this Lease or sublease all or any portion of the Premises without Landlord's consent pursuant to this Section 13.7 if Tenant is not the initial Tenant herein named or a person or entity who acquired Tenant's interest in this Lease in a transaction approved by Landlord pursuant to this Section 13.7 or is otherwise permitted hereunder without the requirement of first obtaining Landlord's consent. In connection with Landlord's review of any non-public documents and information furnished by Tenant in connection with a proposed transaction with a Related Corporation, Landlord agrees to hold such information in confidence and not to disclose such information to third parties, other than its attorneys, partners and Mortgagees.

(b) Applicability. The limitations set forth in this Section 13.7 shall apply to Transferee(s) of this Lease, if any, and any transfer by any such entity in violation of this Section 13.7 shall be a transfer in violation of Section 13.1.

(c) Modifications, Takeover Agreements. Any modification, amendment or extension of a sublease and/or any other agreement by which a landlord of a building other than the Building agrees to assume the obligations of Tenant under this Lease shall be deemed a sublease for the purposes of Section 13.1 hereof.

Section 13.8 Assumption of Obligations. No assignment or transfer shall be effective unless and until the Transferee executes, acknowledges and delivers to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby the assignee (a) assumes Tenant's obligations under this Lease and (b) agrees that, notwithstanding such assignment or transfer, the provisions of Section 13.1 hereof shall be binding upon it in respect of all future assignments and transfers subject to the rights afforded by Section 13.7.

Section 13.9 Tenant's Liability. The joint and several liability of Tenant and any successors-in-interest of Tenant and the due performance of Tenant's obligations under this Lease shall not be discharged, released or impaired by any agreement or stipulation made by Landlord, or any grantee or assignee of Landlord, extending the time, or modifying any of the terms and provisions of this Lease, or by any waiver or failure of Landlord, or any grantee or assignee of Landlord, to enforce any of the terms and provisions of this Lease.

Section 13.10 Listings in Building Directory. The listing of any name other than that of Tenant on the doors of the Premises, the Building directory or elsewhere shall not vest any right or interest in this Lease or in the Premises, nor be deemed to constitute Landlord's consent to any assignment or transfer of this Lease or to any sublease of the Premises or to the use or occupancy thereof by others. Any such listing shall constitute a privilege revocable in Landlord's discretion by notice to Tenant.

Section 13.11 Lease Disaffirmance or Rejection. If at any time after an assignment by Tenant named herein, this Lease is not affirmed or is rejected in any bankruptcy proceeding or any similar proceeding, or upon a termination of this Lease due to any such proceeding, Tenant named herein, upon request of Landlord given after such disaffirmance, rejection or termination (and actual notice thereof to Landlord in the event of a disaffirmance or rejection or in the event of termination other than by act of Landlord), shall (a) pay to Landlord all Rent and other charges due and owing by the assignee to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (b) as "tenant," enter into a new lease of the Premises with Landlord for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Expiration Date, at the same Rent and upon the then executory terms, covenants and conditions contained in this Lease, except that (i) the rights of Tenant named herein under the new lease shall be subject to the possessory rights of the assignee under this Lease and the possessory rights of any persons claiming through or under such assignee or by virtue of any statute or of any order of any court, (ii) such new lease shall require all defaults existing under this Lease to be cured by Tenant named herein with due diligence, and (iii) such new lease shall require Tenant named herein to pay all

Rent which, had this Lease not been so disaffirmed, rejected or terminated, would have become due under the provisions of this Lease after the date of such disaffirmance, rejection or termination with respect to any period prior thereto. If Tenant named herein defaults in its obligations to enter into such new lease for a period of 10 days after Landlord's request, then, in addition to all other rights and remedies by reason of default, either at law or in equity, Landlord shall have the same rights and remedies against Tenant named herein as if it had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of Tenant's default thereunder.

ARTICLE 14

ELECTRICITY

Section 14.1 Electricity. Subject to any Requirements or any public utility rules or regulations governing energy consumption, Landlord shall make or cause to be made, customary arrangements with public utilities and/or public agencies to furnish electric current to the Premises for Tenant's use in accordance with the Design Standards. If Landlord reasonably determines by the use of an electrical consumption survey or by other reasonable means that Tenant is using electric current (including overhead fluorescent fixtures) in excess of .60 kilowatt hours per square foot of usable area in the Premises per month ("Excess Electrical Usage"), then Landlord shall have the right to charge Tenant an amount equal to Landlord's reasonable estimate of Tenant's Excess Electrical Usage, and either Landlord or Tenant shall have the further right to install an electric current meter, sub-meter or check meter in the Premises (a "Meter") to measure the amount of electric current consumed in the Premises. The cost of such Meter special conduits, wiring and panels needed in connection therewith and the installation, maintenance and repair thereof shall be paid by Tenant. Tenant shall pay to Landlord, from time to time, but no more frequently than monthly, for its Excess Electrical Usage at the Premises, plus Landlord's charge equal to 10% of Tenant's Excess Electrical Usage for Landlord's costs of maintaining, repairing and reading such Meter. The rate to be paid by Tenant for submetered electricity shall include any taxes or other charges in connection therewith.

Section 14.2 Excess Electricity. Tenant shall at all times comply with the rules and regulations of the utility company supplying electricity to the Building. Tenant shall not use any electrical equipment which, in Landlord's reasonable judgment, would exceed the capacity of the electrical equipment serving the Premises. If Landlord reasonably determines that Tenant's electrical requirements necessitate installation of any additional risers, feeders or other electrical distribution equipment (collectively, "Electrical Equipment"), or if Tenant provides Landlord with evidence reasonably satisfactory to Landlord of Tenant's need for excess electricity and requests that additional Electrical Equipment be installed, Landlord shall, at Tenant's expense, install such additional Electrical Equipment, provided that Landlord, in its sole judgment, determines that (a) such installation is practicable and necessary, (b) such additional Electrical Equipment is permissible under applicable Requirements, and (c) the installation of such Electrical Equipment will not cause permanent damage or injury to the Building or the Premises, cause or create a hazardous condition, entail excessive or unreasonable alterations, interfere with or limit electrical usage by other tenants or occupants of the Building or exceed the limits of the switchgear or other facilities serving the Building, or require power in excess of that available from the utility company serving the Building. Any costs incurred by Landlord in connection therewith shall be paid by Tenant within 30 days after the rendition of a bill therefor.

Section 14.3 Service Disruption. Landlord shall not be liable in any way to Tenant for any failure, defect or interruption of, or change in the supply, character and/or quantity of electric service furnished to the Premises for any reason except if attributable to the gross negligence or willful misconduct of Landlord, nor shall there be any abatement of Rent or allowance to Tenant for diminution of rental value, nor shall the same constitute an actual or constructive eviction of Tenant, in whole or part, or relieve Tenant from any of its Lease obligations, and no liability shall arise on the

part of Landlord by reason of inconvenience, annoyance or injury to business. Landlord shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises as a result of any such failure, defect or interruption of, or change in the supply, character and/or quantity of, electric service.

ARTICLE 15

ACCESS TO PREMISES

Section 15.1 Landlord's Access. (a) Landlord, Landlord's agents and utility service providers servicing the Building may erect, use and maintain concealed ducts, pipes and conduits in and through the Premises provided such use does not cause the usable area of the Premises to be reduced beyond a de minimis amount. Landlord shall promptly repair any damage to the Premises caused by any work performed pursuant to this Article 15.

(b) Landlord, any Lessor or Mortgagee and any other party designated by Landlord and their respective agents shall have the right to enter the Premises at all reasonable times, upon reasonable notice (which notice may be oral) except in the case of emergency, to examine the Premises, to show the Premises to prospective purchasers, Mortgagees, Lessors or tenants and their respective agents and representatives or others, to perform Restorative Work to the Premises or the Building, and Landlord shall be allowed to take all material into the Premises that may be required for the performance of such Restorative Work without the same constituting an actual or constructive eviction of Tenant in whole or in part and without any abatement of Rent; provided, however, that all such work shall be done as promptly as reasonably possible and so as to cause as little interference to Tenant as reasonably possible and shall be subject to the provisions of Section 15.4 below.

(c) All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises, all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways, mail chutes, conduits and other mechanical facilities, Building Systems; Building facilities and Common Areas are not part of the Premises, and Landlord shall have the use thereof and access thereto through the Premises for the purposes of Building operation, maintenance, alteration and repair.

Section 15.2 Alterations to Building. Landlord has the right at any time to (a) change the name, number or designation by which the Building is commonly known, and (b) alter the Building to change the arrangement or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other Common Areas without any such acts constituting an actual or constructive eviction and without incurring any liability to Tenant, so long as such changes do not materially and adversely affect Tenant's access to the Premises.

Section 15.3 Light and Air. If at any time any windows of the Premises are temporarily darkened or covered over by reason of any Restorative Work, any of such windows are permanently darkened or covered over due to any Requirement or there is otherwise a diminution of light, air or view by another structure which may hereinafter be erected (whether or not by Landlord), Landlord shall not be liable for any damages and Tenant shall not be entitled to any compensation or abatement of any Rent, nor shall the same release Tenant from its obligations hereunder or constitute an actual or constructive eviction.

Section 15.4 Tenant's Security Requirements. Landlord acknowledges that Tenant has advised Landlord that Tenant's business at the Premises involves sensitive information and operations and that Tenant has security requirements to protect such information and operations. Landlord and any person entering the Premises with, at the direction of or under the authority of, Landlord shall, subject to Tenant's compliance with its obligations pursuant to this Section 15.4, follow Tenant's commercially reasonable security requirements, which include the requirement that all persons entering the Premises be attended by a representative of Tenant, Tenant shall make a representative available upon 24-hours prior telephone notice by Landlord. Tenant acknowledges

that to the extent Tenant does not facilitate Landlord's access to the Premises or certain portions thereof, Landlord shall be absolved from the obligation to perform any services within such portion of the Premises including cleaning services. In the event of an emergency that could cause damage to health, safety or property Landlord shall use good faith efforts to follow Tenant's security requirements and in such event Landlord will be required to give only such notice that it in good faith believes is feasible under the circumstances and need not wait to be accompanied by Tenant or its employees or representatives (although these parties may still accompany Landlord if they are available and wish to do so).

ARTICLE 16

DEFAULT

Section 16.1 Tenant's Defaults. Each of the following events shall be an "Event of Default" hereunder:

(a) Tenant fails to pay when due any installment of Fixed Rent (including any recurring payments of Tenant's Operating Payment or Tax Payment) and such default shall continue for 5 Business Days after notice of such default is given to Tenant, except that if Landlord shall have given one such notice of default in the payment of Fixed Rent in any 12 month period, Tenant shall not be entitled to any further notice of its delinquency in the payment of Fixed Rent or an extended period in which to make payment until such time as 12 consecutive months shall have elapsed without Tenant having failed to make any such payment when due, and the occurrence of any default in the payment of Fixed Rent within such 12 month period after giving one such notice shall constitute an Event of Default; or

(b) Tenant fails to make any other payment of Rent within the period required by any provision of this Lease and such failure continues for 10 days following receipt of notice from Landlord;

(c) Tenant fails to observe or perform any other term, covenant or condition of this Lease and such failure continues for more than 30 days (10 days with respect to a default under Article 3) after notice by Landlord to Tenant of such default, or if such default is of a nature that it cannot be completely remedied within 30 days, failure by Tenant to commence to remedy such failure within said 30 days, and thereafter diligently prosecute to completion all steps necessary to remedy such default, provided in all events the same is completed within 90 days or as soon thereafter as is commercially practicable unless Tenant's failure to cure such defaults within such 90 day period would constitute a default under any Mortgage or Superior Lease; or

(d) if Landlord applies or retains any part of the Security Deposit, and Tenant fails to deposit with Landlord the amount so applied or retained by Landlord, or to provide Landlord with a replacement Letter of Credit (as hereinafter defined), if applicable, within 5 days after notice by Landlord to Tenant stating the amount applied or retained.

Section 16.2 Landlord's Remedies. (a) Upon the occurrence of an Event of Default, Landlord, at its option, and without limiting the exercise of any other right or remedy Landlord may have on account of such Event of Default, and without any further demand or notice, may give to Tenant 3 days' notice of termination of this Lease, in which event this Lease and the Term shall come to an end and expire (whether or not the Term shall have commenced) upon the expiration of such 3 day period with the same force and effect as if the date set forth in the notice was the Expiration Date stated herein; and Tenant shall then quit and surrender the Premises to Landlord, but Tenant shall remain liable for damages as provided in this Article 16, and/or, to the extent permitted by law, Landlord may remove all persons and property from the Premises, which property shall be stored by Landlord at a warehouse or other commercially reasonable location at the risk, expense and for the account of Tenant.

(b) If Landlord elects to terminate this Lease, pursuant to Section 1951.2 of the California Civil Code, Landlord shall be entitled to recover from Tenant the aggregate of:

(i) The worth at the time of award of the unpaid Rent and charges equivalent to Rent earned as of the date of the termination hereof;

(ii) The worth at the time of award of the amount by which the unpaid Rent and charges equivalent to Rent which would have been earned after the date of termination hereof until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iii) The worth at the time of award of the amount by which the unpaid Rent and charges equivalent to Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;

(iv) Any other amount necessary to compensate Landlord for the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which, in the ordinary course of things, would be likely to result therefrom; and

(v) Any other amount which Landlord may hereafter be permitted to recover from Tenant to compensate Landlord for the detriment caused by Tenant's default.

For the purposes of this Section 16.2(b), the "time of award" shall mean the date upon which the judgment in any action brought by Landlord against Tenant by reason of such Event of Default is entered or such earlier date as the court may determine; the "worth at the time of award" of the amounts referred to in Sections 16.2(b)(i) and 16.2(b)(ii) shall be computed by allowing interest on such amounts at the Interest Rate; and the "worth at the time of award" of the amount referred to in Section 16.2(b)(iii) shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent per annum. Tenant agrees that such charges shall be recoverable by Landlord under California Code of Civil Procedure Section 1174(b) or any similar, successor or related provision of law.

Section 16.3 Recovering Rent as It Comes Due. Upon any Event of Default, in addition to any other remedies available to Landlord at law or in equity or under this Lease, Landlord shall have the remedy described in California Civil Code Section 1951.4. Accordingly, if Landlord does not elect to terminate this Lease, Landlord may, from time to time, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due. Such remedy may be exercised by Landlord without prejudice to its right thereafter to terminate this Lease in accordance with the other provisions contained in this Article 16. Landlord's reentry to perform acts of maintenance or preservation of, or in connection with efforts to relet, the Premises, or any portion thereof, or the appointment of a receiver upon Landlord's initiative to protect Landlord's interest under this Lease shall not terminate Tenant's right to possession of the Premises or any portion thereof and, until Landlord elects to terminate this Lease, this Lease shall continue in full force and Landlord may pursue all its remedies hereunder. Nothing in this Article 16 shall be deemed to affect Landlord's right to indemnification, under the indemnification clauses contained in this Lease, for Losses arising from events occurring prior to the termination of this Lease. Landlord covenants and agrees to use its commercially reasonable efforts to mitigate its damages upon the occurrence of an Event of Default, provided that in no event shall the foregoing be deemed to require Landlord to elect any available remedy.

Section 16.4 Reletting on Tenant's Behalf. To the extent enforceable under California law, Landlord shall have its remedy as provided in this Section 16.4. If Tenant abandons the Premises or if Landlord elects to reenter or takes possession of the Premises pursuant to any legal proceeding or pursuant to any notice provided by Requirements, and until Landlord elects to terminate this Lease, Landlord may, from time to time, without terminating this Lease, recover all Rent as it becomes due pursuant to Section 16.3 and/or relet the Premises or any part thereof for the account of and on behalf of Tenant, on any terms, for any term (whether or not longer than the Term), and at any

rental as Landlord in its reasonable discretion may deem advisable, and Landlord may make any Restorative Work to the Premises in connection therewith. Tenant hereby irrevocably constitutes and appoints Landlord as its attorney-in-fact, which appointment shall be deemed coupled with an interest and shall be irrevocable, solely for purposes of reletting the Premises pursuant to the immediately preceding sentence. If Landlord elects to so relet the Premises on behalf of Tenant, then rentals received by Landlord from such reletting shall be applied:

(a) First, to reimburse Landlord for the costs and expenses of such reletting (including costs and expenses of retaking or repossessing the Premises, removing persons and property therefrom, securing new tenants, and, if Landlord maintains and operates the Premises, the costs thereof) and necessary or reasonable Restorative Work.

(b) Second, to the payment of any indebtedness of Tenant to Landlord other than Rent due and unpaid hereunder.

(c) Third, to the payment of Rent due and unpaid hereunder, and the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable.

Should the rentals received from such reletting, when applied in the manner and order indicated above, at any time be less than the total amount owing from Tenant pursuant to this Lease, then Tenant shall pay such deficiency to Landlord, and if Tenant does not pay such deficiency within (5) days of delivery of written notice thereof to Tenant, Landlord may bring an action against Tenant for recovery of such deficiency or pursue its other remedies hereunder or under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Requirements.

Section 16.5 General. (a) All rights, powers and remedies of Landlord hereunder and under any other agreement now or hereafter in force between Landlord and Tenant shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Landlord at law or in equity. The exercise of any one or more of such rights or remedies shall not impair Landlord's right to exercise any other right or remedy including any and all rights and remedies of Landlord under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Requirements.

(b) If, after Tenant's abandonment of the Premises, Tenant leaves behind any of Tenant's Property, then Landlord shall store such Tenant's Property at a warehouse or any other commercially reasonable location at the risk, expense and for the account of Tenant, and such property shall be released only upon Tenant's payment of such charges, together with moving and other costs relating thereto and all other sums due and owing under this Lease. If Tenant does not reclaim such Tenant's Property within the period permitted by law, Landlord may sell such Tenant's Property in accordance with law and apply the proceeds of such sale to any sums due and owing hereunder, or retain said Property, granting Tenant credit against sums due and owing hereunder for the reasonable value of such Property.

(c) To the extent permitted by law, Tenant hereby waives all provisions of, and protections under, any Requirement to the extent same are inconsistent and in conflict with specific terms and provisions hereof.

Section 16.6 Interest. If any payment of Rent is not paid when due, interest shall accrue on such payment, from the date such payment became due until paid at the Interest Rate. In addition to interest, if any amount is not paid when due, within 5 days after same is due, a late charge equal to 5% of such amount shall be assessed, which late charge Tenant agrees is a reasonable estimate of the damages Landlord shall suffer as a result of Tenant's late payment, which damages include Landlord's additional administrative and other costs associated with such late payment; provided, however, that on 2 occasions during any calendar year of the Term, Landlord shall give Tenant notice of such late payment and Tenant shall have a period of 5 days thereafter in which to make such

payment before any late charge is assessed. The parties agree that it would be impracticable and difficult to fix Landlord's actual damages in such event. Such interest and late charges are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any of Landlord's rights or remedies under any other provision of this Lease.

Section 16.7 Other Rights of Landlord. If Tenant fails to pay any Additional Rent when due, Landlord, in addition to any other right or remedy, shall have the same rights and remedies as in the case of a default by Tenant in the payment of Fixed Rent. If Tenant is in arrears in the payment of Rent, Tenant waives Tenant's right, if any, to designate the items against which any payments made by Tenant are to be credited, and Landlord may apply any payments made by Tenant to any items Landlord sees fit, regardless of any request by Tenant. Landlord reserves the right, without liability to Tenant and without constituting any claim of constructive eviction, to suspend furnishing or rendering to Tenant any property, material, labor, utility or other service, whenever Landlord is obligated to furnish or render the same at the expense of Tenant, in the event that (but only for so long as) Tenant is in arrears in paying Landlord for such items for more than 5 days after notice from Landlord to Tenant demanding the payment of such arrears.

ARTICLE 17

LANDLORD'S RIGHT TO CURE; FEES AND EXPENSES

If Tenant defaults in the performance of its obligations under this Lease, Landlord, without waiving such default, may perform such obligations at Tenant's expense: (a) immediately, and without notice, in the case of emergency or if the default (i) materially interferes with the use by any other tenant of the Building, (ii) materially interferes with the efficient operation of the Building, (iii) results in a violation of any Requirement, or (iv) results or will result in a cancellation of any insurance policy maintained by Landlord, and (b) in any other case if such default continues after 10 days from the date Landlord gives notice of Landlord's intention to perform the defaulted obligation. All costs and expenses incurred by Landlord in connection with any such performance by it and all costs and expenses, including reasonable counsel fees and disbursements, incurred by Landlord in any action or proceeding (including any unlawful detainer proceeding) brought by Landlord to enforce any obligation of Tenant under this Lease and/or right of Landlord in or to the Premises, shall be paid by Tenant to Landlord within 30 days of demand, with interest thereon at the Interest Rate from the date incurred by Landlord. Except as expressly provided to the contrary in this Lease, all costs and expenses which, pursuant to this Lease are incurred by Landlord and payable to Landlord by Tenant, and all charges, amounts and sums payable to Landlord by Tenant for any property, material, labor, utility or other services which, pursuant to this Lease or at the request and for the account of Tenant, are provided, furnished or rendered by Landlord, shall become due and payable by Tenant to Landlord in accordance with the terms of the bills rendered by Landlord to Tenant.

ARTICLE 18

NO REPRESENTATIONS BY LANDLORD; LANDLORD'S APPROVAL

Section 18.1 No Representations. Except as expressly set forth herein, Landlord and Landlord's agents have made no warranties, representations, statements or promises with respect to the Building, the Real Property or the Premises and no rights, easements or licenses are acquired by Tenant by implication or otherwise. Tenant is entering into this Lease after full investigation and is not relying upon any statement or representation made by Landlord not embodied in this Lease.

Section 18.2 No Money Damages. Wherever in this Lease Landlord's consent or approval is required, if Landlord refuses to grant such consent or approval, whether or not Landlord expressly agreed that such consent or approval would not be unreasonably withheld, Tenant shall not make, and Tenant hereby waives, any claim for money damages (including any claim by way of set-off,

counterclaim or defense) based upon Tenant's claim or assertion that Landlord unreasonably withheld or delayed its consent or approval. Tenant's sole remedy shall be an action or proceeding to enforce such provision, by specific performance, injunction or declaratory judgment. In no event shall Landlord be liable for, and Tenant, on behalf of itself and all other Tenant Parties, hereby waives any claim for, any indirect, consequential or punitive damages, including loss or profits or business opportunity, arising under or in connection with this Lease, even if due to the gross negligence or willful misconduct of Landlord or its agents or employees.

Section 18.3 Reasonable Efforts. For purposes of this Lease, "reasonable efforts" by Landlord shall not include an obligation to employ contractors or labor at overtime or other premium pay rates or to incur any other overtime costs or additional expenses whatsoever.

ARTICLE 19

END OF TERM

Section 19.1 Expiration. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender the Premises to Landlord vacant, broom clean and in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and Tenant shall remove all of Tenant's Property and Tenant's Alterations (exclusive of the Improvements described on Exhibit C) as may be required pursuant to Article 5.

Section 19.2 Holdover Rent. Landlord and Tenant recognize that Landlord's damages resulting from Tenant's failure to timely surrender possession of the Premises may be substantial, may exceed the amount of the Rent payable hereunder, and will be impossible to accurately measure. Accordingly, if possession of the Premises is not surrendered to Landlord on the Expiration Date or sooner termination of this Lease, in addition to any other rights or remedies Landlord may have hereunder or at law, Tenant shall (a) pay to Landlord for each month (or any portion thereof) during which Tenant holds over in the Premises after the Expiration Date or sooner termination of this Lease, a sum equal to 150% of the Rent payable under this Lease for the last full calendar month of the Term, (b) be liable to Landlord for (i) any payment or rent concession which Landlord may be required to make to any third-party tenant not affiliated with Landlord which is obtained by Landlord for all or any part of the Premises (a "New Tenant") in order to induce such New Tenant not to terminate its lease by reason of the holding-over by Tenant, and (ii) the loss of the benefit of the bargain if any New Tenant shall terminate its lease by reason of the holding-over by Tenant, and (c) if any such nonconsensual holding over continues for more than 30 days, indemnify Landlord against all claims for actual damages (but in no event any consequential damages) by any New Tenant. No holding-over by Tenant, nor the payment to Landlord of the amounts specified above, shall operate to extend the Term hereof. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or sooner termination of this Lease, and no acceptance by Landlord of payments from Tenant after the Expiration Date or sooner termination of this Lease shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Section 19.2.

ARTICLE 20

QUIET ENJOYMENT

Provided this Lease is in full force and effect and no Event of Default then exists, Tenant (and any person lawfully claiming through and under Tenant) may peaceably and quietly enjoy the Premises without hindrance by Landlord or any person lawfully claiming through or under Landlord, subject to the terms and conditions of this Lease and to all Superior Leases and Mortgages.

ARTICLE 21

NO SURRENDER; NO WAIVER

Section 21.1 No Surrender or Release. No act or thing done by Landlord or Landlord's agents or employees during the Term shall be deemed an acceptance of a surrender of the Premises, and no provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and is signed by Landlord.

Section 21.2 No Waiver. The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules and Regulations, shall not be construed as a waiver or relinquishment for the future performance of such obligations of this Lease or the Rules and Regulations, or of the right to exercise such election but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of any Rent payable pursuant to this Lease or any other sums with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Rent herein stipulated shall be deemed to be other than a payment on account of the earliest stipulated Rent, or as Landlord may elect to apply such payment, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

ARTICLE 22

WAIVER OF TRIAL BY JURY, COUNTERCLAIM

Section 22.1 Jury Trial Waiver. THE PARTIES HEREBY AGREE THAT THIS LEASE CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631 AND EACH PARTY DOES HEREBY CONSTITUTE AND APPOINT THE OTHER PARTY ITS TRUE AND LAWFUL ATTORNEY-IN-FACT, WHICH APPOINTMENT IS COUPLED WITH AN INTEREST, AND EACH PARTY DOES HEREBY AUTHORIZE AND EMPOWER THE OTHER PARTY, IN THE NAME, PLACE AND STEAD OF SUCH PARTY, TO FILE THIS LEASE WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A STATUTORY WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY.

LANDLORD'S INITIALS: _____ TENANT'S INITIALS: _____

Section 22.2 Waiver of Counterclaim. If Landlord commences any summary proceeding against Tenant, Tenant will not interpose any counterclaim of any nature or description in any such proceeding (unless failure to impose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant.

ARTICLE 23

NOTICES

Except as otherwise expressly provided in this Lease, all consents, notices, demands, requests, approvals or other communications given under this Lease shall be in writing and shall be deemed sufficiently given or rendered if delivered by hand (provided a signed receipt is obtained) or if sent by registered or certified mail (return receipt requested) or by a nationally recognized overnight delivery service making receipted deliveries, addressed to Landlord and Tenant as set forth in

Article 1, and to any Mortgagee or Lessee who shall require copies of notices and whose address is provided to Tenant, or to such other address(es) as Landlord, Tenant or any Mortgagee or Lessor may designate as its new address(es) for such purpose by notice given to the other in accordance with the provisions of this Article 23. Any such approval, consent, notice, demand, request or other communication shall be deemed to have been given on the date of receipted delivery, refusal to accept delivery or when delivery is first attempted but cannot be made due to a change of address for which no notice is given or 3 Business Days after it shall have been mailed as provided in this Article 23, whichever is earlier.

ARTICLE 24

RULES AND REGULATIONS

All Tenant Parties shall observe and comply with the Rules and Regulations, as supplemented or amended from time to time. Landlord reserves the right, from time to time, to adopt additional Rules and Regulations and to amend the Rules and Regulations then in effect. Nothing contained in this Lease shall impose upon Landlord any obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease against any other Building tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, visitors or licensees, provided that Landlord shall enforce the Rules or Regulations against Tenant in a non-discriminatory fashion.

ARTICLE 25

BROKER

Landlord has retained Landlord's Agent as leasing agent in connection with this Lease and Landlord will be solely responsible for any fee that may be payable to Landlord's Agent. Landlord agrees to pay a commission to Cushman Realty Corporation pursuant to a separate agreement. Each of Landlord and Tenant represents and warrants to the other that it has not dealt with any broker in connection with this Lease other than Landlord's Agent and Tenant's Broker and that no other broker, finder or like entity procured or negotiated this Lease or is entitled to any fee or commission in connection herewith. Each of Landlord and Tenant shall indemnify, defend, protect and hold the other party harmless from and against any and all Losses which the indemnified party may incur by reason of any claim of or liability to any broker, finder or like agent (other than Landlord's Agent and Tenant's Broker) arising out of any dealings claimed to have occurred between the indemnifying party and the claimant in connection with this Lease, and/or the above representation being false.

ARTICLE 26

INDEMNITY

Section 26.1 Tenant's Indemnity. Tenant shall not do or permit to be done any act or thing upon the Premises or the Building which may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any Requirement (the responsibility for which Requirement is Tenant's under this Lease), and shall exercise such control over the Premises as to fully protect Landlord against any such liability. Tenant shall indemnify, defend, protect and hold harmless each of the Indemnitees from and against any and all Losses, resulting from any claims (i) against the Indemnitees arising from any act, omission or negligence of all Tenant Parties, (ii) against the Indemnitees, to the extent arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring in or about the Premises, except to the extent caused by the gross negligence or willful misconduct of the Indemnitees, and (iii) against the Indemnitees resulting from any breach, violation or

nonperformance of any covenant, condition or agreement of this Lease on the part of Tenant to be fulfilled, kept, observed or performed.

Section 26.2 Landlord's Indemnity. Landlord shall indemnify, defend and hold harmless Tenant from and against all Losses incurred by Tenant arising from any accident, injury or damage whatsoever caused to any person or the property of any person in or about the Common Areas and, with respect to claims for personal injury, the Premises, to the extent attributable to the gross negligence or willful misconduct of Landlord or its employees or agents.

Section 26.3 Defense and Settlement. If any claim, action or proceeding is made or brought against any Indemnitee, then upon demand by an Indemnitee, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in the Indemnitee's name (if necessary), by attorneys approved by the Indemnitee, which approval shall not be unreasonably withheld (attorneys for Tenant's insurer shall be deemed approved for purposes of this Section 26.3). Notwithstanding the foregoing, an Indemnitee may retain its own attorneys to participate or assist in defending any claim, action or proceeding involving potential liability in excess of the amount available under Tenant's liability insurance carried under Section 11.1 for such claim and Tenant shall pay the reasonable fees and disbursements of such attorneys. If Tenant fails to diligently defend or if there is a conflict, then Landlord may retain separate counsel at Tenant's expense. Notwithstanding anything herein contained to the contrary, Tenant may direct the Indemnitee to settle any claim, suit or other proceeding provided that (a) such settlement shall involve no obligation on the part of the Indemnitee other than the payment of money, (b) any payments to be made pursuant to such settlement shall be paid in full exclusively by Tenant at the time such settlement is reached, (c) such settlement shall not require the Indemnitee to admit any liability, and (d) the Indemnitee shall have received an unconditional release from the other parties to such claim, suit or other proceeding.

ARTICLE 27

MISCELLANEOUS

Section 27.1 Delivery. This Lease shall not be binding upon Landlord or Tenant unless and until both Landlord and Tenant shall have executed and delivered a fully executed copy of this Lease to each other.

Section 27.2 Transfer of Real Property. Landlord's obligations under this Lease shall not be binding upon the Landlord named herein after the sale, conveyance, assignment or transfer (collectively, a "Transfer") by such Landlord (or upon any subsequent landlord after the Transfer by such subsequent landlord) of its interest in the Building or the Real Property, as the case may be, and in the event of any such Transfer, Landlord (and any such subsequent Landlord) shall be entirely freed and relieved of all covenants and obligations of Landlord hereunder arising from and after the date of Transfer, and the transferee of Landlord's interest (or that of such subsequent Landlord) in the Building or the Real Property, as the case may be, shall be deemed to have assumed all obligations under this Lease arising from and after the date of Transfer.

Section 27.3 Limitation on Liability. The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Real Property and Tenant shall not look to any other property or assets of Landlord or the property or assets of any direct or indirect partner, member, manager, shareholder, director, officer, principal, employee or agent of Landlord (collectively, the "Parties") in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations; and none of the Parties shall be personally liable for the performance of Landlord's obligations under this Lease.

Section 27.4 Rent. All amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated Fixed Rent, Tenant's Tax Payment, Tenant's Operating Payment, Additional Rent or Rent, shall constitute rent for the purposes of Section 502(b)(6) of the United States Bankruptcy Code.

Section 27.5 Entire Document. This Lease (including any Schedules and Exhibits referred to herein and all supplementary agreements provided for herein) contains the entire agreement between the parties and all prior negotiations and agreements are merged into this Lease. All of the Schedules and Exhibits attached hereto are incorporated in and made a part of this Lease, provided that in the event of any inconsistency between the terms and provisions of this Lease and the terms and provisions of the Schedules and Exhibits hereto, the terms and provisions of this Lease shall control.

Section 27.6 Governing Law. This Lease shall be governed in all respects by the laws of the State of California.

Section 27.7 Unenforceability. If any provision of this Lease, or its application to any Person or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such provision to any other Person or any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

Section 27.8 Lease Disputes. (a) Tenant agrees that all disputes arising, directly or indirectly, out of or relating to this Lease, and all actions to enforce this Lease, shall be dealt with and adjudicated in the state courts of the State of California or the United States District Court for the Northern District of California and for that purpose hereby expressly and irrevocably submits itself to the jurisdiction of such courts. Tenant agrees that so far as is permitted under applicable law, this consent to personal jurisdiction shall be self-operative and no further instrument or action, other than service of process in one of the manners specified in this Lease, or as otherwise permitted by law, shall be necessary in order to confer jurisdiction upon it in any such court.

(b) To the extent that Tenant has or hereafter may acquire any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) with respect to itself or its property, Tenant irrevocably waives such immunity in respect of its obligations under this Lease.

Section 27.9 Landlord's Agent. Unless Landlord delivers written notice to Tenant to the contrary, Landlord's Agent is authorized to act as Landlord's agent in connection with the performance of this Lease, and Tenant shall direct all correspondence and requests to, and shall be entitled to rely upon correspondence received from Landlord's Agent. Tenant acknowledges that Landlord's Agent is acting solely as agent for Landlord in connection with the foregoing; and neither Landlord's Agent nor any of its direct or indirect partners, members, managers, officers, shareholders, directors, employees, principals, agents or representatives shall have any liability to Tenant in connection with the performance of this Lease, and Tenant waives any and all claims against any and all of such parties arising out of, or in any way connected with, this Lease, the Building or the Real Property.

Section 27.10 Estoppel. (a) Within 7 Business Days following request from Landlord, any Mortgagee or any Lessor, Tenant shall deliver to Landlord a statement executed and acknowledged by Tenant, in form reasonably satisfactory to Landlord, (a) stating the Commencement Date, the Rent Commencement Date and the Expiration Date, and that this Lease is then in full force and effect and has not been modified (or if modified, setting forth all modifications), (b) setting forth the date to which the Fixed Rent and any Additional Rent have been paid, together with the amount of monthly Fixed Rent and Additional, Rent then payable, (c) stating whether or not, to the best of Tenant's knowledge, Landlord is in default under this Lease, and, if Landlord is in default, setting forth the specific nature of all such defaults, (d) stating the amount of the Security Deposit, if any, under this Lease, (e) stating whether there are any subleases or assignments affecting the Premises, (f) stating the address of Tenant to which all notices and communications under the Lease shall be sent, and (g) responding to any other matters reasonably requested by Landlord, such Mortgagee or such Lessor. Tenant acknowledges that any statement delivered pursuant to this Section 27.10 may be relied upon by any purchaser or owner of the Real Property or the Building, or all or any portion of Landlord's interest in

the Real Property or the Building or any Superior Lease, or by any Mortgagee, or assignee thereof or by any Lessor, or assignee thereof.

(b) Landlord shall, within 7 Business Days after Tenant's request, execute and deliver to Tenant an estoppel certificate in favor of Tenant and such other persons as Tenant shall request, setting forth the following: (a) a ratification of this Lease; (b) the Commencement Date and Expiration Date; (c) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (d) that all conditions under this Lease to be performed by Tenant have, to Landlord's knowledge, been satisfied, or, in the alternative, those claimed by Landlord to be unsatisfied; (e) that, to Landlord's knowledge, no defenses or offsets exist against the enforcement of this Lease by Landlord, or in the alternative, those claimed by Landlord; (f) that the amount of advance rent, if any (or none if such is the case), has been paid by Tenant; (g) the date to which Fixed Rent has been paid; (h) the amount of the Security Deposit (if any); and (i) such other information as Tenant may reasonably request.

Section 27.11 Certain Interpretational Rules. For purposes of this Lease, whenever the words "include", "includes", or "including" are used, they shall be deemed to be followed by the words "without limitation" and, whenever the circumstances or the context requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neuter and vice versa. This Lease shall be interpreted and enforced without the aid of any canon, custom or rule of law requiring or suggesting construction against the party drafting or causing the drafting of the provision in question. The captions in this Lease are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Lease or the intent of any provision hereof.

Section 27.12 Parties Bound. The terms, covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and, except as otherwise provided in this Lease, to their respective legal representatives, successors, and assigns.

Section 27.13 Memorandum of Lease. This Lease shall not be recorded; however, at Landlord's request, Landlord and Tenant shall promptly execute, acknowledge and deliver a memorandum with respect to this Lease sufficient for recording and Landlord may record the Memorandum.

Section 27.14 Counterparts. This Lease may be executed in 2 or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument.

Section 27.15 Survival. All obligations and liabilities of Landlord or Tenant to the other which accrued before the expiration or other termination of this Lease, and all such obligations and liabilities which by their nature or under the circumstances can only be, or by the provisions of this Lease may be, performed after such expiration or other termination, shall survive the expiration or other termination of this Lease. Within 90 days following the Expiration Date or earlier termination of this Lease and the vacation of the Premises by Tenant, Landlord shall advise Tenant of the existence of any claims by Landlord that Tenant's surrender of the Premises was not in accordance with Section 19.1. Without limiting the generality of the foregoing, the rights and obligations of the parties with respect to any indemnity under this Lease, and with respect to any Rent and any other amounts payable under this Lease, shall survive the expiration or other termination of this Lease, provided that Tenant's obligation for any Rent shall end on the 3rd anniversary of the Expiration Date or earlier termination of this Lease (unless such claims are then the subject of any lawsuit or other proceeding filed by Landlord prior to the expiration of such 3-year period). If Landlord reasonably determines that a claim against Tenant exists, Landlord shall promptly advise Tenant of the same.

Section 27.16 Code Waivers. Tenant hereby waives any and all rights under and benefits of Subsection 1 of Section 1931, 1932, Subdivision 2, 1933, Subdivision 4, 1941 and 1942 of the California Civil Code, Section 1265.130 of the California Code of Civil Procedure (allowing either party to petition a court to terminate a lease in the event of a partial taking), and Section 1174(c) of the

California Code of Civil Procedure and Section 1951.7 of the California Civil Code (providing for Tenant's right to satisfy a judgment in order to prevent a forfeiture of this Lease or requiring Landlord to deliver written notice to Tenant of any reletting of the Premises), and any similar law, statute or ordinance now or hereinafter in effect.

Section 27.17 Rooftop Communications Equipment. During the Term of this Lease, Tenant shall have the right, upon payment of a fee in the amount of $500.00 per month (the "Roof Fee") to install and operate one microwave transmitter-receivers, satellite dish or antenna (the "Satellite Dish") of a weight, height and width reasonably acceptable to Landlord and as reasonably necessary for Tenant's use of the Premises and conduct of its business therein. The Roof Fee shall be payable to Landlord concurrently with Tenant's payment of Fixed Rent commencing as of the month Tenant first installs such Satellite Dish. Tenant's rights pursuant to this Section 27.17 may not be assigned independent of this Lease or sublet other than to a subtenant in occupancy of, and conducting business operations within, at least one floor of the Premises and are subject to the following:

(a) The precise location of the Satellite Dish shall be as approved by Landlord in its reasonable discretion within ten (10) days following receipt of Tenant's request to install such Satellite Dish on the roof of the Building.

(b) Tenant shall pay any federal, state and local taxes applicable to the installation and use of the Satellite Dish and Tenant shall procure, maintain and pay for and obtain all fees, permits and governmental agency licenses necessary in connection with the installation, maintenance and operation of such Satellite Dish; provided, however, that Landlord shall reasonably cooperate with the efforts of Tenant in connection with any governmental application or filing required thereby.

(c) Tenant shall be permitted, at its expense, but without separate charge other than any charges permitted to be imposed by Landlord under Article 5 hereof, to install, modify, alter, repair, maintain, operate and replace in one existing chaseway of the Building in an area in the core of the Building one non-dedicated one-inch conduit for its cabling use (and the use of the cables contained therein connecting to the Building's roof for operation of Tenant's Satellite Dish). All installations required in connection with the Satellite Dish shall be made by means of conduits, wires or cables that will pass through existing openings in the walls or roof decks of the Building, and all cables and wires located on the roof of the Building used in connection with the Satellite Dish shall be covered by rust-proof conduits and attachments. In no event shall any of Tenant's installations be made through the roof surface or membrane of the Building without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion, exercised in good faith. The installation of the Satellite Dish shall be subject to Landlord's review and approval and shall conform to the engineering standards commonly used for installing similar microwave and satellite dishes on comparable buildings.

(d) Tenant, at its sole cost and expense, shall comply with all present and future laws and with any reasonable requirements of any applicable fire rating bureau relating to the maintenance, use, installation and operation of the Satellite Dish. Tenant shall install, maintain and operate all of its equipment used in connection with the Satellite Dish in conformity with all laws and all regulations of all government agencies having jurisdiction over the installation, use and operation of such Satellite Dish, including, without limitation, the Federal Aviation Administration and the Federal Communications Commission; provided, however, that if compliance with such laws or regulations would require a change in the size, configuration or location of the Satellite Dish, such changes shall be subject to Landlord's prior written consent in accordance with subsection (a) above.

(e) Within 5 Business Days after the expiration or earlier termination of the Term of this Lease, Tenant shall remove the Satellite Dish and all wires and cables used in connection with such Satellite Dish, and shall restore and repair all damage to the Building occasioned by the installation, maintenance or removal of such Satellite Dish. If Tenant fails to timely complete such removal, restoration and repair, all sums incurred by Landlord to complete such work shall be paid by Tenant to Landlord within 10 Days of demand.

(f) Landlord makes no representations or warranties whatsoever with respect to the fitness or suitability of the Building for the installation, maintenance and operation of the Satellite Dish, including, without limitation, with respect to the quality and clarity of any receptions and transmissions to or from the Satellite Dish and the presence of any interference with such signals, whether emanating from the Building or otherwise.

(g) Tenant must contact the manager of the Building prior to the date Tenant proposes to install the Satellite Dish on the roof of the Building in order to make arrangements for the movement of any materials needed in connection with the installation of such Satellite Dish.

(h) Tenant shall provide adequate maintenance personnel in order to ensure the safe operation of the Satellite Dish. In addition, Tenant shall install, maintain and operate all of its equipment used in connection with the Satellite Dish in a fashion and manner so as not to interfere with the use and operation of any: (i) other television or radio equipment in the Building; (ii) present or future electronic control system for any of the Building Systems or the operation of the elevators in the Building; (iii) other transmitting, receiving or master television, telecommunications or microwave antenna equipment currently located on the roof of the Building; or (iv) any radio communication system now used by Landlord. In addition, Tenant shall use its commercially reasonable efforts to ensure that Tenant will not interfere with any equipment installed by Landlord in the future. Landlord shall use its commercially reasonable efforts to ensure that Tenant's equipment will not be unreasonably interfered with.

Section 27.18 Inability to Perform. This Lease (and the obligation of the parties hereunder (including the obligation of Tenant to pay Rent and to perform all of the other covenants and agreements of Tenant hereunder) shall not be affected, impaired or excused by any Unavoidable Delays, except as otherwise expressly set forth herein. Each party shall use reasonable efforts to promptly notify the other of any Unavoidable Delay which prevents such party from fulfilling any of its obligations under this Lease. Notwithstanding the foregoing, no Unavoidable Delay shall excuse the timely performance of any obligation under this Lease which is to be performed or discharged by the payment of money.

ARTICLE 28

SECURITY DEPOSIT

Section 28.1 Security Deposit. Tenant shall deposit the Security Deposit with Landlord upon the execution of this Lease in cash as security for the faithful performance and observance by Tenant of the terms, covenants and conditions of this Lease.

Section 28.2 Letter of Credit. In lieu of a cash Security Deposit, Tenant may deliver the Security Deposit to Landlord in the form of a clean, irrevocable, non-documentary and unconditional letter of credit (the "Letter of Credit") issued by and drawable upon any commercial bank which is a member of the New York Clearing House Association or other bank satisfactory to Landlord, trust company, national banking association or savings and loan association (the "Issuing Bank"), which has outstanding unsecured, uninsured and unguaranteed indebtedness, or shall have issued a letter of credit or other credit facility that constitutes the primary security for any outstanding indebtedness (which is otherwise uninsured and unguaranteed), that is then rated, without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation, "Aa" or better by Moody's Investors Service and "AA" or better by Standard & Poor's Rating Service, and has combined capital, surplus and undivided profits of not less than $500,000,000.00. Landlord hereby approves BankBoston or Fleet Bank as the issuer of the Letters of Credit and the form of Letter of Credit attached hereto as Exhibit G. Such Letter of Credit shall (a) name Landlord as beneficiary, (b) be in the amount of the Security Deposit, (c) have a term of not less than one year, (d) permit multiple drawings, (e) be fully transferable by Landlord without the payment of any fees or charges by Landlord, and (f) otherwise be in form and content reasonably satisfactory to Landlord. If upon any transfer of the Letter of Credit,

any fees or charges shall be so imposed, then such fees or charges shall be payable solely by Tenant. The Letter of Credit shall provide that it shall be deemed automatically renewed, without amendment, for consecutive periods of one year each thereafter during the Term (and in no event shall the Letter of Credit expire prior to the 30th day following the Expiration Date) unless the Issuing Bank sends a notice (the "Non-Renewal Notice") to Landlord by certified mail, return receipt requested, not less than 30 days next preceding the then expiration date of the Letter of Credit stating that the Issuing Bank has elected not to renew the Letter of Credit. Landlord shall have the right, upon receipt of the Non-Renewal Notice, to draw the full amount of the Letter of Credit, by sight draft on the Issuing Bank, and shall thereafter hold or apply the cash proceeds of the Letter of Credit pursuant to the terms of this Article 28, until Tenant delivers to Landlord a substitute Letter of Credit which meets the requirements of this Section 28.2. The Issuing Bank shall agree with all drawers, endorsers and bona fide holders that drafts drawn under and in compliance with the terms of the Letter of Credit will be duly honored upon presentation to the Issuing Bank (in person, by courier or otherwise provided in the attached approved form of Letter of Credit) at an office location in San Francisco, California, Boston, Massachusetts or the location of BankBoston's or Fleet Bank's letter of credit department. The Letter of Credit shall be subject in all respects to the Uniform Customs and Practice for Documentary Credits (1993 revision), International Chamber of Commerce Publication No. 500.

Section 28.3 Application of Security. If (a) an Event of Default by Tenant occurs in the payment or performance of any of the terms, covenants or conditions of this Lease, including the payment of Rent, Landlord may apply or retain the whole or any part of the cash Security Deposit necessary for the curing of the Event of Default or may notify the Issuing Bank and thereupon receive all or a portion of the Security Deposit represented by the Letter of Credit and use, apply, or retain the whole or any part of such proceeds, as the case may be, to the extent required for the payment of any Fixed Rent or any other sum as to which Tenant is in default including (i) any sum which Landlord may reasonably expend or may be required to expend by reason of Tenant's default, and/or (i) any damages to which Landlord is entitled pursuant to this Lease, whether such damages accrue before or after summary proceedings or other reentry by Landlord. If Landlord applies or retains any part of the Security Deposit, Tenant, within 10 Days of demand, shall deposit with Landlord the amount so applied or retained so that Landlord shall have the full Security Deposit on hand at all times during the Term. If Tenant shall fully and faithfully comply with all of the terms, covenants and conditions of this Lease, the Security Deposit shall be returned to Tenant within 30 days after the Expiration Date and after delivery of possession of the Premises to Landlord in the manner required by this Lease.

Section 28.4 Transfer. Upon a sale or other transfer of the Real Property or the Building, or any financing of Landlord's interest therein, Landlord shall have the right to transfer the Security Deposit to its transferee or lender. With respect to the Letter of Credit, within 10 days after notice of such transfer or financing, Tenant, at its sole cost, shall arrange for the transfer of the Letter of Credit to the new landlord or the lender, as designated by Landlord in the foregoing notice or have the Letter of Credit reissued in the name of the new landlord or the lender. Upon such Transfer Tenant shall look solely to the new landlord or lender for the return of such cash Security Deposit or Letter of Credit and the provisions hereof shall apply to every transfer or assignment made of the Security Deposit to a new landlord. Tenant shall not assign or encumber or attempt to assign or encumber the cash Security Deposit or Letter of Credit and neither Landlord nor its successors or assigns shall be bound by any such action or attempted assignment, or encumbrance.

ARTICLE 29

PARKING

Located in the lower level of 555 Market is the parking garage serving the Project (the "Garage"). Except as otherwise provided below, the Garage is open 24 hours a day, 7 days a week to tenants and their Building employees holding valid Building/Garage passes. Subject to such access

control systems as Landlord may from time to time reasonably establish (which system may ultimately be based upon a card key system integrated with the Building's access control system), the Garage allows monthly parking with unlimited 24 hours access. During the Term of this Lease and subject to Unavoidable Delays and other causes beyond Landlord's reasonable control, including any limitations on the grant of monthly parking rights imposed by the City and County of San Francisco, Landlord shall make available or cause to be available to Tenant through-out the Term during the hours of operation set forth above, 2 parking privileges which shall be on a must-take must-pay basis; provided, however, that Tenant, upon not less than 30 days notice to Landlord, may reduce the number of parking privileges provided that once so reduced by Tenant, Tenant shall have no right to later increase such number of privileges. For each parking privilege made available to Tenant, Tenant shall pay monthly in advance to the operator of the parking garage, on or before the 25/th/ day of the preceding calendar month, a parking charge in an amount which is currently equal to $375.00 per month per car and is subject to periodic change in accordance with Landlord's publicly announced monthly parking charge.

Tenant shall at all times comply with (and the provisions hereof shall be expressly subject to) all applicable Requirements regarding the use of the Garage. Landlord reserves the right to adopt, modify and enforce reasonable rules (the "Garage Rules") governing the use of the Garage from time to time, including any key card, sticker or other identification or entrance system. Landlord may refuse to permit any person who violates any such Garage Rules to park in the Garage, and any violation of the Rules shall subject the car to removal, at such person's expense from the Garage. The use of all parking privileges shall be solely for use by Tenant's employees (or the employees of a permitted subtenant) working in the Building.

The parking privileges hereunder may be provided on an unreserved valet parking basis. Tenant acknowledges that Landlord has arranged for the Garage to be operated by an independent contractor. Accordingly, Tenant acknowledges that Landlord shall have no liability for claims arising through acts or omissions of such independent contractor except to the extent due to Landlord's negligence or willful misconduct. Except when caused by the gross negligence, willful misconduct or criminal acts of Landlord or Landlord's Agent or their respective employees, agents or contractors, Landlord shall have no liability whatsoever for any damage to property or any other items located in the Garage, nor for any personal injuries or death arising out of any matter relating to the Garage, and in all events, Tenant agrees to look first to its insurance carrier for payment of any losses sustained in connection with any use of the Garage and secondly to the operator of the Garage. Landlord reserves the right to assign specific spaces, and to reserve spaces for visitors, small cars, handicapped persons and for other tenants, guests of tenants or other parties, and Tenant shall not park in any such assigned or reserved spaces. If Landlord utilizes a card-key access system, Landlord's charge for any replacement cards shall be reasonable. Landlord also reserves the right to close all or any portion of the Garage in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the Garage, or if required by casualty, condemnation, or Unavoidable Delay. In such event, Landlord shall refund any prepaid parking rent hereunder, prorated on a per diem basis and shall use its reasonable efforts to complete such maintenance or repair as soon as reasonably possible.

Tenant agrees to acquaint all persons to whom Tenant assigns parking privilege of any Garage Rules promulgated by Landlord with respect to the Garage and the parking privileges granted to Tenant herein.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:	TENANT:
TST 555/575 MARKET, L.L.C., a Delaware limited liability company	CMGI, INC., a Delaware corporation
By: /s/ Andrew J. Nathan	By: /s/ Andrew J. Hajducky, III
Its: Vice President	Its: Executive Vice President, CFO and Treasurer

EXHIBIT A-1

(Floor Plan of the 12/th/ Floor)

The floor plan which follows is intended solely to identify the location of the Premises, and should not be used for any other purpose. All areas and dimensions are approximate, and any physical conditions indicated may not exist as shown.

EXHIBIT A-2

(Floor Plan of the 13/th/ Floor)

The floor plan which follows is intended solely to identify the location of the Premises, and should not be used for any other purpose. All areas and dimensions are approximate, and any physical conditions indicated may not exist as shown.

EXHIBIT B

Definitions

Above Building Standard Installations: Any Alterations or improvements to the Premises, including all Specialty Alterations, which exceed Building Standard Installations.

Base Rate: The annual rate of interest publicly announced from time to time by Citibank, N.A., or its successor, in New York, New York as its "base rate" (or such other term as may be used by Citibank, N.A., from time to time, for the rate presently referred to as its "base rate").

Building Systems: The mechanical, electrical, plumbing, sanitary, sprinkler, heating, ventilation and air conditioning, security, life-safety, elevator and other service systems or facilities of the Building in place at the Premises as of the Effective Date (excluding, however, supplemental HVAC systems of Tenant and any modifications to the Building Systems made by or for Tenant after the Effective Date).

Business Days: All days, excluding Saturdays, Sundays and all days observed by either the State in which the Building is located, the Federal Government or the labor unions servicing the Building as legal holidays.

Code: The Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

Common Areas: The lobby, plaza and sidewalk areas, subterranean garage (if any) and other similar areas of general access and the areas on multi-tenant floors in the Building devoted to corridors, elevator lobbies, restrooms, and other similar facilities serving the Premises.

Comparable Buildings: First-class office buildings of comparable age and quality in the Financial District of San Francisco, California.

Excluded Expenses: (a) Taxes; (b) franchise or income taxes imposed upon Landlord; (c) mortgage amortization and interest; (d) leasing commissions; (e) the cost of tenant installations and decorations incurred in connection with preparing space for any Building tenant, including workletters and concessions; (f) fixed rent under Superior Leases, if any; (g) management fees equal to the greater of (A) 3% of the gross rentals collected for the Building and (B) fees charged by Landlord or related entities for the management by any of them of other first class properties in the area of the Building; (h) wages, salaries and benefits paid to any persons above the grade of Building Manager and their immediate supervisor; (i) legal and accounting fees relating to (A) disputes with tenants, prospective tenants or other occupants of the Building, (B) disputes with purchasers, prospective purchasers, mortgagees or prospective mortgagees of the Building or the Real Property or any part of either, or (C) negotiations of leases, contracts of sale or mortgages; (j) costs of services provided to other tenants of the Building on a "rent-inclusion" basis which are not provided to Tenant on such basis; (k) costs that are reimbursed out of insurance, warranty or condemnation proceeds, or which are reimbursable by Tenant or other tenants other than pursuant to an expense escalation clause; (l) costs in the nature of penalties or fines; (m) costs for services, supplies or repairs paid to any related entity in excess of costs that would be payable in an "arm's length" or unrelated situation for comparable services, supplies or repairs; (n) allowances, concessions or other costs and expenses of improving or decorating any demised or demisable space in the Building; (o) appraisal, advertising and promotional expenses in connection with leasing of the Building; (p) the costs of installing, operating and maintaining a specialty improvement, including a cafeteria, lodging or private dining facility, or an athletic, luncheon or recreational club; (q) any costs or expenses (including fines, interest, penalties and legal fees) arising out of Landlord's failure to timely pay Operating Expenses or Taxes; (r) costs incurred in connection with the removal, encapsulation or other treatment of asbestos or any other Hazardous Materials (classified as such on the Effective Date) existing in the Premises as of the date hereof, (s) the cost of capital improvements other than those expressly included in

Operating Expenses pursuant to Section 7.1; (t) bad debt expenses and interest, principal, points and fees on debts or amortization on any mortgage or other debt instrument encumbering the Building or the Land; (u) rentals for items which if purchased, rather than rented, would constitute a capital cost not includable within Operating Expense but excluding small tools, Building management office equipment and equipment rented on a temporary basis while performing repairs at the Building; (v) depreciation, amortization and interest payments, except on equipment, materials, tools, supplies and vendor-type equipment purchased by Landlord to enable Landlord to supply services Landlord might otherwise contract for with a third party where such depreciation, amortization and interest payments would otherwise have been included in the charge for such third party's services, all as determined in accordance with generally accepted accounting principles, consistently applied, and when depreciation or amortization is permitted or required, the item shall be amortized over its reasonably anticipated useful life; (w) costs, including permit, license and inspection costs, incurred with respect to the installation of tenants; or other occupants' improvements or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building; (x) all items and services for which Tenant directly reimburses Landlord or pays third persons for such services which are otherwise not offered by Landlord to all tenants of the Building or which Landlord provides selectively to one or more tenants of the Building which are not customary for normal office use; (y) costs incurred by Landlord due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Building; (z) salaries and/or benefits attributable to Building property management personnel above the level of the Building's manager's supervisor; (aa) rent for any office space occupied by Building management personnel to the extent the size or rental rate for such office space exceeds the size or fair market rental value of office space occupied by management personnel of Comparable Buildings; (ab) Landlord's general corporate overhead and general and administrative expenses as distinguished from the costs of the management, operation, maintenance and repair of the Building; (ac) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord; (ad) costs arising from the negligence or willful misconduct of Landlord or Landlord's Agent or their respective agents, employees, contractors or providers of materials or services; (ae) costs arising from Landlord's charitable or political contributions; (af) costs for the acquisition of sculpture, paintings or other objects of art provided that Operating Expenses shall include the cost of maintaining, insuring and securing such items in the Common Areas only; and (ag) costs associated with the operation of the business of the entity which constitutes Landlord as the same are distinguished from the costs of operation of the Building, including certain accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants.

Governmental Authority: The United States of America, the City and County of San Francisco, or State of California, or any political subdivision, agency, department, commission, board, bureau or instrumentality of any of the foregoing, now existing or hereafter created, having jurisdiction over the Real Property.

Hazardous Materials: Any substances, materials or wastes currently or in the future deemed or defined in any Requirement as "hazardous substances," "toxic substances," "contaminants," "pollutants" or words of similar import.

HVAC Systems: The Building System designed to provide heating, ventilation and air conditioning.

Indemnitees: Landlord, Landlord's Agent, each Mortgagee and Lessor, and each of their respective direct and indirect partners, officers, shareholders, directors, members, managers, trustees, beneficiaries, employees, principals, contractors, servants, agents, and representatives.

Lessor: A lessor under a Superior Lease.

Losses: Any and all losses, liabilities, damages, claims, judgments, fines, suits, demands, costs, interest and expenses of any kind or nature (including reasonable attorneys' fees and disbursements) incurred in connection with any claim, proceeding or judgment and the defense thereof, and including all costs of repairing any damage to the Premises or the Building or the appurtenances of any of the foregoing to which a particular indemnity and hold harmless agreement applies.

Mortgage(s): Any mortgage, trust indenture or other financing document which may now or hereafter affect the Premises, the Real Property, the Building or any Superior Lease and the leasehold interest created thereby, and all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder.

Mortgagee(s): Any mortgagee, trustee or other holder of a Mortgage.

Ordinary Business Hours: 8:00 a.m. to 6:00 p.m. on Business Days.

Prohibited Use: Any use or occupancy of the Premises that in Landlord's reasonable judgment would: (a) cause damage to the Building or any equipment, facilities or other systems therein; (b) impair the appearance of the Building; (c) interfere with the efficient and economical maintenance, operation and repair of the Premises or the Building or the equipment, facilities or systems thereof; (d) adversely affect any service provided to, and/or the use and occupancy by, any Building tenant or occupants; (e) violate the certificate of occupancy issued for the Premises or the Building; (f) materially and adversely affect the first-class image of the Building or (g) result in protests or civil disorder or commotions at, or other disruptions of the normal business activities in, the Building. Prohibited Use also includes the use of any part of the Premises for: (i) a restaurant or bar; (ii) the preparation, consumption, storage, manufacture or sale of food or beverages (except in connection with vending machines (provided that each machine, where necessary, shall have a waterproof pan thereunder and be connected to a drain) and/or warming kitchens installed for the use of Tenant's employees only), liquor, tobacco or drugs (provided occupants are not prohibited from taking prescription medicines or carrying tobacco products as opposed to smoking the same); (iii) the business of photocopying, multilith or offset printing (except photocopying in connection with Tenant's own business); (iv) a typing or stenography business; (v) a school or classroom (except for internal training); (vi) lodging or sleeping; (vii) the operation of retail facilities (meaning a business whose primary patronage arises from the generalized solicitation of the general public to visit Tenant's offices in person without a prior appointment) of a savings and loan association or retail facilities of any financial, lending, securities brokerage or investment activity; (viii) a payroll office; (ix) a barber, beauty or manicure shop; (x) an employment agency or similar enterprise; (xi) offices of any Governmental Authority, any foreign government, the United Nations, or any agency or department of the foregoing; (xii) the manufacture, retail sale, storage of merchandise or auction of merchandise, goods or property of any kind to the general public which could reasonably be expected to create a volume of pedestrian traffic substantially in excess of that normally encountered in the Premises; (xiii) the rendering of medical, dental or other therapeutic or diagnostic services; or (xiv) any illegal purposes or any activity constituting a nuisance.

Requirements: All applicable present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary and ordinary of (i) all Governmental Authorities, including the Americans With Disabilities Act, 42 U.S.C. (S)12,101 (et seq.), and any law of like import, and all rules, regulations and government orders with respect thereto, and any of the foregoing relating to Hazardous Materials, environmental matters, public health and safety matters, (ii) any applicable fire rating bureau or other body exercising similar functions, affecting the Real Property or the maintenance, use or occupation thereof, or any street, avenue or sidewalk comprising a part of or in front thereof or any vault in or under the same, (iii) all requirements of all insurance bodies affecting the Premises and (iv) all utility service providers.

Rules and Regulations: The rules and regulations annexed to and made a part of this Lease as Exhibit F, as they may be modified from time to time by Landlord.

Specialty Alterations: Alterations which are not standard office installations such as commercial kitchens, executive bathrooms, raised computer floors, computer installations, safe deposit boxes, vaults, libraries or file rooms requiring reinforcement of floors, internal staircases, conveyors, dumbwaiters, and other Alterations of a similar character. All Specialty Alterations shall be deemed to be Above Building Standard Installations.

Substantial Completion: As to any construction performed by any party in the Premises, including the Initial Installations, any Alterations, or Landlord's Work, "Substantial Completion" or "Substantially Completed" means that such work has been completed, as reasonably determined by Landlord's architect, in accordance with (a) the provisions of this Lease applicable thereto, (b) the plans and specifications for such work, and (c) all applicable Requirements, except for minor details of construction, decoration and mechanical adjustments, if any, the noncompletion of which does not materially interfere with Tenant's use of the Premises.

Superior Lease(s): Any ground or underlying lease of the Real Property or any part thereof heretofore or hereafter made by Landlord and all renewals, extensions, supplements, amendments, modifications, consolidations, and replacements thereof.

Tenant Party: Tenant and Tenant's agents, contractors, subcontractors, employees, invitees or licensees.

Tenant's Property: Tenant's movable fixtures and movable partitions, telephone and other equipment, computer systems, trade fixtures, furniture, furnishings, and other items of personal property which are removable without material damage to the Building.

Unavoidable Delays: Any inability to fulfill or delay in fulfilling any obligations of a party under this Lease expressly or impliedly to be performed by a party (including inability to make or delay in making any repairs, additions, alterations, improvements or decorations or Landlord's inability to supply or delay in supplying any equipment or fixtures), if such party's inability or delay is due to or arises by reason of strikes, labor troubles or by accident, or by any cause whatsoever beyond such party's reasonable control, including governmental preemption in connection with a national emergency, compliance with Requirements, shortages, or unavailability of labor, fuel, steam, water, electricity or materials, or delays caused by the other party , mechanical breakdown, acts of God, enemy action, civil commotion, fire or other casualty.

EXHIBIT C

Workletter

This Workletter (the "Workletter") is attached as an exhibit to that certain Lease (the "Lease"), dated as of the date hereof, between TST 555/575 Market, L.L.C. (the "Landlord") and CMGI, Inc. (the "Tenant"), wherein Tenant is leasing certain office space (the "Premises") at 575 Market Street, San Francisco, California (the "Building"), as more particularly described in the Lease. Landlord and Tenant hereby agree as follows:

1. General.

(a) The purpose of this Workletter is to set forth how the interior improvements in the Premises (the "Improvements") are to be constructed, who will do the construction of the Improvements, who will pay for the construction of the Improvements, and the time schedule for completion of the construction of the Improvements.

(b) Except as defined in this Workletter to the contrary, all terms utilized in this Workletter shall have the same meaning as the defined terms in the Lease.

(c) The terms, conditions and requirements of the Lease, except where clearly inconsistent or inapplicable to this Workletter, are incorporated into this Workletter.

2. Proposed and Final Plans.

(a) As soon as reasonably possible following the Effective Date, Tenant shall cause to be prepared and delivered to Landlord, for Landlord's approval, the following proposed drawings ("Proposed Plans") for all improvements Tenant desires to complete or have completed in the Premises (the "Improvements"); all of Landlord's reviews and approvals hereunder to be in accordance with the standards set forth in Article 5 of the Lease:

(i) Architectural drawings (consisting of floor construction plan, ceiling lighting and layout, power, and telephone plan).

(ii) Mechanical drawings (consisting of HVAC, electrical, telephone, and plumbing).

(iii) Finish schedule (consisting of wall finishes and floor finishes and miscellaneous details).

(b) All architectural drawings shall be prepared at Tenant's sole cost and expense by a licensed architect designated by Tenant and approved by Landlord, whom Tenant shall employ. Landlord hereby approves Visnick & Caulfield Associates, Inc. and Dowler Grauman Associates. Tenant shall deliver one set of reproducible architectural drawings to Landlord. All mechanical drawings shall be prepared at Tenant's sole cost and expense by a licensed engineer designated by Landlord, whom Tenant shall employ.

(c) Within 10 days after Landlord's receipt of the architectural drawings, Landlord shall advise Tenant of any changes or additional information required to obtain Landlord's approval; provided Landlord shall endeavor to complete such review prior to the expiration of such 10-day period.

(d) Within 10 days after receipt of mechanical drawings, Landlord shall advise Tenant of any changes required to obtain Landlord's approval; provided Landlord shall endeavor to complete such review prior to the expiration of such 10-day period.

(e) If Landlord disapproves of, or requests additional information regarding the Proposed Plans, Tenant shall, within 5 days thereafter, revise the Proposed Plans disapproved by Landlord and resubmit such plans to Landlord or otherwise provide such additional information to Landlord. Landlord shall, within 10 days after receipt of Tenant's revised plans, advise Tenant of any

additional changes which may be required to obtain Landlord's approval; provided Landlord shall endeavor to complete such review prior to the expiration of such 10-day period. If Landlord disapproves the revised plans specifying the reason therefor, or requests further additional information, Tenant shall, within 5 days of receipt of Landlord's required changes, revise such plans and resubmit them to Landlord or deliver to Landlord such further information as Landlord has requested. Landlord shall, again within 10 days after receipt of Tenant's revised plans, advise Tenant of further changes, if any, required for Landlord's approval. This process shall continue until Landlord has approved Tenant's revised Proposed Plans. "Final Plans" shall mean the Proposed Plans, as revised, which have been approved by Landlord and Tenant in writing. Landlord agrees not to withhold its approval unreasonably. Concurrently with Landlord's approval of the Final Plans Landlord will advise Tenant of Landlord's determination of whether any of the Improvements shown thereon constitute Above Building Standard Installations.

(f) All Proposed Plans and Final Plans shall comply with all applicable Requirements and with the requirements of Landlord's fire insurance underwriters. Neither review nor approval by Landlord of the Proposed Plans and resulting Final Plans shall constitute a representation or warranty by Landlord that such plans either (i) are complete or suitable for their intended purpose, or (ii) comply with applicable Requirements or any insurance requirements, it being expressly agreed by Tenant that Landlord assumes no responsibility or liability whatsoever to Tenant or to any other person or entity for such completeness, suitability or compliance. Tenant shall not make any changes in the Final Plans without Landlord's prior written approval, which shall not be unreasonably withheld or delayed; provided that Landlord may, in the exercise of its sole and absolute discretion, disapprove any proposed changes adversely affecting the Building's structure, systems, equipment or the appearance or value of the Building. The Final Plans shall include the installation of a new Building Standard ceiling within the Premises.

(g) As soon as reasonably possible following Landlord's and Tenant's approval of the Final Plans, Landlord shall enter into a construction contract (the "Contract") with Webcor Builders (the "Contractor"), the dollar amount of which Contract shall be subject to Tenant's approval, which approval shall not be unreasonably withheld or unduly delayed, and no failure by Tenant to approve the dollar amount of the Contact shall extend the Rent Commencement Date. Landlord shall use reasonable efforts to cause the Contractor to obtain market pricing for each trade. If Tenant does not accept the dollar amount of the Contract, Tenant shall advise Landlord within 5 days thereafter whether (a) Tenant desires Landlord to competitively bid the Initial Installations (or portions thereof); (b) whether Tenant desires to revise the Final Plans to reduce the cost of the Initial Installations; or (c) whether Tenant desires to assume responsibility for construction of the Initial Installations. The Contract shall provide for progress payments, and Tenant shall pay for the entire cost of the Improvements in excess of the respective Landlord's Contribution (as hereinafter defined) on or before the execution of the Contract. The cost of the Improvements shall include the cost of (i) all work performed by Landlord, Contractor, Architect or anyone else on behalf of Tenant (including the demolition and removal of all Hauserman partitions if Tenant does not elect to reuse the same in connection with the build-out of the Improvements, it being understood that ownership of the partitions so removed is vested in Landlord), (ii) all materials and labor furnished on Tenant's behalf, (iii) preparing the Proposed Plans and Final Plans, and (iv) building permits and engineering fees. Landlord shall be responsible for all costs of transporting any such partitions to its storage location as determined by Landlord.

(h) Landlord shall then instruct the Contractor to build the Improvements indicated on the Final Plans as soon thereafter as reasonably possible, consistent with industry custom and procedure, at Tenant's sole and entire cost, except for Landlord's Contribution. Landlord shall use its commercially reasonable efforts to cause the Premises to be Substantially Complete by the Rent Commencement Date, but no failure by Landlord to achieve Substantial Completion by such date shall extend the Rent Commencement Date.

(i) Tenant shall reimburse to Landlord the actual costs incurred by Landlord to approve all plans, specifications and materials submitted pursuant to this Section 2, and such reimbursement shall occur by Landlord's deducting such costs from the Landlord's Contribution. Tenant shall also pay to Landlord a supervision fee in an amount equal to 5% of the cost of the Improvements for Landlord's services in connection with this Workletter, which supervision fee will be deducted from Landlord's Contribution.

(j) Upon receipt of the Proposed Plans (and prior to Landlord's approval thereof), Landlord shall file for a building permit.

3. Landlord's Contribution. Landlord will pay an amount (the "Landlord's Contribution") toward the cost of the planning, design and construction of the Improvements in an amount not to exceed $446,840.00. If the cost of the planning, design and construction of the Improvements exceeds Landlord's Contribution, the difference shall be borne by Tenant and paid by Tenant to Landlord at the time the Contract or any change order is signed. If Tenant requests any changes to the Final Plans, Landlord shall not unreasonably withhold its consent to any such changes, provided the changes do not adversely affect the Building's structure, systems, equipment, appearance or value, but, if such changes increase the cost of constructing the Improvements shown on the Final Plans, Tenant shall bear such costs and shall pay such estimated increased costs to Landlord at such time as the request is approved by Landlord. If the actual increased costs are greater than the estimated increased costs, Tenant shall pay the difference in increased costs to Landlord with 30 days after written demand therefor; similarly, if the actual increased costs are less than the estimated increased costs, Landlord shall credit the amount of such difference to the unfunded balance of Landlord's Contribution. The costs charged by Landlord to Tenant caused by Tenant's requesting changes to the Improvements or the Final Plans shall be equal to the sum of (a) the amount of money Landlord has to pay to cause the Improvements, as reflected by revised Final Plans, to be constructed above the costs that Landlord would have had to pay to cause the Improvements to be constructed if no changes had been made to the Final Plans ("Differential"), (b) any cancellation fees, reshipping charges or any other similar costs incurred by Landlord in connection therewith, and (c) an amount equal to ten percent (10%) of the Differential to compensate Landlord for its time and efforts in connection with such changes. The failure of Tenant to pay any amounts due hereunder within ten (10) days of the date such sums are due and payable shall constitute an Event of Default under the Lease. Whenever possible and practical, Landlord will utilize, for the construction of the Improvements, the items and materials designated in the Final Plans; provided, however, that whenever Landlord reasonably determines in its judgment that it is not practical or efficient to use such materials, Landlord shall have the right, upon receipt of Tenant's consent, to substitute comparable items and materials.

4. Miscellaneous.

(a) Tenant agrees that, in connection with the Improvements and its use of the Premises prior to the commencement of the Term of the Lease, Tenant shall have those duties and obligations with respect thereto that it has pursuant to the Lease during the Term, except the obligation for payment of rent, and further agrees that, except where caused by Landlord's gross negligence or willful misconduct, Landlord shall not be liable in any way for injury, loss, or damage which may occur to any of the Improvements or installations made in the Premises, or to any personal property placed therein, the same being at Tenant's sole risk.

(b) Except as expressly set forth in the Lease, Landlord has no other agreement with Tenant and Landlord has no other obligation to do any other work or pay any amounts with respect to the Premises. Any other work in the Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and conditions of the Lease.

(c) This Workletter shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or

otherwise, or to any portion of the original Premises or any additions thereto in the event of a renewal or extension of the initial term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement thereto.

(d) The failure by Tenant to pay any monies due Landlord pursuant to this Workletter within the time period herein stated shall be deemed a default under the terms of the Lease for which Landlord shall be entitled to exercise all remedies available to Landlord for nonpayment of Rent and Landlord, may, if it so elects, discontinue construction of the Improvements until all such sums are paid and Tenant has otherwise cured such default. All late payments shall bear interest pursuant to Section 16.6 of the Lease.

(e) Neither Landlord's Agent nor the partners or members comprising Landlord or Landlord's Agent, nor the shareholders (nor any of the partners comprising same), directors, officers or shareholders of any of the foregoing (collectively, the "Parties") shall be liable for the performance of Landlord's obligations under this Workletter. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under this Workletter shall not exceed and shall be limited to Landlord's interest in the Building and Tenant shall not look to the property or assets of any of the Parties in seeking either to enforce Landlord's obligations under this Workletter or to satisfy a judgment for Landlord's failure to perform such obligations. Upon a sale of the Building by Landlord, Tenant shall look solely to the buyer to enforce its rights under this Workletter, and, if and to the extent such buyer has not assumed Landlord's duties, obligations and liabilities hereunder, Tenant may only look to the actual cash proceeds received by Landlord in connection with such sale in seeking to satisfy a judgment for Landlord's failure to perform its obligations under this Workletter.

EXHIBIT D

Design Standards

(A) HVAC. Building Standard heating, ventilation, cooling shall generally meet the following design criteria during Ordinary Business Hours:

The HVAC System shall be capable of maintaining 78 degrees Fahrenheit (Title 24) plus or minus 2 degrees, when outdoor conditions are 79 degrees Fahrenheit dry bulb and 63 degrees Fahrenheit wet bulb. The HVAC System shall be capable of maintaining 72 degrees Fahrenheit at outdoor temperature 39 degrees Fahrenheit dry bulb. Additional system capacity, exceeding Title 24 requirements, is available such that the HVAC system can maintain 75 degrees Fahrenheit plus or minus 2 degrees upon application of the following design data. The HVAC System is designed based upon (i) electrical usage of 4 watts per usable square foot for all purposes (lighting and power), (ii) occupancy rate of 1 person per usable 150 square feet, and (iii) shades fully drawn and partially closed. The Building's HVAC system has been designed to provide 20 cfm of outside air based upon 1 occupant per 150 usable square feet or 0.15 cfm outside air per usable square foot.

Use of the Premises, or any part thereof, in a manner exceeding the foregoing design conditions or rearrangement of partitioning after the initial preparation of the Premises which interferes with normal operation of the air-conditioning service in the Premises may require changes in the air-conditioning system serving the Premises.

(b) Electrical. The Building Electrical System serving the Premises is designed to provide:

(i) 1.5 watts per usable square foot of high voltage (480/277 volt) connected power for lighting; and

(ii) 3.5 watts per usable square foot of low voltage (120/280 volt) connected power for convenience receptacles.

EXHIBIT E

Cleaning Specifications

GENERAL CLEANING

NIGHTLY

General Offices:

1. All hard surfaced flooring to be swept using approved dustdown preparation.

2. Carpet sweep all carpets, moving only light furniture (desks, file cabinets, etc. not to be moved).

3. Hand dust and wipe clean all furniture, fixtures and window sills.

4. Empty all waste receptacles and remove wastepaper.

5. Wash clean all Building water fountains and coolers.

6. Sweep all private stairways.

Lavatories:

1. Sweep and wash all floors, using proper disinfectants.

2. Wash and polish all mirrors, shelves, bright work and enameled surfaces.

3. Wash and disinfect all basins, bowls and urinals.

4. Wash all toilet seats.

5. Hand dust and clean all partitions, tile walls, dispensers and receptacles in lavatories and restrooms.

6. Empty paper receptacles, fill receptacles and remove wastepaper.

7. Fill toilet tissue holders from tenant supply.

8. Empty and clean sanitary disposal receptacles.

WEEKLY

1. Vacuum all carpeting and rugs.

2. Dust all door louvers and other ventilating louvers within a person's normal reach.

3. Wipe clean all brass and other bright work.

QUARTERLY

High dust premises complete including the following:

1. Dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning.

2. Dust all vertical surfaces, such as walls, partitions, doors, bucks and other surfaces not reached in nightly cleaning.

3. Dust all venetian blinds.

4. Wash all windows.

EXHIBIT F

Rules and Regulations

1. Nothing shall be attached to the outside walls of the Building. No curtains, blinds, shades, screens or other obstructions shall be attached to or hung in or used in connection with any exterior window or entry door of the Premises, without the prior consent of Landlord.

2. No sign, advertisement, notice or other lettering visible from the exterior of the Premises shall be exhibited, inscribed, painted or affixed to any part of the Premises without the prior written consent of Landlord. All lettering on doors shall be inscribed, painted or affixed in a size, color and style acceptable to Landlord.

3. The grills, louvers, skylights, windows and doors that reflect or admit light and/or air into the Premises or Common Areas shall not be covered or obstructed by Tenant, nor shall any articles be placed on the window sills, radiators or convectors.

4. Landlord shall have the right to prohibit any advertising by any Tenant which, in Landlord's opinion, tends to impair the reputation of the Building, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.

5. The sidewalks, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls shall not be obstructed or encumbered by any Tenant or used for any purposes other than ingress of egress to and from the Premises and for delivery of merchandise and equipment in a prompt and efficient manner, using elevators and passageways designated for such delivery by Landlord.

6. Except in those areas designated by Tenant as "security areas," all locks or bolts of any kind shall be operable by the Building's Master Key. No locks shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in locks or the mechanism thereof which shall make such locks inoperable by the Building's Master Key. Tenant shall, upon the termination of its Lease, deliver to Landlord all keys of stores, offices and lavatories, either furnished to or otherwise procured by Tenant and in the event of the loss of any keys furnished by Landlord, Tenant shall pay to Landlord the cost thereof.

7. Tenant shall keep the entrance door to the Premises closed at all times.

8. All movement in or out of any freight, furniture, boxes, crates or any other large object or matter of any description must take place during such times and in such elevators as Landlord may prescribe. Landlord reserves the right to inspect all articles to be brought into the Building and to exclude from the Building all articles which violate any of these Rules and Regulations or the Lease of which these Rules and Regulations are a part. Landlord may require that any person leaving the public areas of the Building with any article (but not standard items such as brief cases, etc., carried by office personnel) to submit a pass, signed by an authorized person, listing each article being removed, but the establishment and enforcement of such requirement shall not impose any responsibility on Landlord for the protection of any Tenant against the removal of property from the Premises.

9. All hand trucks shall be equipped with rubber tires, side guards and such other safeguards as Landlord may require.

10. None of Tenant's employees, visitors or contractors shall be permitted to have access to the Building's roof, mechanical, electrical or telephone rooms without permission from Landlord.

11. Tenant shall not lay floor tile, or other similar floor covering so that the same shall come in direct contact with the concrete floor of the Premises and, if such floor covering is desired to be used, an interlining of builder's deadening felt shall be first affixed to the floor by a paste or other

material, soluble in water; the use of cement or other similar adhesive material being expressly prohibited.

12. Tenant shall not permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, vibrations or interfere in any way with other tenants or those having business therein.

13. Tenant shall not employ any person or persons other than the janitor of Landlord for the purpose of cleaning the Premises, unless otherwise agreed to by Landlord. Tenant shall not cause any unnecessary labor by reason of such Tenant's carelessness or indifference in the preservation of good order and cleanliness.

14. Tenant shall store all its trash and recyclables within its Premises. No material shall be disposed of which may result in a violation of any Requirement. All refuse disposal shall be made only though entry ways and elevators provided for such purposes and at such times as Landlord shall designate. Tenant shall use the Building's hauler.

15. Tenant shall not mark, paint, drill into or in any way deface any part of the Building, except with the prior written consent of Landlord in the case of the Premises, which consent shall not be unreasonably withheld. No boring, cutting or stringing of wires shall be permitted, except with prior consent of Landlord, and as Landlord may direct.

16. The water and wash closets, electrical closets, mechanical rooms, fire stairs and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed and no sweepings, rubbish, rags, acids or other substances shall be deposited therein. All damages resulting from any misuse of the fixtures shall be borne by Tenant where a Tenant Party caused the same.

17. Tenant, before closing and leaving the Premises, shall use reasonable efforts to see that all lights and water faucets are turned off. All entrance doors in the Premises shall be kept locked by Tenant when the Premises are not in use.

18. No bicycles, in-line roller skates, vehicles or animals of any kind (except for seeing eye dogs) shall be brought into or kept by any Tenant in or about the Premises or the Building.

19. Canvassing or soliciting in the Building is prohibited.

20. Employees of Landlord or Landlord's Agent shall not perform any work or do anything outside of the regular duties, unless under special instructions from the office of Landlord or in response to any emergency condition.

21. Tenant is responsible for the delivery and pick up of all mail from the United States Post Office.

22. Landlord reserves the right to exclude from the Building during other than Ordinary Business Hours all persons who do not present a valid Building pass. Tenant shall be responsible for all persons for whom a pass shall be issued at the request of Tenant and shall be liable to Landlord for all acts of such persons.

23. Landlord shall not be responsible to Tenant or to any other person for the non-observance or violation of these Rules and Regulations by any other tenant or other person. Tenant shall be deemed to have read Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

EXHIBIT G

MORGAN STANLEY MORTGAGE CAPITAL INC.
(Lender)

- and -

CMGI, INC.
(Tenant)

SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT

Dated: January ___, 2000

Location: 575 Market Street, San Francisco, CA

Block: 3708
Lot: 58
County: San Francisco

PREPARED BY AND UPON
RECORDATION RETURN TO:

Messrs. Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: John M. Zizzo

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "Agreement") is made as of the _____ day of January, 2000 by and between MORGAN STANLEY MORTGAGE CAPITAL INC., having an address at 1585 Broadway, 38/th/ Floor, New York, New York 10036 ("Lender") and CMGI, INC., having an address at 100 Brickstone Square, Andover, Massachusetts 01810 ("Tenant").

RECITALS:

A. Lender has made a loan in the approximate amount of $170,000,000 to Landlord (defined below), which Loan is given pursuant to the terms and conditions of that certain loan agreement dated December 10, 1999, between Lender and Landlord (the "Loan Agreement"). The Loan is evidenced by a certain Promissory Note dated December 10, 1999, given by Landlord to Lender (the "Note") and secured by a certain Deed of Trust, Assignment of Leases and Rents and Security Agreement (the "Mortgage"), dated December 10, 1999, and recorded on December 15, 1999 as Series No. G705093 in the Official Records of the City and County of San Francisco, given by Landlord to Lender which encumbers the fee estate of Landlord in certain premises described in Exhibit A attached hereto (the "Property");

B. Tenant has the right to occupy a portion of the Property under and pursuant to the provisions of a certain lease dated January _____, 2000, between TST 555/575 Market, L.L.C., as landlord ("Landlord") and Tenant, as tenant (the "Lease"); and

C. Tenant has agreed to subordinate the Lease to the Mortgage and to the lien thereof and Lender has agreed to grant non-disturbance to Tenant under the Lease on the terms and conditions hereinafter set forth.

AGREEMENT:

For good and valuable consideration, Tenant and Lender agree as follows:

1. Subordination. Tenant agrees that the Lease and all of the terms, covenants and provisions thereof and all rights, remedies and options of Tenant thereunder are and shall at all times continue to be subject and subordinate in all respects to the Mortgage and to the lien thereof and all terms, covenants and conditions set forth in the Mortgage and the Loan Agreement including without limitation all renewals, increases, modifications, spreaders, consolidations, replacements and extensions thereof and to all sums secured thereby.

2. Non-Disturbance. Lender agrees that if any action or proceeding is commenced by Lender for the foreclosure of the Mortgage or the sale of the Property, Tenant shall not be named as a party therein unless such joinder shall be required by law, provided, however, such joinder shall not result in the termination of the Lease or disturb the Tenant's possession or use of the premises demised thereunder, and the sale of the Property in any such action or proceeding and the exercise by Lender of any of its other rights under the Note, the Mortgage and the Loan Agreement shall be made subject to all rights of Tenant under the Lease, provided that at the time of the commencement of any such action or proceeding or at the time of any such sale or exercise of any such other rights (a) the term of the Lease shall have commenced pursuant to the provisions thereof, (b) Tenant, or a successor to Tenant, subtenant or assignee, shall be in possession of the premises demised under the Lease, (c) the Lease shall be in full force and effect and (d) Tenant shall not be in default under any of the

terms, covenants or conditions of the Lease or of this Agreement on Tenant's part to be observed or performed beyond the expiration of any applicable notice or grace periods.

3. Attornment. Lender and Tenant agree that upon the conveyance of the Property by reason of the foreclosure of the Mortgage or the acceptance of a deed or assignment in lieu of foreclosure or otherwise, the Lease shall not be terminated or affected thereby (at the option of the transferee of the Property (the "Transferee") if the conditions set forth in Section 2 above have not been met at the time of such transfer) but shall continue in full force and effect as a direct lease between the Transferee and Tenant upon all of the terms, covenants and conditions set forth in the Lease and in that event, Tenant agrees to attorn to the Transferee and the Transferee shall accept such attornment, provided, however, that the provisions of the Mortgage and the Loan Agreement shall govern with respect to the disposition of any casualty insurance proceeds or condemnation awards and the Transferee shall not be (a) obligated to complete any construction work required to be done by Landlord pursuant to the provisions of the Lease or to reimburse Tenant for any construction work done by Tenant, (b) liable (i) for Landlord's failure to perform any of its obligations under the Lease which have accrued prior to the date on which the Transferee shall become the owner of the Property (providing that nothing set forth herein shall be deemed to negate a Transferee's obligation to perform the Landlord's obligations under the Lease arising after the date the Transferee becomes owner of the Property), or (ii) for any act or omission of Landlord, whether prior to or after such foreclosure or sale, (c) required to make any repairs to the Property or to the premises demised under the Lease required as a result of fire, or other casualty or by reason of condemnation unless the Transferee shall be obligated under the Lease to make such repairs and shall have received sufficient casualty insurance proceeds or condemnation awards to finance the completion of such repairs, (d) required (i) to make any capital improvements to the Property or to the premises demised under the Lease which Landlord may have agreed to make, but had not completed, or (ii) to perform or provide any services, in either case, not required to be made or be performed by the Landlord under the Lease, (e) subject to any offsets, defenses, abatements or counterclaims which shall have accrued to Tenant against Landlord prior to the date upon which the Transferee shall become the owner of the Property, (f) liable for the return of rental security deposits, if any, paid by Tenant to Landlord in accordance with the Lease unless such sums are actually received by the Transferee, (g) bound by any payment of rents, additional rents or other sums which Tenant may have paid more than one (1) month in advance to any prior Landlord unless (i) such sums are actually received by the Transferee or (ii) such prepayment shall have been expressly approved of by the Transferee, (h) bound to make any payment to Tenant which was required under the Lease, or otherwise, to be made prior to the time the Transferee succeeded to Landlord's interest, (i) bound by any agreement amending, modifying or terminating the Lease made without the Transferee's prior written consent prior to the time the Transferee succeeded to Landlord's interest or (j) bound by any assignment of the Lease or sublease of the Property, or any portion thereof, made prior to the time the Transferee succeeded to Landlord's interest other than if pursuant to the provisions of the Lease.

4. Notice to Tenant. After notice is given to Tenant by Lender that the Landlord is in default under the Note and the Mortgage and that the rentals under the Lease should be paid to Lender pursuant to the terms of the assignment of leases and rents executed and delivered by Landlord to Lender in connection therewith, Tenant shall thereafter pay to Lender or as directed by the Lender, all rentals and all other monies due or to become due to Landlord under the Lease and Landlord hereby expressly authorizes Tenant to make such payments to Lender and hereby releases and discharges Tenant from any liability to Landlord on account of any such payments.

5. Lender's Consent. If Tenant shall, without obtaining the prior written consent of Lender, which consent shall not be unreasonably withheld (a) enter into any agreement amending, modifying or terminating the Lease, (b) prepay any of the rents, additional rents or other sums due under the Lease for more than one (1) month in advance of the due dates thereof, (c) voluntarily surrender the premises demised under the Lease or terminate the Lease without cause or shorten the term thereof, or (d) assign the Lease or sublet the premises demised under the Lease or any part thereof other than pursuant to the provisions of the Lease, any such amendment, modification, termination, prepayment, voluntary surrender, assignment or subletting, without Lender's prior consent, shall not be binding upon Lender. Lender shall use its commercially reasonable efforts to respond to any request for its consent or approval within 15 days following a Request for Consent (as hereinafter defined). For purposes of this Paragraph 5, a Request for Consent shall mean the receipt by Lender of any information it reasonably requests in order to evaluate the requested approval, including, but not limited to, financial information, information concerning any assignee or subtenant and a copy of any written agreement (in final form approved by all parties thereto) that is the subject of its request for approval.

6. Lender to Receive Notices. Tenant shall provide Lender with copies of all written notices sent to Landlord pursuant to the Lease simultaneously with the transmission of such notices to the Landlord. Tenant shall notify Lender of any default by Landlord under the Lease which would entitle Tenant to cancel the Lease or to an abatement of the rents, additional rents or other sums payable thereunder, and agrees that, notwithstanding any provisions of the Lease to the contrary, no notice of cancellation thereof or, except for abatements of rent pursuant to Section 6.3 or 11.3 or Article 12 of the Lease, of such an abatement shall be effective unless Lender shall have received notice of default giving rise to such cancellation or abatement and shall have failed within sixty (60) days after receipt of such notice to cure such default, or if such default cannot be cured within sixty (60) days, shall have failed within sixty (60) days after receipt of such notice to commence and thereafter diligently pursue any action necessary to cure such default, but in no event more than ninety (90) days.

7. Notices. All notices or other written communications hereunder shall be deemed to have been properly given (i) upon delivery, if delivered in person, (ii) one (1) Business Day (hereinafter defined) after having been deposited for overnight delivery with any reputable overnight courier service, or (iii) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Tenant: CMGI, Inc.
100 Brickstone Square
Andover, Massachusetts 01810
Attention: General Counsel

With a copy to: Hale and Dorr LLP
60 State Street
Boston, Massachusetts 02109
Attention: Pamela Coravos, Esq.

If to Lender: Morgan Stanley Mortgage Capital Inc.
1585 Broadway
38/th/ Floor
New York, New York 10036
Attention: James Flaum & Kevin Swartz

With a copy to: Cadwalader, Wickersham & Taft
100 Maiden Lane
New York, New York 10038
Attention: John Zizzo, Esq.

or addressed as such party may from time to time designate by written notice to the other parties. For purposes of this Section, the term "Business Day" shall mean a day on which commercial banks are not authorized or required by law to close in New York, New York.

Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

8. Joint and Several Liability. If Tenant consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several. This Agreement shall be binding upon and inure to the benefit of Lender and Tenant and their respective successors and assigns.

9. Definitions. The term "Lender" as used herein shall include the successors and assigns of Lender and any person, party or entity which shall become the owner of the Property by reason of a foreclosure of the Mortgage or the acceptance of a deed or assignment in lieu of foreclosure or otherwise. The term "Landlord" as used herein shall mean and include the present landlord under the Lease and such landlord's predecessors and successors in interest under the Lease, but shall not mean or include Lender. The term "Property" as used herein shall mean the Property, the improvements now or hereafter located thereon and the estates therein encumbered by the Mortgage.

10. No Oral Modifications. This Agreement may not be modified in any manner or terminated except by an instrument in writing executed by the parties hereto.

11. Governing Law. This Agreement shall be deemed to be a contract entered into pursuant to the laws of the State where the Property is located and shall in all respects be governed, construed, applied and enforced in accordance with the laws of the State where the Property is located.

12. Inapplicable Provisions. If any term, covenant or condition of this Agreement is held to be invalid, illegal or unenforceable in any respect, this Agreement shall be construed without such provision.

13. Duplicate Originals; Counterparts. This Agreement may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Agreement may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Agreement. The failure of any party hereto to execute this Agreement, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

14. Number and Gender. Whenever the context may require, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural and vice versa.

15. Transfer of Loan. Lender may sell, transfer and deliver the Note and assign the Mortgage, this Agreement and the other documents executed in connection therewith to one or more investors in the secondary mortgage market ("Investors"). In connection with such sale, Lender may retain or assign responsibility for servicing the loan, including the Note, the Mortgage, this Agreement and the other documents executed in connection therewith, or may delegate some or all of such responsibility and/or obligations to a servicer including, but not

limited to, any subservicer or master servicer, on behalf of the Investors. All references to Lender herein shall refer to and include any such servicer to the extent applicable.

16. Further Acts. Tenant will, at the cost of Tenant, and without expense to Lender, do, execute, acknowledge and deliver all and every such further acts and assurances as Lender shall, from time to time, reasonably require, for the better assuring and confirming unto Lender the property and rights hereby intended now or hereafter so to be, or for carrying out the intention or facilitating the performance of the terms of this Agreement or for filing, registering or recording this Agreement, or for complying with all applicable laws.

17. Limitations on Lender's Liability. Tenant acknowledges that Lender is obligated only to Landlord to make the Loan upon the terms and subject to the conditions set forth in the Loan Agreement. In no event shall Lender or any purchaser of the Property at foreclosure sale or any grantee of the Property named in a deed-in-lieu of foreclosure, nor any heir, legal representative, successor, or assignee of Lender or any such purchaser or grantee (collectively the Lender, such purchaser, grantee, heir, legal representative, successor or assignee, the "Subsequent Landlord") have any personal liability for the obligations of Landlord under the Lease and should the Subsequent Landlord succeed to the interests of the Landlord under the Lease, Tenant shall look only to the estate and property of any such Subsequent Landlord in the Property for the satisfaction of Tenant's remedies for the collection of a judgment (or other judicial process) requiring the payment of money in the event of any default by any Subsequent Landlord as landlord under the Lease, and no other property or assets of any Subsequent Landlord shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to the Lease; provided, however, that the Tenant may exercise any other right or remedy provided thereby or by law in the event of any failure by Landlord to perform any such material obligation.

IN WITNESS WHEREOF, Lender and Tenant have duly executed this Agreement as of the date first above written.

LENDER:

Morgan Stanley Mortgage Capital Inc., a
New York corporation

By:_____
Name:_____
Title:_____

TENANT:

CMGI, Inc.
a Massachusetts corporation

By:_____
Name:_____
Title:_____

The undersigned accepts and agrees to
the provisions of Section 4 hereof:

LANDLORD:

TST 555/575 Market, L.L.C.,
a Delaware limited liability company

By:_____
Name:_____
Title:_____

ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public for the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____(SEAL)
(Signature)

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public for the State of California, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

_____(SEAL)
(Signature)

EXHIBIT A

(Description of Property)
(575 MARKET STREET)

That certain real property located in the City and County of San Francisco, State of California, as follows:

PARCEL ONE:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 190 FEET NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF SECOND STREET; RUNNING THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF MARKET STREET, 100 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE, SOUTHEASTERLY 155 FEET AND 1-1/4 INCHES TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE, SOUTHWESTERLY ALONG SAID LINE OF STEVENSON STREET, 100 FEET AND 6 INCHES; THENCE AT A RIGHT ANGLE, NORTHWESTERLY 155 FEET AND 1-1/4 INCHES TO THE POINT OF BEGINNING.

BEING A PORTION OF 100 VARA BLOCK NO. 346.

PARCEL TWO:

NON-EXCLUSIVE PERPETUAL EASEMENTS APPURTENANT TO PARCEL THREE FOR LIGHT AND AIR, FOR OVERHANGING LEDGES, BALCONIES AND OTHER ARCHITECTURAL APPURTENANCES AND PROJECTIONS AND FOR FOUNDATION STRUCTURES, OVER, ACROSS, UPON AND UNDER THE PARCEL DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTHEASTERLY LINE OF MARKET STREET, DISTANT THEREON 290 FEET AND 6 INCHES NORTHEASTERLY FROM THE NORTHEASTERLY LINE OF SECOND STREET; THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF MARKET STREET, 15 FEET; THENCE AT A RIGHT ANGLE SOUTHEASTERLY, 155 FEET AND 1-1/4 INCHES TO THE NORTHWESTERLY LINE OF STEVENSON STREET; THENCE AT A RIGHT ANGLE SOUTHWESTERLY AND ALONG SAID LINE OF STEVENSON STREET, 15 FEET; THENCE AT A RIGHT ANGLE NORTHWESTERLY 155 FEET AND 1-1/4 INCHES TO THE POINT OF BEGINNING.

LOT 58, BLOCK 3708

EXHIBIT 10.41

FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("First Amendment") is dated as of this 29th day of February, 2000 by and between TST 555/575 Market, L.L.C., a Delaware limited liability company, and CMGI, Inc., a Delaware Corporation ("Tenant").

Recitals

Landlord and Tenant are parties to that certain Lease, dated as of February 4, 2000 (the "Lease"), under the terms of which Landlord leased to Tenant and Tenant leased from Landlord, certain premises comprising the 12th and 13th floors of the building located at 575 Market Street, San Francisco, California. Landlord and Tenant have now determined to amend the Lease.

NOW, THEREFORE, Landlord and Tenant hereby agree as follows:

1. All defined terms as used in this First Amendment shall have the same meanings ascribed to them in the Lease, as otherwise expressly set forth herein.

2. Section 2.2 of the Lease is hereby amended to provide that the Commencement Date is February 10, 2000.

3. Section 2.6 of the Lease is hereby amended to provide that the Termination Fee shall mean $524,384.00.

4. In all other respects, the Lease remains unchanged and in full force and effect.

IN WITNESS WHEREOF, Landlord and Tenant have executed this First Amendment to Lease as of the date set forth above.

LANDLORD:	TENANT:
TST 555/575 Market, L.L.C., a Delaware limited liability company	CMGI, Inc., a Delaware Corporation
By: /s/ Andrew J. Nathan	By: /s/ Andrew J. Hajducky III
Its: Vice President	Its: Executive Vice President, CFO & Treasurer
Date: 9/29/00	Date: 2/17/00

EXHIBIT 10.42

COMMERCIAL LEASE

between

SA DAFFODIL

(in its capacity as Lessor)

et

CMGI (UK) LTD.

(in its capacity as Lessee)

THE PRESENT COMMERCIAL LEASE (DECREE N(degrees) 53-960 DATED 30 SEPTEMBER 1953) IS GRANTED BETWEEN THE UNDERSIGNED:

1) SA DAFFODIL, a societe anonyme [type of public limited company] with capital of thirty-eight thousand euros (38,200 euros), whose registered office is situated at 6 place de la Madeleine, Paris (75008), France, identified with the SIREN [corporate identification number] on the Paris companies register ["RCS"], no. 424 390 789, represented by Monsieur David Levin, its Chairman,

(hereinafter referred to as the "Lessor"),

OF THE FIRST PART,

AND
- - ---

2) CMGI (UK) LTD., a company registered in England, whose registered office is situated at Hasilwood House, 60 Bishopsgate, London EC2N 4AJ, represented by Andrew Hajducky III and William William II, its directors,

(hereinafter referred to as the "Lessee"),

OF THE OTHER PART.

WITNESSETH
- - ----------

A. The Lessor is the owner of premises contained within the Building located at 43-45-47, avenue de la Grande Armee, 22-24 rue Chalgrin, Paris (75016) (hereinafter the "Building") as described more fully in Article 2 hereafter (hereinafter the "Leased Premises").

B. The parties note that after visiting the Building, the Lessee wanted the Lessor to perform work before it came into possession of the premises and itself offered to perform the fitting work once it took possession of the premises, a suggestion accepted by the Lessor; the respective obligations of the parties are governed by Article 3 hereof.

THEREFORE:
- - ---------

The above paragraphs are an integral part hereof.

Article 1 - LEASE

The Lessor hereby leases for rent, on a commercial basis, pursuant to the provisions of the Decree n(degrees) 53-960 dated 30 September 1953 as amended, on the conditions hereinafter, to the Lessee, which accepts, the premises contained within the Building located at 43-45-47, avenue de la Grande Armee, 22-24 rue Chalgrin, Paris (75016) (hereinafter the "Building") as described more fully in Article 2 hereafter (hereinafter the "Leased Premises").

Article 2 - DESCRIPTION

2.1 The Leased Premises are broken down as follows:

- space designated for use as office space located on the first floor of the Building, with surface area of approximately 920 sq. m. with exclusive enjoyment of two garden terraces at the east and at the west of this space (condominium lot n(degrees) 1010) and on the third floor, with surface area of approximately 260 sq. m. [2800 sq. ft] (part of the condominium lot n(degrees)1014);

- archiving space with surface area of approximately 55 sq. m. [592 sq. ft] located on the first basement level corresponding to condominium lot n(degrees)1026,

  It is explicitly agreed that the surface areas above are shown in a purely indicative fashion, and the Lessee is furthermore familiar with the Leased Premises as indicated in Article 2.2 below, and the rent has been set as a gross sum.

- fourteen individual parking places located on the 3/rd/ and 4/th/ basement levels and identified under the numbers 216, 221, 222, 271, 274, 275, 280, 297, 298, 333, 334, 337, 342 and 347, and eight double parking places identified under the numbers 239, 240, 241, 272, 273, 352, 353 and 358.

  However, for organisational reasons, the Lessor reserves the right to change the location of the parking places allocated to the Lessee, without this change giving rise to any compensation or reduction of rent by the Lessor.

  as shown on the attached plans (Appendix 1);

2.2 The Lessee states that it is perfectly familiar with the Leased Premises including their plant and equipment, without it being necessary to make any further description, and it acknowledges having approved them in their current state, extent and contents.

Article 3 - DELIVERY OF THE LEASED PREMISES - CONDITION REPORT

As agreed, the Lessor shall carry out the work described at Appendix 2, in as short a time as possible after the signature hereof, which is explicitly and irrevocably accepted by the Lessee.

3.1 Delivery of the Leased Premises to the Lessee will occur only after the completion and handover by the Lessor of the work performed by it within the premises designated for use as office space located on the first and third floors of the Building.

3.2 The Lessor shall inform the Lessee of the delivery date with two (2) working days prior notice by registered letter with return receipt requested or handdelivery at the registered office of the Lessee. Such notification shall also be made by fax at n(degrees) 00 44 207 638 58 88; it being understood that the registered letter or the handdelivery date will be considered as the notification date.

3.3 On the day scheduled for delivery of the Leased Premises, a jointly-approved delivery report (which will serve as a condition report) shall be drawn up; it will stipulate any reservations that the Lessee may have.

The Lessee shall not refuse delivery of the Leased Premises unless in the case that the failures of the works on the first and third floors to conform with the description appearing at Appendix 2 are substantial or the poor workmanship should render the plant and equipment of the Leased Premises unsuitable for their use, all this pursuant to Article R.261-1 of the French code on construction and dwelling.

The Lessor undertakes to eliminate the reservations stipulated by the Lessee in as short a time as possible depending on the type of work required, starting with the date on which the delivery report is drawn up.

3.4 If this delivery is not completed, the Leased Premises shall be deemed to have been handed over to the Lessee in a perfect state of upkeep and repair and cleanliness.

3.5 A second condition report shall be drawn up jointly between the parties within two (2) calendar weeks as of the date of completion of the work performed by the Lessee and described in Appendix 3, which will occur as soon as possible after the taking possession of the Premises by the Lessee. The Lessee shall notify the date of completion to the Lessor within a eight (8) calendar day period.

Article 4 - TERM

Pursuant to Article 3.1 of the Decree, this lease is granted and accepted for a term of nine (9) complete and consecutive years, including six (6) years firm, which shall begin as of the delivery date of the Leased Premises as this date is defined in Article 3.1.

Article 5 - TERMINATION

The Lessee explicitly waives the right to terminate this lease at the expiration of the first three-year period of the lease, since the lease is granted and accepted for a firm term of six (6) years. The Lessee may however terminate the lease at the conclusion of the sixth year, in consideration of (i) serving a notice of vacation by instrument served by a bailiff, at least six months in advance, and (ii) paying a lump-sum fee equivalent to one year of the annual rent inclusive of all charges, exclusive of any VAT paid by then, payable on the day on which the notice of vacation is served.

Article 6 - USE

6.1 Pursuant to Articles 1728 and 1729 of the civil code, the Lessee shall use the Leased Premises which are designated exclusively for use as office space.

6.2 It is explicitly agreed that the Lessee shall within the Leased Premises refrain from carrying out any acts of sale from stock, whether of a wholesale or retail nature, and any auctioning of furniture or other objects.

6.3 The authorisation given to the Lessee to perform certain activities does not entail any guarantee from the Lessor, nor effort on Lessor's part to obtain the required permits whatsoever, that the Lessee is obliged to obtain to use the Leased Premises, in particular with regard to the provisions of the town-planning code ["Code de l'Urbanisme"].

It is recalled that the condominium lots n(degrees)s 1010 and 1014 are designated for use as office space with regard to the provisions of the town-planning code on the premises located in the Paris region. If the use made by the Lessee has the effect of transforming them into premises of a different category, in the sense of these provisions, Lessee must immediately reimburse to the Lessor the fees and increases relating thereto which may be sought in Lessor's name as a result of that transformation. Such reimbursement shall remain the property of the Lessor, even after the Leased Premises have been returned by the Lessee. It shall not entail failure by the Lessor to demand of the Lessee that it immediately terminate the activities which have the effect of transforming the Leased Premises into premises of a different category in the sense above, if these activities are not specified at Article 6.1 above.

Article 7 - RENT

7.1 This lease is granted and accepted in consideration of an annual rent before VAT, and excluding charges, of three million nine hundred and eight-two thousand five hundred French francs (FRF 3,982,500).

7.2 The rent shall be payable quarterly in advance on the first day of each calendar quarter, i.e., on 1/st/ January, 1/st/ April, 1/st/ July and 1/st/ September of each year.

7.3 If the lease should begin at a date other than the first day of the quarter, the rent corresponding to the term in progress shall be calculated prorata temporis.

7.4 The Lessee shall be liable for paying all duties and state and local taxes (including any variation in rate) which may be due on said rent, charges and other payments specified by this lease.

It is specified that the Lessor has opted for his rents and services to be subject to value-added tax (VAT) pursuant to Article 260-2(degrees) of the French general tax code ("CGI").

Article 8 - INDEXATION CLAUSE (SLIDING SCALE CLAUSE)

8.1 Index

The parties agree to index the rent according to the variation of the national construction cost index published quarterly by INSEE [the national statistics agency], on the total of the rent of the previous year. The parties acknowledge that this index is in direct relation with the lease, and has no effect on the application of the provisions of Articles 26, 27 and 28 of the Decree dated 30 September 1953.

If, for any reason whatsoever, the index chosen above should stop being published, it would be replaced by the index that is officially substituted for it. If need be, "link" indices will be calculated by the parties. If there is no official substituting index, an index shall be chosen by joint agreement between the parties.

If the parties fail to agree on the choice of the new index to be adopted, they will accept the decision of an expert who shall be appointed by the parties or, if they fail to agree on that, by order of the President of the Tribunal de Grande Instance [lower court] with jurisdiction over the area in which the Building is located, ruling in urgent session at the request of the first party to make application. In any case, the expert will have all the powers of joint agent of the parties and in no way the powers of an arbitrator and his decision shall be final and without appeal. Each party shall be liable for a half share of the charges and fees relating to this application and to the order.

It is specified that this clause is a contractual indexation and it does not relate to the legal three-year review specified by Articles 26 and 27 of the Decree n(degrees) 53-960 dated 30 September 1953. The parties acknowledge that it complies with Article 10 of the Law n(degrees) 77-1457 dated 29 December 1977 and that it constitutes an essential and determining condition without which the Lessor would not have made the agreement.

8.2 Calculating the indexation

The rent shall automatically vary at the lease's anniversary date in proportion to the variations in the quarterly construction cost index published by INSEE.

For the first year of the lease, the index of the third quarter of 1999 (i.e., 1080) shall be compared to the index of the same quarter of the following year.

For later years, the comparison shall be between the index selected for the previous reassessment and the index of the same quarter of the following year.

The calculation of indexation shall hence be done according to the following formula:

$$L1 = \frac{L \times 11}{1}$$

in which:

L1 = is equal to the new rent

L = is equal to the current rent

I1 = is equal to the revised index

I = is equal to the base index

Once the revised index is published, the Lessor shall inform the Lessee of the total of the new rent and, if need be, a breakdown of the compensatory adjustment if the revised index is published late. The Lessee shall pay the Lessor any rent supplements within two calendar weeks from receipt of the breakdown of the compensatory adjustment.

Article 9 - SECURITY DEPOSIT

9.1 As a surety and guarantee of the performance by the Lessee of its obligations of any kind arising out of the present lease, Lessee shall pay to Lessor, at the signing hereof, an amount equal to three months rent before VAT, and excluding charges, as a security deposit, i.e., nine hundred and ninety-five thousand six hundred and twenty-five French francs (FRF 995,625).

OF WHICH RECEIPT IS GIVEN SUBJECT TO COLLECTION

9.2 This amount shall be increased or reduced at the same time as and in the same proportion as the rent, whenever the rent is amended, with the difference being paid starting with the first term amended.

9.3 This amount shall be retained by the Lessor for the entire term of the lease and shall be reimbursed to the Lessee at the end of the tenancy, after Lessee has moved out and handed in the keys, and after deduction of all amounts due to the Lessor for any reason whatsoever and for which Lessee may be held liable.

9.4 This amount shall not accrue interest. It is handed over to the Lessor as a pledge in the wording of Articles 2071 ff. of the civil code.

9.5 If the lease is terminated on the grounds of non-performance of these conditions or for any reason attributable to the Lessee, other than notice given for a date and in the conditions set down herein, and however much of the term of the lease remains, the security deposit will remain the property of the Lessor as legal damages with interest, but shall have no effect on past or future rents due and work for which the Lessee is liable.

Article 10 - PAYMENT OF CHARGES - VARIOUS SERVICES

10.1 Since for the Lessor the rent is considered to be net of all charges, the Lessee as of the effective date of the lease shall be liable for all the charges set down in the condominium rules (private charges, common charges, condominium charges, etc.) and all expenses, services, provisions relating to the Leased Premises, inclusive of the insurance premiums paid by the Lessor.

10.2 The Lessee shall pay a quarterly provision at the same time as the rent. If the lease should begin at a date other than the first day of the calendar quarter, the provision corresponding to the term in progress shall be calculated prorata temporis.

The amount thus paid shall be adjusted upwards or downwards on the 1/st/ of January of each year depending on the expenses actually incurred, and the Lessee may, if applicable, request reimbursement of any excess payment.

Article 11 - CONTRIBUTIONS - STATE AND LOCAL TAXES

11.1 The Lessee undertakes to pay all state and local taxes for which tenants are typically liable and in particular its personal and real-estate contributions, its rental taxes, its business tax and all state and local taxes for which the Lessor may be held liable.

11.2 The Lessee shall reimburse to the Lessor all current and future taxes, contributions and fees incumbent upon the Leased Premises for which the Lessor is the legally liable payer (and in particular the land tax and the annual office-space tax in the Paris region [Ile-de-France]), which are considered to be charges specified at Article 10 above.

Article 12 - LATE PAYMENT PENALTY

If any amount due by the Lessee pursuant to the present lease is not paid on time, interest shall automatically accrue on it at the official interest rate in effect at the due date plus three points, and it shall not be necessary to provide any official notification thereof, and this shall have no effect on the penalty clause specified below.

Article 13 - RESPONSIBILITIES AND CONDITIONS

This lease is made under the ordinary legal responsibilities and in particular under those specified below, that the Lessee undertakes to perform and complete strictly without being entitled to any compensation or abatement of the rent set below and on penalty of all court costs and legal damages and even on penalty of termination hereof, if the Lessor sees fit.

13.1 General conditions of tenancy

13.1.1 The Lessee shall accept the Leased Premises in the state in which they are as at the start date of the tenancy, and shall not be entitled to require the Lessor, either then or during the entire term hereof, to do any repair work, reconstruction, bracing, remodelling, installation or replacement which are or which may become necessary to the Leased Premises (including their plant and equipment and external buildings) whatever the cause, type and extent may be, and even if they are due to obsolescence.

Lessee waives the warranty of hidden defects arising out of Article 1721 of the civil code.

13.1.2 The Lessee undertakes to fulfil all obligations laid down by the municipality, the police and to comply with all health-related and other regulations.

13.1.3 The Lessee shall not erect outside the Leased Premises any display, storage or other installation of any kind. It shall not set down any object, equipment or merchandise outside the Leased Premises (or outside the Building) and it shall not park any vehicle outside same, except in the places specified for this purpose.

13.1.4 It shall at all times fulfil the provisions of the laws and regulations, of the orders of administrative authorities and those of the Assemblee Pleniere des Societes d'Assurances Dommages [damage insurance syndicate].

13.1.5 If dangerous appliances are used and/or dangerous products are stored, the Lessee shall personally and at its own risk and expense be liable for any necessary permit or for any claim emanating from neighbours or third parties, in particular for noises, flashes, heat, parasites, vibrations.

13.1.6 The Lessee shall be responsible for any damage caused to the Leased Premises and/or to the Building as a result of overloading the floorboards and lifts.

13.2 Work - Repairs

13.2.1 The Lessee shall at its own expense and risk and as it becomes necessary carry out any repair work (including repairs as defined in Article 606 of the civil code), reconstruction, bracing, remodelling and replacement which is or which may become necessary to the Leased Premises and to the plant and equipment, whatever the cause, type and extent may be, and even if they are due to obsolescence.

13.2.2 The Lessee shall not carry out within the Leased Premises any demolition, construction or installation, fitting, drilling through walls or modification of floor-plan, and generally it shall not make any modification whatsoever to the Leased Premises or to the plant and equipment, without first obtaining the Lessor's written consent.

13.2.3 As an exception to the foregoing the Lessee is explicitly authorised to perform fitting work as described in Appendix 3 hereinafter.

13.2.4 The Lessee shall be liable for the costs and fees of the Lessor's architect who shall have a supervisory role and/or the condominium's architect.

13.2.5 Lessee shall be solely responsible for all accidents and/or incidents which may occur as a result of the performance and existence of any building, installation and fitting work performed by it and any operations that such may produce. In particular, Lessee warrants the Lessor, if need be as a self-insurer, against any claims that may arise against it as a result of said accidents and/or incidents and their consequences.

13.2.6 The Lessee shall ensure that its workmen and employees shall not produce any damage. The Lessee shall be responsible for damage and losses which affect the Leased Premises or the Building and the plant and equipment.

13.2.7 The Lessee shall be liable, without compensation or abatement of the rent set above, for all work that the Lessor believes must be done within the Building (including their plant and equipment), whatever the cause, type or extent thereof, and the term and even if it exceeds forty days, it being hereby specified that the Lessor undertakes to apply its best efforts to reduce the inconvenience and the term of this work.

13.2.8 The Lessee shall also be liable for all work which may be carried out on the public roadway, or in the buildings neighbouring on that building that constitutes the Leased Premises, whatever disturbance may result therefrom for the carrying out of its business, or for gaining access to the Leased Premises, with the exception of any recourse against the authorities, the contractor for the work, the neighbouring owners, all the while leaving the Lessor harmless.

13.3 Work by the authorities

If the authorities, including public agencies, should at any time require modifications to the Leased Premises, in particular as regards the carrying out of the Lessee's business or for the use of the Leased Premises, based on current and future regulations, all costs and consequences arising therefrom shall be borne in full by the Lessee which commits thereto; even if these modifications and/or work are large-scaled repairs as defined by Article 606 of the civil code.

13.4 Powers of the Lessor

If the repairs and/or the work and/or the checks listed above are not carried out, the Lessor may, thirty days after a notice served by registered letter and remaining without effect, except in the case of an emergency duly established, substitute itself for the Lessee and have such work done at the expense of the Lessee by a contractor of its choice, and the Lessee undertakes to reimburse the cost thereof to the Lessor within two calendar weeks of a notice of account sent to it.

13.5 Furnishings

The Lessee undertakes to keep the Leased Premises constantly and normally furnished, so as to be in a position at any time to pay rents and accessories, and in performance of the clauses and responsibilities arising out of the lease.

13.6 Continuous operations

The Lessee undertakes to operate the Leased Premises in a permanent, effective and normal manner.

13.7 Condominium rules

The Lessee acknowledges that it possesses a copy of the Building's current condominium rules and undertakes to comply with all its provisions such that the Lessor shall not be sought or disturbed on this issue.

13.8 End of lease

At the expiration of the present lease either by conclusion of the agreed term or by termination for any reason whatsoever, at the departure of the Lessee, all constructions and plant and equipment, all fittings and generally all improvements performed by the Lessee as well as those - if any - imposed by legislative or regulatory provisions, shall become, with no compensation being due, since the rent was set as a consequence thereof, the property of the Lessor, unless Lessor required that the Leased Premises be returned, in whole or in part, to the condition in which they were at the time of the second condition report, at the sole expense of the Lessee.

Article 14 - SUB-LETTING - ASSIGNMENT

14.1 Sub-letting, etc.

14.1.1 The Lessee shall not provide to anyone in any way or form and even in the form of a loan or management contract, all or part of the Leased Premises.

14.1.2 As an exception to the foregoing, the Lessor authorises the Lessee to sub-let in whole or part of the Leased Premises, on condition that there are no more than two sub-tenants per floor and as long as the conditions of form of Article 21 of the Decree n(degrees)53-960 dated 30 September 1953 are fulfilled.

14.1.3 In the event of an explicitly authorised sub-letting, the sub-tenant shall be jointly and severally liable for the performance hereof.

14.1.4 As an exception to the foregoing, the Tenant is authorised to domicile any company in the Leased Premises.

14.2 Assignment

14.2.1 The Lessee shall not assign or contribute its right to the present lease except to the acquirer of its business assets, where the Lessor is obliged to agree, on penalty of the contract being annulled. However, the Lessee is authorised to assign this lease in favour of a company whose profits for each of the three years preceding the date of assignment are three times the amount of the current annual rent as at the day of assignment, as determined herein, or, if it is a company listed on a stock exchange, whose market value is higher than FRF 500,000,000 as at the day of assignment.

14.2.2 The Lessee shall remain joint and several guarantor with its assignee and all subsequent or successor assignees for the payment of past or future rents and charges due and for the performance of the conditions of the present lease, including all rental fees, etc., due, and the assignees are also jointly and severally liable.

14.2.3 In all circumstances the assignment shall be recorded either by official deed or a private deed, and its text submitted to the Lessor within one month of it being signed, at the Lessee's expense, failure so to do being subject to the penalty of automatic termination of the lease, if the Lessor sees fit.

14.2.4 Moreover, any management lease agreement must contain the commitment by the Lessee to stand as joint and several guarantor of the tenant manager for the performance of the lease for the entire term of the management lease; if such commitment is lacking, the present lease may be automatically terminated, if Lessor sees fit.

14.2.5 At any time, the Lessor shall be free to assign or contribute its rights and obligations under the present lease (and any renewals thereof) without it being necessary to undertake any specific formalities and in particular such formality as specified at Article 1690 of the civil code.

14.2.6 In the event that a sub-letting or an assignment is authorised or if the present lease is terminated, if the authorities invoke Article 725 para. 3 of the general tax code ["CGI"] (or any text that amends or replaces such) concerning the transfer of the premises covered by the sub-letting or the assignment or termination cited above, the Lessee shall be personally liable for any claims by the authorities in this regard and shall be fully liable for disputing it or paying any duties or taxes that may be due such that the Lessor shall not be sought or disturbed.

Article 15 - LIABILITY AND RECOURSE

The Lessee states that it waives all recourse for liability against the Lessor in the following circumstances:

a) In the event of theft or other misdemeanour of which the Lessee may be the victim within the Leased Premises, since the Lessor has no obligation to supervise the Building and the Leased Premises.

b) In the event of damage to furniture or goods that are located within the Leased Premises, consequent to leaks, seepage, humidity or other circumstances, since it is the Lessee's responsibility to protect against these risks, without recourse against the Lessor.

c) The Lessee further commits itself not to claim from the Lessor any compensation, by reduction of rent or charges:

- in the event of stoppage to the distribution of water, electricity or other fluids, and in the event of a cessation to the operation for any reason whatsoever of the Building's technical plant and equipment (air-conditioning, goods lift, passenger lift, etc.) consequent to upkeep, repair, replacement, lack of supplies, strike and all other reasons that are outside the control of the Lessor;

- in the event of damage caused to the Leased Premises and to the objects or goods located therein, consequent to leaks, seepage, humidity or other circumstances, since it is the Lessee's responsibility to protect against these risks, without recourse against the Lessor;

- in the event of actions that produce liability of the other tenants, of their staff, suppliers or customers;

- in the event of a change or modification made by anyone whatsoever, and in particular by the Lessor, to the common parts of the Building;

- and generally for any action based on Article 1719-3(degrees) of the civil code.

Article 16 - INSURANCE

The real and moveable property must be insured with insurance companies known to be solvent, in the following way:

16.1 Insurance taken out by the Lessor

The Lessor has taken out a policy guarantying the monetary consequences of the civil liability that the Lessor may incur as condominium partner.

The Lessee shall reimburse to the Lessor the premiums that Lessor has paid, and these are considered to be charges under Article 10 above.

16.2 Insurance taken out by the Lessee

16.2.1 The Lessee commits to insure, for the entire term of the lease, with an insurance company known to be solvent and authorised to insure within France, the risks listed below:

a) Physical damage affecting work and improvements (fittings and fixtures) performed by the Lessee during the term of the lease and all objects, equipment or other furniture belonging to the Lessee and furnishing the Leased Premises resulting from events such as fire, lightning, explosion, water damage, leaks from sprinklers, electrical damage, crashes of aircraft and flying machines, crashes of vehicles belonging to third parties, natural disasters, hurricanes, cyclones, tornadoes, storms, and hail on the roofs, smoke, revolts and popular uprisings.

b) Its civil liability that it may incur pursuant to Articles 1382, 1383 and 1384 of the civil code for all bodily injury and physical damage or loss of use occasioned to third parties and provoked directly or indirectly as a result of Lessee's activity, of the property mentioned in para. (a) above, and as a result of the activity of Lessee's agents or employees.

16.2.2 The Lessee commits to the following:

- not to contravene in any way any of the clauses of its insurance policy or policies that could entail termination thereof;
- to pay the premiums relating to its insurance policy or policies regularly on their due date;
- to give evidence at the Lessor's first request of the performance of the above clauses, by producing the insurance policy or policies and receipts for the premiums relating thereto;
- to inform the Lessor of any fact that makes it necessary to add a rider to the Lessor's insurance policies;
- to inform the Lessor of the occurrence of any loss, as soon as Lessee becomes aware thereof, and of any repair that Lessee is carrying out which may become necessary during the lease, subject to the penalty of remaining personally liable for the damages whose amount could not validly be claimed from the Lessor's insurance company, once such notification was not provided or was provided late.

. to state in its insurance policy or policies that termination thereof shall not become effective until two calendar weeks after notification to the Lessor by the Lessee's insurer.

. to delegate to the Lessor the benefit of its insurance policy or policies at Lessor's first request, so as to allow Lessor to exercise the privilege of the Lessor over the insurance pay-outs which would be paid in the event of loss. To this purpose, the Lessee undertakes to send a copy of the present Article to its insurers once the present lease is signed.

. to do all that is required so that its insurers get in contact with the Lessor's insurers to avoid any contradictions and incompatibilities between Lessee's and Lessor's insurance.

16.2.3 Unless the Lessee takes out and renews the polices or pays the premiums relating thereto set down above, the Lessor reserves the right to do so and claim reimbursement of the premiums thus advanced from the Lessee.

Article 17 - ADMITTANCE TO THE PREMISES

17.1 The Lessee undertakes to allow the Lessor or Lessor's agents, during working days, except in an emergency, free access to the Leased Premises and to technical access trapdoors which would allow it in particular to check the condition of the Leased Premises or of the plant and equipment.

17.2 Moreover, for the six months after notification to the Lessee by the Lessor of Lessor's intention to sell the Building or for the six months prior to the end of the Lessee's occupation for any reason whatsoever, the Lessee undertakes to allow the Lessor to show the premises to potential buyers or tenants, according to schedules and conditions set jointly in advance between the parties.

Article 18 - RETURN OF THE LEASED PREMISES

18.1 Before vacating, and prior to removing furniture and equipment even in part, the Lessee shall give evidence by presenting receipts of the payment of the contributions for which Lessee is liable, in particular the business tax, both for past years and for the current year.

18.2 Lessee must also return the Leased Premises in a perfect state of repair and in a perfect state of cleanliness by comparison with the second condition report referred to in Article 3.5 or, in the contrary situation, pay the Lessor the cost of the work required to repair them.

To this purpose, a jointly-approved condition report shall be drawn up in the presence of the Lessee, duly invited to attend, no later than one month before the expiration of the lease.

18.3 The Lessee shall within one calendar week as of being informed of the estimates drawn up by an engineer's workshop or by contractors approved by the Lessor, provide its consent concerning said estimates.

If the Lessee does not express its intention to perform the work itself, Lessee must agree to have the work performed without delay by qualified contractors approved by the Lessor.

The Lessor shall in all circumstances be entitled to request from the Lessee a daily compensation payment equal to double the last rent in application, inclusive of charges, for the term required for this repair work as of the expiration date of the lease.

Article 19 - SUPERVISION OF THE LEASED PREMISES

19.1 The Lessee shall personally be responsible for supervision and guarding of the Leased Premises and its equipment.

19.2 The Lessor does not warrant the Lessee from disturbance from third parties, other tenants, occupants, which may affect Lessee's enjoyment, in particular in the event of theft or burglary with or without breaking and entering. The Lessee shall personally be liable for any insurance in this connection, and this insurance must exclude any recourse, whether direct or indirect, against the Lessor and its insurers.

Article 20 - DESTRUCTION OF THE LEASED PREMISES

20.1 If the Leased Premises are destroyed totally by obsolescence, construction fault or materials fault, flooding, strike, acts of civil ware, uprising or any other cause outside the control of the Lessor, this lease shall be terminated automatically, with no compensation payable by either party unless the destruction can be attributed to the Lessee.

20.2 If at least 50% of the useful surface of the Leased Premises is destroyed partially by obsolescence, construction fault or materials fault, flooding, strike, acts of civil ware, uprising or any other cause outside the control of the Lessor, the Lessee may either (i) terminate this lease with no compensation payable by either party, or (ii) be granted an abatement of rent during the reconstruction by the Lessor of the premises at a proportional rate of the useful floor surface that was destroyed.

If the parties fail to reach agreement on the surface destroyed, this calculation shall be performed by an expert chosen by the parties and unless they appoint such an expert within 45 days following the date of the loss, this appointment shall be made at the request of the Lessor by the President of the Tribunal de Grande Instance [lower court] with jurisdiction over the area in which the Building is located, ruling in urgent session, the costs and fees arising therefrom being paid in equal parts by each party.

20.3 If the surface destroyed is less than 50% of the useful surface of the Leased Premises, the lease shall continue under the same terms and conditions and in particular in the same terms of rent.

20.4 In all circumstances, if the loss can be attributed to the Lessee, the lease shall continue under the same terms and conditions and in particular in the same terms of rent, with no affect as to the rights of the Lessor against the Lessee.

Article 21 - PENALTY CLAUSE

21.1 If a single rent payment and/or payment of accessory charges is not made at its contracted due date, and likewise in the event that the Lessee fails to perform one single clause, responsibility or condition of the present lease, said lease shall be terminated automatically, if the Lessor sees fit, without there being any need to formulate a request through the courts, one month after a simple order to pay or notice to perform containing a statement by the Lessor of its intention to take advantage of this clause, has remained without effect. The Lessee may then be evicted at a simple order in urgent session handed down by the President of the Tribunal de Grande Instance [lower court] who will state only that the penalty clause has taken effect, said order being constituting provision for payment by way of advance.

21.2 Any further offer to pay the arrears or to comply with the conditions of the lease shall not have any effect on the application of this clause.

21.3 As of the date of the termination of the lease, the Lessor shall immediately and automatically take back full possession of the Leased Premises.

Unless the Lessee vacates the Leased Premises, the Lessor shall automatically and without notice be eligible for payment of an occupation fee hereby set, for each day of delay, at double the current rent, calculated prorata temporis, this having no effect to any rights to legal damages in favour of the Lessor.

21.4 All court costs, legal fees and costs to do with measures of conservation or with discharge of legal notices, if such are necessary pursuant to the Law dated 17 March 1909, shall be payable by the Lessee, and shall be considered to be supplements and accessories of the rent.

Article 22 - TOLERANCES

22.1 This document may only be amended via a written explicit document in the form of a bilateral deed or exchange of mail.

22.2 It is formally agreed that any tolerance by the Lessor towards the clauses of the present lease, whatever the frequency with which they may occur and the term, shall not be considered to constitute a novation or to amend or rescind the clauses and conditions hereof, nor to produce any right whatsoever; the Lessor may always terminate same without notice.

Article 23 - INDIVISIBILITY OF THE LEASED PREMISES

By explicit agreement, the Leased Premises form an indivisible whole in the joint intent of the parties, to the exclusive benefit of the Lessor.

Article 24 - COSTS

Each party shall be liable for its own costs, duties and fees of the present document and all those which shall be the consequence thereof, with no exception nor reservation.

Article 25 - REGISTRATION OF THE LESSEE

The Lessee undertakes to register its principal establishment in France and to supply the Lessor with the details of this registration within six (6) months as of the signature hereof; failure to do so will cause this lease to become null and void, if the Lessor sees fit.

Article 26 - ELECTION OF LEGAL ADDRESS FOR SERVICE

For the performance hereof and of the consequences hereof, the parties state that their legal address for service is:

- - - for the Landlord at its registered office; and

- - - for the Lessee at the address of the Leased Premises (subject to the exception set forth in article 3.2)

Article 27 - JOINT AND SEVERAL WARRANTY BY CMGI INC

As an essential and determining condition without which the Lessor would not have made this agreement, the company CMGI Inc., a company registered under U.S. law, whose registered office is located at 100, Brickstone Square, Andover, Massachussetts 01810, U.S.A., will be jointly and severally liable for the performance of the present Lease by the Lessee, its subsidiary, which fact is explicitly and irrevocably accepted by the company CMGI Inc.according to the terms of a correspondence dated May 9, 2000, of which a copy is attached in Appendix 4.

Article 28 - SPECIAL STIPULATION - SIGN

The Lessor authorises the Lessee to place a sign on the condition that it complies with the applicable town planning provisions, the condominium rules and that Lessee obtain all the requisite permits therefor.

Installation of the sign shall be done and the risk of the Lessee.

The Lessor for its part undertakes to vote in favour of the placing of the Lessee's sign, in the condominium meeting, on condition that the Lessee's plan is reasonably justified.

The Lessee undertakes to dispose of the sign, at its sole expense, when it vacates.

Executed at Paris in two original copies, on May 9, 2000.

CMGI (UK) LIMITED

/s/ Illegible
- - ----------
THE LESSOR

_____
THE LESSEE

/s/ Andrew J. Hajducky III

Andrew J. Hajducky III

/s/ William Williams II

William Williams II

EXHIBIT 10.43

Translation
from German
July 17, 2000

LEASE AGREEMENT

by and between

CMGI (UK) Ltd.
Hasilwood House
60 Bishopsgate
GB London EC2N 4AG

- hereinafter referred to as "Tenant "-

and

DIFA
DEUTSCHE IMMOBILIEN FONDS AKTIENGESELLSCHAFT
Valentinskamp 20, 20354 Hamburg

- hereinafter referred to as "Landlord" -

Contract No.: 0182.3.
(Please state in all correspondence and payments)

Object: Chilehaus, Fischertwiete 2, 20095 Hamburg
(Office Space Euro)

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to the Lease Agreement
by and between
CMGI (UK) Ltd.
and
DIFA
DEUTSCHE IMMOBILIEN FONDS AKTIENGESELLSCHAFT

(S) 1
Premises

(1) The Landlord is the owner of the property in 20095 Hamburg, Fischertwiete 2 (Chilehaus) which is hereinafter also described as "Object".

(2) The Landlord leases to the Tenant the following areas ("Leased Areas") in the Object, hereinafter also described as "Premises", the location of which (with the exception of the pro-rata common areas) is shown in the plans attached hereto as

ATTACHMENT 1.

(2.1)	Office areas on the 2/nd/ floor including pro-rata common areas	appr. 1,103 m/2/
(2.2)	Filing areas on	appr. m/2/
(2.3)	Storage areas on	m/2/
(2.4)	Service Areas on	m/2/
(2.5)	Parking Lots in the underground garage	
	"Klosterwall"	10 lots
(2.6)	Outside parking lots lots	
(2.7)		
(2.8)		
(2.9)		

(3) The size of the above mentioned Leased Areas has been determined in accordance with the Definition of Areas, attached hereto as

ATTACHMENT 2.

This size is being checked. In case of deviations, the following paragraph shall apply.

(4) Any deviation from the Leased Areas, as stated in para. (2) above, from the actual situation in the Premises by up to 1.5 % of all Leased Areas, as stated in para. (2) above, does not substantiate a claim for rental adjustment, i. e. neither for the Landlord nor for the Tenant. In case of a deviation by more than 1.5 %, the rental shall be adjusted in accordance with the full deviation. Upon expiration of one year after hand-over of the Premises, neither the Landlord nor the Tenant may demand such adjustment of the rental.

(S) 2
Hand-Over of Premises and Purpose of Lease

(1) The Premises shall be handed over to the Tenant upon commencement of the lease. Upon hand-over, a joint hand-over protocol will be prepared showing any deficiencies and remaining work which the Landlord shall carry out forthwith. To the extent that the hand-over protocol does not contain any deficiencies/remaining work, the Tenant accepts the condition of the Premises as complying with the Agreement upon execution of the hand-over protocol, with the exception of hidden defects.

(2) Upon hand-over, the Tenant shall receive ten sets of keys to enter the Premises (but no keys for the doors within the Premises) and one code card per parking lot in the underground garage. Any additional keys or code cards required by the Tenant shall be made available to him without delay, at his costs.

(3) Firm signs in the central entrance area shall be designed and affixed in a uniform way. To the extent that the uniform design so permits, the Landlord shall consider requests from the Tenant. The same applies to guidance systems, if any. The costs of such uniform firm signs and a guidance system, if any, and the installation of same shall be borne by the Landlord. Any costs in connection with alterations and special requests shall be borne by the Tenant.

(4) For the duration of this Agreement, the Tenant wants to and shall operate an office for administration, distribution and technical support for the placement of new media in the internet in the Premises ("Purpose of the Lease"). Any change of the business/profession exercised in the Premises shall be subject to the prior written consent of the Landlord, which may only be refused for important cause. It shall be the sole sphere of responsibility of the Tenant to ensure that the Premises are economically suited for the Purpose of the Lease agreed upon herein.

(5) Pursuant to (S) 9 para. (2) UStG [Turnover Tax Law], the Landlord has opted for Value Added Tax for the Object. The Tenant shall exclusively utilise the Premises for turnovers which are subject to deduction of prior tax. If, contrary to the foregoing provision, the Tenant should carry out turnovers in the Premises excluding the deduction of prior tax, he shall so inform the Landlord forthwith. In such case, he shall be obligated to offset to the Landlord any disadvantage caused to the Landlord by the loss of the deduction of prior tax. Furthermore, the Tenant shall deliver to the Landlord, upon the latter's substantiated request, a written declaration to the effect that he utilises the Premises exclusively for turnovers which do not exclude the deduction of prior tax. To the extent that the Landlord has to furnish further proof in this

regard to the tax authorities, the Tenant shall be obligated to furnish the pertinent proof to the Landlord or to furnish same directly to the tax authorities, to the extent this is sufficient for the Landlord to comply with his obligations.

(6) Government requests and orders which are exclusively based on the general condition and/or location of the Object shall be complied with by the Landlord. To the extent that government orders or the obtaining/maintaining of government permits are caused by the personal or special operational conditions of the Tenant or the special conditions of his commercial business, the Tenant shall be exclusively responsible for any measures and costs connected therewith. In this regard the Tenant shall also comply with future government requests and orders concerning the utilisation of the Premises, at his costs, even if same should be directed against the Landlord.

(7) The Landlord shall be free to lease other areas in the Object to third parties who pursue the same or similar purposes as the Tenant. The Tenant shall not be granted any protection from competition.

(S) 3
Commencement and Duration of Lease

(1) The Lease Agreement shall commence ten weeks after grant of the building permit and signing by the last of the two parties ("Commencement of Lease"). If the Object has been fitted out earlier, the Landlord can request that handover is moved to an earlier date, not before August 31, 2000, however. In case the Tenant should refuse to accept the Premises which are in a condition complying with the Agreement, the obligation for payment of rental shall begin upon default of acceptance by the Tenant.

(2) In case the hand-over date, as stipulated in para. (1) above, is exceeded by more than one month, the Tenant may rescind the Agreement. Further claims of the Tenant shall be excluded, unless the Landlord had acted deliberately or with gross negligence.

(3) The Lease Agreement shall be entered into for a fixed period of five years, commencing as of the first day of the month following the commencement of the lease ("fixed lease period"). (Also read Sec. 20 paras 3.3 and 3.4).

(4) The Tenant may demand in writing no later than one year before expiration of the option lease period, to resume negotiations on the renewal of this Lease Agreement at rentals and rental conditions to be newly negotiated. The rental to be newly negotiated shall correspond to

the rental which can be obtained at the beginning of the last year of the option lease period at the location of the Object.

(5) Unless the parties hereto agree on a new rental and new conditions of a lease agreement up to ten months prior to the expiration of the option lease period by validly concluding a new lease agreement, this Lease Agreement shall be extended for an indefinite period of time, unless terminated at the latest nine months prior to the expiration of the option lease period by either party to the Agreement. If the Lease Agreement has been extended by an indefinite period of time, it may also be terminated with nine months' prior notice to the end of a month. The same applies if the Tenant has not demanded that negotiations on the renewal of this Lease Agreement be resumed pursuant to the foregoing para. (5) or has not exercised its option (cf. Sec. 20 para. 3.4).

(6) If the Tenant should continue to utilise the Premises upon expiration of the lease period, the Lease Agreement shall not be deemed extended. (S) 568 BGB [German Civil Code] shall not apply.

(7) In case of a complete destruction or the destruction of the major part of the Premises by an event for which the Landlord is not responsible (e. g. fire etc.), the Landlord shall have the discretion to decide whether or not to reconstruct the Premises. In case the Landlord should decide to reconstruct the Premises, the Tenant shall be bound by this Lease Agreement provided that the Premises are again made available to him within 12 (twelve) months after the event causing the destruction/damage. The obligation for payment of the rental shall, however, rest/be reduced for as long as the Tenant cannot utilise the Premises or can only use part of them in accordance with the Agreement.

(S) 4
Notice of Termination

(1) Any notice of termination of the Lease Agreement must be given in writing. As regards the timely notice of termination, the date of receipt of the letter of termination shall be decisive and not the date of mailing.

(2) The Landlord and the Tenant may terminate the Lease Agreement for cause without observing a notice period. Furthermore, the Landlord may terminate the Lease Agreement forthwith, if

(2.1) the Tenant is in default in meeting his payment obligations or a substantial part of the rental for two consecutive payment dates ((S) 554 para. (1) clause 1 BGB [German Civil Code], or

(2.2) the Tenant is in default in meeting his payment obligations for a period exceeding more than two payment dates in an amount equal to the rental for two months ((S) 554 para (1) clause 2 BGB [German Civil Code], or

(2.3) the Tenant has to give an affidavit pursuant to (S) 807 ZPO [German Code of Civil Procedure], has initiated out-of-court proceedings serving the settlement of debts or has suspended his payments, or

(2.5) the Tenant is in default with furnishing the security agreed upon and has not furnished such security within an additional period of two weeks.

(S) 5
Rental and Inflation Proofing

(1) The monthly rental is composed as follows:

1.1	1,103 m/2/ office space on the 2/nd/ upper floor including pro-rata common area at	18.50/m/2/	= (Euro)	20,405.50
1.2	- m/2/ filing areas on [ ] at (Euro)		= (Euro)	
1.3	- m/2/ storage areas on [ ] at (Euro)		= (Euro)	
1.4	- m/2/ service areas on [ ] at (Euro)		= (Euro)	
1.5	10 parking lots in the underground garage "Klosterwall" at (Euro)	100/lot	= (Euro)	1,000.00
1.6	outside parking lot at (Euro)		= (Euro)	
1.7	-		= (Euro)	
1.8	-		= (Euro)	
1.9	-		= (Euro)	
1.10	subtotal I		= (Euro)	21,405.50
1.11	1,100 advance for ancillary costs ((S) 7)	2.50/m/2/	= (Euro)	2,757.50
1.12	1,100 advance for heating costs ((S) 8)	0.50/m/2/	= (Euro)	551.50
1.13	1,100 lump-sum ((S) 9 para (3))	0.50/m/2/	= (Euro)	551.50
1.14	subtotal II		= (Euro)	25,266.00
1.15	plus statutory Value Added Tax (at present 16 %)		= (Euro)	4,042.56

1.16	total monthly rental	= (Euro) 29,308.56

See also (S) 20 para. (2).

(2) The obligation of the Tenant for payment of the rental agreed upon in para. (1) shall commence on the day of Commencement of the Lease. The same applies if, despite a timely information by the Landlord about the hand-over date, the Tenant fails to appear at the hand-over of the Premises or if the hand-over cannot take place because the security has not been furnished.

(3) In case the preconditions for the turnover option of the Landlord pursuant to (S) 9 para. (2) UstG [Turnover Tax Law] are not met because the Tenant does not utilise the Premises, in whole or in part, in accordance with the agreement reached in (S) 2 para. (5) of this Lease Agreement, the Landlord shall no longer be obligated to show the turnover tax separately. In such case, the previous gross rental (monthly rental without ancillary and heating costs but plus statutory turnover tax) shall be owed in future as (new) monthly rental without showing the turnover tax. In case it should only become known subsequently that the preconditions for the option are not met, the Landlord shall be entitled to correct the invoices issued so far in such a way that the contractual gross rental paid so far corresponds subsequently to the monthly rental (without Value Added Tax). This shall not affect any further claims of the Landlord pursuant to (S) 2 para. (5) of this Lease Agreement.

(4) The rental (exclusive ancillary and heating costs) and the lump-sum agreed upon in (S) 10 para. (3) of this Lease Agreement shall be subject to the following inflation proofing clause:

(4.1) The rental (exclusive ancillary and heating costs) and the lump-sum shall be adjusted effective as at the beginning of the 73/rd/ month after Commencement of the Lease (beginning of the 7/th/ year of the lease) in accordance with the change (i.e. including the last month of the 6/th/ year of the lease) of the price index for the cost of living of all private households in Germany (1995 = 100; all Germany) determined by the Federal Bureau of Statistics, as compared to the level in the first month of the 6/th/ year of the Lease ("first base month").

(4.2) Thereupon, the amounts mentioned in para. (4.1) shall be changed for each following year of the lease in accordance with the index change between the index level on which the last adjustment was based and the index level in the last month of the year of the lease which has expired, i.e. in each case effective as at the beginning of the first month of the new year of the lease.

(4.3) The foregoing adjustments shall be made automatically so that the amount adjusted to the index change is owed without special demand as of the beginning of each new year of the lease. For as long as the Tenant has not received a written new calculation from the Landlord, the effects of default in payment cannot occur.

(5) The contract parties jointly assume that the above mentioned inflation proofing clause shall be deemed to have been approved in accordance with (S) 4 para. (1) of the Regulation on Price Clauses of September 23, 1998 and does not constitute an inadequate disadvantage to either party hereto within the meaning of (S) 2 of the Regulation on Price Clauses. If (S) 4 para. (1) of the Regulation on Price Clauses should not apply and/or a required approval should not be granted, the parties hereto undertake to agree on a regulation which can be approved and which comes as close as possible, economically, to the inflation proofing clause agreed upon in the Lease Agreement.

(7) In case the index mentioned under para. 4.1 above should no longer be continued, should be replaced by another index or should be changed to another basis figure, the index mentioned under para. (4.1) above shall be replaced by the changed index. In all other respects the parties hereto are obligated to each other to also agree upon a provision in this respect which comes as close as possible to the economic effect of the provision agreed upon herewith.

(S) 6
Payment of Rental - Security

(1) The rental shall be payable monthly in advance no later than the third business day of the month, free of charge, to the Landlord to his account no. 00 1009 5960 with DG BANK Deutsche Genossenschaftsbank, Hamburg (bank sort code 200 600 00), by stating the tenant's code number. As regards payment in time, the crediting of the amount and not the mailing of same shall be decisive.

(2) In case of default of payment, the Parties shall be entitled to charge default interest pursuant to Sec. 288 (1) German Civil Code. This shall not affect the right of termination of the Landlord pursuant to (S) 4.

(3) The Tenant shall furnish a security by August 10, 2000 amounting to twelve times the monthly rental including advance for ancillary and heating costs as well as the statutory Value Added Tax, i. e. of

Euro 351,702.72
(= DM 687,897.00)
(in words: Euro three hundred fifty one thousand seven hundred two 72/100)
(= in words: German Marks six hundred eighty seven thousand eight hundred ninety seven)

subject to the provisions of

ATTACHMENT 4

in the form of a security by a German Major Bank.

In case the security as well as the security that shall be furnished pursuant to Sec. 20 para. 3.3 (b) should not be furnished in time, the Premises will not be handed over. The Tenant shall be responsible for any delays caused thereby; in this connection he shall not be released from his obligation to pay rental (cf. Sec. 20 para. 3.8).

Tenant shall be entitled to request that the above surety be exchanged against a surety which shall cover the remaining risk of the Landlord (e.g. concerning unpaid operational charges etc.), after the Tenant has duly returned the leased premises.

(4) In case of a sale of the Object, the Landlord shall be entitled and obligated to transfer to the purchaser the security.

(5) As regards the lien of the Landlord, the statutory provisions shall apply.

(S) 7
Ancillary Costs

(1) The advance for ancillary costs, as agreed upon in (S) 5 above, shall be paid for the ancillary costs described hereinafter. The Tenant shall pay a monthly advance on the ancillary costs listed hereinafter of

Euro 2,757
(= DM 5,392.22)
(in words: Euro two thousand seven hundred fifty-seven)
(= in words: German Marks five thousand three hundred ninety-two 22/100)

plus the statutory Value Added Tax.

(2) Ancillary costs within the meaning of this Lease Agreement shall be charges, contributions, fees and costs arising or accruing anew to the Landlord from the property/hereditary building right at the Object and/or the intended utilisation of the property, building or economic unit (the latter includes ancillary buildings, garages/underground garages, equipment and fit outs), in particular the costs

(2.1) for the entire current public charges, real estate tax, garbage removal, collection of usable material, chimney sweeping, sewage, water supply and drainage (including rain water/surface water) as well as the relevant measuring instruments together with their leasing and calibration;

(2.2) for road cleaning, removal of snow and ice/strewing, cleaning and maintenance of pavements, roads, parking lots, garages/underground garages including maintenance of the devices required as well as upkeeping and cleaning of all outside facilities and playgrounds, green and garden areas including the replacement and addition of plants and trees;

(2.3) for cleaning of the building including common areas, -rooms and -equipment, entrance halls, lifts, staircases as well as the other commonly utilised parts of the building, cleaning and upkeeping of outside glass and facade areas as well as vermin control;

(2.4) for the operation and lighting of common areas and -rooms as well as common outside facilities, entrance halls, lifts, staircases, parking lots, garages/underground garages and other commonly used parts of the building including replacement of used means of lighting as well as regular safety control;

(2.5) for the operation and maintenance of common technical equipment and facilities (in particular guidance systems in the building, passenger and freight elevators including emergency facilities in the lifts and leasing of same, elevators, fire warning systems, CO2 warning systems, sprinkler facilities, vents, flues, air-conditioning, ventilation systems, facade elevators, fuel separators, lifting and increase of pressure devices etc.) including all measuring instruments and the leasing and calibration of same as well as for the utilisation of general communication systems (high frequency cable etc.);

(2.6) for all risk insurance coverage of the property (including insurance against loss of rental), for all necessary third-party liability insurances as well as for the safety controls demanded under the insurance contracts;

(2.7) for housekeeper or for housekeeper services rendered by other parties as well as supervision services and doorkeeper;

(2.8) for other costs which can be apportioned as operating costs pursuant to Attachment 3 ad (S) 27 para. (1) of the II. Regulation Concerning Calculation/1/ in the version as valid at the time the costs arise

(3) Ancillary costs within the meaning of this Lease Agreement shall also include the costs for the property management. As regards these costs, a monthly lump-sum in the amount of 4 % (five per cent) of the rental (without advance for ancillary and heating costs, lump-sum pursuant to (S) 10 (3) and Value Added Tax) plus statutory Value Added Tax is agreed upon ("Lump-Sum Management Fee"). The Lump-Sum Management Fee in respect of which no further proof of costs is required shall also be owed if the Landlord manages the object himself.

(4) To the extent that ancillary costs within the meaning of para (2) arise anew or are increased in connection with a proper management, they may be apportioned by the Landlord to the Tenant as of the time they arise or are increased and adequate advance payments may be determined in this respect. To the extent that the Landlord does not have any up-to-date real estate tax assessments, the anticipated charges for real estate tax shall be calculated.

(5) To the extent that the above ancillary costs are apportioned among the tenants of the Object, the Landlord shall determine the allocation key and the allocation period in his discretion by safeguarding the principle of equal treatment of all tenants and by taking into account the applicable statutory provisions. In case of doubt, the accounting for these ancillary costs shall be made in the ratio of the respective Leased Areas of the Premises to the Leased Areas of the Object.

(6) Notwithstanding the foregoing provision, the Landlord shall be entitled to demand from the Tenant - to the extent this is possible from a technical point of view - the direct accounting of the various items of the ancillary costs (e.g. water consumption) from the respective supply company and/or to allocate the costs in accordance with the consumption of the tenants of the Object. The Tenant shall be obligated to always allow free access to the consumption meters and other measuring instruments.

/1/ Regulation on Calculations four Housing.

(7) The proper removal of refuse, that will not be picked up as house refuse (in particular special refuse and hazardous material as well as bulky refuse such as packaging etc.), shall be the responsibility of the Tenant. The Tenant shall also be responsible for properly storing such refuse temporarily until same has been disposed of. The Landlord shall, however, endeavour to assist in this respect to the extent possible under the local possibilities. Neither refuse containers nor garbage or usable material may be stored outside the areas identified by the Landlord for this purpose.

(8) With respect to the advance payments made by the Tenant, the Landlord shall render an accounting once annually. Any difference between the amount of the advance payments and the amount accounted for in favour of the Landlord/the Tenant shall be offset by the Tenant/Landlord within one month after receipt of the accounting. In case the Tenant should move out during the accounting period, the allocation shall be made with the next accounting, in case of doubt, in the ratio of the rental period to the accounting period. Any objections raised in connection with the correction upon expiration of one year after receipt of the accounting shall be excluded.

(9) If the accounting of the Landlord should show an increase or a reduction of the ancillary costs, the advance payments for the next following accounting period shall be increased and/or reduced adequately.

(S) 8
Heating Costs

(1) The advance payment for heating costs agreed upon in (S) 5 above is charged for the heating costs as described hereinafter. As advance payment for the heating costs stated hereinafter the Tenant shall pay monthly in advance

Euro 551,50
(= DM 1,080.94)
(in words: Euro five hundred fifty-one 50/100)
(= in words: German Marks one thousand eighty 94/100)

plus Value Added Tax.

(2) Heating costs within the meaning of this Lease Agreement shall - to the extent that the following costs arise for the Object - be in particular the costs for fuel and its supply, operating current, servicing, maintenance, supervision and upkeeping of heating-, fuel- and exhaust gas

facility, the regular examination of its readiness of operation and safe operation including setting by a specialist, cleaning of facilities and operating rooms, measuring in accordance with the German Law on Protection of Emissions, the leasing or any other kind of granting use of an equipment for measuring consumption as well as the costs for using an equipment for measuring consumption as well as the calibration of same including the costs for the calculation and allocation. In case of remote heating, the heating costs shall include in particular the entire costs of heating supply and the costs for the operation of the pertinent house facilities as well as the costs mentioned above.

(3) To the extent that the Landlord supplies the Premises with warm water, the costs of the warm water supply equipment shall be part of the heating costs. As regards remote warm water, para (2) 2/nd/ sentence shall apply accordingly.

(4) With regard to the advance payments, an accounting will be rendered annually taking into account the Regulation on Heating Costs. In case of remote warm water supply, the pro-rata consumption of the supply of heating used shall exclusively be determined in accordance with sub-measuring instruments calibrated in accordance with the statutory regulations. In all other respects the provisions of (S) 7 shall apply accordingly.

(S) 9
Breakdown of Heating and Technical Equipment as well as Supply

(1) In case of breakdown, Acts of God, government decisions or in case of any other impossibility to supply, in whole or in part, the heating of the Object and/or the operation of the technical equipment cannot be demanded. A local shortage of fuel shall also be deemed to constitute an Act of God. The Landlord shall be obligated to immediately take all necessary steps which can be expected of him to have the breakdown remedied. This shall not affect the right of the Tenant to reduce the rental in case of a breakdown of the heating of the Premises and/or the operation of the technical equipment if same is not of a temporary nature.

(2) The Landlord shall be obligated to operate the collective heating system if the weather conditions so require, but at least during the period from October 01 through April 30.

(S) 10
Maintenance and Use of the Object as well as the Premises

(1) The Landlord shall be responsible for maintaining the roof and structure of the Object (outside maintenance) and shall bear the costs incurred in connection therewith. "Roof" within the meaning of this provision shall mean the construction of the roof including roofing and the sheet-metal work pertaining thereto (gutters) including front- and side- as well as glass roofs as well as accesses and exits of the roof. "Structure" within the meaning of this provision shall mean load-bearing parts of the building (all foundations, load-bearing walls, supports, columns as well as floor ceilings), the facade together with facade casing and the chimney.

(2) Furthermore, the Landlord shall be responsible for

(2.1) the maintenance and repair of common areas, of common technical equipment and facilities outside the Premises and the replacement of broken outside panes;

(2.2) the remedy of damage to the building and/or the property caused by third parties, such as visitors or customers of the Tenant;

(2.3) the purchase (including depreciation for wear and tear) of devices for cleaning, removal of snow and ice and the upkeeping of the property and the building including garage/underground garage as well as the upkeeping and cleaning of all outside facilities, such as green and garden areas;

(2.4) the maintenance, upkeeping and repair of bell-, speaking- and door-opening systems.

(3) As lump-sum settlement of Landlord's costs in connection with the measures mentioned under para. (2) above, the Tenant shall pay a monthly amount of Euro 0.50 /m/2/ irrespective of the costs actually incurred to be adjusted in accordance with (S) 5 para. (4) plus the statutory Value Added Tax. This shall not affect any claims for reimbursement of the Landlord against the Tenant on the basis of legal or contractual liability provisions.

(4) Maintenance, upkeeping and repair within the Premises shall be the responsibility of the Tenant and shall be carried out by the latter at his cost. This shall include in particular maintenance, upkeeping and repair of electrical power-, lighting- and bell- systems, sanitary equipment, gas heating system etc., kitchen equipment, fittings, locks, windows (inside), blinds (inside and outside), partitions, air-conditioning equipment and ventilation equipment (to the extent same are located within the Premises). Lighting devices and means of lighting

within the Premises shall be replaced by the Tenant at his cost. The Tenant shall be responsible for the regular examination, maintenance and replacement of fire extinguishers within the Premises, even if supplied by the Landlord.

(5) Decoration work within the Premises shall be carried out by the Tenant in regular intervals.

(6) Prior to the installation or alteration of technical equipment which are suited to cause interferences or danger to third parties or the property or the building because of the effects caused by them (e. g. vibrations, noise, smell, oscillations, hazardous material, radiation, dust, gas, disturbance currents), the Tenant shall inform himself about the applicable regulations (including those of the employer's liability insurance) and standards and shall obtain the written consent from the Landlord by submitting such information. The Tenant shall have the right to obtain such consent provided that disadvantageous effects to third parties, the property and the building are excluded. In case such technical equipment should, however, cause interferences to third parties or disadvantages to the property or building, the Landlord may revoke the consent already granted and may demand the removal of such equipment. If such objects should cause damage to the property and/or the building, the Tenant shall reimburse same. The same applies to the installation of heavy apparatuses, machinery, safes etc. in the Premises with respect to the danger caused by them.

(7) To the extent that the Tenant uses hazardous material or hazardous processes within the meaning of (S) 3 a of the Law on Chemicals and/or (S) 4 of the Regulation on Hazardous Material, the Tenant shall be obligated to observe all applicable regulations concerning the handling of such hazardous material and processes and to release the Landlord from any risks and governmental claims connected therewith. The Landlord shall be entitled to demand the Tenant to enter into and maintain an adequate third-party liability coverage for the handling of such material and processes. Upon demand by the Landlord, the Tenant shall prove at any time the conclusion, scope of coverage and continued coverage. The Tenant shall reimburse any and all damage caused by any use of hazardous material and processes attributed to him (including their storage).

(8) Damage to the property and building shall be notified to the Landlord or a person instructed by him as soon as the Tenant has noticed same. In case of danger, the Tenant shall himself - to the extent possible - take the necessary steps.

(9) The Tenant shall be liable to the Landlord for any and all damage caused by a violation of the duty of care to which the Tenant is obligated, in particular for improper handling of the equipment, objects and material mentioned under paras. (6) and (7) above.

(10) The Tenant shall immediately remedy any damage for which he is responsible in co-ordination with the Landlord. In case he fails to do so despite a written warning in which an adequate deadline has been set, the Landlord may have the required work carried out at the cost of the Tenant. In case of danger, no written warning with a deadline is required any more.

(S) 11
Subletting

(1) The subletting of the Premises to third parties, in whole or in part, shall be subject to the prior written consent of the Landlord which the latter is only entitled to refuse for important cause. The subletting, in whole or in part, of the Premises to companies of whose capital the Tenant holds at least 10 %, however, shall be permitted upon conclusion of this Lease Agreement if this letting is not in breach of the non-competition-agreement that the Landlord has agreed with the tenant Regus Business Centre GmbH of which agreement the Tenant is aware.

The Landlord may revoke a consent granted for reasons in the person or behaviour of such third parties which, if in the person of the Tenant, would entitle the Landlord to terminate the Agreement with immediate effect. The refusal and the revocation of the Landlord's consent, as stipulated above, do not entitle the Tenant to terminate the Agreement in such cases.

(2) In case of subletting or other permission of use, whether approved by the Landlord or not, the Tenant shall assign his claims against the sub-tenant together with any liens to the Landlord upon execution of the Lease Agreement in order to secure all claims of the Landlord under this Lease Agreement; the Landlord will accept such assignment.

(3) In case of subletting or other permission of use, the Tenant shall be liable for any and all acts and omissions of the sub-tenant/user irrespective of his own fault as if this concerned his own behaviour.

(S) 12
Installations and Alterations by the Tenant as well as Advertising and Special Operating Facilities

(1) Installations and alterations in the Premises including affixing/changing of firmly installed fit outs shall be subject to the prior written consent of the Landlord to whom the Tenant shall submit suited plans in advance. The same shall apply to affixing/changing the customary advertising facilities, signs and other special operating facilities outside the Premises. The Landlord may only refuse his consent to such measures for cause and may revoke same under the same preconditions. He may make the consent to the fit outs outside the Premises dependent upon the payment of a utilisation fee. In addition, reference is made to (S) 10 paras. (6) through (10).

(2) The Tenant shall be responsible for obtaining and maintaining the government approvals required for the above mentioned measures and shall also bear any and all costs incurred in connection with the implementation of these measures. To the extent that technical equipment are subject to an acceptance and/or regular examination (e. g. by the TUV [Technical Supervisory Board], the Tenant shall have the acceptance and examination carried out at his own cost and shall prove the implementation of same and the results thereof to the Landlord. Upon termination of the Lease Agreement, the Tenant shall - at the option of the Landlord - restore the original condition or shall leave the installations and alterations and fit outs to the Landlord without compensation.

(S) 13
Improvements and Structural Alterations by the Landlord

(1) Provided that the Landlord has informed the Tenant in time, the Landlord may also carry out improvements and structural alterations serving the maintenance of the property, building, the economic unit, the aversion of imminent danger or the remedy of defects without Tenant's consent. The same applies to work and structural measures which are not necessary but expedient, in particular the modernisation (within the meaning of adapting the Object to the present standard of buildings) or a better utilisation or improvement (including construction of additional stories). These shall also include alterations which are carried out in connection with a new lease for some rooms and a new design of the Object.

(2) In carrying out the work, the Landlord shall take into account the interest of the Tenant. He shall inform the Tenant in time prior to the commencement of the work and the structural measures and shall introduce his plans for alterations and improvements to the Tenant. The

Tenant shall allow access to the rooms and areas in the Premises where such measures shall be carried out to the extent he can be expected to do so.

(4) The Tenant may reduce the rental or exercise a right of retention if work is involved which excludes or considerably impairs, in whole or in part, the utilisation of the Premises for the purpose agreed upon. (S) 541 b para. (2) BGB [German Civil Code] shall not apply. Claims for damages of the Tenant shall be limited, subject to the provision of (S) 14.

(5) The Tenant shall tolerate modernisation and improvement measures within the Premises if a date has been arranged in time, to the extent he can be expected to do so. Paras. (1) through (4) shall apply accordingly.

(6) To the extent that the necessity should arise on account of the measures described in para. (1) above, to make other leased areas available to the Tenant, the parties hereto shall reach a separate agreement in this respect in which the Landlord undertakes to bear the costs for relocation.

(7) The Landlord shall be entitled to let the outside facades and roofs of the Object to third parties for advertising purposes etc. safeguarding the justified interest of the Tenant.

(S) 14
Liability of Landlord - Interference by Third Parties

(1) Claims for damages by the Tenant, including such from pre-contractual obligations and unpermitted acts, may only be asserted to the extent that they are based on

(1.1) intention or gross negligence on the part of the Landlord or his assistants, or

(1.2) the negligent violation of an essential contractual obligation by the Landlord or his assistants, or

(1.3) the lack of a guaranteed quality of the Premises.

(2) The Landlord shall not be liable for interference of the utilisation of the Premises caused by third parties including other tenants of the Object. He shall, however, endeavour to have the interferences that are communicated to him remedied, taking thereby into account the interest of all tenants.

(3) Impairments of the utilisation of the Premises by other circumstances not caused by the Landlord (e. g. re-routing of traffic, raking up of the ground, road blockages, demonstrations, noise-, smell- and dust molestations as well as vibrations) shall only substantiate warranty claims of the Tenant if this involves a substantial impairment to the contractual utilisation of the Premises and the Landlord is not in a position to limit such impairments to an acceptable scope. Short-term impairments of the type mentioned above do not substantiate any warranty claims of the Tenant.

(4) Any and all exclusions from liability and limitations of liability contained in this Agreement shall also be valid in favour of Landlord's assistants.

(S) 15
Insurances

(1) The Landlord shall be entitled - such costs to be included in the ancillary costs pursuant to (S) 7 para. (2.6) - to buy all-risk-insurance for the building including loss of rental protection of the Landlord and to enter into third-party liability insurances in a scope adequate to the risks.

(2) The Tenant shall be obligated to immediately notify the Landlord in writing of any installations and alterations in or at the Premises increasing the value and in particular of any change in the evaluation of risk within the meaning of the conditions of fire and third party liability insurances. Any add on to the insurance premiums accruing in this respect shall also be borne by the Tenant.

(3) The insurance covering the objects moved into the Premises by the Tenant, including technical equipment and installations, against damage of all kinds shall be concluded by the Tenant. Furthermore, the Tenant shall enter into a burglary and housebreaking insurance and shall maintain same for the duration of the lease.

(S) 16
Access to Premises

The Landlord and persons instructed by him may enter the Premises during ordinary business hours with parties involved, experts or witnesses in order to exercise the statutory lien, to examine the structural condition of the Premises and the functioning and the safety of technical equipment in the Premises, in order to lease the Premises or sell same or in other similar cases. Unless in cases of danger, it is required to arrange a date in due time.

(S) 17
Termination of the Lease Agreement

(1) Until termination of the Lease Agreement, the Tenant shall remedy any damage caused by hazardous material and processes used in connection with the utilisation of the Premises shall carry out the required decoration work, and shall, if necessary, restore the original condition, pursuant to Sec. 12.2 above. At least one month prior to the termination of the Lease Agreement, a joint protocol shall be prepared showing any damage caused by the utilisation, the required decoration work (also to the floor covers) as well as the installations and alterations to be removed by the Tenant, advertising installations, and/or other fit outs.

(2) To the extent that the Premises were handed over to the Tenant upon Commencement of Lease in a renovated condition or the Landlord has reimbursed to the Tenant the renovation costs, the Tenant shall be obligated - in deviation from the regulation reached in para. (1) above - to completely renovate the Premises (with the exception of the pro-rata common areas). This obligation for renovation shall in each case comprise the renewal of wall papers and/or wall and ceiling coatings as well as carpets and similar floor cover, which are subject to wear and tear, in the same quality which existed upon hand over of the Premises. Wall to wall carpeting and other floor covers which are subject to wear and tear only need to be cleaned by experts if they are not older than five years. Colours and samples of carpets and wall papers/wall and ceiling coatings shall be co-ordinated with the Landlord. The Landlord shall be entitled to receive from the Tenant instead of the renovation a payment equal to the renovation costs by a specialist. In case the parties hereto cannot agree on the amount of the renovation costs, a decision in this respect shall be made by a specialist as arbitrator appointed by the local Chamber of Craftsmen. The costs for the arbitrator shall be borne by both parties equally.

(3) Upon termination of the Lease Agreement, the Tenant shall return the Premises in a properly vacated condition in accordance with the provisions of the Lease Agreement with all keys including all additional keys which the Tenant had made and all code cards at the date agreed upon with the Landlord. If the Tenant fails to do so despite a warning in which a further deadline is set, the Landlord shall be entitled to replace the relevant keys at the cost of the Tenant and to have keys and code cards newly made. Upon return of the Premises, the Landlord shall prepare a detailed protocol concerning the condition of the Premises. The Tenant shall personally co-operate in the preparation of the protocol and shall be represented by a person to whom he has granted a written power of attorney.

(4) In case the work to be carried out by the Tenant has not been carried out by the termination of the Lease Agreement, the rental plus ancillary costs shall be paid until the end of the month in which such work is completed. This shall not affect any further claims of the Landlord.

(5) In case the Tenant moves out earlier, the Landlord shall be entitled to also have other repair work and alterations at the Premises carried out which will not result in any claims for credit of rental etc. by the Tenant.

(S) 18
Sale of the Object

(1) The Landlord reserves the right to sell the Object. In such case, he shall cause the purchaser to assume any and all rights and obligations under this Lease Agreement at the date of acceptance of the Object. Subject to the foregoing, the Tenant waives his rights under (S) 571 para 2 BGB [German Civil Code] (liability of the Landlord selling the Premises with regard to the further fulfilment of the Lease Agreement by the Purchaser) upon execution of this Lease Agreement.

(2) In case of a sale of the Object, the Landlord shall be entitled to request the Tenant for a declaration of completeness and shall attach a list of the documents concerning the Lease Agreement. The Tenant shall then be obligated to inform the Landlord in writing within four weeks whether or not the list of the Landlord is complete and correct as regards the facts.

(S) 19
General Provisions

(1) Several natural or legal persons shall be jointly liable for all liabilities under this Lease Agreement.

(2) In case one or several provisions of this Lease Agreement should be or become invalid for whatever reason, this shall not affect the validity of the remaining provisions of the Lease Agreement. In such case, the parties shall endeavour to agree on a valid provision which comes as close as possible to the economic effect of the invalid provisions.

(3) Oral side agreements have not been reached. Amendments of and supplements to this Lease Agreement as well as any other declarations of will to be given by one party to the other party shall be made in writing in order to be effective.

(4) The parties hereto mutually agree to take at any time all acts and make all declarations required in order to meet the statutory requirement of written form, in particular in connection with the conclusion of Addenda, modifications and supplements and not to terminate the Lease Agreement until such time on the grounds that the statutory written form has not been complied with. The contract parties furthermore agree that any non-observance of the written form in deviation from (S) 125 2nd sentence BGB [German Civil Code] shall not affect the validity of the Agreement.

(S) 20
Additional Agreements

(1) deleted

(2) All Euro-amounts mentioned in this Lease Agreement may also be paid in the equivalent DM-amounts until December 31, 2001. The rental shown in Euro in (S) 5, corresponds to the following DM amounts.

1.1	1,103 m/2/ office space on the 2/nd/ upper floor including pro-rata common area at 36.18/m/2/	=	DM	39,906.54
1.2	m/2/ filing areas on[ ] at DM	=	DM	
1.3	m/2/ storage areas on [ ] at DM	=	DM	
1.4	m/2/ service areas on [ ] at DM	=	DM	
1.5	10 parking lots in the underground garage at DM 195.58/lot	=	DM	1,955.80
1.6	outside parking lot at DM	=	DM	
1.7	-	=	DM	
1.8	-	=	DM	
1.9	-	=	DM	
1.10	subtotal I	=	DM	41,862.34
1.11	1,103 advance for ancillary costs ((S) 7) 4.89/m/2/	=	DM	5,393.67
1.12	1,103 advance for heating costs ((S) 8) 0.98/m/2/	=	DM	1,080.94
1.13	1,103 lump-sum ((S) 9 para (3)) 0.98/m/2/	=	DM	1,080.94
1.14	sub-total II	=	DM	49,417.89
1.15	plus statutory Value Added Tax (at present 16 %)	=	DM	7,906.86
1.16	total monthly rental	=	DM	57,324.75

(3) In addition to the foregoing contractual provisions the Landlord and the Tenant conclude the special agreements following hereinafter which shall in any case have priority over the foregoing provisions of this Lease Agreement. In case of contradictions, gaps and ambiguities, this Agreement shall be interpreted in such a way that the purpose of the following special agreements is carried out to the extent possible and in all other respects in such a way as the

parties would have agreed upon in case of doubt had they realised and taken into account the contradiction, gap and ambiguity when entering into this Lease Agreement.

(3.1) deleted

(3.2) For the first four months after Commencement of Lease pursuant to Sec. 3 (1) and for the first four months of the second year of the lease, the Tenant does not have to pay any rental. This means that he is released from payment of the rental pursuant to Sec. 5 para. (1) 1.1 through 1.4. During this period, only the lump sum for ancillary-, heating-and repair costs shall be payable as well as the rental for the parking lots plus Value Added Tax. In case that the commencement of the lease is delayed by reasons for which the tenant is responsible, the tenant's objection to pay the complete rental as agreed in Sec. 5 para. (1) shall begin on December 1, 2000, in any case.

(3.3) Upon expiration of the third year of the lease, the Tenant shall be entitled to give extraordinary notice of termination of the Lease Agreement with 6 months' prior notice. In case the Tenant should exercise such special right of termination granted to him, as stated above, he shall reimburse to the Landlord, upon termination of the lease, all incentives granted to him and the refurbishment costs in proportion to the time of his lease, i. e.

(a) for the rental-free periods granted pursuant to above Section 3.2 four monthly rentals of the first year of the lease and another four rentals for the second year plus Value Added Tax shall be paid;

(b) the Tenant shall reimburse an amount of 40 % of the refurbishment costs which are expected to be about DM 572,000 plus Value Added Tax. Upon request, the Landlord shall furnish proof with respect to these costs.
In order to partly secure this amount of reimbursement, the Tenant shall furnish an additional bank guaranty by a German or European Major Bank by August 10, 2000 pursuant to Attachment 5 (also cf. Sec. 20 para. 3.8) in the amount of Euro 67,850 (DM 132,703). The Landlord is obligated to return the surety immediately after the end of the third year of the lease if the Tenant has not exercised its extraordinary right of termination pursuant to this para 3.3.

(3.4) The tenant is hereby given the option to extend this Lease Agreement, by unilateral statement, once by five years ("option period"). The tenant shall exercise the option at least twelve months before the end of the fixed lease period, by letter to the Landlord. If the option is ex-

ercised, either party (each for itself) is entitled to request the adaptation of the rental payable hereunder at the beginning of the option period to the market rental for space of similar size, location and landlord-provided improvements, at least six months before the end of the fixed lease term, in writing. If the parties cannot agree on such new rental within three months, an expert to be appointed by the Hamburg Chamber of Commerce - upon application of a party hereto - shall finally decide on the rental that shall be owed as of the commencement of the option period.

(3.5) The rental mentioned in (S) 5 shall be payable for the first year of the lease. In the years following thereafter the following graduated rental for the office areas has been agreed upon as monthly payments:

2/nd/ year of lease(Euro)	21,232.75	=	DM 41,527.65
3/rd/ year of lease(Euro)	22,060.00	=	DM 43,145.61
4/th/ year of lease(Euro)	22,887.25	=	DM 44,763.57
5/th/ year of lease(Euro)	23,714.50	=	DM 46,381.53

in each case plus parking, ancillary and heating costs plus lump sum maintenance costs pursuant to Sec. 10 (3) plus Value Added Tax.

(3.6) With regard to the parking lots leased in the underground garage "Klosterwall", a term for an indefinite period with a notice period of three months to the end of a calendar quarter has been agreed upon in deviation from the term of this Lease Agreement.

(3.7) The Landlord improves the leased object for the Tenant at Landlord's expense as agreed in the Description of Fit Out (Appendix 3) and the Ground Plan (Appendix 1) subject to any permit by the authorities that may be required. The shown furniture in the plans is only a suggestion but will not be supplied. The authorities have not yet approved the planned improvements of the Tenant. For this reason, demands by the authorities may require a modification of the planning. Claims of the tenant in case the required permit is refused do not exist. Demands by the authorities that cause higher costs of fit out shall be met by the Tenant, at his expense.

The Description of Fit Out only describes the fit out but does not make any assurance as to the quality of the Premises.

The Tenant is entitled to cancel this Agreement if the competent authority has not granted the building permit pursuant to Appendices 1 and 3 by July 31, 2000. The Tenant is also entitled

to cancel if the plans are approved with additional demands only which substantially impair or make more costly the utilisation of the premises, in the Tenant's opinion. In case that the permit is granted with additional demands, the Tenant is entitled to cancel the Agreement within one week after publication of the demands to him. After this period has lapsed, the right of cancellation is forfeited. In case the Tenant cancels this Agreement, the costs of the application for the building permit shall be borne equally by the Parties. After such cancellation, neither party shall have claims against the other.

(3.8) Instead of submitting a bank surety, the Tenant is entitled to provide the security pursuant to Sec. 6 (3) and the additional security pursuant to Sec. 20 (3.3 b) by opening and pledging to the Landlord a DIFA-investment account with DG Bank Deutsche Genossenschaftsbank, Hamburg. The Tenant agrees that, in case he exercises this choice, he will pay the amount into a trust account - the number of which will be given by the Landlord - with DG Bank Deutsche Genossenschaftsbank Hamburg (BLZ 200 600 00) and will pledge the account to the Landlord as security for all his claims under this Lease Agreement.

(4) ATTACHMENTS 1 through 5, following hereinafter, shall be an integral part to this Lease Agreement.

Hamburg, this __ day of _____

DIFA
DEUTSCHE IMMOBILIEN FONDS
AKTIENGESELLSCHAFT

/s/ Dr. Dieter Brunner
- - ----------
(Landlord)

/s/ Rudiger Wunscher
- - ----------

Boston, MA USA, this 22/nd/ day of September

CMGI (UK) LIMITED

/s/ Andrew J. Hajducky III

/s/ Thomas B. Rosedale

Assistant Secretary

EXHIBIT 10.64

AGREEMENT OF LIMITED PARTNERSHIP OF @VENTURES EXPANSION FUND, L.P.

February 25, 2000

AGREEMENT OF
LIMITED PARTNERSHIP OF
@VENTURES EXPANSION FUND, L.P.

TABLE OF CONTENTS

AGREEMENT OF
LIMITED PARTNERSHIP OF
@VENTURES EXPANSION FUND, L.P.

AGREEMENT OF LIMITED PARTNERSHIP dated as of February 25, 2000 (the "Agreement"), by and among @Ventures Expansion Partners, LLC (referred to as the "General Partner") and the undersigned limited partners (together with any other limited partner which may hereafter be admitted referred to as the "Limited Partners"). The General Partner and the Limited Partners are sometimes collectively referred to herein as the "Partners" and individually as a "Partner". Definitions of certain terms used in this Agreement are contained in Article I.

AGREEMENT

In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I.

DEFINITIONS

As used herein, the following terms have the following meanings:

@Ventures Expansion:

@Ventures Expansion Partners, LLC, a Delaware limited liability company.

Accredited Investor:

An investor which qualifies as an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

Act:

The Delaware Revised Uniform Limited Partnership Act, as amended from time to time.

Adjusted Capital Account Deficit:

With respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant fiscal year or other accounting period determined after (i) crediting to such Capital Account any amounts which such Partner is obligated to restore thereto hereunder or is deemed to be obligated to restore thereto pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Treasury Regulations and (ii) debiting to such Capital Account the items described in Sections

1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Treasury Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

Affiliates:
- - ----------

With respect to any person, any officer, director, employee or general partner of, or any person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, such person. The General Partner and its individual members shall all be deemed Affiliates of one another.

Assignee:
- - --------

As defined in Section 8.3.

Break-up Fee:
- - ------------

Any fee, reimbursement or other form of compensation payable by a third party as a result of the failure to consummate an investment.

Bridge Financing:
- - ----------------

As defined in Section 4.1.

Business Day:
- - ------------

Any day, excluding Saturday, Sunday and any other day on which commercial banks in Boston, Massachusetts are authorized or required by law not to be open for business.

Capital Account:
- - ---------------

As defined in Section 3.2.

Capital Commitment:
- - ------------------

As defined in Section 3.1.

Capital Contribution:
- - --------------------

As defined in Section 3.1.

Capital Contribution Allocable to Liquidated Portfolio Securities:
- - --

With respect to any Partner or class of Partners as of any time of determination, that portion of the Capital Contributions of such Partner or Partners equal to the cost basis of Portfolio Securities that have been liquidated or otherwise disposed of. Capital Contributions Allocable to Liquidated Portfolio Securities shall include (i) the unreimbursed cost to the Partnership of acquiring, holding and selling Portfolio Securities, (ii) any Deemed Portfolio Loss and (iii) that portion of the expenses of the Partnership described in Section 6.5.A(1) that is equal to the ratio of the cost basis of such liquidated Portfolio Security to the total Capital Commitments of the Partnership (provided, however, that in the case of the last investment by the Partnership in a Portfolio Security, any such expenses that have not previously been allocated shall be allocated in their entirety to such last investment for purposes of determining the Capital Contribution of the Partners allocable to such Portfolio Security). For the purposes of Section 5.2.B(1), Capital Contributions Allocable to Liquidated Portfolio Securities shall be reduced by any Deemed Portfolio Loss previously distributed with respect to that security pursuant to Section 5.2.B(1).

Capital Contribution Allocable to Portfolio Securities:
- - --

With respect to any Partner or class of Partners as of any time of determination, (i) that portion of the Capital Contributions of such Partner or Partners that have been invested in Portfolio Securities, including the unreimbursed cost to the Partnership of acquiring, holding and selling Portfolio Securities (to the extent not paid by break-up and other fees as provided in Sections 6.5.E and 6.5.F), and (ii) that portion of the expenses of the Partnership described in Section 6.5.A(1) that is equal to the ratio of the cost basis of Portfolio Securities to the total Capital Commitments of the Partnership (provided, however, that in the case of the last investment by the Partnership in a Portfolio Security, any such expenses that have not previously been allocated shall be allocated in their entirety to such last investment for purposes of determining the Capital Contribution of the Partners allocable to such Portfolio Security).

CMGI:
- - ----

CMGI, Inc., a Delaware corporation.

CMGI Funds:
- - ----------

CMG @Ventures I, LLC, CMG @Ventures II, LLC, CMG @Ventures III, LLC, @Ventures III, L.P., @Ventures Foreign Fund III, L.P., Expansion LLC, and any other corporation, partnership or limited liability company organized by CMGI in order to facilitate its co-investment obligation under Section 7.3 hereof.

Code:
- - ----

The Internal Revenue Code of 1986, as amended.

Co-investment Obligation:
- - ------------------------

As defined in Section 7.3.

Committed Investment:
- - --------------------

An investment in Portfolio Securities in which the Partnership had an obligation to invest as of the last day of the Commitment Period pursuant to either (i) a commitment to make an initial investment in a Portfolio Company or (ii) a commitment made at the time of the initial investment in a Portfolio Company.

Commitment Period:
- - -----------------

The period from the Initial Closing Date to four years from such date.

Continuity Mode:
- - ---------------

Status which the Limited Partners can impose upon the Partnership in the event of a Triggering Event as described in Section 6.4.

Deemed Portfolio Loss:
- - ---------------------

As defined in Section 5.2.D.

Defaulting Partner:
- - ------------------

As defined in Section 3.4.

Dissolution Sale:
- - ----------------

Sales and liquidations by or on behalf of the Partnership of all or substantially all of its assets in connection with or in contemplation of the winding up of the Partnership.

DOL Regulations:
- - ---------------

The United States Department of Labor Regulations as in effect from time to time.

Eighty Percent (80%) in Interest of the Limited Partners:
- - ---

At any time, those Limited Partners whose aggregate Percentage of Contributed Capital equals or exceeds eighty percent (80%).

ERISA:
- - -----

The Employee Retirement Income Security Act of 1974 as amended.

ERISA Affiliate:
- - ---------------

Any "plan sponsor" (within the meaning of Section 3(16)(B) of ERISA) with respect to an ERISA Partner, and any other persons that would be aggregated with any plan sponsor and treated as a single employer for purposes of Section 414 of the Code or Title I of ERISA.

ERISA Partner:
- - -------------

A Limited Partner that is either (a) an employee benefit plan as defined in Section 3(3) of ERISA which is subject to Title I of ERISA (after taking into account Section 4 of ERISA), or (b) a plan described in Section 4975(e)(1) of the Code (after taking into account Section 4975(g) of the Code).

Escrow Account:
- - --------------

As defined in Section 5.2.F.

Expansion Investors LLC:
- - -----------------------

@Ventures Expansion Investors LLC or any other entity or group of persons organized for the purpose of satisfying the Co-investment Obligation of the principals of CMGI and/or the Management Company or other persons rendering services to or for the benefit of the Partnership, as described in Section 7.3.

Expansion LLC:
- - -------------

CMG @Ventures Expansion LLC or any other entity organized by CMGI in order to satisfy its co-investment obligation described in Section 7.3.

Financial Institution:
- - ----------

A bank, savings institution, trust company, insurance company, pension or profit sharing trust, or similar entity which is a member of any group of such persons having assets of at least $100 million, or other entity (other than an individual) a substantial part of whose business consists of investing in, purchasing or selling the securities of others.

Follow-on Investment:
- - ----------

An investment, other than a Committed Investment, in Portfolio Securities of a Portfolio Company in which the Partnership holds, immediately prior thereto, Portfolio Securities.

Foreign Fund:
- - ----------

@Ventures Foreign Expansion Fund, L.P., a Delaware limited partnership, which will co-invest with the Partnership in the acquisition of certain Portfolio Securities.

General Partner:
- - ----------

@Ventures Expansion Partners, LLC or any successor general partner of the Partnership.

Incentive Distributions:
- - ----------

As defined in the last paragraph of Section 5.2.B.

Indemnitees:
- - ----------

As defined in Section 9.3.

Initial Closing Date:
- - ----------

The first date on which any Limited Partner, other than the Initial Limited Partner, is admitted to the Partnership.

Investment Company Act:
- - ----------

The Investment Company Act of 1940, as amended.

Investment Gain:
- - ---------------

For any fiscal year or other accounting period of the Partnership, the amount, if any, by which the Partnership's gross taxable income and gains with respect to interests in Portfolio Companies exceed the Partnership's gross taxable deductions and losses with respect to such interests in Portfolio Companies. The following amounts shall be included in determining Investment Gain: (i) any interest, dividend or similar distribution with respect to Portfolio Securities, and (ii) any and all payments arising out of the disposition of Portfolio Securities, including without limitation any option payment, lump sum payment, principal or interest paid or imputed under any promissory note, and any payment made pursuant to a royalty or earn-out arrangement or similar form of contingent payment. Calculations of Investment Gain shall be consistent with calculations made for federal income tax purposes, except that Investment Gain shall be determined (w) by taking into account unrealized gains and losses with respect to Portfolio Securities that are revalued pursuant to the penultimate sentence of Section 3.2 or distributed in kind hereunder, (x) with reference to the book value rather than the adjusted tax basis of any Portfolio Security that has been revalued pursuant to the penultimate sentence of Section 3.2, (y) without regard to any amounts that are specially allocated pursuant to Sections 5.8. and 5.9, and (z) without giving effect to any adjustments made pursuant to Sections 743 or 734 of the Code. Notwithstanding the foregoing, Investment Gain shall not include (i) interest or dividends received from, or gain received upon the disposition of, Temporary Bridge Financing or Permanent Bridge Financing, (ii) the amount of any fees paid to the Partnership pursuant to Section 6.5.E, and (iii) the amount of any fees paid to the Partnership pursuant to Section 6.5.F.

Investment Loss:
- - ---------------

For any fiscal year or other accounting period of the Partnership, the amount, if any, by which the Partnership's gross taxable deductions and losses with respect to interests in Portfolio Companies exceed the Partnership's gross taxable income and gains with respect to interests in Portfolio Companies. Calculations of Investment Loss shall be consistent with calculations made for federal income tax purposes and with the calculation of Investment Gain.

Investment Receipts:
- - -------------------

Amounts received by the Partnership with respect to (including payments and distributions on and proceeds of dispositions of) interests in and assets of Portfolio Companies, net of amounts necessary to pay all expenses, debts and obligations of the Partnership or to establish reserves therefor. Investment Receipts shall exclude (i) interest or dividends received from, or gain received upon the disposition of, Temporary or Permanent Bridge Financing, (ii) the amount of any fees paid to the Partnership pursuant to Section 6.5.E, and (iii) the amount of any fees paid to the Partnership pursuant to Section 6.5.F.

Liabilities:
- - -----------

As defined in Section 9.3.

Liquidated Portfolio Securities:
- - -------------------------------

Portfolio Securities that have been liquidated or otherwise disposed of.

Limited Partners:
- - ----------------

As defined in the recitals.

Majority in Interest of Limited Partners:
- - --

At any time, those Limited Partners whose aggregate Percentage of Contributed Capital exceeds fifty percent (50%).

Management Company:
- - ------------------

@Ventures Expansion Management, LLC, a Delaware limited liability company.

Management Contract:
- - -------------------

The management contract with the Management Company in the form attached hereto as Exhibit A.

Management Fee:
- - --------------

The management fee payable by the Partnership to the Management Company pursuant to the Management Contract.

Marketable Securities:
- - ---------------------

Securities (i) that are freely tradeable pursuant to a registration under the Securities Act of 1933, as amended, or an exemption therefrom, (ii) that immediately after giving effect to their distribution will not be subject to any contractual restriction on transfer, (iii) that will be traded on a national securities exchange or reported through the National Association of Securities Dealers Automated Quotation System, and (iv) that may be sold without regard to volume limitations.

Net Investment Gain:
- - ------------------

As of any time of determination, the amount, if any, by which the sum of the Investment Gains for all fiscal years and other accounting periods of the Partnership exceeds the sum of the Investment Losses for all fiscal years and other accounting periods of the Partnership.

Net Operating Income:
- - --------------------

As of any time of determination, the amount, if any, by which the sum of the Operating Income for all fiscal years and other accounting periods of the Partnership exceeds the sum of the Operating Losses for all fiscal years and other accounting periods of the Partnership.

Operating Income (Loss):
- - ----------------------

For any fiscal year or other accounting period of the Partnership the excess (deficiency) of all income and gains of the Partnership, from whatever source derived, over the losses and expenses borne by the Partnership (including the Management Fee), including any income, gain, losses or expenses relating to Temporary Bridge Financing or Permanent Bridge Financing but excluding Investment Gain (Loss) all as calculated for federal income tax purposes, except that Operating Income (Loss) shall be computed with the following adjustments: (i) income of the Partnership that is exempt from federal income tax and that is not otherwise taken into account in computing income or loss shall be added to Operating Income (Loss); (ii) expenditures of the Partnership that are neither deductible for Federal income tax purposes nor allowable as additions to the basis of Partnership property (or that are so treated pursuant to Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations) shall be subtracted from such taxable income or loss; and (iii) there shall not be taken into account any items that are specially allocated pursuant to Sections 5.8.A, 5.8.C, 5.8.D and 5.9.

Operating Receipts:
- - ------------------

All amounts received by the Partnership other than Investment Receipts, net of amounts necessary to pay all expenses, debts and obligations of the Partnership or to establish reserves therefor.

Partners:
- - --------

As defined in the recitals hereof.

Partnership:
- - -----------

@Ventures Expansion Fund, L.P., a Delaware limited partnership.

Percentage of Contributed Capital:
- - ---------------------------------

In the case of each Partner, except as provided in Sections 3.3 and 3.4, the Capital Contributions of such Partner divided by the sum of the Capital Contributions of all Partners.

Permanent Bridge Financing:
- - --------------------------

As defined in Section 4.3.

Portfolio Companies:
- - -------------------

Companies in which the Partnership makes investments in accordance with the provisions of this Agreement.

Portfolio Securities:
- - --------------------

Equity and equity-related securities of Portfolio Companies in which the Partnership invests in accordance with the provisions of this Agreement. Temporary Bridge Financing and Permanent Bridge Financing shall not be considered to be Portfolio Securities except for the purpose of calculating the amount of Investment Receipts to be distributed and allocated pursuant to Sections 5.2.B(2) and 5.7.B(4).

Prohibited Transaction:
- - ----------------------

A non-exempt prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code).

Removal Date Securities:
- - -----------------------

As defined in Section 8.5.

Securities Act:
- - --------------

The Securities Act of 1933, as amended.

Special Limited Partner:
- - -----------------------

As defined in Section 8.5.

Substitute Limited Partner:
- - -------------------------

As defined in Section 8.3.

Subscription Agreement:
- - ----------------------

Each of the several Subscription Agreements between the Partnership and the Limited Partners.

Target Allocation:
- - -----------------

With respect to any Partner as of the close of any fiscal year or other accounting period of the Partnership for which an allocation of Investment Loss is to be made pursuant to Section 5.7.C(1), the amount of Net Investment Gain that would then be allocated to such Partner if (i) the Net Investment Gain for all periods through the close of such fiscal year or other period were equal to the Net Investment Gain as of the close of the immediately preceding fiscal year or other accounting period of the Partnership less the amount of Investment Loss to be then allocated pursuant to Section 5.7.C(1) and (ii) the Net Investment Gain as then calculated pursuant to clause (i) were then allocated to the Partners pursuant to Sections 5.7.B(3), 5.7.B(4) and 5.7.B(5) as if there had been no prior allocations of Investment Gain or Investment Loss.

Tax Exempt Partner:
- - ------------------

Any individual retirement account or trust formed as part of a Keogh or corporate pension or profit-sharing plan qualified under Section 401(a) of the Code, any organization described in Section 501(c) of the Code and any governmental entity tax-exempt under Section 115 of the Code, or any entity which has ninety percent (90%) or more of its equity interests owned by one or more entities of the type referred to above.

Temporary Bridge Financing:
- - --------------------------

Bridge Financing that has not been converted into Permanent Bridge Financing pursuant to Section 4.3.

Temporary Investments:
- - ---------------------

(i) Investments in direct obligations of the United States of America, or obligations of any instrumentality or agency thereof payment of principal and interest of which is unconditionally guaranteed by the United States of America, all of such obligations having a final maturity not more than one year from the date of issue thereof;

(ii) Investments in certificates of deposit or repurchase agreements having a final maturity not more than one year from the date of acquisition thereof issued by any bank or trust company organized under the laws of the United States of America or any state thereof having capital and surplus of at least $100 million;

(iii) Investments in money market funds, provided that such funds invest primarily in government securities described in subparagraph (i) or in municipal obligations that receive a rating of AAA or AA, or Aaa or Aa from a nationally recognized financial rating service such as Standard & Poor's Corporation or Moody's Investors Service, Inc., respectively;

(iv) Investments in interest-bearing accounts of Financial Institutions; and

(v) Commercial paper payable on demand or having a final maturity not more than one year from the date of acquisition thereof which has the highest credit rating by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

Treasury Rate:
- - -------------

An interest rate calculated quarterly at the average of the ninety (90) day United States Treasury Bill weekly auction rates for the preceding quarter.

Treasury Regulations:
- - --------------------

Income Tax Regulations promulgated from time to time under the Code. References to specific sections of the Treasury Regulations shall be to such sections as amended, supplemented or superseded by Treasury Regulations currently in effect.

Triggering Event:
- - ----------------

As defined in Section 6.4.

Two-Thirds in Interest of the Limited Partners:
- - --

Those Limited Partners whose aggregate Percentage of Contributed Capital equals or exceeds sixty-six and two-thirds percent (66_%).

UBTI:
- - ----

Unrelated business taxable income as defined in Section 512 of the Code and including unrelated debt-financed income as defined in Section 514 of the Code.

Venture Capital Operating Company:
- - --------------------------------

A venture capital operating company as defined in the United States Department of Labor regulation published at Section 2510.3-101 of Title 29 of the Code of Federal Regulations or corresponding provisions of subsequent laws or regulations.

II.

FORMATION

Section 2.1 Purpose.

Pursuant to the Act, the Partners hereby agree to form the Partnership as a limited partnership for the principal purpose of making equity and equity-related investments in Portfolio Companies, managing, supervising and disposing of such investments, receiving the profits and losses therefrom, and engaging in activities necessarily incidental or ancillary thereto. The Partnership will invest solely in companies in which @Ventures III, L.P., @Ventures Foreign Fund III, L.P., CMG @Ventures III LLC and Expansion Investors LLC have previously invested.

Section 2.2 Name.

The name of the Partnership will be "@VENTURES EXPANSION FUND, L.P." or such other name or names as the General Partner may from time to time designate.

Section 2.3 Principal Place of Business.

The principal office of the Partnership will be located at 100 Brickstone Square, Andover, Massachusetts 01810, or such other location in the United States as the General Partner may from time to time determine. The General Partner shall give prompt notice of any change in the principal office of the Partnership to each Limited Partner.

Section 2.4 Registered Agent.

The initial address of the Partnership's registered office in Delaware is 1209 Orange Street, Wilmington, County of New Castle, and its initial registered agent at such address for service of process is CT Corporation.

Section 2.5 Term.

The Partnership shall continue in full force and effect until July 31, 2006, unless extended or until earlier terminated pursuant to Section 11.1.

III.

CAPITAL CONTRIBUTIONS; PARTNERS' ACCOUNTS

Section 3.1 Capital Commitments and Contributions.

Subject to the provisions of Sections 3.3 and 3.4, each Partner hereby commits and agrees to make cash contributions to the capital of the Partnership in the amount set forth opposite its name on Schedule 1 attached hereto. The amount of such commitment, reduced by any portion of the commitment which is released pursuant to Section 3.3 and increased or decreased by any amount pursuant to Section 3.4, is referred to herein as a "Capital Commitment". With respect to each Partner, the amount of capital contributed pursuant to such Capital Commitment and, after the end of the Commitment Period, amounts proportional to the Partner's Percentage of Contributed Capital that are reserved from Operating Receipts or Investment Receipts and invested in Follow-on Investments or Committed Investments, are referred to as "Capital Contributions". On any date when a Limited Partner makes a Capital Contribution to the Partnership, the General Partner shall contribute to the capital of the Partnership cash in such amount as is sufficient to cause the General Partner's Capital Contribution to equal one percent (1%) of the aggregate Capital Contributions of all Partners. Except as set forth in the Subscription Agreement, five percent (5%) of each Partner's Capital Commitment shall be paid in upon admission to the Partnership. The General Partner shall call for payment of the balance of each Partner's Capital Commitment as needed to fund the Partnership's investments in Portfolio Companies and other permitted uses under this Agreement; provided, however, that no call may be made at any time subsequent to the Commitment Period except to the extent necessary to (i) provide for the expenses of the Partnership including the Management Fee, (ii) make Committed Investments pursuant to Section 6.2.M or (iii) make Follow-on Investments pursuant to Section 6.2.L. All such calls shall be made in writing to all Partners pro rata in proportion to their respective Capital Commitments and shall specify the intended use of such called capital, including in the case of a capital call to invest in a Portfolio Company the name of the Portfolio Company. Such calls shall be made at least ten (10) Business Days before the date on which the installment payable in response to that call is due. The Capital Contributions of a Partner shall not in any case exceed the Capital Commitment of such Partner. No Capital Contribution returned to a Partner, other than a Capital Contribution that is allocable to a Temporary Bridge Financing which has been sold, refinanced or otherwise disposed of, shall be callable by the General Partner pursuant to this Section 3.1 again.

Section 3.2 Capital Accounts.

The Partnership shall establish and maintain a Capital Account for each Partner. A Partner's Capital Account shall be (i) increased by (a) the amount of such Partner's Capital Contributions, (b) such Partner's allocations of Operating Income and Investment Gain pursuant to Sections 5.7.A and 5.7.B, and (c) items of income or gain specially allocated to such Partner pursuant to Section 5.8 or 5.9, (ii) decreased by (x) the amount of money and the fair market value of any property distributed to such Partner by the Partnership, (y) such Partner's allocations of Operating Loss and Investment Loss pursuant to Sections 5.7.A and 5.7.C and (z) items of loss, deduction or expenditure specially allocated to such Partner pursuant to Section 5.8 or 5.9, and (iii) adjusted to reflect any liabilities that are assumed by such Partner or the Partnership or that are secured by property contributed by or distributed to such Partner, all in accordance with Sections 1.704-1(b)(2)(iv) and 1.704-2 of the Treasury Regulations. Except as otherwise provided in the Treasury Regulations, a transferee of an interest in the Partnership shall succeed to the Capital Account of its transferor to the extent allocable to the transferred interest. Notwithstanding any provision of this Agreement other than Section 5.4, the General Partner shall revalue Partnership properties, and make corresponding adjustments to the Partners' Capital Accounts, as prescribed by Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations in connection with any contribution to or distribution by the Partnership of more than a de minimis
-- -------
amount of money or other property in exchange for an interest in the Partnership unless the General Partner reasonably determines that such revaluations and adjustments are not necessary to reflect the economic interests of the Partners in the Partnership. In addition, the book values of Partnership properties shall be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax bases of such properties pursuant to Section 734(b) or Section 743(b) of the Code to the extent that such basis adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and have not been reflected in adjustments to the book values of such properties pursuant to the preceding sentence of this Section 3.2.

Section 3.3 Review or Modification of Capital Commitments.

Each Partner acknowledges that it is currently lawful for it to invest in the Partnership. Notwithstanding this acknowledgment and the provisions of Sections 3.1 and 3.4, no Partner shall be obligated to make any contribution of its Capital Commitment if at the time such contribution is due (i) such Partner is substantially likely to be prohibited from making investments in the Partnership under any applicable federal or state law or regulations thereunder then in effect, including ERISA, or is substantially likely to subject itself or an ERISA Affiliate to a tax for a Prohibited Transaction, (ii) if such Partner is a Tax Exempt Partner, the proposed investment in a Portfolio Company would result in such Partner having UBTI, or (iii) if such Partner is a bank holding company, it has a significant, pre-existing and continuing relationship with a Portfolio Company in which the Partnership has proposed to invest (in each case, a "Modification Event"). Prior to making an investment in a Portfolio Company which would result in a Partner having UBTI, the General Partner will advise the Partners in writing as to the investment and the circumstances giving rise to UBTI. In the case of a Modification Event, the affected Partner shall advise the General Partner of the specific terms of the Modification Event within five (5) Business Days of receiving the call notice pursuant to Section 3.1. The General Partner shall promptly notify all other Partners of the alleged Modification Event. Unless (x) in the case of a Modification Event set forth in clauses (i) or (ii) above, the Partner asserting such Modification Event shall, at the request of the General Partner, have delivered to the General Partner an opinion from counsel reasonably satisfactory to the General Partner confirming the existence of such Modification Event or (y) in the case of a Modification Event set forth in clause (iii) above, the affected Partner shall have provided the General Partner with such information and material, including, at the request of the General Partner an opinion of counsel reasonably satisfactory to the General Partner confirming, in the sole discretion of the General Partner, the existence of such Modification Event, the General Partner may, as of the date on which the contribution at issue was due and upon fifteen (15) days notice to the affected Partner, reduce the Capital Account and percentage of Contributed Capital of such Partner by one fourth and correspondingly increase the Capital Account and Percentage of Contributed Capital of each other Partner in a manner similar to that provided in Section 3.4.B; provided, that the Partner asserting the prohibition shall not be deemed a Defaulting Partner, as defined in Section 3.4, for purposes of the provisions thereof. Such reduction shall be the exclusive remedy against a Limited Partner which fails to make a contribution of its Capital Commitment because of such an alleged prohibition or Prohibited Transaction. The Partner who asserted the prohibition or Prohibited Transaction may sue the Partnership to recover the amount of reduction to its Capital Account and Percentage of Contributed Capital made in accordance with this Section 3.3; provided, that the amount of its recovery shall be limited to the amount of such reduction and the reasonable costs and expenses (including reasonable fees of attorneys) incurred in bringing such suit. However, if a Partner loses such a suit brought against the Partnership, and the applicable period in which the decision in such suit can be appealed has passed, such Partner shall reimburse the Partnership for the reasonable costs and expenses (including reasonable fees of attorneys) incurred by the Partnership in defending such suit or any prior unsuccessful suit brought against the Partnership alleging the same cause of action; provided, however, that such Partner shall not be required to reimburse the Partnership for expenses of any prior unsuccessful suit with respect to which the Partnership has previously been reimbursed by a Partner pursuant to this Section 3.3.

Notwithstanding the provisions of this Agreement, the General Partner may refuse to permit a Limited Partner to participate in an investment in a Portfolio Company if, in the sole discretion of the General Partner, such Limited Partner's participation would impair the ability of the Partnership or the General Partner or make it impractical or inadvisable as a result of regulatory or competitive considerations or otherwise to consummate or to maintain the investment in the Portfolio Company. In this event, at the time of providing call notices to the Limited Partners, the General Partner shall notify the affected Limited Partner of its non-participation in the proposed investment and give such Partner such information and material as the General Partner determines is sufficient to warrant the non-participation of such Partner in the investment. The decision of the General Partner to refuse a Limited Partner the opportunity to participate in an investment shall be in the sole discretion of the General Partner.

Section 3.4 Default in Capital Commitment.

Except as provided in Section 3.3, in the event a Partner fails to fund its Capital Commitment as required under Section 3.1 in a timely manner, and such failure continues for ten (10) Business Days after written notice of such failure from the General Partner (or for such longer period (not to exceed twenty (20) business days) as the General Partner may in its sole discretion permit under extraordinary circumstances), then such Partner which failed to make payment shall be a Defaulting Partner, and the following provisions of this Section 3.4 shall apply:

A. Whenever the vote, consent or decision of the Partners is required or permitted pursuant to this Agreement, any Defaulting Partner shall not be entitled to participate in such vote or consent, or to make such decision, and such vote, consent or decision shall be made as if such Defaulting Partner were not a Partner. Notwithstanding this prohibition, any such vote, consent or decision shall be binding upon such Defaulting Partner.

B. The Defaulting Partner shall not be required to make any further Capital Contributions to the Partnership and shall be released from that portion of a Defaulting Partner's unfunded Capital Commitment (provided that such Defaulting Partner shall remain fully liable to the creditors of the Partnership to the extent of the installment of the Capital Commitment with respect to which the default occurred). Thereafter, the Defaulting Partner's Percentage of Contributed Capital in all investments made by the Partnership in Portfolio Companies after the date of default shall be zero, and the Percentages of Contributed Capital of the remaining Partners shall be adjusted accordingly.

C. Except as set forth in this Section 3.4.C, the Defaulting Partner shall not be entitled to receive any distribution of Operating Receipts or Investment Receipts until the termination of the Partnership. The General Partner shall establish a separate escrow account with a Financial Institution into which will be deposited all of the distributions of Operating Receipts and Investment Receipts that the Defaulting Partner would otherwise be entitled to receive. Upon the liquidation of the Partnership, the Defaulting Partner will be entitled to receive

from the separate escrow account an amount equal to the lesser of (i) seventy-five percent (75%) of the distributions it was otherwise entitled to receive with respect to investments in Portfolio Companies that were consummated prior to the date of the Defaulting Partner's default (without the addition of interest that accrued on the amounts held in the separate escrow account), and (ii) its aggregate Capital Contributions to the Partnership reduced by all distributions made to the Defaulting Partner prior to the date of default. Any amounts remaining in the separate escrow account, including all interest earned on such amounts, shall thereafter be distributed to the General Partner to compensate the General Partner for any damages incurred as a result of the default and then to the non-defaulting Limited Partners in proportion to their respective Percentages of Contributed Capital recalculated as if the Defaulting Partner were not a Partner of the Partnership. The Defaulting Partner shall be allocated Operating Income and Loss and Investment Gain and Loss only with respect to investments in Portfolio Companies that were consummated prior to the date of the Defaulting Partner's default.

D. The provisions of Sections 3.4.B and C shall not apply more than once to any Defaulting Partner.

E. No Defaulting Partner shall be entitled to assign its interest in the Partnership in accordance with Section 8.3 without the consent of the General Partner, which it may withhold in its sole discretion.

F. No right, power or remedy available to the General Partner in this Section 3.4 shall be exclusive, and each such right, power or remedy shall be cumulative and in addition to any other right, power or remedy available at law or in equity. No course of dealing between the General Partner and any Defaulting Partner, and no delay in exercising any right, power or remedy shall operate as a waiver or otherwise prejudice the exercise of such right, power or remedy.

IV.

BRIDGE FINANCING

Section 4.1 Extension of Bridge Financing.

Solely in order to facilitate the making of investments in Portfolio Securities as expeditiously as practicable with the most favorable pricing reasonably available, the Partnership may from time to time provide interim financing ("Bridge Financing") to one or more Portfolio Companies until permanent financing is arranged. All such Bridge Financing shall be designated as such by the General Partner at the time it is first provided. All Bridge Financing will be senior to the permanent investment of the Partnership in such Portfolio Company, and bear interest or carry other compensation at rates not less favorable to the Partnership than those available from an unaffiliated Financial Institution. The General Partner will use its best efforts to cause Bridge Financing to be converted into Portfolio Securities, and if not so converted, to be sold or refinanced as promptly as practicable, and in any event will use its best efforts to cause such conversion, sale or refinancing to occur within one year after such Bridge Financing is first provided by the Partnership. Bridge Financing may be provided to any single Portfolio Company only to the extent that the sum of the Partnership's investment in such Portfolio Company, including Portfolio Securities, Bridge Financings and the amount of any guarantees, shall not exceed the lesser of (i) thirty-five percent (35%) of the Partnership's aggregate Capital Commitments, or (ii) the remaining unfunded Commitments as of the date of such Bridge Financing.

Section 4.2 Funding of Bridge Financing.

The Partnership may fund Bridge Financing by borrowing pursuant to Section 6.2.Q from one or more Financial Institutions, by calling upon the Partners' Capital Commitments, or by guarantying indebtedness incurred by the Portfolio Company, in each case solely in order to facilitate the making of investments in Portfolio Securities as expeditiously as practicable with the most favorable pricing reasonably available. The proceeds of the sale, refinancing or other disposition of Temporary Bridge Financing which has been funded by the call of Capital Commitments shall, to the extent of the Partners' Capital Contributions allocable thereto, be returned to the Partners in proportion to such Partners' Capital Contributions allocable to such investment within five (5) days after the receipt thereof by the Partnership. The Partners' Capital Commitments remaining to be called shall thereafter include that portion of such allocable Capital Contributions returned.

Section 4.3 Permanent Bridge Financing.

If and to the extent that Temporary Bridge Financing is not converted into Portfolio Securities or sold or refinanced within one year after it is provided, it promptly shall be converted as of the end of such one year period into financing ("Permanent Bridge Financing") on terms and

in proportions not less favorable to the Partnership, than those most recently offered by the Partnership to prospective investors during the period that the financing remained outstanding pursuant to Temporary Bridge Financing. If the Temporary Bridge Financing was funded through borrowings by a Portfolio Company guaranteed by the Partnership, the Partnership shall purchase its portion of the Permanent Bridge Financing as if it were a permanent investment in a Portfolio Company.

V.

DISTRIBUTIONS; WITHHOLDING; VALUATION; ALLOCATIONS

Section 5.1 Withdrawal of Capital.

No Partner shall have the right to withdraw capital from the Partnership or, except as otherwise set forth in this Agreement, to receive any distribution or return of its Capital Contribution.

Section 5.2 Distributions Prior to Liquidation.

A. Subject to Sections 5.3 and 5.4, and except to the extent deemed necessary by the General Partner to reserve for Follow-on Investments pursuant to Section 6.2.L and for Committed Investments pursuant to 6.2.M, Operating Receipts for each fiscal year (or fractional portion thereof) shall be distributed to the Partners in proportion to their respective Percentages of Contributed Capital. Such distributions shall be made by the General Partner within ninety (90) days after the close of each fiscal year and at such other time or times as the General Partner shall determine.

B. Subject to Sections 5.3 and 5.4, and except to the extent deemed necessary by the General Partner to reserve for Follow-on Investments pursuant to Section 6.2.L and for Committed Investments pursuant to 6.2.M, the General Partner shall determine from time to time (but not less often than annually) the amount of Investment Receipts that are available for distribution, and shall distribute such Investment Receipts as follows:

(1) First, to the Partners in proportion to their Percentages of Contributed Capital, until such Partners have received from all distributions then or theretofore made pursuant to this Section 5.2.B(1), on a cumulative basis, an amount of distributions equal to the sum of (i) their Capital Contributions Allocable to Liquidated Portfolio Securities and (ii) all Management Fees that have been paid out of the Capital Contributions of the Limited Partners to the Management Company as of any date on which a distributions pursuant to this Section 5.2 will be made;

(2) Second, twenty percent (20%) to the Partners in proportion to their Percentages of Contributed Capital and eighty percent (80%) to the General Partner until the General Partner has received pursuant to this Section 5.2.B(2) an amount of distributions equal to twenty percent (20%) of the sum of (x) amounts distributed to the Partners in proportion to their Percentages of Contributed Capital pursuant to (A) clause (i) of Section 5.2.B(1), but only to the extent of the amount of Capital Contributions Allocable to Portfolio Securities attributable to expenses set forth in Sections 6.5.A(1) and (4) that have been allocated to a particular Portfolio Security and (B) clause (ii) of Section 5.2.B(1), and (y) amounts distributed pursuant to this Section 5.2.B(2); and

(3) Third, thereafter, eighty percent (80%) to the Partners in proportion to their Percentages of Contributed Capital and twenty percent (20%) to the General Partner.

For purposes of this Agreement, all amounts distributed to the General Partner pursuant to Sections 5.2.B(2) and 5.2.B(3) (other than in proportion to its Percentage of Contributed Capital) shall be referred to herein as "Incentive Distributions."

C. In addition to any other obligations hereunder, the General Partner shall endeavor (if practical and reasonable to do so in light of the circumstances of the Partnership) to distribute, if available, sufficient amounts of Operating Receipts and/or Investment Receipts to the Partners in accordance with this Article V to enable them to make timely payment of any Federal, state, local and foreign income tax liabilities incurred by them or their principals as a result of their participation in the Partnership.

D. As of any date on which the General Partner determines to make a distribution of Investment Receipts, the General Partner shall determine, pursuant to Section 5.6, the fair market value of each investment in a Portfolio Company which has not been sold or disposed of. The extent to which the aggregate fair market values of all such investments are less than the aggregate cost bases of all such investments for book purposes shall constitute a "Deemed Portfolio Loss". That portion of each Liquidated Portfolio Security equal to the amount of Deemed Portfolio Loss allocated with respect thereto shall, upon the deemed or actual sale of that Liquidated Portfolio Security, be deemed to have been sold for an amount equal to the amount of Deemed Portfolio Loss and shall be deemed to have a tax basis of zero, and the tax basis of the remaining portion of the Liquidated Portfolio Security shall include the amount of such Deemed Portfolio Loss.

E. If upon the liquidation of the Partnership the General Partner shall have received as Incentive Distributions under Section 5.2B(3) (that have not been recontributed to the Partnership pursuant to Section 5.3) an aggregate amount in excess of the amount the General Partner would have received as Incentive Distributions pursuant to Section 5.2B(3), including

liquidating distributions, had the entire amount of Investment Receipts actually received by the Partnership been received by the Partnership on the date of liquidation of the Partnership, then the General Partner shall, to the extent of all distributions received as Incentive Distributions pursuant to Section 5.2B(3) (that have not been recontributed to the Partnership pursuant to Section 5.3), pay to the Partners in proportion to their Percentages of Contributed Capital such excess.

F. The General Partner shall establish in its name, but for the benefit of the Partners, a separate bank account at a Financial Institution (the "Escrow Account"), in which it will maintain an amount equal to the lesser of (i) twenty-five percent (25%) of all Incentive Distributions paid to the General Partner, and (ii) the amount required to be added to the fair market value of the existing Portfolio Securities of the Partnership, determined pursuant to Section 5.6, so that the resulting total exceeds the total amount of Capital Contributions allocable to such investments by twenty-five percent (25%). Upon the liquidation of the Partnership, the General Partner shall distribute to the Partners from the Escrow Account, in proportion to their Percentages of Contributed Capital, that portion of the escrowed funds equal to the General Partner's required payment under Section 5.2.E, or if such required payment is in excess of such escrowed funds, the total amount held in such Escrow Account plus an amount, paid directly by the General Partner, that when added to the escrowed funds equals the General Partner's required payment pursuant to Section 5.2.E. Any funds held in the Escrow Account upon liquidation of the Partnership and after the required payment pursuant to this Section and Section 5.2.E shall be distributed immediately to the General Partner. The General Partner will direct the investment of amounts held in the Escrow Account, which shall in any event be made solely in investments qualifying as Temporary Investments. All income earned on the amounts retained in the Escrow Account shall be distributed at the end of each calendar quarter immediately to the General Partner.

Section 5.3 Distributions Upon Liquidation.

Upon the liquidation of the Partnership, the assets of the Partnership shall first be applied to the payment of, or the establishment of adequate reserves or other provision for the payment of, the debts and obligations of the Partnership. Thereafter, there shall be made a final allocation of Operating Income or Loss and Investment Gain or Loss, as the case may be, and other items to the Partners' Capital Accounts in accordance with Section 5.7. If the General Partner has a negative balance in its Capital Account after such final allocation, it shall contribute to the Partnership an amount of cash equal to the excess of such negative balance over the amount that it is required to pay to the Partners pursuant to Section 5.2.E. Notwithstanding the foregoing, the General Partner's obligation to pay such excess pursuant to this Section 5.3 shall not inure to the benefit of, or be invoked or enforced by or for the benefit of, any creditor who has otherwise contractually obligated itself to look solely to all or a part of the assets of the Partnership and not to the assets of any Partner for satisfaction of any debt owed or owing to that creditor by the Partnership. The assets of the Partnership, including any Portfolio Securities, whether or not such securities are Marketable Securities (or the proceeds of sales or other dispositions in liquidation of assets of the Partnership) remaining after the payment or other provision for the Partnership's debts and obligations shall then be distributed to the Partners in proportion to the positive balances in their Capital Accounts, determined after the final allocation of Operating Income or Loss and Investment Gain or Loss, and of other items to Capital Accounts has been made; provided that the name of the Partnership shall be transferred with a value of $1.00 ascribed thereto, to the General Partner. For purposes of making this distribution, such assets shall be valued pursuant to Section 5.6. Amounts reserved or set aside, in connection with the Partnership's liquidation, for the payment of Partnership debts and obligations, which are not utilized for such payment, shall be distributed to the Partners in the same proportions that such amounts would have been distributed hereunder if distributed upon the Partnership's liquidation, as soon as practicable.

Section 5.4 Distributions of Securities in Kind.

A. The General Partner shall distribute to the Partners as an Investment Receipt any Portfolio Securities that become Marketable Securities promptly upon their becoming Marketable Securities, unless the General Partner determines that a distribution of such securities would not serve the best interests of the Partnership. Factors to be considered by the General Partner in making such a determination shall include (i) the fiduciary obligations owed to the stockholders of the issuer of such Marketable Securities by any Affiliate of the General Partner who may serve as a director of such issuer, and (ii) whether retention of such Marketable Securities shall serve the best interests of the Partnership by maintaining control of or influence over the issuer of the securities, stabilizing the market for such securities until such time as the securities are either distributed to the Partners pursuant to this Section 5.4 or are sold or otherwise disposed of or facilitating subsequent offerings by the issuer which shall include such Marketable Securities. The General Partner shall notify the Limited Partners each time a Portfolio Security becomes a Marketable Security. The General Partner shall not distribute Portfolio Securities that are not Marketable Securities at any time other than upon the liquidation of the Partnership.

B. With respect to securities distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such securities shall be deemed to be realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such appreciation or depreciation shall be allocated to the Partners as part of the allocation of Investment Gain or Loss, as the case may be, for the year of the distribution in accordance with Section 5.7 hereof, and treating any property so distributed as a distribution of an amount in cash equal to the fair market value of the property determined pursuant to Section 5.6. For the purposes of this Section 5.4.B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets and the adjusted basis of such assets for federal income tax purposes (or, in the case of any asset that is reflected on the books of the Partnership at a value that is different from the Partnership's federal tax basis in such asset in compliance with the Treasury Regulations, the value of such asset as shown on the Partnership's books). This Section 5.4.B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 5.4.B or elsewhere in this Agreement is intended to treat or cause such distributions to be treated as sales for value.

C. If any Partner would otherwise receive a distribution of an amount of any securities that would cause such Partner to own or control in excess of the amount of such securities that it may lawfully own or control or which, by reason of any legal or contractual restriction, the General Partner may not distribute to such Partner, the Partner shall, solely for purposes of this Agreement, be treated as if it had received such securities as a distribution in kind pursuant to Section 5.4.B. The General Partner shall, at the written request of such Partner and to the extent it is practicable to do so, dispose of all or any portion of such securities on behalf of and as the agent for such Partner and distribute the proceeds of such disposition to such Partner; provided that such Partner shall bear all of the reasonable expenses (including, without limitation, underwriting costs) of such disposition. In the alternative, at the request of such Partner, the General Partner shall use reasonable efforts to recapitalize the Portfolio Company so as to distribute to such Partner non-voting securities. In either event, any discrepancy between the actual gain or loss recognized upon the sale or other disposition of Portfolio Securities (including Marketable Securities) and the unrealized appreciation or unrealized depreciation in the values thereof as determined under Section 5.4.B, shall constitute gain or loss of the Partner to whom the securities were constructively distributed, and shall in no event constitute gain or loss to the Partnership.

D. The General Partner may cause certificates evidencing any securities to be distributed to be imprinted with legends as to such restrictions on transfers that it may deem necessary, including legends as to applicable federal or state securities laws or other legal or contractual restrictions, and may require any Partner to which securities are to be distributed to agree in writing that such securities will not be transferred except in compliance with such restrictions and applicable law.

Section 5.5 Withholding.

Each Partner hereby authorizes the Partnership to withhold and to pay over any withholding taxes payable by the Partnership, to the extent required by applicable law, as a result of such Partner's status as a Partner hereunder. If and to the extent that the Partnership shall be required under applicable law to withhold any such taxes, such Partner shall be deemed for all purposes of this Agreement to have received a payment from the Partnership as of the time such withholding is required to be paid, which payment shall be deemed to be a distribution to the extent that the Partner is then entitled to receive a distribution. The amount of any distribution to which such Partner would otherwise be entitled shall be reduced by the amount of such deemed distribution. To the extent that the aggregate of such payments to a Partner for any period exceeds the distributions to which such Partner is entitled for such period, the amount of such excess shall be considered a loan from the Partnership to such Partner, with interest at the Treasury Rate, until discharged by such Partner by repayment, which may be made out of distributions to which such Partner would otherwise be subsequently entitled. The withholdings referred to in this Section 5.5 shall be made at the maximum statutory rate applicable to such Partner under the applicable tax law unless the General Partner shall have received either (i) an opinion of counsel, satisfactory to the General Partner, to the effect that a lower rate is applicable, or that no withholding is applicable, or (ii) any form authorized by the relevant taxing authority signed by a Partner that establishes that no withholding is required for such Partner.

Section 5.6 Valuation.

For purposes of this Agreement, except as specifically provided in Sections 3.4.C, and 8.5, securities and other property of the Partnership shall be valued as follows:

A. The Portfolio Securities of the Partnership shall be valued by the General Partner pursuant to subparagraphs B, C, D and E hereof (i) at the time of any distribution pursuant to Section 5.2 in order to determine the amount of any Deemed Portfolio Loss, (ii) at the time of any distribution pursuant to Section 5.4, (iii) upon the distribution of Partnership assets in liquidation pursuant to Section 5.3 and (iv) annually pursuant to Section 10.3.

B. Marketable Securities shall (i) if traded on a national securities exchange, be valued at the average of their last sales prices on such exchange on which such Marketable Securities shall have traded on the last ten (10) trading days on which such Marketable Securities were traded immediately preceding the date of determination, or (ii) if the trading of such Marketable Securities is reported through the National Association of Securities Dealers Automated Quotation System, such Marketable Securities shall be valued at the average of the last closing "bid" prices as shown by the National Association of Securities Dealers Automated Quotation System on the last ten (10) trading days on which such Marketable Securities were traded immediately preceding the date of determination.

C. Except as provided in subparagraph E below, all property other than Marketable Securities shall be valued by the General Partner in such manner as it may determine in good faith. Factors considered in valuing individual securities will include purchase price, prices received in recent significant private placements of securities of the same issuer, prices of securities of comparable public and private companies engaged in similar businesses and changes in the financial condition and prospects of the issuer.

D. If within thirty (30) days after receipt of notice of any valuation made pursuant to subparagraph C above Two-Thirds in Interest of the Limited Partners shall so request, the General Partner shall obtain at the expense of the Partnership a valuation of any securities or other property from an independent firm of investment bankers of nationally recognized standing selected by the General Partner and approved by Two-Thirds in Interest of the Limited Partners, such approval not to be unreasonably withheld. The decision of such firm shall be binding on all Partners. Each distribution in kind of securities other than Marketable Securities subject to valuation under subparagraph B shall be accompanied by a notice from the General Partner reminding the Limited Partners of their right to require an independent valuation under this subparagraph D.

E. Upon liquidation of the Partnership, all assets which will be distributed to the Partners in liquidation, other than Marketable Securities subject to valuation under subparagraph B above, shall, upon request by Two-Thirds in Interest of the Limited Partners, be valued by an independent firm of investment bankers of nationally recognized standing selected by the General Partner. The decision of such firm as to the liquidation value of all such assets shall be binding on all Partners.

Section 5.7 Allocations of Operating Income and Loss and Investment Gain and Loss.

A. Subject to Sections 5.8 and 5.9, all Operating Income and Operating Loss of the Partnership shall be allocated to the Partners in proportion to their Percentages of Contributed Capital.

B. Subject to Sections 5.8 and 5.9, an Investment Gain for any fiscal year or other accounting period of the Partnership shall be allocated as follows and in the following order of priority as of the close of such fiscal year or other accounting period:

(1) First, to the General Partner until there has been allocated on a cumulative basis pursuant to this Section 5.7.B(1) for all fiscal years and other accounting periods of the Partnership an amount of Investment Gain equal to the amount of Investment Loss that has been allocated pursuant to Section 5.7.C(3) for all fiscal years and other accounting periods of the Partnership;

(2) Second, to the Partners, in proportion to their Percentages of Contributed Capital, until there has been allocated on a cumulative basis pursuant to this Section 5.7.B(2) for all fiscal years and other accounting periods of the Partnership an amount of Investment Gain equal to the amount of Investment Loss that has been allocated pursuant to Section 5.7.C(2) for all fiscal years and other accounting periods of the Partnership;

(3) Third, to the Partners, in proportion to their Percentages of Contributed Capital, until there has been allocated on a cumulative basis for all fiscal years and other accounting periods of the Partnership pursuant to this Section 5.7.B(3), an amount of Net Investment Gain equal to the sum of (i) the amount of Deemed Portfolio Loss that has been included in the determination of Capital Contributions Allocable to Liquidated Portfolio Securities for purposes of making distributions pursuant to Section 5.2.B, and (ii) the amount of distributions made with respect to Management Fees pursuant to clause (ii) of Section 5.2.B(1);

(4) Fourth, eighty percent (80%) to the General Partner and twenty percent (20%) to the Partners in proportion to their Percentages of Contributed Capital until the General Partner has been allocated on a cumulative basis for all fiscal years and other accounting periods of the Partnership pursuant to this Section 5.7.B(4), in addition to allocations made to the General Partner pursuant to this Section 5.7 in proportion to its Percentage of Contributed Capital, an amount of Net Investment Gain of the Partnership equal to the amount distributed to the General Partner pursuant to Section 5.2.B(2);

(5) Fifth, thereafter with respect to the remaining Net Investment Gain, eighty percent (80%) to the Partners, in proportion to their Percentages of Contributed Capital, and twenty percent (20%) to the General Partner.

C. Subject to Sections 5.8 and 5.9, an Investment Loss for any fiscal year or other accounting period of the Partnership shall be allocated as follows and in the following order of priority as of the close of such fiscal year or other accounting period:

(1) First, to the extent of the Net Investment Gain, if any, that has been allocated hereunder for all prior fiscal years and other accounting periods, to the Partners in proportion to the respective amounts, if any, by which (i) their allocations of Net Investment Gain for all such prior years and other periods exceed (ii) their Target Allocations as of the close of the fiscal year or other period for which an Investment Loss is then being allocated;

(2) Second, to the Partners, in proportion to their Percentages of Contributed Capital, until the Limited Partners' Capital Accounts have been reduced to zero; and

(3) Third, thereafter, to the General Partner.

Section 5.8 Special Provisions.

The following provisions shall be complied with notwithstanding any provision of this Agreement other than Section 5.9:

A. If any Partner unexpectedly receives any adjustment, allocation or distribution described in Sections 1.704-1(b)(2) (ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations which causes it to have an, or increases the amount of its, Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, such Partner's Adjusted Capital Account Deficit as quickly as possible, provided that an allocation pursuant to this Section 5.8.A shall be made to a Partner only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.8.A were not in this Agreement. This Section 5.8.A is intended to constitute a "qualified income offset" as defined in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

B. Notwithstanding Section 5.7.C, an allocation of Operating Loss or Investment Loss shall not be made to a Partner to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit. An allocation that would be made to a Partner but for this Section 5.8.B shall instead be made to the other Partners to the extent, and in the proportions, that they could then be made such allocation without causing them to have Adjusted Capital Account Deficits. Any excess allocation of Operating Loss or Investment Loss shall be made to the General Partner.

C. The allocations set forth in Sections 5.8.A, 5.8.B, and 5.9 hereof (the "Regulatory Allocations") are intended to comply with certain provisions of the Treasury Regulations. Notwithstanding any other provision of this Article V, the Regulatory Allocations shall be taken into account in making allocations of other items of income, gain, loss, deduction and expenditure among the Partners so that, to the extent possible consistent with the Code and the Treasury Regulations, and on a cumulative basis, the respective net amounts of such allocations of other items and the Regulatory Allocations to the Partners are equal to the respective net amounts that would have been allocated to the Partners had no Regulatory Allocations been made. The General Partner shall apply this Section 5.8.C at such times, in such order and in such manner as it determines, in its sole discretion, is likely to minimize any economic distortions caused by the Regulatory Allocations.

D. If contributions that would otherwise be required pursuant to Section 3.1 with respect to the interest in the Partnership of a particular Limited Partner are excused hereunder or by law, such interest shall be treated for purposes of this Article V as an interest in a separate portfolio of assets in which, subject to all other provisions of this Agreement, only such Limited Partner (or his assignees or legatees) and the General Partner shall be entitled to participate (as provided in this Article V). Such separate portfolio shall consist of such Limited Partner's pro rata share (by allocable Capital Contribution) of each Portfolio Security the Partnership's interest in which was, or the assets of which were, acquired in part with capital contributions of such Limited Partner. Such Limited Partner (and his assignees and legatees) shall have no interest in the Partnership or its assets to the extent not included in, and shall have no right to participate in the results of the Partnership to the extent not attributable to, such separate portfolio. A separate portfolio shall be charged with portions of the Partnership's expenses, liabilities, costs and reserves in such manner as the General Partner reasonably determines to be fair and equitable.

E. Income, gain, loss and deduction with respect to property contributed to the Partnership by a Partner shall be shared among the Partners so as to take account of the variation between the basis of the property to the Partnership and its fair market value at the time of contribution in accordance with the principles of Section 704(c) of the Code.

Section 5.9 Special Provisions in the Event of Borrowings or a Section 754 Election.

A. If the Partnership incurs any borrowings, the Partnership (i) shall allocate any "non-recourse deductions," computed and determined in accordance with Sections 1.704-2(b)(1), 1.704-2(c) and 1.704-2(j) of the Treasury Regulations, it may have twenty percent (20%) to the General Partner and eighty percent (80%) to the Partners in proportion to their Percentages of Contributed Capital, (ii) shall allocate any "partner non-recourse deductions," computed and determined in accordance with Sections 1.704-2(i)(1), 1.704-2(i)(2) and 1.704-2(j) of the Treasury Regulations, it may have so as to comply with Section 1.704-2(i) of the Treasury Regulations and (iii) shall make such allocations as are necessary to comply with the "minimum gain chargeback" provisions of Sections 1.704-2(f), 1.704-2(i) and 1.704-2(j) of the Treasury Regulations, taking into account all exceptions provided by such provisions to the applicability of this clause (iii).

B. To the extent an adjustment to the adjusted tax basis of any asset of the Partnership pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations, to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset), and such gain or loss shall be specially allocated to the Partners in a manner that is consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations.

VI.

MANAGEMENT; PAYMENT OF EXPENSES

Section 6.1 Description of General Partner.

@Ventures Expansion Partners, LLC is the General Partner of the Partnership.

Section 6.2 Management by the General Partner.

The management, policy and operation of the Partnership shall be vested exclusively in the General Partner who shall perform all acts and enter into and perform all contracts and other undertakings which it deems necessary or advisable to carry out any and all of the purposes of the Partnership. Without limiting the foregoing general powers and duties, and except as is otherwise expressly set forth herein, the General Partner is hereby authorized and empowered on behalf of the Partnership and, as relevant herein, is required:

A. To enter into a Management Contract with the Management Company on the terms, including those pertaining to payment of the Management Fee, set forth in Exhibit A attached hereto; provided that such Contract may not be amended without the written consent of Two-Thirds in Interest of the Limited Partners unless such Contract is amended to increase the Management Fee, in which case unanimous consent of the Limited Partners shall be required in accordance with Section 12.3.

B. To identify investment opportunities for the Partnership, negotiate and structure the terms of such investments, arrange additional financing needed to consummate such investments and monitor such investments.

C. To invest the assets of the Partnership in the securities of any organization, domestic or foreign, without other limitation as to kind and without other limitation as to marketability of the securities, and pending such investment, to invest the assets of the Partnership in Temporary Investments.

D. To exercise all rights, powers, privileges and other incidents of ownership with respect to the Portfolio Securities, including, without limitation the voting of such Portfolio Securities, the approval of a restructuring of an investment, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings, and other similar matters.

E. To sell, transfer, liquidate or otherwise terminate investments made by the Partnership.

F. To employ or consult brokers, accountants, attorneys, or specialists in any field of endeavor whatsoever, including such persons or firms who may be Partners, provided,

however, that no Affiliate of the General Partner may be hired or employed without the approval of Two-Thirds in Interest of the Limited Partners.

G. To deposit any funds of the Partnership in any bank or trust company or money market fund provided that, in the case of any bank or trust company such bank or trust company qualifies as a Financial Institution and in the case of any money market fund such fund would qualify as a money market fund in which the Partnership may make a Temporary Investment, and to entrust to such bank or trust company any of the securities, monies, documents and papers belonging to or relating to the Partnership; provided, however, that from time to time, in order to facilitate any transaction, any of the said securities, monies, documents and papers belonging to or relating to the Partnership may be deposited in and entrusted to any brokerage firm that is a member of the New York Stock Exchange and which has minimum net capital of $10 million as calculated in accordance with the Securities Exchange Act of 1934.

H. To determine, settle and pay all expenses, debts and obligations of and claims against the Partnership and, in general, to make all accounting and financial determinations and decisions.

I. To enter into, make and perform all contracts, agreements and other undertakings as may be determined to be necessary or advisable or incident to the carrying out of the foregoing objectives and purposes, the execution thereof by the General Partner to be conclusive evidence of such determination.

J. To execute all other instruments of any kind or character which the General Partner determines to be necessary or appropriate in connection with the business of the Partnership, the execution thereof by the General Partner to be conclusive evidence of such determination.

K. To provide Bridge Financing on the terms and subject to the conditions set forth in Section 4.1 to Portfolio Companies and to borrow funds and provide guarantees in the name and on behalf of the Partnership in connection therewith solely in order to facilitate or expedite the closing of investments in Portfolio Securities.

L. To make Follow-on Investments in Portfolio Companies from Capital Contributions called from the Partners pursuant to Section 3.1 and, after the end of the Commitment Period, from amounts reserved from Operating Receipts and Investment Receipts. The aggregate amount of Follow-on Investments made after the end of the Commitment Period shall not exceed the lesser of (x) the uncalled Capital Commitments as of the last day of the Commitment Period reduced by Capital Contributions used to make Committed Investments or (y) ten percent (10%) of the Capital Commitments of the Partnership. Except upon the approval of Two-Thirds in Interest of the Limited Partners, no Follow-on Investment may be made by the Partnership after the third anniversary of the last day of the Commitment Period.

M. To make Committed Investments in Portfolio Companies after the end of the Commitment Period from Capital Contributions called from the Partners pursuant to Section 3.1 and from amounts reserved from Operating Receipts and Investment Receipts. The General Partner shall notify the Limited Partners at the end of the Commitment Period of any Committed Investments of the Partnership described in clause (i) of the definition thereof. In addition, any Committed Investment of the Partnership described in clause (i) of the definition thereof, shall be consummated within six months of the end of the Commitment Period. The aggregate amount of Committed Investments shall not exceed the lesser of (x) the uncalled Capital Commitments as of the last day of the Commitment Period reduced by Capital Contributions used to make Follow-on Investments after the end of the Commitment Period or (y) fifteen percent (15%) of the Capital Commitments of the Partnership. Except upon the approval of Two-Thirds in Interest of the Limited Partners, no Committed Investment may be made by the Partnership after the third anniversary of the last day of the Commitment Period.

N. Subject to Section 6.2.O, to guarantee obligations of Portfolio Companies, provided that the sum of any such guarantee, the Partnership's investment in Portfolio Securities of such Portfolio Company and the amount of Bridge Financing provided that total guarantees made by the Partnership at any one time shall not exceed twenty percent (20%) of the aggregate Capital Commitments of the Partnership, exclusive of guarantees made in connection with Temporary Bridge Financing.

O. To use best efforts to avoid the generation of UBTI to Tax-Exempt Partners understanding that it is the intention of the General Partner not to make or structure investments by the Partnership or operate the Partnership in such a manner so that UBTI is generated to such Partners.

P. To take such steps as the General Partner shall consider necessary or appropriate in its sole discretion to cause the Partnership to qualify as a Venture Capital Operating Company as of the date of the Partnership's first acquisition of Portfolio Securities and at all relevant times thereafter.

Q. To cause the Partnership or one or more corporate subsidiaries of the Partnership to borrow funds (i) to purchase Portfolio Securities pending the receipt of Capital Contributions called from the Partners pursuant to Section 3.1, or (ii) to provide Bridge Financing to a Portfolio Company pursuant to Section 4.2; provided, however, that the Partnership shall not borrow funds as provided in this Section 6.2.Q, if as a result of such borrowing UBTI would be generated to Tax-Exempt Partners; and provided, further, that any borrowing shall be on terms that are no less favorable to such corporate subsidiary than those applicable to loans extended by the lender to borrowers comparable to such corporate subsidiary, and that the General Partner shall cause the corporate subsidiary to retire this indebtedness with such Capital Contributions immediately upon receipt thereof.

Section 6.3 Powers of Limited Partners.

The Limited Partners shall not participate in the control of the Partnership and shall have no authority to act for or bind the Partnership.

Section 6.4 Continuity Mode.

If during the Commitment Period, or during the eighteen month period after the end of the Commitment Period, three or more of Peter H. Mills, Jonathan Callaghan, Guy A. Bradley, Marc D. Poirier, Brad Garlinghouse and David J. Nerrow, Jr. cease to be members of either the General Partner or the Management Company or otherwise cease to be actively involved in the business thereof (such event hereinafter referred to as a "Triggering Event"), prompt notice of such Triggering Event shall be given to all Limited Partners. At any time within ninety (90) days after receipt of notice of a Triggering Event, Two-Thirds in Interest of the Limited Partners may by an election in writing determine to put the Partnership in a Continuity Mode. While in a Continuity Mode (i) the General Partner shall only be permitted to retain the investments of the Partnership and to make further investments solely in (x) Temporary Investments, (y) securities of companies as to which the Partnership had an existing legal commitment to make an investment on the date the Partnership was put in the Continuity Mode and (z) investments in current Portfolio Companies being considered on the date the Partnership was placed in a Continuity Mode, and (ii) the General Partner shall not be permitted to call for payment of any remaining installments of Capital Commitments except for the purpose of funding investment commitments pursuant to (y) and (z) above and to pay current expenses of the Partnership pursuant to Section 6.5 of this Agreement. Except as hereinabove expressly provided, from and after the date the Partnership enters the Continuity Mode, the General Partner shall continue to act on behalf of the Partnership to perform the functions of the General Partner and to have all the rights and privileges of the General Partner hereunder. If within sixty (60) days after commencement of the Continuity Mode (or such shorter period of time as may be agreed to by Two-Thirds in Interest of the Limited Partners) Two-Thirds in Interest of the Limited Partners do not by an election in writing remove the General Partner or dissolve the Partnership, the Continuity Mode shall automatically terminate and all decisions with respect to the management and operation of the Partnership will again be made by the General Partner in accordance with the terms of this Agreement. As provided in the Management Contract, the Management Fee shall be reduced by one half while the Partnership is in the Continuity Mode.

Section 6.5 Payment of Fees and Expenses.

Fees and expenses incurred with respect to the business of the Partnership shall be payable as follows:

A. Subject to the provisions of Section 6.5.D, the Partnership shall be responsible for and shall pay all fees and reasonable expenses not specified in subparagraph B as being the responsibility of the Management Company, including without limitation:

(1) out-of-pocket expenses incurred and fees paid by the Partnership or the General Partner in connection with the formation of the Partnership and the offering and distribution of interests therein to the Limited Partners in an amount not in excess of $200,000 (when aggregated with amounts paid by the Foreign Fund in connection with the formation of the Foreign Fund and the offering and distribution of interests therein);

(2) any government or regulatory filings, returns or reports, including without limitation fees and expenses for annual reports and foreign qualification certificates;

(3) expenses incurred in connection with the administration of the Partnership including without limitation, the Management Fee and fees paid to consultants, custodians, outside counsel, accountants, agents, investment bankers and other similar outside advisors;

(4) unreimbursed fees and out-of-pocket costs of acquiring, holding or selling, Temporary Investments, Portfolio Securities or Bridge Financing, whether or not such transactions close, including fees and expenses of consultants, outside counsel and accountants and similar outside advisors in connection with identifying, evaluating, structuring and consummating potential investments by the Partnership and recordkeeping expenses and finders', placement, brokerage and other similar fees; provided that with respect to consummated investments, it is expected, and the Management Company will use its reasonable best efforts to ensure, that such fees and expenses paid by the Partnership will be reimbursed by the Portfolio Company in which the investment is made;

(5) out-of-pocket costs of reporting to the Limited Partners;

(6) any taxes, fees or other governmental charges levied against the Partnership or on its income or assets or in connection with its business or operations;

(7) costs of litigation or other matters that are the subject of indemnification pursuant to Section 9.3; and

(8) costs of winding-up and liquidating the Partnership.

B. The Management Company, so long as the Management Contract is in effect, shall be responsible for and shall pay all of its out-of-pocket expenses and those of the General Partner, including expenses which relate to salaries, office space, supplies and other facilities of their businesses except as set forth in Section 6.5.A(4).

C. The Management Company shall serve as the management company of the Partnership in accordance with the terms of the Management Contract, and shall be entitled to receive a Management Fee in the amount and payable in the manner provided in such Contract.

D. The amount of any unreimbursed fees and expenses incurred directly in connection with a proposed or consummated investment in a Portfolio Company and payable by the Partnership under subparagraph A shall be allocated among the Partnership, the Foreign Fund and Expansion LLC in proportion to the amount which would have been or which was invested by each.

E. Subject to Section 6.2.O, any Break-Up Fee payable to the Partnership, the General Partner, the Management Company or their respective Affiliates shall be paid as follows. An amount equal to the aggregate unreimbursed fees and expenses paid by the Partnership, the General Partner, the Management Company or their Affiliates which were specific to the transaction giving rise to such fee shall be paid to each such entity in proportion to the fees and expenses incurred by it. The balance of any such Break-Up Fee shall be paid to the Management Company; provided that one-half of the remaining Break-Up Fee shall be credited against the Management Fee payable by the Partnership, the Foreign Fund and Expansion LLC in subsequent periods as follows: 19.9% of such amount shall be credited against the Management Fee payable by Expansion LLC and the balance shall be credited against the Management Fee payable by the Partnership and the Foreign Fund in proportion to their respective aggregate capital commitments.

F. The General Partner, the Management Company and their respective Affiliates shall be entitled to receive management, directors', consulting and other similar fees and compensation from Portfolio Companies; provided that the amount of such fees and other compensation is reasonable in relation to the work involved and bears a reasonable relation to fees and compensation charged for similar work by third parties. One half of such fees shall be credited against the Management Fee payable by the Partnership, the Foreign Fund and Expansion LLC as follows: 19.9% of such amount shall be credited against the Management Fee payable by Expansion LLC and the balance shall be credited against the Management Fee payable by the Partnership and the Foreign Fund in proportion to their respective aggregate capital commitments and if such portion of such fees exceeds the Management Fee, such excess shall be credited against the Management Fee payable by the Partnership, the Foreign Fund and CMGI in subsequent periods (in the same proportions). To the extent such amounts exceed total future installments of the Management Fee, they shall be paid to the Partnership, the Foreign Fund and CMGI in the same proportions and included in their respective Operating Receipts.

VII.

OTHER ACTIVITIES OF PARTNERS; CO-INVESTMENT OBLIGATION

Section 7.1 Commitment of General Partner.

The General Partner hereby agrees to use its best efforts in furtherance of the purposes and objectives of the Partnership and to devote to such purposes and objectives such of its time as shall be necessary for the management of the affairs of the Partnership. Each of the members of the General Partner shall devote to the Partnership such time as may be reasonably necessary to manage the assets of the Partnership for the benefit of the investors therein.

Subject to the other provisions of this Agreement, the General Partner and any of its Affiliates (i) may act as a director, officer, employee or advisor of any corporation, a trustee of any trust, or a partner of any partnership; (ii) may receive compensation for his services as an advisor with respect to, or participation in profits derived from, the investments of any such corporation, trust or partnership; and (iii) may, subject to the time commitments as set forth above, acquire, invest in, hold and sell securities of any entity. Neither the Partnership nor any other Partner shall have by virtue of this Agreement, any right, title or interest in or to such other corporation, trust, partnership or investment.

Section 7.2 Dealings with Limited Partners.

The General Partner shall not enter into any agreement, contract, modification or undertaking of any kind with any Limited Partner that would grant rights in the Partnership as a Limited Partner by the acquisition of a Capital Commitment that are more favorable than those offered to any other Limited Partner. Notwithstanding the foregoing, the General Partner may permit certain Limited Partners to co-invest with it and the Partnership in Portfolio Securities and may enter into agreements with any Limited Partner for the provision to the Partnership or the General Partners of any services thereunder, provided that any such agreement will be on terms equivalent to those entered into with independent third parties.

Section 7.3 Investments by the Partnership, the Foreign Fund, CMG @Ventures Expansion LLC and @Ventures Expansion Investors LLC.

A. Except to the extent prohibited by applicable law, the General Partner shall cause the Partnership to co-invest with the Foreign Fund in all securities in which the Foreign Fund invests, and on the same terms and at the same times as the Foreign Fund; however, the Limited Partners agree and acknowledge that the Foreign Fund has the right and option to elect not to participate in any investment in which the Partnership has determined to invest. If the Foreign Fund and the Partnership both participate in any particular investment, such investment shall be made at the same time and on the same terms. The respective amounts to be invested by

the Partnership, the Foreign Fund, Expansion Investors LLC and Expansion LLC in any investment in a Portfolio Company shall be as described in Section 7.3.D below.

B. Except to the extent prohibited by applicable law, Expansion LLC will co-invest with the Partnership (and the Foreign Fund, if applicable) in all investments in Portfolio Companies made by the Partnership on the terms described and to the extent provided in Section 7.3.C and D below. Expansion LLC may assign all or any portion of such co-investment obligation to any of its Affiliates, including, without limitation, any CMGI Fund; however, for purposes of this Section 7.3, the co-investment obligation shall remain an obligation of Expansion LLC.

Except to the extent prohibited by applicable law, Expansion Investors LLC or another entity consisting of principals of CMGI and/or the Management Company or other persons who perform services to or for the benefit of the Partnership will co-invest with the Partnership (and the Foreign Fund, if applicable) in all investments in Portfolio Companies made by the Partnership on the terms described and to the extent provided in Section 7.3.C and D below.

The respective amounts to be invested by the Partnership, the Foreign Fund, Expansion LLC and Expansion Investors LLC in any investment in a Portfolio Company shall be as described in Section 7.3.D below. The obligations of Expansion LLC and Expansion Investors LLC to co-invest with the Partnership are hereinafter referred to as their respective "Co-investment Obligations."

C. The co-investment obligation of Expansion LLC and Expansion Investors LLC shall arise with respect to all investments made by the Partnership in Portfolio Companies (including Follow-on Investments, Committed Investments, Bridge Financing and through the funding of guarantees), shall be satisfied in cash and shall be made on the same terms, at the same price and in securities identical to the Portfolio Securities purchased by the Partnership.

D. In the case of each investment in a Portfolio Company in which the Partnership invests:

(i) Expansion LLC shall invest an amount equal to the 19.9% of the aggregate amount invested by the Partnership, the Foreign Fund (if any), Expansion LLC and Expansion Investors LLC.

(ii) Expansion Investors LLC shall invest an amount equal to the 2% of the aggregate amount invested by the Partnership, the Foreign Fund (if any), Expansion LLC and Expansion Investors LLC.

(iii) If the Foreign Fund elects not to participate in any investment, the Partnership shall purchase the balance of such investment. If the Foreign Fund elects to participate in any investment, the balance of such investment shall be acquired by

the Partnership and the Foreign Fund, and the ratio of the amount invested by the Partnership and the Foreign Fund in each investment in a Portfolio Company in which the Foreign Fund elects to invest shall be the ratio that the respective Capital Commitments to the Partnership and the Foreign Fund bear to each other.

Section 7.4 Co-investments by the Other Participating Funds.

(a) None of the Foreign Fund, Expansion LLC or Expansion Investors LLC (each an "Other Participating Fund") shall at any time sell, exchange, transfer or otherwise dispose of any securities that were acquired as a co-investment with the Partnership in the same investment opportunity as contemplated by Section 7.3 unless (i) the Partnership also sells, exchanges, transfers or otherwise disposes of, at substantially the same time, securities that were acquired by the Partnership in such investment opportunity, and the aggregate amount of such securities sold, exchanged, transferred or otherwise disposed of by the Partnership and such Other Participating Fund is pro rata in proportion to the aggregate amount respectively invested by the Partnership and such Other Participating Fund and (ii) the terms of such sale, exchange, transfer or other disposition, except to the extent necessary to address regulatory or other legal considerations, are substantially the same as those applicable to such sale, exchange, transfer or other disposition by the Partnership at such time. In connection with any sale, exchange, transfer or other disposition by the Partnership at any time of any securities comprising all or part of an investment acquired pursuant to any investment opportunity, each of the Other Participating Funds shall, at substantially the same time, sell, exchange, transfer or otherwise dispose of securities in respect of its related co-investment in an aggregate amount equal to the amount determined pursuant to clause (i) of the immediately preceding sentence and on terms described in clause (ii) of the immediately preceding sentence.

(b) The General Partner undertakes, represents and warrants that the partnership agreement or other operative agreement for each of the Other Participating Funds will contain provisions substantially to the effect set forth in Section 7.4(a) and that no such provision of such limited partnership agreements shall be amended or waived unless Section 7.4(a) shall have been amended or waived in substantially the same manner; provided that, the Partners agree and acknowledge that the Foreign Fund is not required to participate in any investment, as described in Section 7.3.A above.

VIII.

ADMISSIONS; ASSIGNMENTS; REMOVAL AND WITHDRAWALS

Section 8.1 Admission of Additional General Partner.

It is not contemplated that any additional general partners will be admitted to the Partnership. A person may be admitted to the Partnership as a general partner only with the written consent of the General Partner and Two-Thirds in Interest of the Limited Partners. Any such person so admitted as a general partner shall be liable for all the obligations of the Partnership arising before its admission as though it had been a general partner when such obligations were incurred. In the event of the addition of a general partner, the participation of such person in the management of the Partnership and the interest of such person in the Partnership's Operating Income and Loss and Investment Gain and Loss must be approved by the General Partner and Two-Thirds in Interest of the Limited Partners at the time of such person's admission.

Section 8.2 Admission of Additional Limited Partners.

After the expiration of the 270 day period commencing on the Initial Closing Date of the Partnership, additional Limited Partners (other than Substitute Limited Partners admitted pursuant to Section 8.3) shall be admitted to the Partnership only with the written consent of, and on the terms approved by, all Partners. Until such time, the General Partner may admit one or more additional Limited Partners, subject only to satisfaction of the following conditions: (i) each such additional Limited Partner shall execute and deliver a Subscription Agreement and an appropriate amendment to this Agreement pursuant to which such additional Limited Partner agrees to be bound by the terms and provisions hereof, (ii) such admission would not result in a violation of any applicable law, including the federal or state securities laws, or any term or condition of this Agreement and, as a result of such admission, the Partnership would not be required to register as an investment company under the Investment Company Act, and (iii) such additional Limited Partner shall pay to the Partnership, on the date of its admission to the Partnership, an amount equal to the sum of (x) the percentage of its Capital Commitment which is equal to the percentage of the other Limited Partners' Capital Commitments that shall have been payable at or prior to the admission of the additional Limited Partner, and (y) an amount equal to interest on that portion of the Capital Commitment payable upon admission at the Treasury Rate from the date such portion would have been payable if such additional Limited Partner had been admitted on the date of formation of the Partnership to the date of actual payment, which amount shall be treated as Operating Receipts. The Partnership shall pay, from such initial Capital Contribution of such additional Limited Partner, its allocable portion of the Management Fee computed as if such additional Limited Partner had been a Partner of the Partnership since the Initial Closing Date. The name and business address of each Limited Partner admitted to the Partnership under this Section 8.2 and the amount of its Capital Commitment shall be added to Schedule 1 hereto. Each additional Limited Partner admitted pursuant to this Section 8.2 during the 270 day period commencing with the formation of the Partnership shall be deemed for purposes of all allocations of Operating Income or Loss and Investment Gain or Loss to have been admitted on the date of formation of the Partnership. Admission of an additional Limited Partner shall not be a cause of dissolution of the Partnership.

Section 8.3 Assignment of Partnership Interest.

The General Partner shall not assign or otherwise transfer its interest as the general partner of the Partnership. A Limited Partner may assign or otherwise transfer all or any part of its interest in the Partnership (provided that such part shall include a Capital Commitment, whether funded or unfunded, of at least $1 million), subject to the limitations set forth in Section 8.4. The assignee or transferee of a Limited Partner's interest in the Partnership (an "Assignee") shall have the right to become a Substitute Limited Partner only if the following conditions are satisfied:

A. A duly executed and acknowledged written instrument of assignment shall have been filed with the Partnership.

B. The Limited Partner and the Assignee shall have executed and acknowledged such other instruments and taken such other action as the General Partner shall reasonably deem necessary or desirable to effect such substitution, including, without limitation, the execution by the Assignee of a Subscription Agreement, an appropriate amendment to this Agreement and a Power of Attorney substantially similar to that referred to in Section 12.8 hereof.

C. The restrictions on transfer contained in Section 8.4 shall be inapplicable, and, if requested by the General Partner, the Limited Partner or the Assignee shall have obtained an opinion of counsel reasonably satisfactory to the General Partner as to the legal matters set forth in that Section. The Limited Partner may request that the General Partner seek to obtain the required opinion from counsel recommended by such Limited Partner which is reasonably satisfactory to the General Partner, provided that the expense of such counsel shall be an expense of the Partnership that is paid out of the Capital Commitment of such Partner.

D. The Limited Partner or the Assignee shall have paid to the Partnership such amount of money as is sufficient to cover all expenses incurred by or on behalf of the Partnership in connection with such substitution.

E. The General Partner shall have consented, in its sole and absolute discretion, to such substitution.

The pledge or hypothecation of a Partner's interest in the Partnership shall not be deemed an assignment or transfer; provided, that such pledge or hypothecation shall nonetheless be subject to the restrictions set forth in Section 8.4. An Assignee who is not admitted to the Partnership as a Substitute Limited Partner shall have none of the rights of a Partner and the assignor in such case shall remain fully liable for the unpaid portion of its Capital Commitment.

Section 8.4 Restrictions on Transfer.

Notwithstanding any other provision of this Agreement, no Limited Partner may assign or otherwise transfer all or any part of its interest in the Partnership, and no attempted or purported assignment or transfer of such interest shall be effective, unless (i) after giving effect thereto, the aggregate of all the assignments or transfers by the Partners of interests in the Partnership within the 12 month period ending on the proposed date of such assignment or transfer would not equal or exceed 50% of the total interests of the Partners in the capital or profits of the Partnership, and such assignment or transfer would not otherwise terminate the Partnership for the purposes of Section 708 of the Code, (ii) such assignment or transfer would not result in a violation of applicable law, including the federal and state securities laws, or any term or condition of this Agreement and, as a result of such assignment or transfer, the Partnership would not be required to register as an investment company under the Investment Company Act, (iii) if requested by the General Partner, such Limited Partner shall deliver a favorable opinion of counsel satisfactory to the General Partner that such transfer would not

result in (x) a violation of the Securities Act or any blue sky laws or other securities laws of any state of the United States applicable to the Partnership or the interest to be transferred, (y) the Partnership being required to register, or seek an exemption from registration, under the Investment Company Act, and (z) the Partnership being deemed to be a "publicly traded partnership" within the meaning of Section 7704 of the Code, (iv) the General Partner shall have consented thereto, which consent may be granted or withheld in its sole discretion, and (v) such assignment or transfer is to an entity which is an Accredited Investor.

Section 8.5 Removal of General Partner.

A. The General Partner may be removed by the Limited Partners only upon the approval of at least Two-Thirds in Interest of the Limited Partners, (i) if any act or omission of the General Partner in connection with the Partnership constitutes bad faith, willful misconduct or fraud, (ii) if the General Partner is in material violation of its obligations hereunder or (iii) if a Triggering Event occurs; provided, however, that the Limited Partners may remove the General Partner pursuant to clauses (i) and (ii) above only if a court of competent jurisdiction or, at the election of Two-Thirds in Interest of the Limited Partners, an arbitration committee (which shall conduct its proceedings in accordance with the commercial rules of the American Arbitration Committee and shall consist of three individuals, of whom one shall be selected by the General Partner, one shall be selected by Two-Thirds in Interest of the Limited Partners and one shall be selected by written agreement of the other two) has previously determined that any act or omission of the General Partner in connection with the Partnership constitutes bad faith, willful misconduct or fraud or that the General Partner is in material violation of its obligations hereunder.

B. In the event of any such removal of the General Partner, the Partnership shall, within sixty (60) days of the date of such removal, obtain an appraisal of the Portfolio Securities of the Partnership, including Portfolio Securities the purchase of which the Partnership has committed to as of such removal date (together "Removal Date Securities") from an independent firm of investment bankers of nationally recognized standing selected by the removed General Partner and approved by Two-Thirds in Interest of the Limited Partners, which approval shall not unreasonably be withheld. As of the removal date, the removed General Partner shall become a Special Limited Partner. The Special Limited Partner shall be entitled to receive as distributions pursuant to Section 5.2 that portion of all distributions made with reference to its Percentage of Contributed Capital, and that portion of all Incentive Distributions it would have received pursuant to Section 5.2 with respect to the Removal Date Securities, provided that all such distributions received in connection with such Removal Date Securities do not in the aggregate exceed the aggregate fair market value determinations for such securities made pursuant to this Section 8.5.C. Notwithstanding the foregoing, if after the removal of the General Partner the Partnership then terminates under Article XI without there having been elected a successor General Partner, the General Partner shall be entitled to the same allocations and distributions arising out of the Dissolution Sale as if it had not been removed. The Special Limited Partner shall not have the limited approval rights accorded to Limited Partners in this Agreement, and as a

Special Limited Partner, the General Partner and its Affiliates shall be released from all commitments and obligations under Article VII effective upon the date of such removal.

Section 8.6 Withdrawals.

Except as provided in this Section 8.6 or in Section 8.7 below, no Partner shall have the right to withdraw from the Partnership. Any Limited Partner may withdraw from the Partnership in the event that (a) continuation of the Partner as a Limited Partner of the Partnership is substantially likely to be prohibited under any applicable federal or state law or regulations thereunder then in effect, including ERISA, or (b) the continuation of any Tax-Exempt Partner as a Limited Partner of the Partnership is substantially likely to result in the loss of tax-exempt status by such Partner. In such event, such Partner shall advise the General Partner of the specific legal prohibition or other reason against continuing as a Partner of the Partnership. The General Partner may, in its sole discretion, require the Limited Partner to provide an opinion to the General Partner from counsel reasonably satisfactory to the General Partner to the effect that such Partner is so prohibited from continuing as a Limited Partner of the Partnership as provided in clauses (a) or (b) of this Section 8.6. Only after reviewing such legal opinion and approval by the General Partner, or otherwise upon approval by the General Partner may the Limited Partner withdraw from the Partnership. As of the date of such withdrawal, such Limited Partner shall be entitled to receive, but subject to the prior satisfaction in full of all liabilities of the Partnership and its corporate subsidiaries, direct and contingent, an amount determined as provided in Section 8.7(d) below, payable in the manner determined by the General Partner under Section 8.7(d). Such Limited Partner shall in all other respects have no rights of any Partner under this Agreement. The General Partner will provide to the remaining Partners of the Partnership the opportunity to acquire the remaining Capital Commitment of such Limited Partner pro rata in proportion to their Percentages of Contributed Capital, and if not all Partners so choose to acquire, to any Partner who desires to acquire an additional Capital Commitment in such amount as such Partner may request.

Section 8.7 ERISA Matters.

(a) The General Partner, on behalf of the Partnership, shall use its best efforts to ensure that the Partnership qualifies as a Venture Capital Operating Company and that none of the assets of the Partnership shall be deemed to be "plan assets" (within the meaning of the DOL Regulations) of any ERISA Partner. As used in the remainder of this Section 8.7 all terms in quotation marks have the meanings assigned to them in the DOL Regulations.

(b) If the General Partner shall so elect, the General Partner and the Partnership shall no longer be required to comply with Section 8.7(a) at any time after the General Partner determines (i) that the equity participation in the Partnership by "benefit plan investors" is not "significant" as such term is defined in the DOL Regulations, and (ii) not to permit a transfer of an interest in the Partnership or an Interest in the Partnership's capital assets or property pursuant to Sections 8.2, 8.3 or 8.4 if such admission or transfer would result in the equity

participation in the Partnership by "benefit plan investors" being "significant". If the General Partner so elects to discontinue compliance of its obligations under Section 8.7(a), then, thereafter, notwithstanding any other provision of this Agreement, no transfer of Limited Partner interests to, or admission of, a "benefit plan investor" shall be permitted if the General Partner shall determine that such transfer shall cause the equity participation of "benefit plan investors" to be "significant".

(c) In the event that either (i) the General Partner shall determine that it has become necessary for any ERISA Partner to withdraw from the Partnership or (ii) any ERISA Partner shall determine that it is necessary for it to withdraw from the Partnership, in either case (i) because there is a material risk of a material violation of, or breach of the fiduciary duties of any person (other than a breach of the fiduciary duties of any such person based upon the investment strategy or performance of the Partnership) under ERISA or the related provisions of the Code if such ERISA Partner continues as a Limited Partner of the Partnership, or (ii) because there is a material likelihood that the assets of the Partnership are or may be deemed to be "plan assets" of such ERISA Partner within the meaning of the DOL Regulations; then the General Partner or such ERISA Partner, as the case may be, shall deliver to the other a notice to that effect, accompanied by an opinion of counsel (which may be counsel retained or employed by the General Partner or such ERISA Partner, as the case may be, so long as such counsel shall be reasonably acceptable to such ERISA Partner and the General Partner) to that effect, which opinion shall be reasonably acceptable to such ERISA Partner and the General Partner and shall explain in reasonable detail the reasons therefor. In the case of such notice from the ERISA Partner, unless within 90 days after the date on which such notice was given, the General Partner, using reasonably practicable efforts, is able to eliminate the necessity for such withdrawal to the reasonable satisfaction of such ERISA Partner and its counsel, whether by correction of the condition giving rise thereto or amendment of this Agreement or otherwise, such ERISA Partner shall be entitled, at its election, upon written notice to the General Partner, to withdraw from the Partnership on the terms set forth in Section 8.7(d) below. In the case of such notice from the General Partner, such ERISA Partner shall be required to withdraw from the Partnership pursuant to Section 8.7(d) below unless, within 90 days after the date on which notice was given, the General Partner, using reasonably practicable efforts, or the ERISA Partner, using reasonably practicable efforts, as appropriate, shall eliminate the necessity for such withdrawal to the reasonable satisfaction of the General Partner and its counsel, whether by correction of the condition giving rise thereto or an amendment to this Agreement or otherwise. The obligation of the ERISA Partner to make additional Capital Contributions pursuant to Section 3.1 shall be suspended during the above referenced ninety (90) day period and shall be terminated if such ERISA Partner withdraws pursuant to Section 8.7(d).

(d) The withdrawing Limited Partner shall be entitled to receive within ninety (90) days after the effective date of such withdrawal an amount equal to the excess, if any, of the positive closing Capital Account balance the Limited Partner would have had (computed as provided in Section 3.2) if such effective date had constituted the date of the liquidation of the Partnership over the aggregate amount of distributions (with such distributions valued at fair

market value pursuant to Section 5.4 as of the date of such distribution) made to such Limited Partner from and after such effective date. The General Partner shall provide the withdrawing Limited Partner with a written explanation of its determination of the Capital Account of such withdrawing Limited Partner as computed pursuant to the preceding sentence within sixty (60) days of the effective date of such withdrawal. The withdrawing Limited Partner shall thereafter have ten (10) business days from the date of receipt of such notice to make known any objections to such determination. Any such objection made shall indicate briefly the reasons for such objection. If within ten (10) business days of the date of receipt of such determination, the withdrawing Limited Partner fails to notify the General Partner of any objection to such determination, such determination shall be final and conclusive. If within the ten (10) day period the withdrawing Limited Partner notifies the General Partner of its objection to such determination, the General Partner and the withdrawing Limited Partner shall attempt to agree upon a mutually acceptable determination. If within ten (10) days of the first-mentioned ten (10) day period a determination satisfactory to the General Partner and the withdrawing Limited Partner shall not have been agreed to, the General Partner shall submit the dispute between the General Partner and the withdrawing Limited Partner to arbitration in accordance with the Rules of the American Arbitration Association. The parties agree to hold such arbitration in Boston, Massachusetts. The fees and expenses of any arbitrators retained in accordance with the provisions hereof shall be borne equally by the Partnership and the withdrawing Limited Partner.

Any distribution or payment to a withdrawing Limited Partner pursuant to this subparagraph (d) may, in the sole discretion of the General Partner, be made in cash, in Portfolio Securities (in which event the withdrawing Limited Partner shall not, without its express written consent, be distributed more than its pro rata interest in any type, class or portion of the Partnership's Portfolio Securities), in the form of a promissory note, the terms of which shall be mutually agreed upon by the General Partner and the withdrawing Limited Partner, or any combination thereof. Notwithstanding anything in the foregoing sentence, if the distribution of any Portfolio Security to the withdrawing Limited Partner would result in a violation of a law or regulation applicable to the Limited Partner or a tax penalty to the Limited Partner and the Limited Partner delivers a notice to such effect to the General Partner, such Limited Partner may designate a different entity to receive the distribution or designate, subject to the approval of the General Partner, an alternative distribution procedure. In the event that an ERISA Partner shall provide an opinion reasonably acceptable to the General Partner by counsel reasonably acceptable to the General Partner (which counsel may be employed by the ERISA Partner so long as such counsel is reasonably acceptable to the General Partner) that the acceptance or retention of a promissory note by such ERISA Partner pursuant to this Section 8.7(d) would result in a violation of ERISA or the related provision of the Code, then the General Partner shall use its best efforts to use an alternative means of making such payment or distribution.

(e) In the event that either (i) the General Partner shall determine that it has become necessary for any ERISA Partner to discontinue making additional Capital Contributions pursuant to Section 3.1 or (ii) any ERISA Partner shall determine that it is necessary for it to discontinue making such additional Capital Contributions, in either case

(i) because there is a material risk of violation of, or breach of the fiduciary duties of any person (other than a breach of the fiduciary duties of any such person based upon the investment strategy or performance of the Partnership, unless such investment strategy is inconsistent with the primary purpose of the Partnership as set forth in Section 2.1) under ERISA or the related provisions of the Code if the ERISA Partner were to make additional Capital Contributions to the Partnership, or (ii) because there is a material risk that the assets of the Partnership are or will be deemed to be "plan assets" of such ERISA Partner within the meaning of the DOL Regulations; then the General Partner or such ERISA Partner, as the case may be, shall deliver to the other a notice to that effect, accompanied by an opinion of counsel (which may be counsel retained or employed by the General Partner or such ERISA Partner, as the case may be, so long as such counsel shall be reasonably acceptable to such ERISA Partner and General Partner) to that effect which opinion shall be reasonably acceptable to such ERISA Partner and the General Partner and shall explain in reasonable detail the reason therefor. In the case of such notice from the ERISA Partner, unless within ninety (90) days after the date on which such notice was given, the General Partner, using reasonably practicable efforts, is able to eliminate the necessity for such discontinuance to the reasonable satisfaction of such ERISA Partner and its counsel, whether by correction of the condition giving rise thereto or amendment of this Agreement or otherwise, such ERISA Partner shall be entitled, at its election, upon written notice to the General Partner, to be released from its obligation to make additional Capital Contributions pursuant to Section 3.1. In the case of such notice from the General Partner, such ERISA Partner shall be required to discontinue making additional Capital Contributions pursuant to Section 3.1 unless, within ninety (90) days after the date on which the notice was given, the General Partner, using reasonably practicable efforts, or the ERISA Partner, using reasonably practicable efforts, as appropriate, shall eliminate the necessity for such discontinuance of its obligation to make additional capital contributions to the reasonable satisfaction of the General Partner and its counsel, whether by correction of the condition giving rise thereto or an amendment to this Agreement or otherwise. The obligation of the ERISA Partner to make additional capital contributions pursuant to Section 3.1 shall be suspended during the above referenced ninety (90) day period. An ERISA Partner who has been released of its obligation to make additional contributions shall not be treated as in default of its obligation to make such Contributions, in which case such ERISA Partner's Capital Contribution obligation set forth in Section 3.1 shall be reduced to the amount of capital actually contributed by such ERISA Partner to the Partnership. The General Partner will provide to the remaining Partners of the Partnership the opportunity to acquire the remaining Capital Commitment of such Limited Partner pro rata in proportion to their Percentages of Contributed Capital, and if not all Partners so choose to acquire, to any Partner who desires to acquire an additional Capital Commitment in such amount as such Partner may request.

(f) In lieu of the procedures for redemption of an interest set forth in this Section 8.7, the General Partner may cause some or all of the interest of the withdrawing Limited Partner to be sold for cash to the remaining Partners pro rata in proportion to their Percentage of Contributed Capital, and if not all Partners so choose to acquire such interest, such interest shall be allocated pro rata among those Partners who elect to purchase such interest in proportion to their Percentage of Contributed Capital, and the proceeds thereof to be remitted to the

withdrawing Limited Partner; provided, however, that (i) the price at which such interest or any portion thereof may be sold shall be based on the amount due to the withdrawing Limited Partner with respect to such portion as set forth in Section 8.7(d), and (ii) the entire interest of the withdrawing Limited Partner must be sold and/or redeemed prior to or upon the effective date of the withdrawal as provided in this Section 8.7.

IX.

LIABILITY OF PARTNERS; INDEMNIFICATION

Section 9.1 Liability of General Partner.

A. The General Partner shall be subject to the liabilities of a partner in a partnership without limited partners, and nothing herein shall be deemed to relieve the General Partner of liabilities to third parties which it otherwise has under applicable law. The General Partner shall not be liable to the Partnership or any other Partner for any act or omission taken or suffered by the General Partner in good faith and in the belief that such act or omission is in the best interests of the Partnership; provided that such act or omission is not in violation of this Agreement and does not constitute willful misconduct, fraud or a willful violation of law by the General Partner. The General Partner shall not be liable to the Partnership or any other Partner for any action taken by any other Partner, nor shall the General Partner (in the absence of willful misconduct, fraud or a willful violation of law by the General Partner) be liable to the Partnership or any other Partner for any action of any employee or agent of the Partnership provided that the General Partner shall have exercised appropriate care in the selection and supervision of such employee or agent.

B. Whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "discretion" or "sole discretion" or under a grant of similar authority or latitude, the General Partner shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interests of or factors affecting the Partnership or any other Person, or (ii) in its "good faith" or under another express standard, the General Partner shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law; provided that all judgments and determinations shall comply with the fiduciary duty of the General Partner to the Limited Partners.

C. Notwithstanding Section 9.3 below, the General Partner shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee, or (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee, or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee. In any claim for indemnification for federal or state

securities law violations, the party seeking indemnification shall place before the court the position of the Securities and Exchange Commission and the Massachusetts Securities Division with respect to the issue of indemnification for securities law violations. The Partnership shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited.

Section 9.2 Liability of Limited Partners.

The liability of any Limited Partner shall be limited to its uncalled Capital Commitment (as such may be reduced under Section 3.3 or 3.4); provided, that a Limited Partner shall be liable for the return of any part of a distribution in respect of its Capital Contribution to the extent required by law.

Section 9.3 Indemnification of the General Partner and Limited Partners.

The General Partner and its partners, agents, employees and Affiliates and the Limited Partners (the "Indemnitees") shall be and hereby are (i) indemnified and held harmless by the Partnership and (ii) released by the other Partners from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions for which such Indemnitee has not otherwise been reimbursed (collectively, "Liabilities"), whether judicial, administrative, investigative or otherwise, of any nature whatsoever, known or unknown, liquidated or unliquidated, that may accrue to the Partnership or any other Partner or in which any of the Indemnitees may become involved, as a party or otherwise, arising out of the conduct of the business or affairs of the Partnership by the respective Indemnitee or otherwise relating to this Agreement, provided that an Indemnitee shall not be entitled to indemnification or release hereunder if it shall have been determined by a court of competent jurisdiction that (x) such person did not act in good faith and in a manner such person reasonably believed to be in the best interests of the Partnership and, in the case of a criminal proceeding, did not have reasonable cause to believe that his conduct was lawful, or (y) such Liabilities shall have arisen from a violation of this Agreement or the gross negligence, willful misconduct, fraud or willful violation of law by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement. The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that such person reasonably believed to be in the best interests of the Partnership or that the Indemnitee did not have reasonable cause to believe that its conduct was lawful. Any indemnification right provided for in this Section 9.3 shall be retained by any removed General Partner and its partners, agents, employees and Affiliates. The indemnification rights provided for in this Section 9.3 shall survive the termination of the Partnership or this Agreement.

Section 9.4 Payment of Expenses.

Expenses incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder may be advanced by the Partnership prior to the

final disposition thereof provided that the following conditions are satisfied: (i) the claim relates to the performance of duties or services by the Indemnitee on behalf of the Partnership, and (ii) the Indemnitee undertakes to repay the advanced funds to the Partnership if it is ultimately determined that the Indemnitee is not entitled to be indemnified hereunder or under applicable law. The right of any Indemnitee to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnitee's successors, assigns and legal representatives. All judgments against the Partnership and the General Partner, in respect of which such General Partner is entitled to indemnification, must first be satisfied from Partnership assets before the General Partner is responsible therefor. The obligations of the Partnership under this Article IX shall be satisfied only after any applicable insurance proceeds have been exhausted and then only out of Partnership assets and, to the extent required by law, distributions made by the Partnership to its Partners, and Limited Partners shall have no personal liability to fund indemnification payments hereunder.

X.

ACCOUNTING FOR THE PARTNERSHIP; REPORTS

Section 10.1 Accounting for the Partnership.

The Partnership shall use the accrual method of accounting and its financial statements shall be prepared in accordance with generally accepted accounting principles. The Partnership's tax return shall be prepared on an accrual basis. The fiscal year of the Partnership shall end on December 31.

Section 10.2 Books and Records.

The General Partner shall keep or cause to be kept complete and appropriate records and books of account. Except as otherwise expressly provided herein, such books and records shall be maintained on the basis used in preparing the Partnership's federal income tax returns. Such information as is necessary to reconcile such books and records with generally accepted accounting principles shall also be maintained. The books and records shall be maintained at the principal office of the Partnership, and shall be available for inspection and copying by any Partner at its expense during ordinary business hours following reasonable notice.

Section 10.3 Reports to Partners.

Within forty-five (45) days after the end of each calendar quarter, the General Partner will prepare and deliver to each Partner (i) an unaudited balance sheet and income statement of the Partnership for such quarter, accompanied by a report on any material developments in existing investments which occurred during such quarter and a newsletter relating to the Partnership's activities, (ii) a statement showing the balance in such Partner's Capital Account and

a reconciliation of such balance, and (iii) a statement showing the amount of UBTI, if any, generated by the Partnership during such quarter. After the end of each fiscal year commencing with the fiscal year ending on December 31, 2000, the General Partner shall cause an audit of the Partnership to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for that year. Such audit shall be certified and a copy thereof shall be delivered to each Partner within ninety (90) days after the end of each of the Partnership's fiscal years. Such certified financial statements shall also be accompanied by a report on the Partnership's activities during the year prepared by the General Partner. Within ninety (90) days after the end of each fiscal year, the Partnership will deliver to each Partner the General Partner's good faith estimate of the fair value of the Partnership's investments as of the end of such year, a statement showing the balances in each Partner's Capital Account as of the end of such year, and such other information, reports and forms as are necessary to assist each Partner in the preparation of his federal, state and local tax returns. The General Partner shall give prompt notice to the Limited Partners if at any time the Partnership's general counsel or accountants withdraw or are replaced, or if in the opinion of counsel to the Partnership the Partnership ceases to qualify as a Venture Capital Operating Company.

Section 10.4 Annual Meeting.

Beginning with the Partnership's 2000 fiscal year, the General Partner will convene an annual meeting of all Partners, at such time and on such date as it deems appropriate, at which the General Partner will report on the activities of the Partnership during the year and respond to questions pertaining to the Partnership's affairs. The General Partner shall call a special meeting of all Partners upon request of a Majority in Interest of the Limited Partners. The General Partner will give all Partners at least thirty (30) days notice of each annual or special meeting; provided that such notice may be waived by a Majority in Interest of the Limited Partners in the case of any special meeting.

XI.

DISSOLUTION AND WINDING UP

Section 11.1 Termination.

The existence of the Partnership shall terminate upon the first to occur of the following events:

(1) July 31, 2006; provided that the duration of the Partnership may be extended by the General Partner for not more than two additional one year periods;

(2) the sale or other disposition at any one time of all or substantially all of the assets of the Partnership;

(3) the happening of any event which causes the cessation of the General Partner's status as a general partner under the Act unless, in any such case (i) at the time of such event there is at least one other general partner of the Partnership who agrees to and does continue the business of the Partnership, or (ii) all of the remaining Partners agree in writing to continue the business of the Partnership and to the appointment of one or more additional general partners in accordance with the Act;

(4) the entry of a decree of judicial dissolution under the Act; and

(5) the written agreement of Two-Thirds in Interest of the Limited Partners to terminate the Partnership.

Section 11.2 Winding Up.

Upon the occurrence of an event specified in Section 11.1, the Partnership shall be wound up, liquidated and dissolved. At any time during the wind up, liquidation and dissolution of the Partnership as provided in this Section 11.2, Eighty Percent (80%) in Interest of the Limited Partners may remove the General Partner and replace it with a liquidator. In addition, if there is no General Partner, Two-Thirds in Interest of the Limited Partners may appoint a liquidator. The General Partner shall proceed with the Dissolution Sale or a liquidating distribution of the securities and other property of the Partnership pursuant to the required valuation in Section 5.6, all within the sole discretion of the General Partner or liquidator as promptly as practicable; provided that in the event of a Dissolution Sale the General Partner or such liquidator shall continue such sale only as long as it feels is reasonably necessary to obtain fair value for the investments in Portfolio Companies and other assets of the Partnership. In the Dissolution Sale, the General Partner or such liquidator shall use its best efforts to reduce the Partnership's investments in Portfolio Companies to cash and cash equivalents, subject to obtaining fair value therefor and other legal and tax considerations.

Section 11.3 Liquidating Trust.

In the sole discretion of the General Partner or the liquidator at the termination of the Partnership pursuant to Section 11.1, all or a portion of the non-cash assets of the Partnership (other than Marketable Securities) may be distributed to a trust established for the benefit of the Partners for the sole purposes of liquidating Partnership assets, collecting amounts owed to the Partnership and paying any contingent or unforeseen liabilities or obligations of the Partnership. The distribution to the trust will constitute a final, liquidating distribution of assets pursuant to Section 5.3. The Partners' beneficial interests in the trust will be equal to their respective interests in the assets of the Partnership upon liquidation. The trustee of the trust shall be the General Partner or the liquidator.

XII.

MISCELLANEOUS

Section 12.1 Registration of Securities.

Stocks, bonds, securities and other property owned by the Partnership shall be registered in the Partnership name or a "street name". Any corporation or transfer agent called upon to transfer any stocks, bonds and securities to or from the name of the Partnership shall be entitled to rely on instructions or assignments signed or purporting to be signed by the General Partner without inquiry as to the authority of the person signing or purporting to sign such instructions or assignments or as to the validity of any transfer to or from the name of the Partnership. At the time of transfer, the corporation or transfer agent is entitled to assume (i) that the Partnership is still in existence and (ii) that this Agreement is in full force and effect and has not been amended unless the corporation or transfer agent has received written notice to the contrary.

Section 12.2 Entire Agreement.

This Agreement and the Exhibits and Schedules attached hereto set forth the full and complete agreement of the Partners with respect to the subject matter hereof and supersede any prior agreement or undertaking among the parties; provided that the representations of the General Partner, the Partnership and the Limited Partners contained in the Subscription Agreement will survive the execution of this Agreement.

Section 12.3 Voting; Amendments.

On any occasion on which the General Partner submits to the Limited Partners for their approval a proposed amendment, waiver or other action (a "Vote") with respect to a provision of this Agreement, and the General Partner also submits to the Limited Partners of the Foreign Fund for their approval a proposed Vote with respect to a provision with a substantially similar impact of the partnership agreement for the Foreign Fund, then for purposes of determining whether such Vote was approved by the Limited Partners, (x) the Partnership will be deemed to have Capital Commitments equal to the Capital Commitments of the Foreign Fund and the Capital Commitments of the Partnership ("Deemed Total Capital Commitments"); (y) the portion of the Deemed Total Capital Commitments attributable to the Foreign Fund shall be deemed voted as actually voted by the Limited Partners of the Foreign Fund and (z) the portion of the Deemed Total Capital Commitments attributable to the Partnership shall be deemed voted as the Limited Partners actually vote. Subject to the foregoing, this Agreement may be modified from time to time by the General Partner and a Majority in Interest of the Limited Partners; provided that the written consent of all Partners shall be required for any amendment which would do any of the following: (i) increase the Capital Commitment of any Partner; (ii) modify the distributions of Operating Receipts or Investment Receipts in Section 5.2 or the allocations of

Operating Income or Loss or Investment Gain or Loss in Section 5.7; (iii) extend the period in which additional Limited Partners may be admitted to the Partnership beyond 270 days as specified in Section 8.2; (iv) amend the Management Contract so as to increase the Management Fee or other compensation of the General Partner; (v) increase the percentage in interest of the Limited Partners needed to remove the General Partner under Section 8.5 or to terminate the Partnership under Section 11.1; or (vii) amend this Section 12.3. In addition, the written consent of all Tax-Exempt Partners shall be required to amend Section 6.2.O (requiring the General Partner to use best efforts to avoid the generation of UBTI), that portion of Section 6.2.Q that relates to the generation of UBTI, Section 3.3 or Section 8.6, and the written consent of all ERISA Partners shall be required to amend those portions of Section 3.3, Section 6.2.P or Section 8.6 that apply to ERISA Partners. No amendment may be made to any provision of this Agreement which contemplates action by a vote or consent of greater than a Majority in Interest of the Limited Partners without a vote or consent of such greater majority as therein specified.

Section 12.4 Severability.

If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement or the application of such provision to other persons or circumstances shall not be affected thereby. Any default hereunder by a Limited Partner shall not excuse a default by any other Limited Partner.

Section 12.5 Notices.

All notices, requests, demands and other communications shall be in writing and shall be deemed to have been duly given if personally delivered or sent by United States mails, or private or postal express mail service or by facsimile transmission confirmed by letter, if to the Partners, at the addresses set forth on Schedule 1 attached hereto, and if to the Partnership, to the
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General Partner at its address set forth in said Schedule, or to such other address as any Partner shall have last designated by notice to the Partnership and the other Partners, or as the General Partner shall have last designated by notice to the Limited Partners, as the case may be. Any notice shall be deemed received, unless earlier received, (i) if sent by first-class mail, postage prepaid, when actually received, (ii) if sent by private or postal express mail service, when actually received, (iii) if sent by facsimile transmission, on the date sent provided confirmatory notice is sent by first-class mail, postage prepaid, and (iv) if delivered by hand, on the date of receipt.

Section 12.6 Heirs and Assigns; Execution.

This Agreement (i) shall be binding on the executors, administrators, estates, heirs, legal representatives, successors, and assigns of the Partners; and (ii) may be executed in more than one counterpart with the same effect as if the parties executing the several counterparts had all executed one counterpart; provided, however, that the several counterparts, in the aggregate, shall have been signed by all of the Partners.

Section 12.7 Waiver of Partition.

Except as may be otherwise provided by law in connection with the winding-up, liquidation and dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the Partnership's property.

Section 12.8 Power of Attorney.

Concurrently with the execution of this Agreement, each Limited Partner shall execute a Power of Attorney in the form attached to the Subscription Agreement.

Section 12.9 Headings.

The section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 12.10 Further Actions.

Each Partner shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be requested by the General Partner in connection with the formation of the Partnership and the achievement of its purposes, including, without limitation, (i) any documents that the General Partner deems necessary or appropriate to form, qualify, or continue the Partnership as a limited partnership in all jurisdictions in which the Partnership conducts or plans to conduct business and (ii) all such agreements, certificates, tax statements and other documents as may be required to be filed in respect of the Partnership.

Section 12.11 Gender, Etc.

Whenever the context permits, the use of a particular gender shall include the masculine, feminine and neuter genders, and any reference to the singular or the plural shall be interchangeable with the other.

Section 12.12 Tax Matters Partner.

The General Partner shall be designated as the Tax Matters Partner in accordance with Section 6231 of the Code and shall promptly notify the other partners if any tax return or report of the Partnership is audited or if any adjustments are proposed. In addition, the General Partner shall promptly furnish to the Partners all notices concerning administrative or judicial proceedings relating to federal income tax matters as required under the Code and shall supply such information to the Internal Revenue Service as may be necessary to identify the Partners as Notice Partners under Section 6231 of the Code. During the pendency of any administrative or judicial proceeding, the General Partner shall furnish to the Partners periodic reports concerning the status of any such proceeding. Without the consent of a Majority in Interest of the Partners, the General

Partner shall not extend the statute of limitations, file a request for administrative adjustment or enter into any settlement agreement relating to any Partnership item of income, gain, loss, deduction or credit for any fiscal year of the Partnership.

Section 12.13 Applicable Law.

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties to this Agreement have executed the same as of the date first above set forth.

GENERAL PARTNER:

@VENTURES EXPANSION PARTNERS, LLC

By: /s/ Denise W. Marks

Name: Denise W. Marks

Title: Managing Member

LIMITED PARTNERS:

By: @VENTURES EXPANSION PARTNERS, LLC,
Their Attorney in Fact

By: /s/ Denise W. Marks

Name: Denise W. Marks

Title: Managing Member

EXHIBIT 10.65

AGREEMENT OF
LIMITED PARTNERSHIP OF
@VENTURES FOREIGN EXPANSION FUND, L.P.

March 8, 2000

AGREEMENT OF
LIMITED PARTNERSHIP OF
@VENTURES FOREIGN EXPANSION FUND, L.P.

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AGREEMENT OF
LIMITED PARTNERSHIP OF
@VENTURES FOREIGN EXPANSION FUND, L.P.

AGREEMENT OF LIMITED PARTNERSHIP dated as of March 8, 2000 (the "Agreement"), by and among @Ventures Expansion Partners, LLC (referred to as the "General Partner"), and the undersigned limited partners (together with any other limited partner which may hereafter be admitted referred to as the "Limited Partners"). The General Partner and the Limited Partners are sometimes collectively referred to herein as the "Partners" and individually as a "Partner." Definitions of certain terms used in this Agreement are contained in Article I.

WHEREAS, @Ventures Expansion Fund, L.P. (the "Domestic Fund") was formed pursuant to a Certificate of Limited Partnership filed with the Office of the Secretary of State of the State of Delaware on February 10, 2000.

WHEREAS, the General Partner and the Limited Partners desire to enter into an agreement of limited partnership to invest side-by-side with the Domestic Fund, and hereby form a limited partnership pursuant to and in accordance with the Delaware Revised Uniform Limited Partnership Act (6 Del. C. (S) 17-101, et seq.) (the "Delaware Act").

AGREEMENT

In consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I.

DEFINITIONS

As used herein, the following terms have the following meanings:

@Ventures Expansion:

@Ventures Expansion Partners, LLC, a Delaware limited liability company.

Accredited Investor:

An investor which qualifies as an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act.

Act:
- - ---

The Delaware Revised Uniform Limited Partnership Act, as amended from time to time.

Adjusted Capital Account Deficit:
- - ---

With respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the end of the relevant fiscal year or other accounting period determined after (i) crediting to such Capital Account any amounts which such Partner is obligated to restore thereto hereunder or is deemed to be obligated to restore thereto pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Treasury Regulations and (ii) debiting to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Treasury Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations and shall be interpreted consistently therewith.

Affiliates:
- - ---

With respect to any person, any officer, director, employee or general partner of, or any person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, such person. The General Partner and its individual members shall all be deemed Affiliates of one another.

Assignee:
- - ---

As defined in Section 8.3.

Break-up Fee:
- - ---

Any fee, reimbursement or other form of compensation payable by a third party as a result of the failure to consummate an investment.

Bridge Financing:
- - ---

As defined in Section 4.1.

Business Day:
- - ---

Any day, excluding Saturday, Sunday and any other day on which commercial banks in Boston, Massachusetts are authorized or required by law not to be open for business.

Capital Account:
- - ---

As defined in Section 3.4.

Capital Commitment:
- - ------------------

As defined in Section 3.1.

Capital Contribution:
- - --------------------

As defined in Section 3.1.

Capital Contribution Allocable to Liquidated Portfolio Securities:
- - --

With respect to any Partner or class of Partners as of any time of determination, that portion of the Capital Contributions of such Partner or Partners equal to the cost basis of Portfolio Securities that have been liquidated or otherwise disposed of. Capital Contributions Allocable to Liquidated Portfolio Securities shall include (i) the unreimbursed cost to the Partnership of acquiring, holding and selling Portfolio Securities, (ii) any Deemed Portfolio Loss and (iii) that portion of the expenses of the Partnership described in Section 6.5.A(1) that is equal to the ratio of the cost basis of such liquidated Portfolio Security to the total Capital Commitments of the Partnership (provided, however, that in the case of the last investment by the Partnership in a Portfolio Security, any such expenses that have not previously been allocated shall be allocated in their entirety to such last investment for purposes of determining the Capital Contribution of the Partners allocable to such Portfolio Security). For the purposes of Section 5.2B(1), Capital Contributions Allocable to Liquidated Portfolio Securities shall be reduced by any Deemed Portfolio Loss previously distributed with respect to that security pursuant to Section 5.2B(1).

Capital Contribution Allocable to Portfolio Securities:
- - --

With respect to any Partner or class of Partners as of any time of determination, (i) that portion of the Capital Contributions of such Partner or Partners that have been invested in Portfolio Securities, including the unreimbursed cost to the Partnership of acquiring, holding and selling Portfolio Securities (to the extent not paid by break-up and other fees as provided in Sections 6.5.E and 6.5.F), and (ii) that portion of the expenses of the Partnership described in Section 6.5.A(1) that is equal to the ratio of the cost basis of Portfolio Securities to the total Capital Commitments of the Partnership (provided, however, that in the case of the last investment by the Partnership in a Portfolio Security, any such expenses that have not previously been allocated shall be allocated in their entirety to such last investment for purposes of determining the Capital Contribution of the Partners allocable to such Portfolio Security).

CMGI:
- - ----

CMGI, Inc., a Delaware corporation.

CMGI Funds:
- - ----------

The Prior Funds and any other corporation, partnership or limited liability company organized by CMGI in order to facilitate its co-investment obligation under Section 7.3 hereof.

Code:
- - ----

The Internal Revenue Code of 1986, as amended.

Co-investment Obligation:
- - ------------------------

As defined in Section 7.3.

Committed Investment:
- - --------------------

An investment in Portfolio Securities in which the Partnership had an obligation to invest as of the last day of the Commitment Period pursuant to either (i) a commitment to make an initial investment in a Portfolio Company or (ii) a commitment made at the time of the initial investment in a Portfolio Company.

Commitment Period:
- - -----------------

The period from the Initial Closing Date to four years from such date.

Continuity Mode:
- - ---------------

Status which the Limited Partners can impose upon the Partnership in the event of a Triggering Event as described in Section 6.4.

Deemed Portfolio Loss:
- - ---------------------

As defined in Section 5.2.D.

Defaulting Partner:
- - ------------------

As defined in Section 3.6.

Dissolution Sale:
- - ----------------

Sales and liquidations by or on behalf of the Partnership of all or substantially all of its assets in connection with or in contemplation of the winding up of the Partnership.

Domestic Fund:
- - -------------

@Ventures Expansion Fund, L.P., a Delaware limited partnership, which will co-invest with the Partnership in the acquisition of Portfolio Securities.

Eighty Percent (80%) in Interest of the Limited Partners:
- - --

At any time, those Limited Partners whose aggregate Percentage of Contributed Capital equals or exceeds eighty percent (80%).

Escrow Account:
- - --------------

As defined in Section 5.2.F.

Expansion LLC:
- - -------------

CMG @Ventures Expansion LLC or any other entity organized by CMGI in order to satisfy its co-investment obligation described in Section 7.3.

Financial Institution:
- - ---------------------

A bank, savings institution, trust company, insurance company, pension or profit sharing trust, or similar entity which is a member of any group of such persons, having assets of at least $100 million, or other entity (other than an individual) a substantial part of whose business consists of investing in, purchasing or selling the securities of others.

Follow-on Investment:
- - --------------------

An investment, other than a Committed Investment, in Portfolio Securities of a Portfolio Company in which the Partnership holds, immediately prior thereto, Portfolio Securities.

General Partner:
- - ---------------

@Ventures Expansion Partners, LLC or any successor general partner of the Partnership.

Incentive Distributions:
- - ----------

As defined in the last paragraph of Section 5.2.B.

Indemnitees:
- - ----------

As defined in Section 9.3.

Initial Closing Date:
- - ----------

The first date on which any Limited Partner, other than the Initial Limited Partner, is admitted to the Partnership.

Investment Company Act:
- - ----------

The Investment Company Act of 1940, as amended.

Investment Gain:
- - ----------

For any fiscal year or other accounting period of the Partnership, the amount, if any, by which the Partnership's gross taxable income and gains with respect to interests in Portfolio Companies exceed the Partnership's gross taxable deductions and losses with respect to such interests in Portfolio Companies. The following amounts shall be included in determining Investment Gain: (i) any interest, dividend or similar distribution with respect to Portfolio Securities, and (ii) any and all payments arising out of the disposition of Portfolio Securities, including without limitation any option payment, lump sum payment, principal or interest paid or imputed under any promissory note, and any payment made pursuant to a royalty or earn-out arrangement or similar form of contingent payment. Calculations of Investment Gain shall be consistent with calculations made for federal income tax purposes, except that Investment Gain shall be determined (w) by taking into account unrealized gains and losses with respect to Portfolio Securities that are revalued pursuant to the penultimate sentence of Section 3.4 or distributed in kind hereunder, (x) with reference to the book value rather than the adjusted tax basis of any Portfolio Security that has been revalued pursuant to the penultimate sentence of Section 3.4, (y) without regard to any amounts that are specially allocated pursuant to Sections 5.8. and 5.9 and (z) without giving effect to any adjustments made pursuant to Sections 743 or 734 of the Code. Notwithstanding the foregoing, Investment Gain shall not include (i) interest or dividends received from, or gain received upon the disposition of, Temporary Bridge Financing or Permanent Bridge Financing; (ii) the amount of any fees paid to the Partnership pursuant to Section 6.5.E, and (iii) the amount of any fees paid to the Partnership pursuant to Section 6.5.F.

Investment Loss:
- - ---------------

For any fiscal year or other accounting period of the Partnership, the amount, if any, by which the Partnership's gross taxable deductions and losses with respect to interests in Portfolio Companies exceed the Partnership's gross taxable income and gains with respect to interests in Portfolio Companies. Calculations of Investment Loss shall be consistent with calculations made for federal income tax purposes and with the calculation of Investment Gain.

Investment Receipts:
- - -------------------

Amounts received by the Partnership with respect to (including payments and distributions on and proceeds of dispositions of) interests in and assets of Portfolio Companies, net of amounts necessary to pay all expenses, debts and obligations of the Partnership or to establish reserves therefor. Investment Receipts shall exclude (i) interest or dividends received from, or gain received upon the disposition of, Temporary or Permanent Bridge Financing, (ii) the amount of any fees paid to the Partnership pursuant to Section 6.5.E, and (iii) the amount of any fees paid to the Partnership pursuant to Section 6.5.F.

Investors LLC:
- - -------------

@Ventures Expansion Investors LLC or any other entity or group of persons organized for the purpose of satisfying the Co-investment Obligation of the principals of CMGI and/or the Management Company or other persons rendering services to or for the benefit of the Partnership, as described in Section 7.3.

Liabilities:
- - -----------

As defined in Section 9.3.

Limited Partners:
- - ----------------

As defined in the recitals.

Liquidated Portfolio Securities:
- - -------------------------------

Portfolio Securities that have been liquidated or otherwise disposed of.

Majority in Interest of Limited Partners:
- - --

At any time, those Limited Partners whose aggregate Percentage of Contributed Capital exceeds fifty percent (50%).

Management Company:
- - ------------------

@Ventures Expansion Management, LLC, a Delaware limited liability company.

Management Contract:
- - -------------------

The management contract with the Management Company in the form attached hereto as Exhibit A.

Management Fee:
- - --------------

The management fee payable by the Partnership to the Management Company pursuant to the Management Contract.

Marketable Securities:
- - ---------------------

Securities (i) that are freely tradeable pursuant to a registration under the Securities Act of 1933, as amended, or an exemption therefrom, (ii) that immediately after giving effect to their distribution will not be subject to any contractual restriction on transfer, (iii) that will be traded on a national securities exchange or reported through the National Association of Securities Dealers Automated Quotation System, and (iv) that may be sold without regard to volume limitations.

Net Investment Gain:
- - -------------------

As of any time of determination, the amount, if any, by which the sum of the Investment Gains for all fiscal years and other accounting periods of the Partnership exceeds the sum of the Investment Losses for all fiscal years and other accounting periods of the Partnership.

Net Operating Income:
- - --------------------

As of any time of determination, the amount, if any, by which the sum of the Operating Income for all fiscal years and other accounting periods of the Partnership exceeds the sum of the Operating Losses for all fiscal years and other accounting periods of the Partnership.

Operating Income (Loss):
- - -----------------------

For any fiscal year or other accounting period of the Partnership the excess (deficiency) of all income and gains of the Partnership, from whatever source derived, over the losses and expenses borne by the Partnership (including the Management Fee), including any income, gain, losses or expenses relating to Temporary Bridge Financing or Permanent Bridge

Financing but excluding Investment Gain (Loss) all as calculated for federal income tax purposes, except that Operating Income (Loss) shall be computed with the following adjustments: (i) income of the Partnership that is exempt from federal income tax and that is not otherwise taken into account in computing income or loss shall be added to Operating Income (Loss); (ii) expenditures of the Partnership that are neither deductible for Federal income tax purposes nor allowable as additions to the basis of Partnership property (or that are so treated pursuant to Section 1.704-1(b)(2)(iv)(i) of the Treasury Regulations) shall be subtracted from such taxable income or loss; and (iii) there shall not be taken into account any items that are specially allocated pursuant to Sections 5.8.A, 5.8.C, 5.8.D and 5.9.

Operating Receipts:

All amounts received by the Partnership other than Investment Receipts, net of amounts necessary to pay all expenses, debts and obligations of the Partnership or to establish reserves therefor.

Partners:

As defined in the recitals hereof.

Partnership:

@Ventures Foreign Expansion Fund, L.P., a Delaware limited partnership.

Percentage of Contributed Capital:

In the case of each Partner, except as provided in Sections 3.5 and 3.6, the Capital Contributions of such Partner divided by the sum of the Capital Contributions of all Partners.

Permanent Bridge Financing:

As defined in Section 4.3.

Portfolio Companies:

Companies in which the Partnership makes investments in accordance with the provisions of this Agreement.

Portfolio Securities:
- - --------------------

Equity and equity-related securities of Portfolio Companies in which the Partnership invests in accordance with the provisions of this Agreement. Temporary Bridge Financing and Permanent Bridge Financing shall not be considered to be Portfolio Securities except for the purpose of calculating the amount of Investment Receipts to be distributed and allocated pursuant to Sections 5.2.B(2) and 5.7.B(4).

Prior Funds:
- - -----------

CMG@Ventures I, LLC, CMG@Ventures II, LLC, CMG @Ventures III, LLC, @Ventures III, L.P. and @Ventures Foreign Fund III, L.P.

Removal Date Securities:
- - ----------------------

As defined in Section 8.5.

Securities Act:
- - --------------

The Securities Act of 1933, as amended.

Special Limited Partner:
- - ----------------------

As defined in Section 8.5.

Substitute Limited Partner:
- - --------------------------

As defined in Section 8.3.

Subscription Agreement:
- - ----------------------

Each of the several Subscription Agreements between the Partnership and the Limited Partners.

Target Allocation:
- - -----------------

With respect to any Partner as of the close of any fiscal year or other accounting period of the Partnership for which an allocation of Investment Loss is to be made pursuant to Section 5.7.C(1), the amount of Net Investment Gain that would then be allocated to such Partner if (i) the Net Investment Gain for all periods through the close of such fiscal year or other period were equal to the Net Investment Gain as of the close of the immediately preceding fiscal year or other accounting period of the Partnership less the amount of Investment Loss to be then allocated pursuant to Section 5.7.C(1) and (ii) the Net

Investment Gain as then calculated pursuant to clause (i) were then allocated to the Partners pursuant to Sections 5.7.B(3), 5.7.B(4) and 5.7.B(5) as if there had been no prior allocations of Investment Gain or Investment Loss.

Temporary Bridge Financing:
- - --------------------------

Bridge Financing that has not been converted into Permanent Bridge Financing pursuant to Section 4.3.

Temporary Investments:
- - ---------------------

(i) Investments in direct obligations of the United States of America, or obligations of any instrumentality or agency thereof payment of principal and interest of which is unconditionally guaranteed by the United States of America, all of such obligations having a final maturity not more than one year from the date of issue thereof;

(ii) Investments in certificates of deposit or repurchase agreements having a final maturity not more than one year from the date of acquisition thereof issued by any bank or trust company organized under the laws of the United States of America or any state thereof having capital and surplus of at least $100 million;

(iii) Investments in money market funds, provided that such funds invest primarily in government securities described in subparagraph (i) or in municipal obligations that receive a rating of AAA or AA, or Aaa or Aa from a nationally recognized financial rating service such as Standard & Poor's Corporation or Moody's Investors Service, Inc., respectively;

(iv) Investments in interest-bearing accounts of Financial Institutions; and

(v) Commercial paper payable on demand or having a final maturity not more than one year from the date of acquisition thereof which has the highest credit rating by either Standard & Poor's Corporation or Moody's Investors Service, Inc.

Treasury Rate:
- - -------------

An interest rate calculated quarterly at the average of the ninety (90) day United States Treasury Bill weekly auction rates for the preceding quarter.

Treasury Regulations:
- - --------------------

Income Tax Regulations promulgated from time to time under the Code. References to specific sections of the Treasury Regulations shall be to such Sections as amended, supplemented or superseded by Treasury Regulations currently in effect.

Triggering Event:
- - ----------------

As defined in Section 6.4.

Two-Thirds in Interest of the Limited Partners:
- - --

Those Limited Partners whose aggregate Percentage of Contributed Capital equals or exceeds sixty-six and two-thirds percent (66 2/3%).

UBTI:
- - ----

Unrelated business taxable income as defined in Section 512 of the Code and including unrelated debt-financed income as defined in Section 514 of the Code.

II.

FORMATION

Section 2.1 Purpose.

Pursuant to the Act, the Partners hereby agree to form the Partnership as a limited partnership for the principal purpose of making equity and equity-related investments in Portfolio Companies, on a side-by-side basis with the Domestic Fund, managing, supervising and disposing of such investments, receiving the profits and losses therefrom, and engaging in activities necessarily incidental or ancillary thereto. The Partnership will invest solely in companies in which @Ventures III, L.P., @Ventures Foreign Fund, L.P., Expansion LLC and Investors LLC have previously invested.

Section 2.2 Name.

The name of the Partnership will be "@VENTURES FOREIGN EXPANSION FUND, L.P." or such other name or names as the General Partner may from time to time designate.

Section 2.3 Principal Place of Business.

The principal office of the Partnership will be located at 100 Brickstone Square, Andover, Massachusetts 01810, or such other location in the United States as the General Partner may from time to time determine. The General Partner shall give prompt notice of any change in the principal office of the Partnership to each Limited Partner.

Section 2.4 Registered Agent.

The initial address of the Partnership's registered office in Delaware is 1209 Orange Street, Wilmington, County of New Castle, and its initial registered agent at such address for service of process is CT Corporation.

Section 2.5 Term.

The Partnership shall continue in full force and effect until July 31, 2006, unless extended or until earlier terminated pursuant to Section 11.1.

Section 2.6 Tax Returns.

The Partnership shall not take any position in any federal or state income tax return that the Partnership is engaged in a trade or business unless there is a change in law which in the opinion of counsel to the Partnership would require such reporting.

III.

CAPITAL CONTRIBUTIONS; PARTNERS' ACCOUNTS

Section 3.1 Capital Commitments and Contributions.

Subject to the provisions of Sections 3.3 and 3.5, each Partner intends to make cash contributions to the capital of the Partnership in the amount set forth opposite its name on Schedule 1 attached hereto. The amount of such commitment, reduced by any portion of the commitment which is released pursuant to Section 3.5 and increased or decreased by any amount pursuant to Section 3.6, is referred to herein as a "Capital Commitment." With respect to each Partner, the amount of capital contributed pursuant to such Capital Commitment and, after the end of the Commitment Period, amounts proportional to the Partner's Percentage of Contributed Capital that are reserved from Operating Receipts or Investment Receipts and invested in Follow-on Investments or Committed Investments, are referred to as "Capital Contributions." On any date when a Limited Partner makes a Capital Contribution to the Partnership, the General Partner shall contribute to the capital of the Partnership cash in such amount as is sufficient to cause the General Partner's Capital Contribution to equal one percent (1%) of the aggregate Capital Contributions of all Partners. The General Partner shall call for payment of the balance of each Partner's Capital Commitment as needed to fund the Partnership's investments in Portfolio Companies and other permitted uses under this Agreement in accordance with this Article III; provided, however, that no call may be made at any time subsequent to the Commitment Period except to the extent necessary to (i) provide for the expenses of the Partnership including the Management Fee, (ii) make Committed Investments pursuant to Section 6.2.M or (iii) make Follow-on Investments pursuant to Section 6.2.L; and provided further, however, that mandatory capital contributions by the Limited Partners shall be required only for (x) funding the payment of Partnership expenses in accordance with Section 6.5 (but not including indemnification expenses pursuant to Section 9.3), and (y) the Management Fee. All such calls shall be made in writing to all Partners pro rata in proportion to their respective Capital Commitments and shall specify the intended use of such called capital, including in the case of a capital call to invest in a Portfolio Company the name of the Portfolio Company. Such calls shall be made at least ten (10) Business Days before the date on which the installment payable in response to that call is due. The Capital Contributions of a Partner shall not in any case exceed the Capital Commitment of such Partner except as such Partner may otherwise consent. No Capital Contribution returned to a Partner, other than a Capital Contribution that is allocable to a Temporary Bridge Financing which has been sold, refinanced or otherwise disposed of, shall be callable by the General Partner pursuant to this Section 3.1 again, except as such Partner may otherwise consent.

Section 3.2 Initial Capital Contribution of the Limited Partners.

Upon formation of the Partnership, each Limited Partner shall pay a capital contribution (such Limited Partner's "Initial Contribution" and such date of payment being the "Initial Contribution Date") to the Partnership, by wire transfer or check, in an amount equal to such

Limited Partner's pro rata share (based upon Capital Commitments of the Limited Partners) of the initial Management Fee, calculated from March 8, 2000 of the Domestic Fund. In addition, each Limited Partner shall contribute capital to the Partnership in an amount equal to (i) such Limited Partner's pro rata share (based upon Capital Commitments of the Limited Partners) of the product of the Aggregate Partnership Percentage (as defined below) as of the time of such Initial Contribution multiplied by the aggregate original purchase price of the securities held by the Domestic Fund in which the Partnership determines to invest (as set forth below), plus (ii) interest calculated in the same manner as in Section 8.2 of this Agreement (as to additional Limited Partners), plus (iii) such Limited Partner's pro rata share (based upon Capital Commitments of the Limited Partners) of the organizational fees and expenses payable in accordance with Section 6.5. The General Partner and the Limited Partners shall follow the procedures set forth in Section 3.3 with respect to the securities held by the Domestic Fund on the date of formation of the Partnership in order to determine the securities in which the Partnership will invest and for which Partners will contribute capital. The Limited Partners shall fund the capital contribution described in this Section 3.2 within ten (10) business days of the date that the General Partner gives the Limited Partners written notice confirming the amount of such capital contribution. The General Partner shall cause the Domestic Fund to transfer the securities so acquired by the Partnership as soon as reasonably practicable following such capital contribution, such transfer to be effected in a manner reasonably satisfactory to the Limited Partners and their counsel. For purposes of this Article III, "Aggregate Partnership Percentage" equals the quotient, expressed as a percentage, of the aggregate Capital Commitments of all of the Partners of the Partnership, divided by the sum of the aggregate Capital Commitments of all of the Partners of the Partnership plus the aggregate capital commitments of all of the partners of the Domestic Fund.

Section 3.3 Other Capital Contributions by the Limited Partners.

Capital contributions by the Limited Partners to fund investments of the Partnership shall be made from time to time in accordance with this Section 3.3.

(a) The General Partner shall offer to the Partnership the opportunity to acquire its Aggregate Partnership Percentage of each investment opportunity offered to the Domestic Fund, including any Follow-on Investments, on the same terms and conditions as those offered to the Domestic Fund. In the event that a Majority in Interest of the Limited Partners of the Partnership desires to fund an investment, then each Limited Partner of the Partnership (including those who have not so notified the General Partner) shall be required to contribute capital to the Partnership in an amount equal to that portion of the investment which equals the product of (x) the quotient obtained by dividing its Capital Commitment by the Capital Commitments of all of the Partners times (y) the Partnership's aggregate investment amount ("Pro Rata Share"). The Partnership shall not make any investments in securities (other than Temporary Investments) without the prior written approval of a Majority in Interest of the Limited Partners of the Partnership as set forth in this Section 3.3. The General Partner's obligations under this Section 3.3 shall commence on the date hereof and shall continue throughout the term of the Partnership.

(b) In connection with a proposed investment to be made by the Partnership, the General Partner shall give each Limited Partner a written investment memorandum (an "Investment Memo") summarizing such investment, and indicating the date on which a definitive decision shall be required by a Majority in Interest of the Limited Partners of the Partnership (the "Decision Date"), which shall be no less than 30 days from the date of delivery of the Investment Memo or Follow-On Investment Memo (as defined below), as the case may be, except in unusual or exigent circumstances where the requirements of the particular transaction dictate a shorter notice period, which circumstances shall be described in writing in the Investment Memo. The Investment Memo shall include (a) the name of the company in which such investment may be made, (b) a description of the business engaged in by such company, (c) the background and suitability of the portfolio company's senior management, (d) historical financial data for such company, if available, (e) financial forecasts, (f) the rationale for such investment, (g) the projected internal rate of return for such investment based on forecasted revenue, operating margins and net income and valuation multiples of revenue and net profit, (h) valuations, valuation multiples and operating results of comparable companies selected by the General Partner, (i) the proposed amount and terms of the proposed investment by the Domestic Fund and the Partnership, (j) the proposed use of proceeds by such company, (k) the projected future financing requirements of such company, (l) a description of such company's products and technology including an assessment of its advantages, (m) a description of such company's market, including estimates of the size of the current and future market, (n) descriptions of current and anticipated competitive companies and technologies, (o) risks and other issues of the investment, (p) the General Partner's expected action plan or agenda relating to the investment, (q) a capitalization table, reflecting the ownership of management and other investors and stock option plan(s), (r) a description of (A) any interest in such company that is held by the General Partner or its Affiliates, and (B) any other affiliations known to the General Partner between such company and the General Partner, any Affiliate of the General Partner or any portfolio company in which one of the persons listed in the preceding clause (A) has made an investment, and (s) any other information reasonably requested by the Limited Partners.

(c) Prior to the closing of any investment to be made by the Domestic Fund in a Follow-on Investment, the General Partner shall deliver to each Limited Partner a written recommendation memorandum (a "Follow-On Investment Memo") summarizing such Follow-on Investment, and indicating the Decision Date therefor. Such Follow-on Investment Memo shall include (a) the name of the portfolio company, (b) the most recent financial data for the company, (c) the rationale for the Follow-on Investment, (d) the amount and terms of the proposed Follow-on Investment, (e) an update to the other information provided pursuant to subparagraph (ii), and (f) any other information reasonably requested by the Limited Partners.

(d) Within three (3) business days of receipt of the Investment Memo or Follow-on Investment Memo, each Limited Partner shall notify the General Partner as to whether such Limited Partner will be able to reach a decision as to such investment on or before the Decision Date.

(e) On or before the Decision Date, each Limited Partner shall notify the General Partner as to whether or not such Limited Partner will participate in such investment. If a Majority in Interest of the Limited Partners of the Partnership fails to provide to the General Partner an affirmative notice pursuant to this clause on or before the Decision Date, such failure shall be regarded as a waiver by all Limited Partners of their right to participate in such investment.

(f) Any capital contribution agreed to be made by the Limited Partners pursuant to this Section 3.3 shall be made by check or wire transfer upon no less than ten (10) business days' prior written notice given by the General Partner.

(g) Notwithstanding the above, with respect to the following Follow-on Investments, if (i) the initial Investment Memo provides the Limited Partners with the same type of information for any proposed Follow-On Investments as required in Investment Memos and Follow-On Investment Memos, plus information indicating the milestones and other goals for such portfolio company and a price range for the subsequent securities and market capitalization range for such portfolio company at the time of the Follow-On Investment, and (ii) the Limited Partners agree to fund the initial investment in such portfolio company based upon the comprehensive initial Investment Memo, and (iii) the General Partner provides the Limited Partners with a memorandum stating that such portfolio company has met such milestones and goals (or other equivalent progress) and the price of the securities in the Follow-On Investment and market capitalization of the portfolio company meet the ranges specified in the initial Investment Memo, then the Limited Partners Partners shall be required to fund such Follow-On Investment up to the amount specified in the initial Investment Memo.

Section 3.4 Capital Accounts.

The Partnership shall establish and maintain a Capital Account for each Partner. A Partner's Capital Account shall be (i) increased by (a) the amount of such Partner's Capital Contributions, (b) such Partner's allocations of Operating Income and Investment Gain pursuant to Sections 5.7.A and 5.7.B, and (c) items of income or gain specially allocated to such Partner pursuant to Section 5.8 or 5.9, (ii) decreased by (x) the amount of money and the fair market value of any property distributed to such Partner by the Partnership, (y) such Partner's allocations of Operating Loss and Investment Loss pursuant to Sections 5.7.A and 5.7.C and (z) items of loss, deduction or expenditure specially allocated to such Partner pursuant to Section 5.8 or 5.9, and (iii) adjusted to reflect any liabilities that are assumed by such Partner or the Partnership or that are secured by property contributed by or distributed to such Partner, all in accordance with Sections 1.704-1(b)(2)(iv) and 1.704-2 of the Treasury Regulations. Except as otherwise provided in the Treasury Regulations, a transferee of an interest in the Partnership shall succeed to the Capital Account of its transferor to the extent allocable to the transferred interest. Notwithstanding any provision of this Agreement other than Section 5.4, the General Partner shall revalue Partnership properties, and make corresponding adjustments to the Partners' Capital Accounts, as prescribed by Section 1.704-1(b)(2)(iv)(f) of the Treasury Regulations in connection

with any contribution to or distribution by the Partnership of more than a de
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minimis amount of money or other property in exchange for an interest in the
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Partnership unless the General Partner reasonably determines that such revaluations and adjustments are not necessary to reflect the economic interests of the Partners in the Partnership. In addition, the book values of Partnership properties shall be increased or decreased, as the case may be, to reflect any adjustments to the adjusted tax bases of such properties pursuant to Section 734(b) or Section 743(b) of the Code to the extent that such basis adjustments are taken into account in determining Capital Account balances pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m) and have not been reflected in adjustments to the book values of such properties pursuant to the preceding sentence of this Section 3.4.

Section 3.5 Review or Modification of Capital Commitments.

Each Partner acknowledges that it is currently lawful for it to invest in the Partnership. Notwithstanding this acknowledgment and the provisions of this Article III, no Partner shall be obligated to make any contribution of its Capital Commitment if at the time such contribution is due (i) such Partner is substantially likely to be prohibited from making investments in the Partnership under any applicable federal or state law or regulations thereunder then in effect, or (ii) if such Partner is a bank holding company, it has a significant, pre-existing and continuing relationship with a Portfolio Company in which the Partnership has proposed to invest (in each case, a "Modification Event"). In the case of a Modification Event, the affected Partner shall advise the General Partner of the specific terms of the Modification Event within five (5) Business Days of receiving the call notice pursuant to Article III. The General Partner shall promptly notify all other Partners of the alleged Modification Event. Unless (x) in the case of a Modification Event set forth in clauses (i) or (ii) above, the Partner asserting such Modification Event shall, at the request of the General Partner, have delivered to the General Partner an opinion from counsel reasonably satisfactory to the General Partner confirming the existence of such Modification Event or (y) in the case of a Modification Event set forth in clause (ii) above, the affected Partner shall have provided the General Partner with such information and material, including, at the request of the General Partner an opinion of counsel reasonably satisfactory to the General Partner confirming, in the sole discretion of the General Partner, the existence of this Modification Event, the General Partner may, as of the date on which the contribution at issue was due and upon fifteen (15) days notice to the affected Partner, reduce the Capital Account and percentage of Contributed Capital of such Partner by one fourth and correspondingly increase the Capital Account and Percentage of Contributed Capital of each other Partner in a manner similar to that provided in Section 3.6.B; provided, that the Partner asserting the prohibition shall not be deemed a Defaulting Partner, as defined in Section 3.6, for purposes of the provisions thereof.

Notwithstanding the provisions of this Agreement, the General Partner may refuse to permit a Limited Partner to participate in an investment in a Portfolio Company if, in the sole discretion of the General Partner, such Limited Partner's participation would impair the ability of the Partnership or the General Partner or make it impractical or inadvisable as a result of regulatory or competitive considerations or otherwise to consummate or to maintain the

investment in the Portfolio Company. In this event, at the time of providing call notices to the Limited Partners, the General Partner shall notify the affected Limited Partner of its non-participation in the proposed investment and give such Partner such information and material as the General Partner determines is sufficient to warrant the non-participation of such Partner in the investment. The decision of the General Partner to refuse a Limited Partner the opportunity to participate in an investment shall be in the sole discretion of the General Partner.

Section 3.6 Default in Capital Commitment.

Except as provided in Section 3.5, in the event a Partner fails to fund its Capital Commitment as required under Sections 3.1 to 3.3 in a timely manner, and such failure continues for ten (10) Business Days after written notice of such failure from the General Partner (or for such longer period (not to exceed twenty (20) business days) as the General Partner may in its sole discretion permit under extraordinary circumstances), then such Partner which failed to make payment shall be a Defaulting Partner, and the following provisions of this Section 3.6 shall apply:

A. Whenever the vote, consent or decision of the Partners is required or permitted pursuant to this Agreement, any Defaulting Partner shall not be entitled to participate in such vote or consent, or to make such decision, and such vote, consent or decision shall be made as if such Defaulting Partner were not a Partner. Notwithstanding this prohibition, any such vote, consent or decision shall be binding upon such Defaulting Partner.

B. The Defaulting Partner shall not be required to make any further Capital Contributions to the Partnership and shall be released from that portion of a Defaulting Partner's unfunded Capital Commitment (provided that such Defaulting Partner shall remain fully liable to the creditors of the Partnership to the extent of the installment of the Capital Commitment with respect to which the default occurred). Thereafter, the Defaulting Partner's Percentage of Contributed Capital in all investments made by the Partnership in Portfolio Companies after the date of default shall be zero, and the Percentages of Contributed Capital of the remaining Partners shall be adjusted accordingly.

C. Except as set forth in this Section 3.6.C, the Defaulting Partner shall not be entitled to receive any distribution of Operating Receipts or Investment Receipts until the termination of the Partnership. The General Partner shall establish a separate escrow account with a Financial Institution into which will be deposited all of the distributions of Operating Receipts and Investment Receipts that the Defaulting Partner would otherwise be entitled to receive. Upon the liquidation of the Partnership, the Defaulting Partner will be entitled to receive from the separate escrow account, an amount equal to the lesser of (i) seventy-five percent (75%) of the distributions it was otherwise entitled to receive with respect to investments in Portfolio Companies that were consummated prior to the date of the Defaulting Partner's default (without the addition of interest that accrued on the amounts held in the separate escrow account) and (ii) its aggregate Capital Contributions to the Partnership reduced by all distributions made to the Defaulting Partner prior to the date of default. Any amounts remaining in the

separate escrow account, including all interest earned on such amounts, shall thereafter be distributed to the General Partner to compensate the General Partner for any damages incurred as a result of the default and then to the non-defaulting Limited Partners in proportion to their respective Percentages of Contributed Capital recalculated as if the Defaulting Partner were not a Partner of the Partnership. The Defaulting Partner shall be allocated Operating Income and Loss and Investment Gain and Loss only with respect to investments in Portfolio Companies that were consummated prior to the date of the Defaulting Partner's default.

D. The provisions of Sections 3.6.B and C shall not apply more than once to any Defaulting Partner.

E. No Defaulting Partner shall be entitled to assign its interest in the Partnership in accordance with Section 8.3 without the consent of the General Partner, which it may withhold in its sole discretion.

F. No right, power or remedy available to the General Partner in this Section 3.6 shall be exclusive, and each such right, power or remedy shall be cumulative and in addition to any other right, power or remedy available at law or in equity. No course of dealing between the General Partner and any Defaulting Partner, and no delay in exercising any right, power or remedy shall operate as a waiver or otherwise prejudice the exercise of such right, power or remedy.

G. Notwithstanding the remaining provisions of Section 3.6, this Section 3.6 shall only apply to a Partner's default relating to a mandatory capital contribution and not a discretionary capital contribution under Section 3.3 and the other provisions relating thereto.

IV.

BRIDGE FINANCING

Section 4.1 Extension of Bridge Financing.

Solely in order to facilitate the making of investments in Portfolio Securities as expeditiously as practicable with the most favorable pricing reasonably available, the Partnership may from time to time provide interim financing ("Bridge Financing") to one or more Portfolio Companies until permanent financing is arranged. All such Bridge Financing shall be designated as such by the General Partner at the time it is first provided. All Bridge Financing will be senior to the permanent investment of the Partnership in such Portfolio Company, and bear interest or carry other compensation at rates not less favorable to the Partnership than those available from an unaffiliated Financial Institution. The General Partner will use its best efforts to cause Bridge Financing to be converted into Portfolio Securities, and if not so converted, to be sold or refinanced as promptly as practicable, and in any event will use its best efforts to cause such conversion, sale or refinancing to occur within one year after such Bridge Financing is first provided by the Partnership. Bridge Financing may be provided to any single Portfolio Company only to the extent that the sum of the Partnership's investment in such Portfolio Company, including Portfolio Securities, Bridge Financings and the amount of any guarantees, shall not exceed the lesser of (i) fifteen percent (15%) of the Partnership's aggregate Capital Commitments, or (ii) the remaining unfunded Commitments as of the date of such Bridge Financing.

Section 4.2 Funding of Bridge Financing.

The Partnership may fund Bridge Financing by borrowing pursuant to Section 6.2.P from one or more Financial Institutions, by calling upon the Partners' Capital Commitments in accordance with Section 3.2, or by guarantying indebtedness incurred by the Portfolio Company with the written consent of Two-Thirds in Interest of the Limited Partners of this Partnership, in each case solely in order to facilitate the making of investments in Portfolio Securities as expeditiously as practicable with the most favorable pricing reasonably available. The proceeds of the sale, refinancing or other disposition of Temporary Bridge Financing which has been funded by the call of Capital Commitments shall, to the extent of the Partners' Capital Contributions allocable thereto, be returned to the Partners in proportion to such Partners' Capital Contributions allocable to such investment within five (5) days after the receipt thereof by the Partnership. The Partners' Capital Commitments remaining to be called shall thereafter include that portion of such allocable Capital Contributions returned.

Section 4.3 Permanent Bridge Financing.

If and to the extent that Temporary Bridge Financing is not converted into Portfolio Securities or sold or refinanced within one year after it is provided, it promptly shall be converted as of the end of such one year period into financing ("Permanent Bridge Financing") on terms and in proportions not less favorable to the Partnership, than those most recently offered by the Partnership to prospective investors during the period that the financing remained outstanding pursuant to Temporary Bridge Financing. If the Temporary Bridge Financing was funded through borrowings by a Portfolio Company guaranteed by the Partnership, the Partnership, shall purchase its portion of the Permanent Bridge Financing as if it were a permanent investment in a Portfolio Company.

V.

DISTRIBUTIONS; WITHHOLDING; VALUATION; ALLOCATIONS

Section 5.1 Withdrawal of Capital.

No Partner shall have the right to withdraw capital from the Partnership or, except as otherwise set forth in this Agreement and the Act, to receive any distribution or return of its Capital Contribution.

Section 5.2 Distributions Prior to Liquidation.

A. Subject to Sections 5.3 and 5.4, and except to the extent deemed necessary by the General Partner to reserve for Committed Investments pursuant to 6.2.M, Operating Receipts for each fiscal year (or fractional portion thereof) shall be distributed to the Partners in proportion to their respective Percentages of Contributed Capital. Such distributions shall be made by the General Partner within ninety (90) days after the close of each fiscal year and at such other time or times as the General Partner shall determine.

B. Subject to Sections 5.3 and 5.4, and except to the extent deemed necessary by the General Partner to reserve for Committed Investments pursuant to 6.2.M, the General Partner shall, each calendar quarter on or before the fifteenth day after the end of such quarter, make distributions of all Investment Receipts and shall distribute such Investment Receipts as follows:

(1) First, to the Partners in proportion to their Percentages of Contributed Capital, until such Partners have received from all distributions then or theretofore made pursuant to this Section 5.2.B(1), on a cumulative basis, an amount of distributions equal to the sum of (i) their Capital Contributions Allocable to Liquidated Portfolio Securities and (ii) all Management Fees that have been paid out of the Capital Contributions of the Limited Partners to the Management Company as of any date on which a distribution pursuant to this Section 5.2 will be made;

(2) Second, twenty percent (20%) to the Partners in proportion to their Percentages of Contributed Capital and eighty percent (80%) to the General Partner until the General Partner has received pursuant to this Section 5.2.B(2) an amount of distributions equal to twenty percent (20%) of the amounts distributed to the Partners in proportion to their Percentages of Contributed Capital pursuant to (A) clause (i) of Section 5.2.B(1), but only to the extent of the amount of Capital Contributions Allocable to Portfolio Securities attributable to expenses set forth in Sections 6.5.A(1) and (4) that have been allocated to a particular Portfolio Security and (B) clause (ii) of Section 5.2.B(1); and

(3) Third, thereafter, eighty percent (80%) to the Partners in proportion to their Percentages of Contributed Capital and twenty percent (20%) to the General Partner.

For purposes of this Agreement, all amounts distributed to the General Partner pursuant to Sections 5.2.B(2) and 5.2.B(3) (other than in proportion to its Percentage of Contributed Capital) shall be referred to herein as "Incentive Distributions."

C. In addition to any other obligations hereunder, the General Partner shall endeavor (if practical and reasonable to do so in light of the circumstances of the Partnership) to distribute, if available, sufficient amounts of Operating Receipts and/or Investment Receipts to the Partners in accordance with this Article V to enable them to make timely payment of any Federal, state, local and foreign income tax liabilities incurred by them or their principals as a result of their participation in the Partnership.

D. As of any date on which the General Partner determines to make a distribution of Investment Receipts, the General Partner shall determine, pursuant to Section 5.6, the fair market value of each investment in a Portfolio Company which has not been sold or disposed of. The extent to which the aggregate fair market values of all such investments are less than the aggregate cost bases of all such investments for book purposes shall constitute a "Deemed Portfolio Loss". That portion of each Liquidated Portfolio Security equal to the amount of Deemed Portfolio Loss allocated with respect thereto shall, upon the deemed or actual sale of that Liquidated Portfolio Security, be deemed to have been sold for an amount equal to the amount of Deemed Portfolio Loss and shall be deemed to have a tax basis of zero, and the tax basis of the remaining portion of the Liquidated Portfolio Security shall include the amount of such Deemed Portfolio Loss.

E. If upon the liquidation of the Partnership the General Partner shall have received as Incentive Distributions under Section 5.2B(3) (that have not been recontributed to the Partnership pursuant to Section 5.3) an aggregate amount in excess of the amount the General Partner would have received as Incentive Distributions pursuant to Section 5.2B(3), including liquidating distributions, had the entire amount of Investment Receipts actually received by the Partnership been received by the Partnership on the date of liquidation of the Partnership, then the General

Partner shall, to the extent of all distributions received as Incentive Distributions pursuant to Section 5.2B(3) (that have not been recontributed to the Partnership pursuant to Section 5.3), pay to the Partners in proportion to their Percentages of Contributed Capital such excess.

F. The General Partner shall establish in its name, but for the benefit of the Partners, a separate bank account at a Financial Institution (the "Escrow Account"), in which it will maintain an amount equal to the lesser of (i) twenty-five percent (25%) of all Incentive Distributions paid to the General Partner, and (ii) the amount required to be added to the fair market value of the existing Portfolio Securities of the Partnership, determined pursuant to Section 5.6, so that the resulting total exceeds the total amount of Capital Contributions allocable to such investments by twenty-five percent (25%). Upon the liquidation of the Partnership, the General Partner shall distribute to the Partners from the Escrow Account, in proportion to their Percentages of Contributed Capital, that portion of the escrowed funds equal to the General Partner's required payment under Section 5.2.E, or if such required payment is in excess of such escrowed funds, the total amount held in such Escrow Account plus an amount, paid directly by the General Partner, that when added to the escrowed funds equals the General Partner's required payment pursuant to Section 5.2.E. Any funds held in the Escrow Account upon liquidation of the Partnership and after the required payment pursuant to this Section and Section 5.2.E shall be distributed immediately to the General Partner. The General Partner will direct the investment of amounts held in the Escrow Account, which shall in any event be made solely in investments qualifying as Temporary Investments. All income earned on the amounts retained in the Escrow Account shall be distributed at the end of each calendar quarter immediately to the General Partner.

Section 5.3 Distributions Upon Liquidation.

Upon the liquidation of the Partnership, the assets of the Partnership shall first be applied to the payment of, or the establishment of adequate reserves or other provision for the payment of, the debts and obligations of the Partnership. Thereafter, there shall be made a final allocation of Operating Income or Loss and Investment Gain or Loss, as the case may be, and other items to the Partners' Capital Accounts in accordance with Section 5.7. If the General Partner has a negative balance in its Capital Account after such final allocation, it shall contribute to the Partnership an amount of cash equal to the excess of such negative balance over the amount that it is required to pay to the Partners pursuant to Section 5.2.E. Notwithstanding the foregoing, the General Partner's obligation to pay such excess pursuant to this Section 5.3 shall not inure to the benefit of, or be invoked or enforced by or for the benefit of, any creditor who has otherwise contractually obligated itself to look solely to all or a part of the assets of the Partnership and not to the assets of any Partner for satisfaction of any debt owed or owing to that creditor by the Partnership. The assets of the Partnership, including any Portfolio Securities, whether or not such securities are Marketable Securities (or the proceeds of sales or other dispositions in liquidation of assets of the Partnership) remaining after the payment or other provision for the Partnership's debts and obligations shall then be distributed to the Partners in proportion to the positive balances in their Capital Accounts, determined after the final allocation of Operating Income or Loss and Investment Gain or Loss, and of other items to Capital Accounts has been made;

provided that the name of the Partnership shall be transferred with a value of $1.00 ascribed thereto, to the General Partner. For purposes of making this distribution, such assets shall be valued pursuant to Section 5.6. Amounts reserved or set aside, in connection with the Partnership's liquidation, for the payment of Partnership debts and obligations, which are not utilized for such payment, shall be distributed to the Partners in the same proportions that such amounts would have been distributed hereunder if distributed upon the Partnership's liquidation, as soon as practicable.

Section 5.4 Distributions of Securities in Kind.

A. The General Partner shall distribute to the Partners as an Investment Receipt any Portfolio Securities that become Marketable Securities promptly upon their becoming Marketable Securities, when such a distribution would serve the best interests of the Partnership. Factors to be considered by the General Partner in making such a determination shall include (i) the fiduciary obligations owed to the stockholders of the issuer of such Marketable Securities by any Affiliate of the General Partner who may serve as a director of such issuer, and (ii) whether retention of such Marketable Securities shall serve the best interests of the Partnership by maintaining control of or influence over the issuer of the securities, stabilizing the market for such securities until such time as the securities are either distributed to the Partners pursuant to this Section 5.4 or are sold or otherwise disposed of or facilitating subsequent offerings by the issuer which shall include such Marketable Securities. The General Partner shall notify the Limited Partners each time a Portfolio Security becomes a Marketable Security. The General Partner shall not distribute Portfolio Securities that are not Marketable Securities at any time other than upon the liquidation of the Partnership.

B. With respect to securities distributed in kind to the Partners in liquidation or otherwise, (i) any unrealized appreciation or unrealized depreciation in the values of such securities shall be deemed to be realized by the Partnership immediately prior to the liquidation or other distribution event; and (ii) such appreciation or depreciation shall be allocated to the Partners as part of the allocation of Investment Gain or Loss, as the case may be, for the year of the distribution in accordance with Section 5.7 hereof, and treating any property so distributed as a distribution of an amount in cash equal to the fair market value of the property determined pursuant to Section 5.6. For the purposes of this Section 5.4.B, "unrealized appreciation" or "unrealized depreciation" shall mean the difference between the fair market value of such assets and the adjusted basis of such assets for federal income tax purposes (or, in the case of any asset that is reflected on the books of the Partnership at a value that is different from the Partnership's federal tax basis in such asset in compliance with the Treasury Regulations, the value of such asset as shown on the Partnership's books). This Section 5.4.B is merely intended to provide a rule for allocating unrealized gains and losses upon liquidation or other distribution event, and nothing contained in this Section 5.4.B or elsewhere in this Agreement is intended to treat or cause such distributions to be treated as sales for value.

C. If any Partner would otherwise receive a distribution of an amount of any securities that would cause such Partner to own or control in excess of the amount of such securities that it may lawfully own or control or which, by reason of any legal or contractual restriction, the General Partner may not distribute to such Partner, the Partner shall, solely for purposes of this Agreement, be treated as if it had received such securities as a distribution in kind pursuant to Section 5.4.B. The General Partner shall, at the written request of such Partner and to the extent it is practicable to do so, dispose of all or any portion of such securities on behalf of and as the agent for such Partner and distribute the proceeds of such disposition to such Partner; provided that such Partner shall bear all of the reasonable expenses (including, without limitation, underwriting costs) of such disposition. In the alternative, at the request of such Partner, the General Partner shall use reasonable efforts to recapitalize the Portfolio Company so as to distribute to such Partner non-voting securities. In either event, any discrepancy between the actual gain or loss recognized upon the sale or other disposition of Portfolio Securities (including Marketable Securities) and the unrealized appreciation or unrealized depreciation in the values thereof as determined under Section 5.4.B, shall constitute gain or loss of the Partner to whom the securities were constructively distributed, and shall in no event constitute gain or loss to the Partnership.

D. The General Partner may cause certificates evidencing any securities to be distributed to be imprinted with legends as to such restrictions on transfers that it may deem necessary, including legends as to applicable federal or state securities laws or other legal or contractual restrictions, and may require any Partner to which securities are to be distributed to agree in writing that such securities will not be transferred except in compliance with such restrictions and applicable law.

Section 5.5 Withholding.

Each Partner hereby authorizes the Partnership to withhold and to pay over any withholding taxes payable by the Partnership, to the extent required by applicable law, as a result of such Partner's status as a Partner hereunder. If and to the extent that the Partnership shall be required under applicable law to withhold any such taxes, such Partner shall be deemed for all purposes of this Agreement to have received a payment from the Partnership as of the time such withholding is required to be paid, which payment shall be deemed to be a distribution to the extent that the Partner is then entitled to receive a distribution. The amount of any distribution to which such Partner would otherwise be entitled shall be reduced by the amount of such deemed distribution. To the extent that the aggregate of such payments to a Partner for any period exceeds the distributions to which such Partner is entitled for such period, the amount of such excess shall be considered a loan from the Partnership to such Partner, with interest at the Treasury Rate, until discharged by such Partner by repayment, which may be made out of distributions to which such Partner would otherwise be subsequently entitled. The withholdings referred to in this Section 5.5 shall be made at the maximum statutory rate applicable to such Partner under the applicable tax law unless the General Partner shall have received either (i) an opinion of counsel, satisfactory to the General Partner, to the effect that a lower rate is applicable,

or that no withholding is applicable or (ii) any form authorized by the relevant taxing authority signed by a Partner that establishes that no withholding is required for such Partner. Notwithstanding the foregoing, the Partnership shall not withhold any amount from distributions in any taxable year of the Partnership with respect to a Limited Partner, provided that (i) such Limited Partner delivers to the Partnership a properly executed withholding tax exemption certificate in the form provided by the General Partner (or such form as the Internal Revenue Service may require) for such year and (ii) there is no charge in law regarding withholding obligations with respect to foreign persons which, in the opinion of counsel to the Partnership, would require withholding with respect to such Partner.

Section 5.6 Valuation.

For purposes of this Agreement except as specifically provided in Section 8.5, securities and other property of the Partnership shall be valued as follows:

A. The Portfolio Securities of the Partnership shall be valued by the General Partner pursuant to subparagraphs B, C, D and E hereof (i) at the time of any distribution pursuant to Section 5.2 in order to determine the amount of any Deemed Portfolio Loss, (ii) at the time of any distribution pursuant to Section 5.4, (iii) upon the distribution of Partnership assets in liquidation pursuant to Section 5.3 and (iv) annually pursuant to Section 10.3.

B. Marketable Securities shall (i) if traded on a national securities exchange, be valued at the average of their last sales prices on such exchange on which such Marketable Securities shall have traded on the last ten (10) trading days on which such Marketable Securities were traded immediately preceding the date of determination, or (ii) if the trading of such Marketable Securities is reported through the National Association of Securities Dealers Automated Quotation System, such Marketable Securities shall be valued at the average of the last closing "bid" prices as shown by the National Association of Securities Dealers Automated Quotation System on the last ten (10) trading days on which such Marketable Securities were traded immediately preceding the date of determination.

C. Except as provided in subparagraph E below, all property other than Marketable Securities shall be valued by the General Partner in such manner as it may determine in good faith. Factors considered in valuing individual securities will include purchase price, prices received in recent significant private placements of securities of the same issuer, transfer restrictions on the securities, prices of securities of comparable public and private companies engaged in similar businesses and changes in the financial condition and prospects of the issuer.

D. If, within thirty (30) days after receipt of notice of any valuation made pursuant to subparagraph C above, Two-Thirds in Interest of the Limited Partners shall so request, the General Partner shall obtain at the expense of the Partnership a valuation of any securities or other property from an independent firm of investment bankers of nationally recognized standing selected by the General Partner and approved by Two-Thirds in Interest of the Limited Partners,

such approval not to be unreasonably withheld. The decision of such firm shall be binding on all Partners. Each distribution in kind of securities other than Marketable Securities subject to valuation under subparagraph B shall be accompanied by a notice from the General Partner reminding the Limited Partners of their right to require an independent valuation under this subparagraph D.

E. Upon liquidation of the Partnership, all assets which will be distributed to the Partners in liquidation, other than Marketable Securities subject to valuation under subparagraph B above, shall, upon request by Two-Thirds in Interest of the Limited Partners, be valued by an independent firm of investment bankers of nationally recognized standing selected by the General Partner. The decision of such firm as to the liquidation value of all such assets shall be binding on all Partners.

Section 5.7 Allocations of Operating Income and Loss and Investment Gain and Loss.

A. Subject to Sections 5.8 and 5.9, all Operating Income and Operating Loss of the Partnership shall be allocated to the Partners in proportion to their Percentages of Contributed Capital.

B. Subject to Sections 5.8 and 5.9, an Investment Gain for any fiscal year or other accounting period of the Partnership shall be allocated as follows and in the following order of priority as of the close of such fiscal year or other accounting period:

(1) First, to the General Partner until there has been allocated on a cumulative basis pursuant to this Section 5.7.B(1) for all fiscal years and other accounting periods of the Partnership an amount of Investment Gain equal to the amount of Investment Loss that has been allocated pursuant to Section 5.7.C(3) for all fiscal years and other accounting periods of the Partnership;

(2) Second, to the Partners, in proportion to their Percentages of Contributed Capital, until there has been allocated on a cumulative basis pursuant to this Section 5.7.B(2) for all fiscal years and other accounting periods of the Partnership an amount of Investment Gain equal to the amount of Investment Loss that has been allocated pursuant to Section 5.7.C(2) for all fiscal years and other accounting periods of the Partnership;

(3) Third, to the Partners, in proportion to their Percentages of Contributed Capital, until there has been allocated on a cumulative basis for all fiscal years and other accounting periods of the Partnership pursuant to this Section 5.7.B(3), an amount of Net Investment Gain equal to the sum of (i) the amount of Deemed Portfolio Loss that has been included in the determination of Capital Contributions Allocable to Liquidated Portfolio Securities for purposes of making distributions pursuant to Section 5.2.B, and

(ii) the amount of distributions made with respect to Management Fees pursuant to clause (ii) of Section 5.2.B(1);

(4) Fourth, eighty percent (80%) to the General Partner and twenty percent (20%) to the Partners in proportion to their Percentages of Contributed Capital until the General Partner has been allocated on a cumulative basis for all fiscal years and other accounting periods of the Partnership pursuant to this Section 5.7.B(4), in addition to allocations made to the General Partner pursuant to this Section 5.7 in proportion to its Percentage of Contributed Capital, an amount of Net Investment Gain of the Partnership equal to the amount distributed to the General Partner pursuant to Section 5.2.B(2);

(5) Fifth, thereafter with respect to the remaining Net Investment Gain, eighty percent (80%) to the Partners, in proportion to their Percentages of Contributed Capital, and twenty percent (20%) to the General Partner.

C. Subject to Sections 5.8 and 5.9, an Investment Loss for any fiscal year or other accounting period of the Partnership shall be allocated as follows and in the following order of priority as of the close of such fiscal year or other accounting period:

(1) First, to the extent of the Net Investment Gain, if any, that has been allocated hereunder for all prior fiscal years and other accounting periods, to the Partners in proportion to the respective amounts, if any, by which (i) their allocations of Net Investment Gain for all such prior years and other periods exceed (ii) their Target Allocations as of the close of the fiscal year or other period for which an Investment Loss is then being allocated;

(2) Second, to the Partners, in proportion to their Percentages of Contributed Capital, until the Limited Partners' Capital Accounts have been reduced to zero; and

(3) Third, thereafter, to the General Partner.

Section 5.8 Special Provisions.

The following provisions shall be complied with notwithstanding any provision of this Agreement other than Section 5.9:

A. If any Partner unexpectedly receives any adjustment, allocation or distribution described in Sections 1.704-1(b)(2) (ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), or 1.704-1(b)(2)(ii)(d)(6) of the Treasury Regulations which causes it to have an, or increases the amount of its, Adjusted Capital Account Deficit, items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, such Partner's Adjusted Capital Account Deficit as quickly as possible, provided that an allocation pursuant to this Section 5.8.A shall be made to a Partner only if and to the extent

that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article V have been tentatively made as if this Section 5.8.A were not in this Agreement. This Section 5.8.A is intended to constitute a "qualified income offset" as defined in Section 1.704-1(b)(2)(ii)(d) of the Treasury Regulations.

B. Notwithstanding Section 5.7.C, an allocation of Operating Loss or Investment Loss shall not be made to a Partner to the extent that such allocation would cause such Partner to have an Adjusted Capital Account Deficit. An allocation that would be made to a Partner but for this Section 5.8.B shall instead be made to the other Partners to the extent, and in the proportions, that they could then be made such allocation without causing them to have Adjusted Capital Account Deficits. Any excess allocation of Operating Loss or Investment Loss shall be made to the General Partner.

C. The allocations set forth in Sections 5.8.A, 5.8.B, and 5.9 hereof (the "Regulatory Allocations") are intended to comply with certain provisions of the Treasury Regulations. Notwithstanding any other provision of this Article V, the Regulatory Allocations shall be taken into account in making allocations of other items of income, gain, loss, deduction and expenditure among the Partners so that, to the extent possible consistent with the Code and the Treasury Regulations, and on a cumulative basis, the respective net amounts of such allocations of other items and the Regulatory Allocations to the Partners are equal to the respective net amounts that would have been allocated to the Partners had no Regulatory Allocations been made. The General Partner shall apply this Section 5.8.C at such times, in such order and in such manner as it determines, in its sole discretion, is likely to minimize any economic distortions caused by the Regulatory Allocations.

D. If contributions that would otherwise be required pursuant to Article III with respect to the interest in the Partnership of a particular Limited Partner are excused hereunder or by law, such interest shall be treated for purposes of this Article V as an interest in a separate portfolio of assets in which, subject to all other provisions of this Agreement, only such Limited Partner (or his assignees or legatees) and the General Partner shall be entitled to participate (as provided in this Article V). Such separate portfolio shall consist of such Limited Partner's pro rata share (by allocable Capital Contribution) of each Portfolio Security the Partnership's interest in which was, or the assets of which were, acquired in part with capital contributions of such Limited Partner. Such Limited Partner (and his assignees and legatees) shall have no interest in the Partnership or its assets to the extent not included in, and shall have no right to participate in the results of the Partnership to the extent not attributable to, such separate portfolio. A separate portfolio shall be charged with portions of the Partnership's expenses, liabilities, costs and reserves in such manner as the General Partner reasonably determines to be fair and equitable.

E. Income, gain, loss and deduction with respect to property contributed to the Partnership by a Partner shall be shared among the Partners so as to take account of the variation between the basis of the property to the Partnership and its fair market value at the time of contribution in accordance with the principles of Section 704(c) of the Code.

Section 5.9 Special Provisions in the Event of Borrowings or a Section 754 Election.

A. If the Partnership incurs any borrowings, the Partnership (i) shall allocate any "non-recourse deductions," computed and determined in accordance with Sections 1.704-2(b)(1), 1.704-2(c) and 1.704-2(j) of the Treasury Regulations, it may have twenty percent (20%) to the General Partner and eighty percent (80%) to the Partners in proportion to their Percentages of Contributed Capital, (ii) shall allocate any "partner non-recourse deductions," computed and determined in accordance with Sections 1.704-2(i)(1), 1.704-2(i)(2) and 1.704-2(j) of the Treasury Regulations, it may have so as to comply with Section 1.704-2(i) of the Treasury Regulations and (iii) shall make such allocations as are necessary to comply with the "minimum gain chargeback" provisions of Sections 1.704-2(f), 1.704-2(i) and 1.704-2(j) of the Treasury Regulations, taking into account all exceptions provided by such provisions to the applicability of this clause (iii).

B. To the extent an adjustment to the adjusted tax basis of any asset of the Partnership pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations, to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset), and such gain or loss shall be specially allocated to the Partners in a manner that is consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Section 1.704-1(b)(2)(iv)(m) of the Treasury Regulations.

VI.

MANAGEMENT; PAYMENT OF EXPENSES

Section 6.1 Description of General Partner.

@Ventures Expansion Partners, LLC is the General Partner of the Partnership.

Section 6.2 Management by the General Partner.

The management, policy and operation of the Partnership shall be vested exclusively in the General Partner who shall perform all acts and enter into and perform all contracts and other undertakings which it deems necessary or advisable to carry out any and all of the purposes of the Partnership. Without limiting the foregoing general powers and duties, and except as is otherwise expressly set forth herein, the General Partner is hereby authorized and empowered on behalf of the Partnership and, as relevant herein, is required:

A. To enter into a Management Contract with the Management Company on the terms, including those pertaining to payment of the Management Fee, set forth in Exhibit A

attached hereto; provided that such Contract may not be amended without the written consent of Two-Thirds in Interest of the Limited Partners unless such Contract is amended to increase the Management Fee, in which case unanimous consent of the Limited Partners shall be required in accordance with Section 12.3.

B. To identify investment opportunities for the Partnership, negotiate and structure the terms of such investments, arrange additional financing needed to consummate such investments and monitor such investments.

C. To invest the assets of the Partnership in the securities of any organization, domestic or foreign, in accordance with Article III and the other terms and provisions of this Agreement, without other limitation as to kind and without other limitation as to marketability of the securities, and pending such investment, to invest the assets of the Partnership in Temporary Investments.

D. To exercise all rights, powers, privileges and other incidents of ownership with respect to the Portfolio Securities, including, without limitation the voting of such Portfolio Securities, the approval of a restructuring of an investment, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings, and other similar matters.

E. To sell, transfer, liquidate or otherwise terminate investments made by the Partnership.

F. To employ or consult brokers, accountants, attorneys, or specialists in any field of endeavor whatsoever, including such persons or firms who may be Partners, provided, however, that no Affiliate of the General Partner may be hired or employed without the approval of Two-Thirds in Interest of the Limited Partners.

G. To deposit any funds of the Partnership in any bank or trust company or money market fund provided that, in the case of any bank or trust company such bank or trust company qualifies as a Financial Institution and in the case of any money market fund such fund would qualify as a money market fund in which the Partnership may make a Temporary Investment, and to entrust to such bank or trust company any of the securities, monies, documents and papers belonging to or relating to the Partnership; provided, however, that from time to time, in order to facilitate any transaction, any of the said securities, monies, documents and papers belonging to or relating to the Partnership may be deposited in and entrusted to any brokerage firm that is a member of the New York Stock Exchange and which has minimum net capital of $10 million as calculated in accordance with the Securities Exchange Act of 1934.

H. To determine, settle and pay all expenses, debts and obligations of and claims against the Partnership and, in general, to make all accounting and financial determinations and decisions.

I. To enter into, make and perform all contracts, agreements and other undertakings as may be determined to be necessary or advisable or incident to the carrying out of the foregoing objectives and purposes, the execution thereof by the General Partner to be conclusive evidence of such determination.

J. To execute all other instruments of any kind or character which the General Partner determines to be necessary or appropriate in connection with the business of the Partnership, the execution thereof by the General Partner to be conclusive evidence of such determination.

K. With the consent of a Majority in Interest of Limited Partners of the Partnership, to provide Bridge Financing on the terms and subject to the conditions set forth in Section 4.1 to Portfolio Companies and to borrow funds and provide guarantees in the name and on behalf of the Partnership in connection therewith solely in order to facilitate or expedite the closing of investments in Portfolio Securities.

L. To make Portfolio Company Investments and Follow-on Investments in Portfolio Companies from Capital Contributions called from the Partners and from Operating Receipts and Investment Receipts during and after the Commitment Period, in each case in accordance with Article III.

M. To make Committed Investments in Portfolio Companies after the end of the Commitment Period from Capital Contributions called from the Partners pursuant to Article III. The General Partner shall notify the Limited Partners at the end of the Commitment Period of any Committed Investments of the Partnership described in clause (i) of the definition thereof. In addition, any Committed Investment of the Partnership described in clause (i) of the definition thereof, shall be consummated within six months of the end of the Commitment Period. The aggregate amount of Committed Investments shall not exceed the lesser of (x) the uncalled Capital Commitments as of the last day of the Commitment Period reduced by Capital Contributions used to make Follow-on Investments after the end of the Commitment Period or (y) fifteen percent (15%) of the Capital Commitments of the Partnership. Except upon the approval of Two-Thirds in Interest of the Limited Partners, no Committed Investment may be made by the Partnership after the third anniversary of the last day of the Commitment Period.

N. Subject to Section 6.2.O and with the consent of a Majority in Interest of Limited Partners of the Partnership, to guarantee obligations of Portfolio Companies, provided that the sum of any such guarantee, the Partnership's investment in Portfolio Securities of such Portfolio Company and the amount of Bridge Financing made by the Partnership at any one time shall not exceed fifteen percent (15%) of the aggregate Capital Commitments of the Partnership, exclusive of guarantees made in connection with Temporary Bridge Financing.

O. To take such steps as the General Partner shall consider necessary or appropriate in its sole discretion to cause the Partnership to qualify as a Venture Capital Operating Company as of the date of the Partnership's first acquisition of Portfolio Securities and at all relevant times thereafter.

P. With the consent of a Majority in Interest of Limited Partners of the Partnership, to cause the Partnership or one or more corporate subsidiaries of the Partnership to borrow funds (i) to purchase Portfolio Securities pending the receipt of Capital Contributions called from the Partners pursuant to Article III or (ii) to provide Bridge Financing to a Portfolio Company pursuant to Section 4.2; provided, however, that the Partnership shall not borrow funds as provided in this Section 6.2.P, if as a result of such borrowing UBTI would be generated to Tax-Exempt Partners; and provided, further, that any borrowing shall be on terms that are no less favorable to such corporate subsidiary than those applicable to loans extended by the lender to borrowers comparable to such corporate subsidiary, and that the General Partner shall cause the corporate subsidiary to retire this indebtedness with such Capital Contributions immediately upon receipt thereof.

Section 6.3 Powers of Limited Partners.

The Limited Partners shall not participate in the control of the Partnership and shall have no authority to act for or bind the Partnership.

Section 6.4 Continuity Mode.

If during the Commitment Period, or during the eighteen month period after the end of the Commitment Period, three or more of Peter H. Mills, Jonathan Callaghan, Guy A. Bradley, Marc D. Poirier, Brad Garlinghouse and David J. Nerrow, Jr. cease to be members of either the General Partner or the Management Company or otherwise cease to be actively involved in the business thereof (such event hereinafter referred to as a "Triggering Event"), prompt notice of such Triggering Event shall be given to all Limited Partners. At any time within ninety (90) days after receipt of notice of a Triggering Event, Two-Thirds in Interest of the Limited Partners may by an election in writing determine to put the Partnership in a Continuity Mode. While in a Continuity Mode (i) the General Partner shall only be permitted to retain the investments of the Partnership and to make further investments solely in (x) Temporary Investments, (y) securities of companies as to which the Partnership had an existing legal commitment to make an investment on the date the Partnership was put in the Continuity Mode and (z) investments in current Portfolio Companies being considered on the date the Partnership was placed in a Continuity Mode, and (ii) the General Partner shall not be permitted to call for payment of any remaining installments of Capital Commitments except for the purpose of funding investment commitments pursuant to (y) and (z) above and to pay current expenses of the Partnership pursuant to Section 6.6 of this Agreement. Except as hereinabove expressly provided, from and after the date the Partnership enters the Continuity Mode, the General Partner shall continue to act on behalf of the Partnership to perform the functions of the General Partner and to have all the rights and privileges of the

General Partner hereunder. If within sixty (60) days after commencement of the Continuity Mode (or such shorter period of time as may be agreed to by Two-Thirds in Interest of the Limited Partners) Two-Thirds in Interest of the Limited Partners do not by an election in writing remove the General Partner or dissolve the Partnership, the Continuity Mode shall automatically terminate and all decisions with respect to the management and operation of the Partnership will again be made by the General Partner in accordance with the terms of this Agreement. As provided in the Management Contract, the Management Fee shall be reduced by one half while the Partnership is in the Continuity Mode.

Section 6.5 Payment of Fees and Expenses.

Fees and expenses incurred with respect to the business of the Partnership shall be payable as follows:

A. Subject to the provisions of Section 6.5.D, the Partnership shall be responsible for and shall pay all fees and reasonable expenses not specified in subparagraph B as being the responsibility of the Management Company, including without limitation:

(1) out-of-pocket expenses incurred and fees paid by the Partnership or the General Partner in connection with the formation of the Partnership and the offering and distribution of interests therein to the Limited Partners in an amount not in excess of $200,000 (when aggregated with amounts paid by the Domestic Fund in connection with the formation of the Domestic Fund and the offering and distribution of interests therein);

(2) any government or regulatory filings, returns or reports, including without limitation fees and expenses for annual reports and foreign qualification certificates;

(3) expenses incurred in connection with the administration of the Partnership including without limitation, the Management Fee and fees paid to consultants, custodians, outside counsel, accountants, agents, investment bankers and other similar outside advisors;

(4) unreimbursed fees and out-of-pocket costs of acquiring, holding or selling, Temporary Investments, Portfolio Securities or Bridge Financing, whether or not such transactions close, including fees and expenses of consultants, outside counsel and accountants and similar outside advisors in connection with identifying, evaluating, structuring and consummating potential investments by the Partnership and recordkeeping expenses and finders', placement, brokerage and other similar fees; provided that with respect to consummated investments, it is expected, and the Management Company will use its reasonable best efforts to ensure, that such fees and expenses paid by the Partnership will be reimbursed by the Portfolio Company in which the investment is made;

(5) out-of-pocket costs of reporting to the Limited Partners;

(6) any taxes, fees or other governmental charges levied against the Partnership or on its income or assets or in connection with its business or operations;

(7) costs of litigation or other matters that are the subject of indemnification pursuant to Section 9.3; and

(8) costs of winding-up and liquidating the Partnership.

B. The Management Company, so long as the Management Contract is in effect, shall be responsible for and shall pay all of its out-of-pocket expenses and those of the General Partner, including expenses which relate to salaries, office space, supplies and other facilities of their businesses except as set forth in Section 6.5.A(4).

C. The Management Company shall serve as the management company of the Partnership in accordance with the terms of the Management Contract, and shall be entitled to receive a Management Fee in the amount and payable in the manner provided in such Contract.

D. The amount of any unreimbursed fees and expenses incurred directly in connection with a proposed or consummated investment in a Portfolio Company and payable by the Partnership under subparagraph A shall be allocated among the Partnership, the Domestic Fund and Expansion LLC in proportion to the amount which would have been or which was invested by each.

E. Subject to Section 6.2.O, any Break-Up Fee payable to the Partnership, the General Partner, the Management Company or their respective Affiliates shall be paid as follows. An amount equal to the aggregate unreimbursed fees and expenses paid by the Partnership, the General Partner, the Management Company or their Affiliates which were specific to the transaction giving rise to such fee shall be paid to each such entity in proportion to the fees and expenses incurred by it. The balance of any such Break-Up Fee shall be paid to the Management Company; provided that one-half of the remaining Break-Up Fee shall be credited against the Management Fee payable by the Partnership, the Domestic Fund, and Expansion LLC in subsequent periods as follows: 19.9% of such amount shall be credited against the Management Fee payable by Expansion LLC and the balance shall be credited against the Management Fee payable by the Partnership and the Domestic Fund in proportion to their respective aggregate capital commitments.

F. The General Partner, the Management Company and their respective Affiliates shall be entitled to receive management, directors', consulting and other similar fees and compensation from Portfolio Companies; provided that the amount of such fees and other compensation is reasonable in relation to the work involved and bears a reasonable relation to fees and compensation charged for similar work by third parties. One-half of such fees shall be credited against the Management Fee payable by the Partnership, the Domestic Fund and

Expansion LLC as follows: 19.9% of such amount shall be credited against the Management Fee payable by Expansion LLC and the balance shall be credited against the Management Fee payable by the Partnership and the Domestic Fund, in proportion to their respective aggregate capital commitments, and if such portion of such fees exceeds the Management Fee, such excess shall be credited against the Management Fee payable by the Partnership, the Domestic Fund and Expansion LLC in subsequent periods (in the same proportions). To the extent such amounts exceed total future installments of the Management Fee, they shall be paid to the Partnership, the Domestic Fund and Expansion LLC in the same proportions and included in their respective Operating Receipts.

VII.

OTHER ACTIVITIES OF PARTNERS; CO-INVESTMENT OBLIGATION

Section 7.1 Commitment of General Partner.

The General Partner hereby agrees to use its best efforts in furtherance of the purposes and objectives of the Partnership and to devote to such purposes and objectives such of its time as shall be necessary for the effective management of the affairs of the Partnership. Each of the members of the General Partner shall devote to the Partnership such time as may be reasonably necessary to manage the assets of the Partnership for the benefit of the investors therein.

Subject to the other provisions of this Agreement, the General Partner and any of its Affiliates (i) may act as a director, officer, employee or advisor of any corporation, a trustee of any trust, or a partner of any partnership; (ii) may receive compensation for his services as an advisor with respect to, or participation in profits derived from, the investments of any such corporation, trust or partnership; and (iii) may, subject to the time commitments as set forth above, acquire, invest in, hold and sell securities of any entity. Neither the Partnership nor any other Partner shall have by virtue of this Agreement, any right, title or interest in or to such other corporation, trust, partnership or investment.

Section 7.2 Dealings with Limited Partners.

The General Partner shall not enter into any agreement, contract, modification or undertaking of any kind with any Limited Partner that would grant rights in the Partnership as a Limited Partner by the acquisition of a Capital Commitment that are more favorable than those offered to any other Limited Partner. Notwithstanding the foregoing, the General Partner may permit certain Limited Partners to co-invest with it and the Partnership in Portfolio Securities and may enter into agreements with any Limited Partner for the provision to the Partnership or the General Partners of any services thereunder, provided that any such agreement will be on terms equivalent to those entered into with independent third parties.

Section 7.3 Investments by the Partnership, the Domestic Fund, CMG @Ventures Expansion LLC and @Ventures Expansion Investors LLC.

A. Subject to the rights of the Limited Partners contained in Section 3.3 above, except to the extent prohibited by applicable law, the General Partner shall cause the Partnership to co-invest with the Domestic Fund in all securities in which the Domestic Fund invests, and on the same terms and at the same times as the Domestic Fund. If the Domestic Fund and the Partnership both participate in any particular investment, such investment shall be made at the same time and on the same terms. The respective amounts to be invested by the Partnership, the Domestic Fund, Investors LLC and Expansion LLC in any investment in a Portfolio Company shall be as described in Section 7.3.D below.

B. Except to the extent prohibited by applicable law, Expansion LLC will co-invest with the Partnership and the Domestic Fund in all investments in Portfolio Companies made by the Partnership on the terms described and to the extent provided in Section 7.3.C and D below. Expansion LLC may assign all or any portion of such co-investment obligation to any of its Affiliates, including, without limitation, any CMGI Fund; however, for purposes of this Section 7.3, the co-investment obligation shall remain an obligation of Expansion LLC.

Except to the extent prohibited by applicable law, Investors LLC or another entity consisting of principals of CMGI and/or the Management Company or other persons who perform services to or for the benefit of the Partnership will co-invest with the Partnership and the Domestic Fund in all investments in Portfolio Companies made by the Partnership on the terms described and to the extent provided in Section 7.3.C and D below.

The respective amounts to be invested by the Partnership, the Domestic Fund, Expansion LLC and Investors LLC in any investment in a Portfolio Company shall be as described in Section 7.3.D below. The obligations of Expansion LLC and Investors LLC to co-invest with the Partnership are hereinafter referred to as their respective "Co-investment Obligations."

C. The co-investment obligation of Expansion LLC and Investors LLC shall arise with respect to all investments made by the Partnership in Portfolio Companies (including Follow-on Investments, Committed Investments, Bridge Financing and through the funding of guarantees), shall be satisfied in cash and shall be made on the same terms, at the same price and in securities identical to the Portfolio Securities purchased by the Partnership.

D. In the case of each investment in a Portfolio Company in which the Partnership invests:

(i) Expansion LLC shall invest an amount equal to the 19.9% of the aggregate amount invested by the Partnership, the Domestic Fund, Expansion LLC and Investors LLC.

(ii) Investors LLC shall invest an amount equal to the 2% of the aggregate amount invested by the Partnership, the Domestic Fund, Expansion LLC and Investors LLC.

(iii) The balance of such investment shall be acquired by the Partnership and the Domestic Fund, and the ratio of the amount invested by the Partnership and the Domestic Fund shall be the ratio that the respective Capital Commitments to the Partnership and capital commitments to the Domestic Fund bear to each other.

Section 7.4 Co-investments by the Other Participating Funds.

(a) None of the Domestic Fund, Expansion LLC or Investors LLC (each an "Other Participating Fund") shall at any time sell, exchange, transfer or otherwise dispose of any securities that were acquired as a co-investment with the Partnership in the same investment opportunity as contemplated by Section 7.3 unless (i) the Partnership also sells, exchanges, transfers or otherwise disposes of, at substantially the same time, securities that were acquired by the Partnership in such investment opportunity, and the aggregate amount of such securities sold, exchanged, transferred or otherwise disposed of by the Partnership and such Other Participating Fund is pro rata in proportion to the aggregate amount respectively invested by the Partnership and such Other Participating Fund and (ii) the terms of such sale, exchange, transfer or other disposition, except to the extent necessary to address regulatory or other legal considerations, are substantially the same as those applicable to such sale, exchange, transfer or other disposition by the Partnership at such time. In connection with any sale, exchange, transfer or other disposition by the Partnership at any time of any securities comprising all or part of an investment acquired pursuant to any investment opportunity, each of the Other Participating Funds shall, at substantially the same time, sell, exchange, transfer or otherwise dispose of securities in respect of its related co-investment in an aggregate amount equal to the amount determined pursuant to clause (i) of the immediately preceding sentence and on terms described in clause (ii) of the immediately preceding sentence. Except to the extent necessary to comply with applicable regulations or laws, or to address other legal considerations, the General Partner shall not permit the Domestic Fund at any time to distribute to the Domestic Fund's partners any Marketable Securities that were acquired as a co-investment with the Partnership in the same investment opportunity as contemplated by Section 7.3 unless the Partnership also distributes to the Partners, at substantially the same time, Marketable Securities that were acquired by the Partnership in such investment opportunity, and the aggregate amount of all such Marketable Securities distributed is in the same ratio as the ratio of the aggregate amount respectively invested by the Partnership and the Domestic Fund in such investment opportunity.

(b) The General Partner undertakes, represents and warrants that the partnership agreement or other operative agreement for each of the Other Participating Funds will contain provisions substantially to the effect set forth in Section 7.4(a) and that no such provision of such

limited partnership agreements shall be amended or waived unless Section 7.4(a) shall have been amended or waived in substantially the same manner.

VIII.

ADMISSIONS; ASSIGNMENTS; REMOVAL AND WITHDRAWALS

Section 8.1 Admission of Additional General Partner.

It is not contemplated that any additional general partners will be admitted to the Partnership. A person may be admitted to the Partnership as a general partner only with the written consent of the General Partner and Two-Thirds in Interest of the Limited Partners. Any such person so admitted as a general partner shall be liable for all the obligations of the Partnership arising before its admission as though it had been a general partner when such obligations were incurred. In the event of the addition of a general partner, the participation of such person in the management of the Partnership and the interest of such person in the Partnership's Operating Income and Loss and Investment Gain and Loss must be approved by the General Partner and Two-Thirds in Interest of the Limited Partners at the time of such person's admission.

Section 8.2 Admission of Additional Limited Partners.

After the expiration of the 270 day period commencing on the Initial Closing Date of the Partnership, additional Limited Partners (other than Substitute Limited Partners admitted pursuant to Section 8.3) shall be admitted to the Partnership only with the written consent of, and on the terms approved by, all Partners. Until such time, the General Partner may admit one or more additional Limited Partners with the consent of a Majority in Interest of Limited Partners of the Partnership, subject only to satisfaction of the following conditions: (i) each such additional Limited Partner shall execute and deliver a Subscription Agreement and an appropriate amendment to this Agreement pursuant to which such additional Limited Partner agrees to be bound by the terms and provisions hereof, (ii) such admission would not result in a violation of any applicable law, including the federal or state securities laws, or any term or condition of this Agreement and, as a result of such admission, the Partnership would not be required to register as an investment company under the Investment Company Act, and (iii) such additional Limited Partner shall pay to the Partnership, on the date of its admission to the Partnership, an amount equal to the sum of (x) the percentage of its Capital Commitment which is equal to the percentage of the other Limited Partners' Capital Commitments that shall have been payable at or prior to the admission of the additional Limited Partner and (y) an amount equal to interest on that portion of the Capital Commitment payable upon admission at the Treasury Rate from the date such portion would have been payable if such additional Limited Partner had been admitted on the date of formation of the Partnership to the date of actual payment, which amount shall be treated as Operating Receipts. The Partnership shall pay, from such initial Capital Contribution of such additional Limited Partner, its allocable portion of the Management Fee computed as if such

additional Limited Partner had been a Partner of the Partnership since the Initial Closing Date. The name and business address of each Limited Partner admitted to the Partnership under this Section 8.2 and the amount of its Capital Commitment shall be added to Schedule 1 hereto. Each additional Limited Partner

admitted pursuant to this Section 8.2 during the 270 day period commencing with the formation of the Partnership shall be deemed for purposes of all allocations of Operating Income or Loss and Investment Gain or Loss to have been admitted on the date of formation of the Partnership. Admission of an additional Limited Partner shall not be a cause of dissolution of the Partnership.

Section 8.3 Assignment of Partnership Interest.

The General Partner shall not assign or otherwise transfer its interest as the general partner of the Partnership. A Limited Partner may assign or otherwise transfer all or any part of its interest in the Partnership (provided that such part shall include a Capital Commitment, whether funded or unfunded, of at least $1 million), subject to the limitations set forth in Section 8.4. The assignee or transferee of a Limited Partner's interest in the Partnership (an "Assignee") shall have the right to become a Substitute Limited Partner only if the following conditions are satisfied:

A. A duly executed and acknowledged written instrument of assignment shall have been filed with the Partnership.

B. The Limited Partner and the Assignee shall have executed and acknowledged such other instruments and taken such other action as the General Partner shall reasonably deem necessary or desirable to effect such substitution, including, without limitation, the execution by the Assignee of a Subscription Agreement, an appropriate amendment to this Agreement and a Power of Attorney substantially similar to that referred to in Section 12.8 hereof.

C. The restrictions on transfer contained in Section 8.4 shall be inapplicable, and, if requested by the General Partner, the Limited Partner or the Assignee shall have obtained an opinion of counsel reasonably satisfactory to the General Partner as to the legal matters set forth in that Section. The Limited Partner may request that the General Partner seek to obtain the required opinion from counsel recommended by such Limited Partner which is reasonably satisfactory to the General Partner, provided that the expense of such counsel shall be an expense of the Partnership that is paid out of the Capital Commitment of such Partner.

D. The Limited Partner or the Assignee shall have paid to the Partnership such amount of money as is sufficient to cover all expenses incurred by or on behalf of the Partnership in connection with such substitution.

E. The General Partner shall have consented, in its sole and absolute discretion, to such substitution, except in the case of a transfer to an Affiliate.

The pledge or hypothecation of a Partner's interest in the Partnership shall not be deemed an assignment or transfer; provided, that such pledge or hypothecation shall nonetheless be subject to the restrictions set forth in Section 8.4. An Assignee who is not admitted to the Partnership as a Substitute Limited Partner shall have none of the rights of a Partner and the assignor in such case shall remain fully liable for the unpaid portion of its Capital Commitment.

Section 8.4 Restrictions on Transfer.

Notwithstanding any other provision of this Agreement, no Limited Partner may assign or otherwise transfer all or any part of its interest in the Partnership, and no attempted or purported assignment or transfer of such interest shall be effective, unless (i) after giving effect thereto, such assignment or transfer would not terminate the Partnership for the purposes of Section 708 of the Code, (ii) such assignment or transfer would not result in a violation of applicable law, including the federal and state securities laws, or any term or condition of this Agreement and, as a result of such assignment or transfer, the Partnership would not be required to register as an investment company under the Investment Company Act, (iii) if requested by the General Partner, such Limited Partner shall deliver a favorable opinion of counsel satisfactory to the General Partner that such transfer would not result in (x) a violation of the Securities Act or any blue sky laws or other securities laws of any state of the United States applicable to the Partnership or the interest to be transferred, (y) the Partnership being required to register, or seek an exemption from registration, under the Investment Company Act, and (z) the Partnership being deemed to be a "publicly traded partnership" within the meaning of Section 7704 of the Code, (iv) except for an assignment to an Affiliate of a Limited Partner, the General Partner shall have consented thereto, which consent may be granted or withheld in its sole discretion, and (v) such assignment or transfer is to an entity which is an Accredited Investor.

Section 8.5 Removal of General Partner.

A. The General Partner may be removed by the Limited Partners only upon the approval of at least Two-Thirds in Interest of the Limited Partners, (i) if any act or omission of the General Partner in connection with the Partnership constitutes bad faith, breach of fiduciary duty, willful misconduct or fraud, (ii) if the General Partner is in material violation of its obligations hereunder, or (iii) if a Triggering Event occurs; provided, however, that the Limited Partners may remove the General Partner pursuant to clauses (i) and (ii) above only if a court of competent jurisdiction or, at the election of Two-Thirds in Interest of the Limited Partners, an arbitration committee (which shall conduct its proceedings in accordance with the commercial rules of the American Arbitration Committee and shall consist of three individuals, of whom one shall be selected by the General Partner, one shall be selected by Two-Thirds in Interest of the Limited Partners and one shall be selected by written agreement of the other two) has previously determined that any act or omission of the General Partner in connection with the Partnership constitutes bad faith, willful misconduct or fraud or that the General Partner is in material violation of its obligations hereunder.

B. In the event of any such removal of the General Partner, the Partnership shall, within sixty (60) days of the date of such removal, obtain an appraisal of the Portfolio Securities of the Partnership, including Portfolio Securities the purchase of which the Partnership has committed to as of such removal date (together "Removal Date Securities") from an independent firm of investment bankers of nationally recognized standing selected by the removed General Partner and approved by Two-Thirds in Interest of the Limited Partners, which approval shall not unreasonably be withheld. As of the removal date, the removed General Partner shall become a Special Limited Partner. The Special Limited Partner shall be entitled to receive as distributions pursuant to Section 5.2 that portion of all distributions made with reference to its Percentage of Contributed Capital, and that portion of all Incentive Distributions it would have received pursuant to Section 5.2 with respect to the Removal Date Securities, provided that all such distributions received in connection with such Removal Date Securities do not in the aggregate exceed the aggregate fair market value determinations for such securities made pursuant to this Section 8.5.B. Notwithstanding the foregoing, if after the removal of the General Partner the Partnership then terminates under Article XI without there having been elected a successor General Partner, the General Partner shall be entitled to the same allocations and distributions arising out of the Dissolution Sale as if it had not been removed. The Special Limited Partner shall not have the limited approval rights accorded to Limited Partners in this Agreement, and as a Special Limited Partner, the General Partner and its Affiliates shall be released from all commitments and obligations under Article VII effective upon the date of such removal.

Section 8.6 Withdrawals.

No Partner shall have the right to withdraw from the Partnership, except in connection with a transfer under Section 8.3.

IX.

LIABILITY OF PARTNERS; INDEMNIFICATION

Section 9.1 Liability of General Partner.

A. The General Partner shall be subject to the liabilities of a partner in a partnership without limited partners, and nothing herein shall be deemed to relieve the General Partner of liabilities to third parties which it otherwise has under applicable law. The General Partner shall not be liable to the Partnership or any other Partner for any act or omission taken or suffered by the General Partner in good faith and in the belief that such act or omission is in the best interests of the Partnership; provided that such act or omission is not in violation of this Agreement and does not constitute willful misconduct, fraud, recklessness, breach of fiduciary duty, gross negligence or a willful violation of law by the General Partner. The General Partner shall not be liable to the Partnership or any other Partner for any action taken by any other Partner, nor shall the General Partner (in the absence of willful misconduct, fraud, recklessness, breach of fiduciary duty, gross negligence or a willful violation of law by the General Partner) be liable to the

Partnership or any other Partner for any action of any employee or agent of the Partnership provided that the General Partner shall have exercised appropriate care in the selection and supervision of such employee or agent.

B. Whenever in this Agreement the General Partner is permitted or required to make a decision (i) in its "discretion" or "sole discretion" or under a grant of similar authority or latitude, the General Partner shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation to give any consideration to any interests of or factors affecting any person other than the Partnership, or (ii) in its "good faith" or under another express standard, the General Partner shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law; provided that all judgments and determinations shall comply with the fiduciary duty of the General Partner to the Limited Partners.

C. Notwithstanding Section 9.3 below, the General Partner shall not be indemnified for any losses, liabilities or expenses arising from or out of an alleged violation of federal or state securities laws unless (i) there has been a successful adjudication on the merits of each count involving alleged securities law violations as to the particular indemnitee, or (ii) such claims have been dismissed with prejudice on the merits by a court of competent jurisdiction as to the particular indemnitee, or (iii) a court of competent jurisdiction approves a settlement of the claims against a particular indemnitee. In any claim for indemnification for federal or state securities law violations, the party seeking indemnification shall place before the court the position of the Securities and Exchange Commission and the Massachusetts Securities Division with respect to the issue of indemnification for securities law violations. The Partnership shall not incur the cost of that portion of any insurance, other than public liability insurance, which insures any party against any liability the indemnification of which is herein prohibited.

Section 9.2 Liability of Limited Partners.

Except as required by law, no Limited Partner shall be bound by, nor be personally liable for, the expenses, liabilities, or obligations of the General Partner or the Partnership. Each Limited Partner shall be liable for the return of any part of a distribution in respect of its Capital Contribution to the extent required by law.

Section 9.3 Indemnification of the General Partner and Limited Partners.

The General Partner and its partners, agents, employees and Affiliates and the Limited Partners (the "Indemnitees") shall be and hereby are (i) indemnified and held harmless by the Partnership and (ii) released by the other Partners from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions for which such Indemnitee has not otherwise been reimbursed (collectively, "Liabilities"), whether judicial, administrative, investigative or otherwise, of any nature whatsoever, known or unknown, liquidated or unliquidated, that may accrue to the Partnership or any other Partner or in which any

of the Indemnitees may become involved, as a party or otherwise, arising out of the conduct of the business or affairs of the Partnership by the respective Indemnitee or otherwise relating to this Agreement, provided that an Indemnitee shall not be entitled to indemnification or release hereunder if it shall have been determined by a court of competent jurisdiction that (x) such person did not act in good faith and in a manner such person reasonably believed to be in the best interests of the Partnership and, in the case of a criminal proceeding, did not have reasonable cause to believe that his conduct was lawful, or (y) such Liabilities shall have arisen from a violation of this Agreement or the gross negligence, willful misconduct, breach of fiduciary duty, fraud or willful violation of law by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement. The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that such person reasonably believed to be in the best interests of the Partnership or that the Indemnitee did not have reasonable cause to believe that its conduct was lawful. Any indemnification right provided for in this Section 9.3 shall be retained by any removed General Partner and its partners, agents, employees and Affiliates. The indemnification rights provided for in this Section 9.3 shall survive the termination of the Partnership or this Agreement.

Section 9.4 Payment of Expenses.

Expenses incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder may be advanced by the Partnership prior to the final disposition thereof provided that the following conditions are satisfied: (i) the claim relates to the performance of duties or services by the Indemnitee on behalf of the Partnership and (ii) the Indemnitee undertakes to repay the advanced funds to the Partnership if it is ultimately determined that the Indemnitee is not entitled to be indemnified hereunder or under applicable law. The right of any Indemnitee to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnitee's successors, assigns and legal representatives. All judgments against the Partnership and the General Partner, in respect of which such General Partner is entitled to indemnification, must first be satisfied from Partnership assets before the General Partner is responsible therefor. The obligations of the Partnership under this Article IX shall be satisfied only after any applicable insurance proceeds have been exhausted and then only out of Partnership assets and, to the extent required by law, distributions made by the Partnership to its Partners, and Limited Partners shall have no personal liability to fund indemnification payments hereunder.

X.

ACCOUNTING FOR THE PARTNERSHIP; REPORTS

Section 10.1 Accounting for the Partnership.

The Partnership shall use the accrual method of accounting and its financial statements shall be prepared in accordance with generally accepted accounting principles. The Partnership's tax return shall be prepared on an accrual basis. The fiscal year of the Partnership shall end on December 31.

Section 10.2 Books and Records.

The General Partner shall keep or cause to be kept complete and appropriate records and books of account. Except as otherwise expressly provided herein, such books and records shall be maintained on the basis used in preparing the Partnership's federal income tax returns. Such information as is necessary to reconcile such books and records with generally accepted accounting principles shall also be maintained. The books and records shall be maintained at the principal office of the Partnership, and shall be available for inspection and copying by any Partner and its advisors at its expense during ordinary business hours following reasonable notice.

Section 10.3 Reports to Partners.

(a) Within forty-five (45) days after the end of each calendar quarter, the General Partner will prepare and deliver to each Partner (i) an unaudited balance sheet and income statement of the Partnership for such quarter, accompanied by a report on any material developments in existing investments which occurred during such quarter and a newsletter relating to the Partnership's activities and (ii) a statement showing the balance in such Partner's Capital Account and a reconciliation of such balance. After the end of each fiscal year commencing with the fiscal year ending on December 31, 2000, the General Partner shall cause an audit of the Partnership to be made by an independent public accountant of nationally recognized status of the financial statements of the Partnership for that year. Such audit shall be certified and a copy thereof shall be delivered to each Partner within ninety (90) days after the end of each of the Partnership's fiscal years. Such certified financial statements shall also be accompanied by a report on the Partnership's activities during the year prepared by the General Partner. Within ninety (90) days after the end of each fiscal year, the Partnership will deliver to each Partner the General Partner's good faith estimate of the fair value of the Partnership's investments as of the end of such year, a statement showing the balances in each Partner's Capital Account as of the end of such year, and such other information, reports and forms as are necessary to assist each Partner in the preparation of his federal, state and local tax returns.

(b) The quarterly and annual reports shall include a summary of the acquisition and disposition of investments by the Partnership during such period, a list of investments then held,

together with a valuation of such investments, including an explanation of such valuation in accordance with Section 5.6, a narrative report describing the operations and financial status of each investment, the General Partner's evaluation of the Portfolio Companies' prospects and any other information regarding the Partnership and the Portfolio Companies that the Limited Partners may reasonably request.

(c) Promptly after each Capital Contribution, the General Partner shall acknowledge receipt of funds from the Limited Partners.

(d) Promptly following the closing of each investment by the Partnership and semi-annually thereafter, the General Partner shall provide the Limited Partners with a fact sheet containing the following information: a capitalization table and summary balance sheet for the Portfolio Company, the amount of the Partnership's investment and percentage ownership, the amount of each Limited Partner's investment and each Limited Partner's percentage ownership and the expenses incurred in connection with the investment and the Partnership's share thereof.

Section 10.4 Annual Meeting.

Beginning with the Partnership's 2000 fiscal year, the General Partner will convene an annual meeting of all Partners, at such time and on such date as it deems appropriate, at which the General Partner will report on the activities of the Partnership during the year and respond to questions pertaining to the Partnership's affairs. The General Partner shall call a special meeting of all Partners upon request of a Majority in Interest of the Limited Partners. The General Partner will give all Partners at least thirty (30) days notice of each annual or special meeting; provided that such notice may be waived by a Majority in Interest of the Limited Partners in the case of any special meeting.

XI.

DISSOLUTION AND WINDING UP

Section 11.1 Termination.

The existence of the Partnership shall terminate upon the first to occur of the following events:

(1) July 31, 2006; provided that the duration of the Partnership may be extended by the General Partner for not more than two additional one year periods;

(2) the sale or other disposition at any one time of all or substantially all of the assets of the Partnership;

(3) the happening of any event which causes the cessation of the General Partner's status as a general partner under the Act unless, in any such case (i) at the time of such event there is at least one other general partner of the Partnership who agrees to and does continue the business of the Partnership, or (ii) Two-Thirds in Interest of the Limited Partners agree in writing to continue the business of the Partnership and to the appointment of one or more additional general partners in accordance with the Act;

(4) the entry of a decree of judicial dissolution under the Act; and

(5) the written agreement of Two-Thirds in Interest of the Limited Partners to terminate the Partnership.

Section 11.2 Winding Up.

Upon the occurrence of an event specified in Section 11.1, the Partnership shall be wound up, liquidated and dissolved. At any time during the wind up, liquidation and dissolution of the Partnership as provided in this Section 11.2, Eighty Percent (80%) in Interest of the Limited Partners may remove the General Partner and replace it with a liquidator. In addition, if there is no General Partner, Two-Thirds in Interest of the Limited Partners may appoint a liquidator. The General Partner or liquidator shall proceed with the Dissolution Sale or a liquidating distribution of the securities and other property of the Partnership pursuant to the required valuation in Section 5.6, all within the discretion of the General Partner or liquidator as promptly as practicable; provided that in the event of a Dissolution Sale the General Partner or such liquidator shall continue such sale only as long as it feels is reasonably necessary to obtain fair value for the investments in Portfolio Companies and other assets of the Partnership. In the Dissolution Sale the General Partner or such liquidator shall use its best efforts to reduce the Partnership's investments in Portfolio Companies to cash and cash equivalents, subject to obtaining fair value therefor and other legal and tax considerations.

Section 11.3 Liquidating Trust.

In the sole discretion of the General Partner or the liquidator at the termination of the Partnership pursuant to Section 11.1, all or a portion of the non-cash assets of the Partnership (other than Marketable Securities) may be distributed to a trust established for the benefit of the Partners for the sole purposes of liquidating Partnership assets, collecting amounts owed to the Partnership and paying any contingent or unforeseen liabilities or obligations of the Partnership. The distribution to the trust will constitute a final, liquidating distribution of assets pursuant to Section 5.3. The Partners' beneficial interests in the trust will be equal to their respective interests in the assets of the Partnership upon liquidation. The trustee of the trust shall be the General Partner or the liquidator.

XII.

MISCELLANEOUS

Section 12.1 Registration of Securities.

Stocks, bonds, securities and other property owned by the Partnership shall be registered in the Partnership name or a "street name." Any corporation or transfer agent called upon to transfer any stocks, bonds and securities to or from the name of the Partnership shall be entitled to rely on instructions or assignments signed or purporting to be signed by the General Partner without inquiry as to the authority of the person signing or purporting to sign such instructions or assignments or as to the validity of any transfer to or from the name of the Partnership. At the time of transfer, the corporation or transfer agent is entitled to assume (i) that the Partnership is still in existence and (ii) that this Agreement is in full force and effect and has not been amended unless the corporation or transfer agent has received written notice to the contrary.

Section 12.2 Entire Agreement.

This Agreement and the Exhibits and Schedules attached hereto set forth the full and complete agreement of the Partners with respect to the subject matter hereof and supersede any prior agreement or undertaking among the parties; provided that the representations of the General Partner, the Partnership and the Limited Partners contained in the Subscription Agreement will survive the execution of this Agreement.

Section 12.3 Voting; Amendments.

On any occasion on which the General Partner submits to the Limited Partners for their approval a proposed amendment, waiver or other action (a "Vote") with respect to a provision of this Agreement (except as to Sections 3.1, 3.2, 4.2, 6.2C, 6.2D, 6.2K, 6.2N, 6.2P, and Sections 12.14 through 12.17, and all provisions relating thereto, in which case the vote, consent or approval of the Limited Partners of only this Partnership shall be obtained), and the General Partner also submits to the Limited Partners of the Domestic Fund for their approval a proposed Vote with respect to a provision with a substantially similar impact of the partnership agreement for the Domestic Fund, then for purposes of determining whether such Vote was approved by the Limited Partners, (x) the Partnership will be deemed to have Capital Commitments equal to the Capital Commitments of the Domestic Fund and the Capital Commitments of the Partnership ("Deemed Total Capital Commitments"); (y) the portion of the Deemed Total Capital Commitments attributable to the Domestic Fund shall be deemed voted as actually voted by the Limited Partners of the Domestic Fund and (z) the portion of the Deemed Total Capital Commitments attributable to the Partnership shall be deemed voted as the Limited Partners actually vote. Subject to the foregoing, this Agreement may be modified from time to time by the General Partner and a Majority in Interest of the Limited Partners; provided that the written consent of all Partners shall be required for any amendment which would do any of the following:

(i) increase the Capital Commitment of any Partner; (ii) modify the distributions of Operating Receipts or Investment Receipts in Section 5.2 or the allocations of Operating Income or Loss or Investment Gain or Loss in Section 5.7; (iii) extend the period in which additional Limited Partners may be admitted to the Partnership beyond 270 days as specified in Section 8.2; (iv) amend the Management Contract so as to increase the Management Fee or other compensation of the General Partner; (v) increase the percentage in interest of the Limited Partners needed to remove the General Partner under Section 8.5 or to terminate the Partnership under Section 11.1; or (vii) amend this Section 12.3; or (viii) amend, waive or remove any other right granted to the Limited Partners of this Partnership not granted to the limited partners of the Domestic Fund. No amendment may be made to any provision of this Agreement which contemplates action by a vote or consent of greater than a Majority in Interest of the Limited Partners without a vote or consent of such greater majority as therein specified.

Section 12.4 Severability.

If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement or the application of such provision to other persons or circumstances shall not be affected thereby. Any default hereunder by a Limited Partner shall not excuse a default by any other Limited Partner.

Section 12.5 Notices.

All notices, requests, demands and other communications shall be in writing and shall be deemed to have been duly given if personally delivered or sent by United States mails, or private or postal express mail service or by facsimile transmission confirmed by letter, if to the Partners, at the addresses set forth on Schedule 1 attached hereto, and if to the Partnership, to the General Partner at its address set forth in said Schedule, or to such other address as any Partner shall have last designated by notice to the Partnership and the other Partners, or as the General Partner shall have last designated by notice to the Limited Partners, as the case may be. Any notice shall be deemed received, unless earlier received, (i) if sent by first-class mail, postage prepaid, when actually received, (ii) if sent by private or postal express mail service, when actually received, (iii) if sent by facsimile transmission, on the date sent provided confirmatory notice is sent by first-class mail, postage prepaid, and (iv) if delivered by hand, on the date of receipt.

Section 12.6 Heirs and Assigns; Execution.

This Agreement (i) shall be binding on the executors, administrators, estates, heirs, legal representatives, successors, and assigns of the Partners; and (ii) may be executed in more than one counterpart with the same effect as if the parties executing the several counterparts had all executed one counterpart; provided, however, that the several counterparts, in the aggregate, shall have been signed by all of the Partners.

Section 12.7 Waiver of Partition.

Except as may be otherwise provided by law in connection with the winding-up, liquidation and dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for partition of any of the Partnership's property.

Section 12.8 Power of Attorney.

Concurrently with the execution of this Agreement, each Limited Partner shall execute a Power of Attorney in the form attached to the Subscription Agreement.

Section 12.9 Headings.

The section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 12.10 Further Actions.

Each Partner shall execute and deliver such other certificates, agreements and documents, and take such other actions, as may reasonably be requested by the General Partner in connection with the formation of the Partnership and the achievement of its purposes, including, without limitation, (i) any documents that the General Partner deems necessary or appropriate to form, qualify, or continue the Partnership as a limited partnership in all jurisdictions in which the Partnership conducts or plans to conduct business and (ii) all such agreements, certificates, tax statements and other documents as may be required to be filed in respect of the Partnership.

Section 12.11 Gender, Etc.

Whenever the context permits, the use of a particular gender shall include the masculine, feminine and neuter genders, and any reference to the singular or the plural shall be interchangeable with the other.

Section 12.12 Tax Matters Partner.

The General Partner shall be designated as the Tax Matters Partner in accordance with Section 6231 of the Code and shall promptly notify the other partners if any tax return or report of the Partnership is audited or if any adjustments are proposed. In addition, the General Partner shall promptly furnish to the Partners all notices concerning administrative or judicial proceedings relating to federal income tax matters as required under the Code and shall supply such information to the Internal Revenue Service as may be necessary to identify the Partners as Notice Partners under Section 6231 of the Code. During the pendency of any administrative or judicial proceeding, the General Partner shall furnish to the Partners periodic reports concerning the status of any such proceeding. Without the consent of a Majority in Interest of the Partners, the General

Partner shall not extend the statute of limitations, file a request for administrative adjustment or enter into any settlement agreement relating to any Partnership item of income, gain, loss, deduction or credit for any fiscal year of the Partnership.

Section 12.13 Applicable Law.

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware.

Section 12.14 Avoidance of Trade or Business Status; Service-Related Income.

Notwithstanding anything to the contrary in this Agreement or otherwise:

(a) The General Partner will use its best efforts to conduct the affairs of the Partnership so as to (i) avoid having the Partnership treated as engaged in a trade or business within the United States for purposes of Sections 864, 875, 882, and 1446 of the Code, (ii) conduct the affairs of the Partnership so that the Partnership does not invest in United States real property interests as that term is defined in Section 897 of the Code, and (iii) avoid investing or entering into contracts for the purchase or sale of commodities or in options or futures, including currency futures, other than options or other contracts for the acquisition or disposition of securities of a portfolio company.

(b) Neither the General Partner, the Partnership, the principals of the General Partner nor any agents of the foregoing (in each case in their capacities as such, including actions relating to the Domestic Fund and the Prior Funds) shall:

(i) engage in investments for the purpose of realizing a quick, immediate and profitable sale rather than holding the investment for long-term capital appreciation;

(ii) invest in portfolio companies for relatively short holding periods, (e.g., engaging in quick sales in response to market fluctuations), or engage in frequent, short-term turnover of investments in portfolio companies (including leveraged financings, short sales, puts, calls, hedging transactions and purchases on margin) or a large number of such transactions;

(iii) acquire an interest in a partnership, limited liability company, trust or other non-corporate entity that is engaged in a U.S. trade or business within the meaning of the Code;

(iv) receive a fee for any management-, consulting- or promotion-type services provided to Portfolio Companies; or

(v) engage in the management of the day-to-day operations of Portfolio Companies or perform any sustained or ongoing services; provided that no such persons shall be prohibited from serving as a member of the board of directors of Portfolio Companies.

Accordingly, the General Partner agrees, to the extent legally permissible, to file all federal, state and local tax returns and reports of the Partnership in a manner consistent with such limitations. The General Partner shall not cause the Partnership to invest in any other partnership unless such other partnership agrees to use its best efforts to conduct its activities in a manner such that those activities will not cause the Partnership to be engaged in a trade or business within the United States for purposes of Sections 875, 882, 897 and 1446 of the Code.

Section 12.15 Confidentiality.

The General Partner and the Partnership on behalf of themselves and their respective Affiliates, members, managers, employees and other agents (i) acknowledge, that, during the term of the Partnership, they may become aware of information relating to the Limited Partners and their respective principals, clients, Affiliates, partners, members, managers, employees, consultants and other agents, and (ii) agree, except as otherwise may be required by applicable law, to keep such information in strict confidence. In the event that the General Partner or the Partnership or any of their Affiliates or such other related persons is requested by any governmental body or in any legal proceeding to disclose information concerning any of the above persons or entities, such person will provide, to the extent not prohibited by applicable law, prompt notice to any such person so that such person may seek an appropriate protective order. This provision shall survive the termination of the Partnership and the Partnership Agreement.

Section 12.16 Favorable Arrangements.

The General Partner shall promptly disclose in writing to the Limited Partners of this Partnership any arrangement, agreement or provision relating to the Domestic Fund which provides a limited partner of the Domestic Fund with a material benefit which the Limited Partners of the Partnership do not have. The Limited Partners shall have thirty (30) days after receipt of such notice to inform the General Partner that such Limited Partner desires to have such favorable arrangement, agreement or provision apply to it in relation to the Partnership and/or this Agreement. Promptly upon receipt of such writing from the Limited Partner, the General Partner (on behalf of the Partnership) and such Limited Partner shall legally implement and document such favorable arrangement, agreement or provision.

Section 12.17 Additional Co-Investments.

Subject to the provisions of this Agreement and the Domestic Fund's Limited Partnership Agreement, the General Partner may, in its discretion, request that any Portfolio Company or other company offer each Limited Partner the opportunity to acquire the securities of such company (the "Additional Securities"). Any such offer shall be made pro rata to each Limited Partner based on its Capital Commitment and the capital commitment of the partners of the Domestic Fund, provided that strategic partners of the CMGI Funds or the Domestic Fund may be offered in excess of their pro rata shares if and to the extent such an investment would benefit the Portfolio Company. In the event that one or more of such Limited Partners desires to acquire such Additional Securities, such investment shall be made outside of the Partnership (either directly or in an entity to be designated by any such Limited Partner), and each Limited Partner that so invests shall agree to pay the General Partner an amount in cash or in-kind (in the discretion of the Limited Partner) equal to ten percent (10%) of the appreciation in value, if any, of the Additional Securities, such amount to be determined and payable upon the earlier of (i) the disposition of such Additional Securities by such Limited Partner (or its designee), (ii) in the case of Additional Securities issued by Portfolio Companies of the Partnership, the distribution or liquidation by the Partnership of the securities of such company, or (iii) in the case of Additional Securities issued by companies which are not Portfolio Companies of the Partnership, the termination of the Partnership. In the event that Additional Securities have been issued by Portfolio Companies of the Partnership or the Domestic Fund, the General Partner shall sell or otherwise dispose of the Additional Securities at the same time and based upon the same terms and conditions (including but not limited to price) as the Partnership's or Fund's sale or disposal of securities of such portfolio company.

IN WITNESS WHEREOF, the parties to this Agreement have executed the same as of the date first above set forth.

GENERAL PARTNER

@VENTURES EXPANSION PARTNERS, LLC

By: /s/ Denise W. Marks

Name: Denise W. Marks

Title: Managing Member

LIMITED PARTNERS:

By: @VENTURES EXPANSION PARTNERS, LLC,
Their Attorney in Fact

By: /s/ Denise W. Marks

Name: Denise W. Marks

Title: Managing Member

LIMITED LIABILITY COMPANY AGREEMENT OF @ VENTURES EXPANSION PARTNERS, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT of @ Ventures Expansion Partners, LLC (the "LLC"), dated as of February 10, 2000, is by and among the persons named on Schedule A attached hereto, each of whom is designated as either a Capital Member or a Managing Member.

WHEREAS, the LLC was formed as a limited liability company pursuant to the Delaware Limited Liability Company Act, by the filing, on or about the date hereof, in the Office of the Secretary of State of the State of Delaware, of a Certificate of Formation for the LLC (the "Certificate"); and

WHEREAS, the Members desire to enter into this Agreement to set forth the agreements among the Members with respect to the LLC, all as more fully set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in consideration of the agreements hereinafter set forth, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

The following capitalized terms used in this Agreement shall have the respective meanings ascribed to them below:

"Act" means the Delaware Limited Liability Company Act, in effect at the time of the initial filing of the Certificate with the Office of the Secretary of State of the State of Delaware, and as thereafter amended from time to time.

"Affiliate" shall mean, with respect to any specified person or entity, (i) any person or entity that directly or indirectly controls, is controlled by, or is under common control with such specified person or entity; (ii) any person or entity that directly or indirectly controls 10% or more of the outstanding equity securities of the specified entity or of which the specified person or entity is directly or indirectly the owner of 10% or more of any class of equity securities; (iii) any person or entity that is an officer of, director of, manager of, partner in, or trustee of, or serves in a similar capacity with respect to, the specified person or entity or of which the specified person or entity is an officer, director, partner, manager or trustee, or with respect to which the specified

person or entity serves in a similar capacity; or (iv) any person that is a spouse, mother, father, brother, sister or lineal descendant of the specified person.

"Agreement" means this Limited Liability Company Agreement as it may be amended, supplemented, or restated from time to time.

"Capital Account" means a separate account maintained for each Member and adjusted in accordance with Treasury Regulations under Section 704 of the Code. To the extent consistent with such Treasury Regulations, the adjustments to such accounts shall include the following:

(i) There shall be credited to each Member's Capital Account the amount of any cash actually contributed by such Member to the capital of the LLC, the fair market value of any property contributed by such Member to the capital of the LLC, the amount of liabilities of the LLC assumed by the Member or to which property distributed to the Member was subject and such Member's share of the Net Profits of the LLC and of any items in the nature of income or gain separately allocated to the Members; and there shall be charged against each Member's Capital Account the amount of all cash distributions to such Member, the fair market value of any property distributed to such Member by the LLC, the amount of liabilities of the Member assumed by the LLC or to which property contributed by the Member to the LLC was subject and such Member's share of the Net Losses of the LLC and of any items in the nature of losses or deductions separately allocated to the Members.

(ii) If the LLC at any time distributes any of its assets in-kind to any Member, the Capital Account of each Member shall be adjusted to account for that Member's allocable share of the Net Profits, Net Losses or items thereof that would be realized by the LLC if it sold the assets that were distributed at their respective fair market values (taking Code Section 7701(g) into account) immediately prior to their distribution.

(iii) If elected by the LLC in accordance with Section 6.01(b) hereof, at any time specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the Capital Account balance of each Member shall be adjusted to the extent provided under such Treasury Regulation to reflect the Member's allocable share (as determined under Article V) of the items of Net Profits or Net Losses that would be realized by the LLC if it sold all of its property at its fair market value (taking Code Section 7701(g) into account) on the day of the adjustment.

"Capital Member" shall refer severally to any person named as a Capital Member in this Agreement and any person who becomes an additional, substitute or replacement Capital Member as permitted by this Agreement, in such person's capacity as a Capital Member of the LLC. "Capital Members" shall refer collectively to all such persons in their capacities as Capital Members.

"Carrying Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes; provided, however, that (i) the initial Carrying Value of any asset contributed to the LLC shall be adjusted to equal its gross fair market value at the time of its contribution and (ii) the Carrying Values of all assets held by the LLC shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) upon an adjustment to the Capital Accounts of the Members described in paragraph (iii) of the definition of "Capital Account." The Carrying Value of any asset whose Carrying Value was adjusted pursuant to the preceding sentence thereafter shall be adjusted in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(g).

"Cause" shall mean, in connection with the termination of a Managing Member's relationship with the Employer:

(i) conviction of, or plea of nolo contendere to, (A) a felony, whether or not business related, which may injure the business or reputation of the Employer, or (B) a crime of moral turpitude;

(ii) theft or embezzlement of assets of the Employer;

(iii) a material breach of any agreement between the Managing Member and the Employer including, without limitation, any violation of the covenants set forth in Sections 6.06 and 6.07 below;

(iv) the willful and continued failure by the Managing Member to substantially perform his or her duties (other than as a result of incapacity due to physical or mental illness); or

(v) gross neglect of duties or responsibilities as an employee of the Employer, or as a Managing Member, or dishonesty or incompetence, or willful misconduct, which in any case adversely affects the business of the Employer, but only if there has been a good faith determination by a Majority in Number of the Voting Managing Members other than the subject Managing Member that such neglect or misconduct or dishonesty or incompetence has occurred.

"Certificate" means the Certificate of Formation creating the LLC, as it may, from time to time, be amended in accordance with the Act.

"CMGI" means CMGI Inc., a Delaware corporation.

"CMGI Fund" means CMG @ Ventures Expansion, LLC, a Delaware limited liability company.

"CMGI Fund Agreement" means the Limited Liability Company Agreement of the CMGI Fund, as from time to time amended and in effect.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Distributable Cash and Property", with respect to any particular Investment shall mean, with respect to any fiscal period, the excess of all receipts of cash and property of the LLC from such Investment, including dividends or distributions in respect of such Investment, proceeds from a capital transaction relating to such Investment, and any and all other sources over the sum of:

(i) Any and all expenses of the LLC related directly or indirectly to such Investment, including an allocable share of the following types of LLC expenses:

(A) cash disbursements for all items which are customarily considered to be "operating expenses";

(B) payments of interest, principal and premium and points and other costs of borrowing under any indebtedness of the LLC;

(C) payments made to purchase inventory or capital assets, and for capital construction, rehabilitation, acquisitions, alterations and improvements;

(D) payments made to purchase or sell securities, and brokerage commissions, finders fees and transaction costs; and

(E) amounts set aside as reserves for working capital, contingent liabilities, replacements or for any of the expenditures described in clauses (A), (B), (C) and (D) above which are deemed by the Voting Managing Members (in their reasonable discretion) to be necessary to meet the current and anticipated future needs of the LLC; and

(ii) The amount of expenses described in clause (i) above that (A) are attributable to another Investment (the "Other Investment"), (B) are not paid from the receipts of cash and property attributable to the Other Investment as a result of the total expenses attributable to the Other Investment for the fiscal period exceeding the total receipts of cash and property attributable to the Other Investment for the fiscal period and (C) are paid from the receipts of cash and property in respect of the Investment for which the computation of Distributable Cash and Property is being made (the "First Investment"); provided, however, that if Distributable Cash and Property with respect to the First Investment is reduced as a result of this clause (ii), a corresponding amount of the next amount of Distributable Cash and Property with respect to the Other Investment shall be treated as a receipt attributable to the First Investment.

For purposes of determining Distributable Cash or Property in respect of any particular Investment, the Voting Managing Members shall allocate all LLC expenses of the types described in clauses (i) and (ii) above among all Investments and among Other Cash Receipts in such manner as they may reasonably determine.

"Distributable Other Cash" means, with respect to any fiscal period, the excess of Other Cash Receipts over the sum of the expenses (including those described in clause (i) of the definition of "Distributable Cash and Property") which the Voting Managing Members reasonably allocate to Other Cash Receipts.

"Domestic Fund" means @ Ventures Expansion Fund, L.P., a Delaware limited partnership.

"Domestic Fund Agreement" means the Limited Partnership Agreement of the Domestic Fund, as from time to time amended and in effect.

"Employer" shall mean, for any Managing Member, the LLC, any Fund, the Management Company, CMGI or any Affiliate of any of them that employs the Managing Member on a substantially full-time basis. For purposes of this Agreement, a Portfolio Company shall not constitute an Affiliate of any of the LLC, any Fund, the Management Company, or CMGI (and a Managing Member shall not be deemed to be employed by an Employer if such Managing Member is employed by a Portfolio Company), unless the Capital Member specifically elects in writing to treat a Portfolio Company as an Affiliate and such Portfolio Company falls within the definition of "Affiliate" set forth above.

"Event of Forfeiture" shall mean and shall be deemed to have occurred in the event that:

(x) a Managing Member dies or becomes mentally or physically disabled (as determined by a physician licensed in the Commonwealth of Massachusetts, selected by the Voting Managing Members exclusive of any Managing Member which is the subject of the determination) or a conservator or guardian is appointed for the benefit of any Managing Member or his property;

(y) the relationship of such Managing Member to all Employers is terminated without Cause or for any reason other than the reasons specified in clauses (x) and (z) of this definition; or

(z) a Managing Member defaults in its obligation to make Capital Contributions to the LLC pursuant to Section 3.01 below and the Voting Managing Members exercise the remedy in Section 3.01(e), or the relationship of such Managing Member to the LLC is terminated with Cause (in accordance with the procedures described below), or is terminated by the Managing Member (each of the foregoing, a "Clause Z Event").

An Event of Forfeiture for a Managing Member whose relationship with all Employers was terminated pursuant to clause (y) may thereafter occur if any Clause Z Event occurs with respect to such Managing Member.

"Follow-on Investment" shall have the meaning ascribed thereto in the Domestic Fund Agreement, the Foreign Fund Agreement and the CMGI Fund Agreement, the Limited Partnership Agreements of each of @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. and the Limited Liability Company Agreement of CMG @Ventures III, LLC, it being the intention of the Members that an investment in a company in which any of such entities has a pre-existing investment shall be a Follow-on Investment.

"Foreign Fund" means @ Ventures Foreign Expansion Fund, L.P., a Delaware limited partnership.

"Foreign Fund Agreement" means the Limited Partnership Agreement of the Foreign Fund, as from time to time amended and in effect.

"Funds" means the Domestic Fund, the Foreign Fund and the CMGI Fund, and "Fund" means any one of the Funds.

"Investment" means an investment in a Portfolio Company made by any Fund, including without limitation a Follow-on Investment. As and when a Fund or Funds makes an Investment, there shall be attached to this Agreement a Schedule for such Investment, which shall reflect the information described in Section 3.03(a). Each such Schedule is hereinafter referred to as an "Investment Schedule" and all such Schedules are referred to collectively as the "Investment Schedules." The term "Investment" shall not include short-term investments made by any Fund pending investments in securities of Portfolio Companies.

"Investment Percentage Interest" means each Member's Percentage Interest in an Investment, as specified on the Investment Schedule for such Investment.

"LLC" means the limited liability company formed pursuant to the Certificate and this Agreement, as it may from time to time be constituted and amended.

"Majority in Number of the Voting Managing Members" means, with respect to a particular action or matter, a majority in number of the Voting Managing Members then entitled to vote on the action.

"Management Company" means @Ventures Expansion Management, LLC or an Affiliate thereof.

"Managing Member" shall refer severally to any person named as a Managing Member in this Agreement (whether a Voting Managing Member or a Non-Voting Managing Member) and any person who becomes an additional, substitute or replacement Managing Member as permitted

by this Agreement, in such person's capacity as a Managing Member of the LLC. "Managing Members" shall refer collectively to all such persons in their capacities as Managing Members. Except as expressly set forth in this Agreement, the rights, obligations and interests of the Voting Managing Members and the Non-Voting Managing Members shall be identical.

"Member" shall refer severally to any person named as a Capital Member or Managing Member in this Agreement and any person who becomes an additional, substitute or replacement Capital Member or Managing Member as permitted by this Agreement, in such person's capacity as a Member of the LLC. "Members" shall refer collectively to all such persons in their capacities as Members.

"Net Profits" and "Net Losses" mean the taxable income or loss, as the case may be, for a period as determined in accordance with Code Section 703(a) computed with the following adjustments:

(i) Items of gain, loss, and deduction shall be computed based upon the Carrying Values of the LLC's assets (in accordance with Treasury Regulation Sections 1.704(b)(2)(iv)(g) and/or 1.704-3(d)) rather than upon the assets' adjusted bases for federal income tax purposes;

(ii) Any tax-exempt income received by the LLC shall be included as an item of gross income;

(iii) The amount of any adjustments to the Carrying Values of any assets of the LLC pursuant to Code Section 743 shall not be taken into account;

(iv) Any expenditure of the LLC described in Code Section 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code Section 704(b)) shall be treated as a deductible expense;

(v) The amount of items of income, gain, loss or deduction specially allocated to any Members pursuant to Section 5.02 shall not be included in the computation; and

(vi) The amount of any items of Net Profits or Net Losses deemed realized pursuant to paragraphs (ii) and (iii) of the definition of "Capital Account" shall be included in the computation.

"Non-Voting Managing Member" shall refer severally to any Managing Member identified as a Non-Voting Managing Member on Schedule A hereto and any person who becomes an additional, substitute or replacement Non-Voting Managing Member as permitted by this Agreement, in such person's capacity as a Non-Voting Managing Member of the LLC. "Non-

Voting Managing Members" shall refer collectively to all such persons in their capacities as Non-Voting Managing Members.

"Other Cash Receipts" means cash receipts of the LLC, exclusive of capital contributions of the Members, which the Voting Managing Members reasonably determine are not allocable to Investments.

"Percentage Interest" shall be the percentage interest of a Member set forth in Schedule B, as amended from time to time, and subject to adjustment pursuant to Sections 3.04, 8.02 and 8.03.

"Permitted Transferee" means (A) any Member; (B) any spouse, parent, lineal descendant, brother, sister, or spouse of a brother or sister of a Member; (C) any trust, corporation or partnership or other entity in which any Member and/or one of the persons designated in clause (B) is a principal, beneficiary, majority stockholder, member or limited or general partner with an aggregate interest in profits and losses of greater than fifty percent; (D) grantors or beneficiaries of a trust which is (or of which the trustees thereof are, in their capacities as trustees) a Member; or (E) charitable foundations created or primarily endowed by a Member or a member of his or her family.

"Portfolio Company" means the issuer of any security in which any Fund has invested, other than issuers in which the Fund has made short-term investments pending the making of long-term investments.

"Securities Act" means the Securities Act of 1933, as amended.

"Vesting Commencement Date" means, for each Managing Member, the Vesting Commencement Date specified on Schedule A attached hereto.

"Vesting Escrow" shall have the meaning ascribed thereto in Section 4.02.

"Vested Percentage" means, for any Managing Member, a fraction (expressed as a percentage) the numerator of which is the number of whole calendar quarters that have elapsed between such Managing Member's Vesting Commencement Date and the date of determination and the denominator of which is 20; provided, however, that in no event shall a Managing Member's Vested Percentage exceed 100%.

"Voting Managing Member" shall refer severally to any Managing Member identified as a Voting Managing Member on Schedule A hereto and any person who becomes an additional, substitute or replacement Voting Managing Member as permitted by this Agreement, in such person's capacity as a Voting Managing Member of the LLC. "Voting Managing Members" shall refer collectively to all such persons in their capacities as Voting Managing Members.

ARTICLE II

GENERAL PROVISIONS

2.01 Formation of Limited Liability Company; Foreign Qualification. The Capital Member formed the LLC as a limited liability company under the Act on February 10, 2000, by the filing on such date of the Certificate in the Office of the Secretary of State of the State of Delaware.

Prior to the LLC's conducting business in any jurisdiction other than the State of Delaware, the LLC shall comply, to the extent procedures are available, with all requirements necessary to qualify the LLC as a foreign limited liability company in each such jurisdiction where foreign qualification is either necessary or appropriate. Each Member shall execute, acknowledge, swear to and deliver all certificates and other instruments conforming to this Agreement that are necessary or appropriate to qualify, or, as appropriate, to continue or terminate the foreign qualification of, the LLC as a limited liability company in all such jurisdictions in which the LLC may conduct business.

2.02 Name of the LLC. The name of the LLC shall be @ Ventures Expansion Partners, LLC.

2.03 Business of the LLC. The general character of the business of the LLC is to (a) serve as the general partner of each of the Domestic Fund and the Foreign Fund, (b) serve as the Managing Member of the CMGI Fund, (c) own a limited liability company interest in Covestco-Ateura, LLC (or an affiliate thereof), and (d) engage in any activities directly or indirectly related or incidental thereto which may be lawfully conducted by a limited liability company formed under the laws of the State of Delaware.

2.04 Place of Business of the LLC; Resident Agent. The address of the principal place of business of the LLC, and the office at which the LLC will maintain its records is 100 Brickstone Square, Andover, Massachusetts 01810. The LLC's registered office in Delaware is c/o Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19810, and the LLC's registered agent for service of process in Delaware is Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware, 19810. The Voting Managing Members may at any time and from time to time change the LLC's principal place of business, establish additional places of business, change the LLC's registered agent or registered office in Delaware, and in each case shall promptly provide notice of any of such actions (identifying all such offices and agents) to all Members.

2.05 Duration of the LLC. The term of the LLC commenced on February 10, 2000, and the LLC shall have perpetual existence, unless earlier terminated in accordance with Article IX hereof.

2.06 Members' Names and Addresses. The name and address of each Member are set forth on Schedule A. Additional Members may be admitted in accordance with the procedures specified in Article VIII. A Member may not resign from the LLC at any time.

2.07 No Partnership. The LLC is not intended to be a general partnership, limited partnership or joint venture, and no Member shall be considered to be a partner or joint venturer of any other Member, for any purposes other than foreign and domestic federal, state, provincial and local income tax purposes, and this Agreement shall not be construed to suggest otherwise.

2.08 Title to LLC Property. All property owned by the LLC, whether real or personal, tangible or intangible, shall be deemed to be owned by the LLC as an entity, and no Member, individually, shall have any ownership of such property. The LLC may hold any of its assets in its own name or in the name of its nominee, which nominee may be one or more trusts. Any property held by a nominee trust for the benefit of the LLC shall, for purposes of this Agreement, be treated as if such property were directly owned by the LLC.

2.09 Nature of Member's Interest. The interests of all of the Members in the LLC are personal property and shall not, under any circumstances, be considered real property.

2.10 Investment Representations. Each Member, by execution of this Agreement or an amendment hereto reflecting such Member's admission to the LLC, hereby represents and warrants to the LLC that:

(a) It is acquiring an interest in the LLC for its own account for investment only, and not with a view to, or for sale in connection with, any distribution thereof in violation of the Securities Act or any rule or regulation thereunder.

(b) It understands that (i) the interest in the LLC it is acquiring has not been registered under the Securities Act or applicable state securities laws and cannot be resold unless subsequently registered under the Securities Act and such laws or unless an exemption from such registration is available, (ii) such registration under the Securities Act and such laws is unlikely at any time in the future and neither the LLC nor the Members are obligated to file a registration statement under the Securities Act or such laws, and (iii) the assignment, sale, transfer, exchange, or other disposition of the interests in the LLC is restricted in accordance with the terms of this Agreement.

(c) It has had such opportunity as it has deemed adequate to ask questions of and receive answers from representatives of the LLC concerning the LLC, and to obtain from representatives of the LLC such information which the LLC possesses or can acquire without unreasonable effort or expense, as is necessary to evaluate the merits and risks of an investment in the LLC.

(d) It has, either alone or with its professional advisers, sufficient experience in business, financial and investment matters to be able to evaluate the merits and risks involved in investing in the LLC and to make an informed investment decision with respect to such investment.

(e) It can afford a complete loss of the value of its investment in the LLC and is able to bear the economic risk of holding such investment for an indefinite period.

(f) If it is an entity, (i) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) it has full organizational power to execute and deliver this Agreement and to perform its obligations hereunder, (iii) its execution, delivery and performance of this Agreement has been authorized by all requisite action on behalf of the entity, and (iv) it has duly executed and delivered this Agreement.

ARTICLE III

CAPITAL CONTRIBUTIONS

3.01 Capital Contributions.

(a) Each Member shall be required to contribute capital to the LLC in accordance with this Section 3.01.

(b) As and when the LLC is required to contribute capital to any Fund, each Member shall contribute to the LLC his or its proportionate share of the amount required to be contributed by the LLC to such Fund, determined in the manner hereinafter provided. Each of the Members hereby acknowledges that it has received copies of the CMGI Fund Agreement, the Domestic Fund Agreement and the Foreign Fund Agreement, that it has read each of such Agreements, and understands the LLC's obligations thereunder, including without limitation, the LLC's obligations to make capital contributions to each of the Funds and to fund certain escrow accounts.

(i) With respect to any routine call for capital by any Fund (which capital calls the Members acknowledge are generally, but not always, called for on a quarter annual basis), each Member shall contribute a portion of the total amount called for based on his Percentage Interest in the LLC on the date on which such capital is required to be contributed by the LLC to the Fund. Notwithstanding the foregoing, the Voting Managing Members may, in respect of any particular call for capital, determine to modify each Member's share of the contribution to be made by such Member to the LLC if the Voting Managing Members reasonably determine that the amounts called for by any Fund relate in whole or in part to a Follow-on Investment, in which case the portion of the contributions which relate to such Follow-on Investment shall be contributed by the

Members in accordance with their respective Investment Percentage Interests in such Follow-on Investment. The Voting Managing Members may also make other equitable adjustments to the portion to be contributed by each Member to the LLC in respect of Investments to be made by the Funds to take into account similar factors.

If any Member is admitted to the LLC during any calendar quarter, such Member shall be required to contribute to the LLC an amount equal to (x) the aggregate amount of the sum of (I) any contributions made by the other Members to the LLC during or with respect to such calendar quarter pursuant to this Section 3.01(b)(i) plus (II) the unspent amount, if any, of the capital contributions made by the Members to the LLC in previous quarters multiplied by (y) such Member's Percentage Interest in the LLC. The amount so contributed by such Member shall be distributed to the other Members (exclusive of Members whose Percentage Interests have been reduced to zero), so that, following the admission of such additional Member, all Members will have contributed a portion of the amount described in clause (x) of the preceding sentence equal to their respective Percentage Interests in the LLC as in effect immediately following such admission.

(ii) With respect to any amount required to satisfy the LLC's obligations under Section 5.2E of the Domestic Fund Agreement [clawback obligation], or Section 5.2E of the Foreign Fund Agreement [clawback obligation], each Member shall contribute a portion of the total amount called for based on the aggregate amount of distributions received by such Member from the LLC which are, in the reasonable judgment of the Voting Managing Members, attributable to the Domestic Fund and the Foreign Fund, respectively, as compared to the aggregate amount of distributions received by all Members from the LLC which are, in the reasonable judgment of the Voting Managing Members, attributable to the Domestic Fund and the Foreign Fund, respectively. Notwithstanding the foregoing, in no event shall any Member be obligated to contribute to the LLC any amount pursuant to this clause (ii) in excess of the total amount of distributions received by (or held in the Vesting Escrow for the benefit of) such Member from the LLC. The obligation of each Member to make contributions pursuant to this Section 3.01(b)(ii) shall survive the withdrawal, resignation or default (as described in Section 3.01(e) below) of any Member, and the occurrence of an Event of Forfeiture of any Member. The LLC may contribute to the Domestic Fund or the Foreign Fund on behalf of any Member any amounts held in a Vesting Escrow on behalf of such Member, in respect of such Member's obligations under this Section 3.01(b)(ii).

(iii) As and when the LLC is required to deposit amounts into the escrow account established pursuant to Section 5.2F of the Domestic Fund Agreement or Section 5.2F of the Foreign Fund Agreement, the Voting Managing Members may determine to call for contributions of cash to the LLC to enable the LLC to satisfy any such obligation. Each Member shall contribute a portion of the amount which the Voting Managing Members so determine to call, based on the aggregate amount of distributions received by such Member from the LLC which are, in the reasonable judgment of the

Voting Managing Members, attributable to the Domestic Fund and the Foreign Fund, respectively, as compared to the aggregate amount of distributions received by all Members from the LLC which are, in the reasonable judgment of the Voting Managing Members, attributable to the Domestic Fund and the Foreign Fund, respectively. In no event shall any Member be obligated to contribute to the LLC any amount pursuant to this clause (iii) in excess of the total amount of distributions received by (or held in the Vesting Escrow for the benefit of) such Member from the LLC. The obligation of each Member to make contributions pursuant to this Section 3.01(b)(iii) shall survive the withdrawal, resignation or default (as described in Section 3.01(e) below) of any Member, and the occurrence of an Event of Forfeiture of any Member. The LLC may contribute to the Domestic Fund or the Foreign Fund on behalf of any Member any amounts held in a Vesting Escrow on behalf of such Member, in respect of such Member's obligations under this Section 3.01(b)(iii).

(c) The Voting Managing Members may call for capital for other LLC purposes as they may from time to time reasonably determine, and any capital called for pursuant to this Section 3.01(c) shall be contributed by the Members in proportion to their respective Percentage Interests on the date on which such capital is called for.

(d) The Voting Managing Members shall call for capital from all Members for the purposes specified in this Section 3.01 from time to time as needed. In connection with any such call, the Voting Managing Members shall provide to each Member notice of a call for capital (which notice may be given in writing or by electronic mail), which notice shall specify the aggregate amount called for from the LLC, a general statement of the purposes for which such capital call is being made, each Member's share of the total amount called for, and the date on which the capital contribution is due (which date shall, to the extent reasonably practicable, be not less than 10 days after the date of the notice).

(e) Any contribution of capital which is not made when due shall bear interest at the prime rate of interest announced from time to time by The Wall Street Journal plus 1% per annum, until paid in full. Without limiting the foregoing, if a Member fails to satisfy his, her or its capital contribution obligation as required under this Section 3.01 in a timely manner, the LLC may exercise any rights it may have under the Act or otherwise at law or in equity, and shall also have the rights provided in this Section 3.01(e). In any such event, a Majority in Number of the Voting Managing Members (determined exclusive of the Member which has defaulted in his capital contribution obligation) may (but shall not be obligated to) cause the LLC to deliver to such Member a notice ("Default Notice") making reference to the Member's failure to contribute capital to the LLC, and to this Section 3.01(e). If the defaulting Member fails to fund such capital contribution obligation within five business days after the date of delivery of the Default Notice, then an Event of Forfeiture shall be deemed to have occurred with respect to such Member, with the consequences specified in Section 3.04 below.

(f) The LLC shall maintain written records indicating the amount of capital contributed by each Member to the LLC.

(g) The LLC may elect to withhold from any amounts which are otherwise distributable to a Member in accordance with the terms of this Agreement any amount which such Member may be required to contribute to the LLC pursuant to this Section 3.01. In the event the LLC so withholds, for all purposes of this Agreement the Member with respect to whom the withholding occurs shall be treated as if he had been distributed such amount in accordance with Article IV hereof and then recontributed such amount pursuant to this Section 3.01.

3.02 No Additional Capital. Except as provided in this Article III, no Member shall be obligated or permitted to contribute any additional capital to the LLC. No interest shall accrue on any contributions to the capital of the LLC, and no Member shall have the right to withdraw or to be repaid any capital contributed by it or to receive any other payment in respect of its interest in the LLC, including without limitation as a result of the withdrawal or resignation of such Member from the LLC, except as specifically provided in this Agreement.

3.03 Anticipated Operations of the LLC.

(a) As and when any Fund acquires an Investment, the Managing Members shall create an Investment Schedule for such Investment, which shall be attached to this Agreement. The Investment Schedule for each Investment shall reflect (a) the Fund or Funds making the acquisition, (b) the Portfolio Company issuing the securities, (c) the Acquisition Date, (d) the number and class or series of shares of such securities, (e) the purchase price and/or other consideration payable by each Fund, (f) the Investment Percentage Interest of each of the Members in such Investment (determined in the manner hereinafter provided) and (g) such other information, if any, as the Managing Members may deem appropriate.

(b) The Investment Percentage Interest of the Capital Member in each Investment (including Follow-on Investments) shall at all times equal 10%.

(c) (i) Subject to Sections 3.03(c)(ii) and 3.04, the Investment Percentage Interest of each Managing Member for whom an Event of Forfeiture has not occurred shall equal 90% multiplied by a fraction (x) the numerator of which shall equal such Managing Member's Percentage Interest at the beginning of the calendar quarter in which the Investment was made (the "Applicable Quarter") and the denominator of which shall equal the aggregate Percentage Interests at the beginning of the Applicable Quarter for all Managing Members exclusive of those for whom an Event of Forfeiture has occurred. The Investment Percentage Interest of each Managing Member in each Investment shall be subject to reduction upon the occurrence of an Event of Forfeiture.

(ii) Notwithstanding Section 3.03(c)(i), if any Fund makes a Follow-on Investment, the Investment Percentage Interests of the Managing Members in such

Follow-on Investment shall be proportionate to their Investment Percentage Interests (determined hereunder or under the Limited Liability Company Agreement of @Ventures Partners III, LLC, as applicable) for other investments in the same Portfolio Company (except that the Investment Percentage Interest in any Follow-on Investment for any Managing Member for whom an Event of Forfeiture has occurred shall be zero). The Members agree and acknowledge that it is currently anticipated that all Fund investments will be Follow-on Investments, because the Funds expect to invest exclusively in Portfolio Companies in which @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. invested. Therefore, the Investment Percentage Interests of the Members in any such Portfolio Company will be prorated based on their respective Investment Percentage Interests specified in @Ventures Partners III, LLC with respect to investments in such Portfolio Company.

3.04 Event of Forfeiture.

(a) Each Managing Member's Percentage Interest and Investment Percentage Interest in each Investment are subject to adjustment upon the occurrence of an Event of Forfeiture with respect to such Managing Member, as provided in this Section 3.04. In no event shall the provisions of this Section 3.04 be applicable to the interest of the Capital Member.

(b) Upon the occurrence of an Event of Forfeiture with respect to a Managing Member:

(i) Such Managing Member's Percentage Interest in the LLC shall, from and after the date of the Event of Forfeiture, be reduced to zero, and the Percentage Interest in the LLC of all other Managing Members (exclusive of any Managing Member for whom an Event of Forfeiture has occurred) shall be increased by an aggregate amount equal to the amount of the Percentage Interest of the Managing Member for whom the Event of Forfeiture has occurred (such increase to be allocated among them in proportion to their respective Percentage Interests immediately prior to the adjustment contemplated hereby).

(ii) If the Event of Forfeiture is not a Clause Z Event, such
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Managing Member's Investment Percentage Interest in each Investment in which such Managing Member participates shall be reduced to a Percentage determined by multiplying the Managing Member's initial Investment Percentage Interest by such Managing Member's then Vested Percentage; and, if the Event of Forfeiture is a Clause Z Event, such Managing Member's Investment Percentage Interest in each Investment in which such Managing Member participates shall be reduced to zero. The Investment Percentage Interest in each Investment of all other Managing Members (exclusive of any Managing Member for whom an Event of Forfeiture has occurred) participating in such Investment shall be increased by an aggregate amount equal to the amount of the reduction in the Investment Percentage Interest of the Managing Member for whom the Event of

Forfeiture has occurred (such increase to be allocated among them in proportion to their respective Investment Percentage Interests in such Investment immediately prior to the adjustment contemplated hereby).

(iii) Any amount held in any Vesting Escrow for the benefit of such Managing Member shall be forfeited. Amounts so forfeited shall (subject to the provisions of this Section 3.04 and Section 4.02), on an Investment by Investment basis, be allocated to all other Managing Members (exclusive of any Managing Member for whom an Event of Forfeiture has occurred) participating in each such Investment (such distributions to be allocated among them in proportion to their respective Investment Percentage Interests in each such Investment immediately prior to the adjustment contemplated hereby).

(iv) Such Managing Member (whether Voting or Non-Voting) shall have no right to vote on or participate in any decision or matter on or in which Managing Members are entitled to vote or participate and such Managing Member shall be disregarded for all purposes in determining the number of Managing Members which constitute a Majority in Number of the Voting Managing Members or the number or percentage or Managing Members entitled to vote on any matter, as the case may be.

(c) A Managing Member with respect to whom an Event of Forfeiture has occurred: (i) shall not be entitled to participate in any Investment acquired by the LLC (including without limitation, a Follow-on Investment) made by the LLC after the date of the Event of Forfeiture; (ii) shall not be required to make subsequent capital contributions to the LLC from and after the date of the Event of Forfeiture, except for capital contributions required pursuant to Section 3.01(b)(ii) and (iii); and (iii) shall automatically and without any action on the part of the LLC, such Managing Member or any other Member, be deemed to have withdrawn from the LLC on the first date on which the LLC no longer owns any Investment in which such Managing Member has an Investment Percentage Interest.

The Voting Managing Members shall make all determinations under this Section 3.04 (including determinations as to when and whether an Event of Forfeiture has occurred, and the reduction in the Percentage Interest and Investment Percentage Interests of the affected Managing Member in connection therewith), in their reasonable discretion.

ARTICLE IV

DISTRIBUTIONS

4.01 Distribution of Distributable Cash and Property and Distributable Other Cash.

(a) Distributable Cash and Property of the LLC shall be distributed on an Investment by Investment basis, at such times and in such amounts as the Voting Managing

Members may in their reasonable discretion determine. Any non-cash distributions made to the Members shall be valued at their respective fair market values, as determined by the Voting Managing Members in good faith and in a manner consistent with the valuation procedures established in the Domestic Fund Agreement and the Foreign Fund Agreement. Distributable Other Cash shall be distributed, in such amounts as the Voting Managing Members may determine, not less frequently than quarterly, within 30 days following the last day of each fiscal quarter of the LLC.

(b) Subject to the provisions of Sections 4.02 and 9.02(b) below: (i) Distributable Cash and Property related to an Investment shall be distributed to the Members in proportion to their respective Investment Percentage Interests in such Investment on the date the LLC makes such distribution; and (ii) Distributable Other Cash shall be distributed to the Members in proportion to their respective Percentage Interests on the date the LLC makes such distribution.

(c) The Voting Managing Members will use reasonable efforts to cause the LLC to distribute to each Member in each year the Tax Distribution Amount (as defined below), which amount shall be treated as an advance against future distributions to such Member pursuant to Section 4.01(b) above. The Tax Distribution Amount shall equal an amount which, when added to all distributions previously made to the Member pursuant to this Section 4.01 from the inception of the LLC, equals the product of (i) the Member's allocable share of the net taxable income of the LLC computed on an aggregate cumulative basis from the inception of the LLC and (ii) the highest combined marginal rate of federal and Massachusetts state income tax applicable to individuals for any year since the inception of the LLC. Separate Tax Distribution Amounts shall be computed with respect to each Investment, and, to the extent practicable, the required distribution of the Tax Distribution Amount attributable to a particular Investment for a particular period shall be satisfied by a distribution of Distributable Cash and Property attributable to such Investment. To the extent that the required distribution of the Tax Distribution Amount attributable to a particular Investment is satisfied by a distribution of Distributable Cash and Property attributable to another Investment, rules similar to those set forth in clause (ii) of the definition of "Distributable Cash and Property" shall apply.

4.02 Vesting Escrow.

(a) Notwithstanding the provisions of Section 4.01 above, the LLC shall distribute to each Managing Member on the date of any distribution only that portion of any Distributable Cash and Property to which he is entitled which is equal to his Vested Percentage of such amount. Any portion of any distribution which is not distributed as a result of the operation of this Section 4.02(a) shall be held in escrow by the LLC, in accordance with this Section 4.02. Any escrow established pursuant to this Section 4.02 is herein referred to as a "Vesting Escrow." Subject to Section 3.04, on the last day of each calendar quarter following the date of the distribution with respect to any Investment, one-twentieth of the amount of the original distribution (plus a proportionate amount of interest or other amounts earned thereon, if any), shall be disbursed from such Vesting Escrow to such Managing Member.

(b) The interest of the Capital Member shall not be subject to the provisions of this Section 4.02, and it shall at all times be entitled to receive 100% of any distributions to Distributable Cash and Property allocable to it pursuant to and in accordance with Section 4.01.

(c) Each of the Managing Members hereby agrees and acknowledges that, as a result of the operation of this Section 4.02: (i) such Managing Member may be allocated Net Profits and Net Losses of the LLC without corresponding distributions of Distributable Cash or Property; (ii) the Managing Members are authorized to and may (but shall not be required to) invest amounts that are held in a Vesting Escrow in short-term investments pending distribution of such amounts to the Managing Members; (iii) the LLC may hold in a Vesting Escrow securities which would otherwise have been distributed to such Managing Member, and the LLC shall be entitled to vote, transfer, sell, assign and exercise all rights of ownership with respect to all such securities prior to their distribution to the Managing Members in accordance with this Section 4.02; and (iv) amounts held in escrow pursuant to this Section 4.02 shall be irrevocably forfeited by a Managing Member from and after the date of any Event of Forfeiture with respect to such Managing Member. If any property which is held in escrow pursuant to this Section 4.02 is sold or otherwise disposed of, the proceeds of such sale or other disposition shall be substituted in the Vesting Escrow for such property, and released in accordance with Section 4.02(a) above at the same time such property would have been released from such Vesting Escrow.

(d) Upon the discontinuance of the activities of the LLC related to the funding of additional investments after the Funds have been fully invested, and with the approval of a Majority in Number of the Voting Managing Members, the Vested Percentage of each Managing Member shall be increased to one hundred percent (100%).

4.03 Certain Payments to the Internal Revenue Service Treated as Distributions. Notwithstanding anything to the contrary herein, to the extent that the LLC is required (as determined in the discretion of the Voting Managing Members), or elects, pursuant to applicable law, either (i) to pay tax (including estimated tax) on a Member's allocable share of LLC items of income or gain, whether or not distributed, or (ii) to withhold and pay over to the tax authorities any portion of a distribution otherwise distributable to a Member, the LLC may pay over such tax or such withheld amount to the tax authorities, and such amount shall be treated as a distribution to such Member at the time it is paid to the tax authorities. In the event that the amount paid (or paid over) to the tax authorities on behalf of a Member exceeds the amount that would have been distributed to such Member absent such tax obligation, such excess shall be treated as a demand loan from the LLC to such Member, which loan shall bear interest at the prime rate announced from time to time by The Wall Street Journal, until paid in full.

4.04 Distributions in Kind. A Member, regardless of the nature of his contribution to the LLC, shall have no right to demand or receive any distribution from the LLC in any form other than cash. The LLC may, at any time and from time to time, make distributions in kind to the Members. Any Member entitled to any interest in such assets shall, unless otherwise determined by the Members, receive separate assets of the LLC and not an interest as a tenant-in-common with other Members so entitled in any asset being distributed.

4.05 Distributions Upon Transfer or Admission. In the event that a Member acquires an interest in the LLC either by transfer from another Member or by acquisition from the LLC, the LLC shall close its books as of the date of the acquisition and Distributable Cash and Property and items thereof computed for the portion of the year ending on the date of the acquisition shall be distributed among the Members without regard to such acquisition, and Distributable Cash and items thereof computed for the portion of the year commencing on the day following the date of the acquisition shall be allocated among the Members taking into account such acquisition. For purposes of this Section 4.05, any modifications to a Member's Percentage Interest or Investment Percentage Interest for any Investment, shall be treated as if a Member acquired an interest in the LLC.

4.06 Right to Set Off Certain Amounts. The LLC may withhold from any amounts which are otherwise distributable to a Member in accordance with this Agreement, and pay over to @Ventures Management, LLC, any amount which such Member may owe to @Ventures Management, LLC pursuant to certain promissory notes made by such Member to @Ventures Management, LLC, which notes evidence loans made by @Ventures Management, LLC to such Member in order to enable such Member to satisfy its capital contribution obligations to the LLC.

ARTICLE V

ALLOCATION OF NET PROFITS AND NET LOSSES

5.01 Basic Allocations.

(a) Net Profits and Net Losses shall be computed on an Investment by Investment basis as of the end of each fiscal year (or other relevant period). Except as provided in Section 5.02 below (which shall be applied first) and Section 5.01(b) below, Net Profits and Net Losses attributable to a particular Investment shall be allocated among the Members in proportion to their respective Investment Percentage Interests in such Investment. Net Profits and Net Losses attributable to Other Cash Receipts shall be allocated among the Members in proportion to their respective Percentage Interests.

(b) Notwithstanding Section 5.01(a) above, Net Profits and Net Losses attributable to any assets held in a Vesting Escrow shall be specially allocated to the Managing Member to whom such Vesting Escrow relates.

(c) For purposes of this Article V, the amount of the Net Profits or Net Losses from any Investment (treating all sources of Other Cash Receipts as one Investment) shall be determined by allocating expenses incurred by the LLC among the Investments in the same manner that expenses are allocated pursuant to the last sentence of the definition of "Distributable Cash and Property."

(d) Allocations of Net Profits and Net Losses provided for in this Section 5.01 shall generally be made as of the end of the fiscal year of the LLC; provided, however, that allocations of items of Net Profits and Net Losses described in clause (vi) of the definition of "Net Profits" and "Net Losses" shall be made at the time deemed realized as described in the definition of "Capital Account."

(e) Upon admission of any Managing Member to the LLC following the date of formation of the LLC, any deduction attributable to such admission shall be allocated among the Managing Members of the LLC (determined immediately prior to the admission of such new Managing Member), in proportion to such Managing Members' respective Percentage Interests as in effect immediately prior to such admission.

5.02 Regulatory Allocations. Notwithstanding the provisions of Section 5.01 above, the following allocations of Net Profits, Net Losses and items thereof shall be made in the following order of priority:

(a) Items of income or gain (computed with the adjustments contained in paragraphs (i), (ii) and (iii) of the definition of "Net Profits and Net Losses") for any taxable period shall be allocated to the Members in the manner and to the minimum extent required by the

"minimum gain chargeback" provisions of Treasury Regulation Section 1.704-2(f) and Treasury Regulation Section 1.704-2(i)(4).

(b) All "nonrecourse deductions" (as defined in Treasury Regulation Section 1.704-2(b)(1)) of the LLC for any year shall be allocated to the Members in the manner in which Net Profits and Net Losses are allocated; provided, however, that nonrecourse deductions attributable to "partner nonrecourse debt" (as defined in Treasury Regulation Section 1.704-2(b)(4)) shall be allocated to the Members in accordance with the provisions of Treasury Regulation Section 1.704-2(i)(1).

(c) Items of income or gain (computed with the adjustments contained in paragraphs (i), (ii) and (iii) of the definition of "Net Profits and Net Losses") for any taxable period shall be allocated to the Members in the manner and to the extent required by the "qualified income offset" provisions of Treasury Regulation Section 1.704-1(b)(2)(ii)(d).

(d) In no event shall Net Losses of the LLC be allocated to a Member if such allocation would cause or increase a negative balance in such Member's Capital Account (determined for purposes of this Section 5.02(d) only, by increasing the Member's Capital Account balance by (i) the amount the Member is obligated to restore to the LLC pursuant to Treasury Regulation Section 1.704-1(b)(2)(ii)(c) and (ii) such Member's share of "minimum gain" and of "partner nonrecourse debt minimum gain" as determined pursuant to Treasury Regulation Sections 1.704-2(g) and 1.704-2(i)(5), respectively).

(e) Except as otherwise provided herein or as required by Code Section 704, for tax purposes, all items of income, gain, loss, deduction or credit shall be allocated to the Members in the same manner as are Net Profits and Net Losses; provided, however, that if the Carrying Value of any property of the LLC differs from its adjusted basis for tax purposes, then items of income, gain, loss, deduction or credit related to such property for tax purposes shall be allocated among the Members so as to take account of the variation between the adjusted basis of the property for tax purposes and its Carrying Value in the manner provided for under Code Section 704(c).

(f) In the event that Net Profits, Net Losses or items thereof in respect of any Investment are allocated to one or more Members pursuant to subsections (a) or (b) above, subsequent Net Profit, Net Losses or items thereof will first be allocated (subject to the provisions of subsections (a) and (b)) to the Members in a manner designed to result in each Member having been allocated an amount of Net Profits, Net Losses or items thereof attributable to each Investment as such Member would have been allocated had Section 5.02 not been contained in this Agreement.

5.03 Allocations Upon Transfer or Admission. In the event that a Member acquires an interest in the LLC either by transfer from another Member or by acquisition from the LLC, the LLC shall close its books as of the date of the acquisition and Net Profits, Net Losses and items

thereof computed for the portion of the year ending on the date of the acquisition shall be allocated among the Members without regard to such acquisition, and Net Profits, Net Losses and items thereof computed for the portion of the year commencing on the day following the date of the acquisition shall be allocated among the Members taking into account such acquisition. For purposes of this Section 5.03, any modifications to a Member's Percentage Interest or Investment Percentage Interest for any Investment, shall be treated as if a Member acquired an interest in the LLC.

ARTICLE VI

MANAGEMENT

6.01 Management of the LLC. (a) Subject to the provisions of this Agreement and the Act, all powers shall be exercised by or under the authority of, and the business and affairs of the LLC shall be controlled by the Members.

(b) Except to the extent that this Agreement specifically provides for a higher or lower number or percentage of Members, all decisions respecting any matter set forth herein or otherwise affecting or arising out of the conduct of the business of the LLC shall be made by action of a Majority in Number of the Voting Managing Members; provided that, Voting Managing Members with respect to whom an Event of Forfeiture has occurred shall have no right to vote on or participate in any matter or decision to be made by the Voting Managing Members and shall be disregarded for all purposes in determining the number of Voting Managing Members which constitute a Majority in Number of the Voting Managing Members. Except to the extent specifically provided in this Agreement, the Non-Voting Managing Members shall not be entitled to vote on, consent to or approve any matter relating to the conduct of the LLC's business. The Voting Managing Members, by action of a Majority in Number thereof, may at any time and from time to time change the status of any Managing Member from Voting to Non-Voting, and vice versa.

Subject to the foregoing, the Voting Managing Members shall have the exclusive right and full authority to manage, conduct and operate the LLC business. Specifically, but not by way of limitation, the Voting Managing Members (by action of such Majority in Number) shall be authorized, for and on behalf of the LLC:

(i) to borrow money, to issue evidences of indebtedness and to guarantee the debts of others for whatever purposes they may specify, and, as security therefor, to pledge or otherwise encumber the assets of the LLC;

(ii) to cause to be paid on or before the due date thereof all amounts due and payable by the LLC to any person or entity;

(iii) to employ such agents, employees, managers, accountants, attorneys, consultants and other persons necessary or appropriate to carry out the business and affairs of the LLC, whether or not any such persons so employed are Members or are affiliated or related to any Member, and to pay such fees, expenses, salaries, wages and other compensation to such persons as the Members shall in their sole discretion determine;

(iv) to pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend or compromise, upon such terms as they may determine and upon such evidence as they may deem sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the LLC;

(v) to pay any and all fees and to make any and all expenditures which the Voting Managing Members, in their discretion, deem necessary or appropriate in connection with the organization of the LLC, and the carrying out of its obligations and responsibilities under this or any other Agreement;

(vi) to invest the assets of the LLC, and to lease, sell, finance, refinance or dispose of all or any portion of the LLC's property;

(vii) to cause the LLC to make or revoke any of the elections referred to in Sections 108, 704, 709, 754 or 1017 of the Code or any similar provisions enacted in lieu thereof, or in any other Section of the Code;

(viii) to establish and maintain reserves for such purposes and in such amounts as they deem appropriate from time to time;

(ix) to pay all organizational expenses and general and administrative expenses of the LLC;

(x) to deal with, or otherwise engage in business with, or provide services to and receive compensation therefor from, any person who has provided or may in the future provide any services to, lend money to, sell property to, or purchase property from the LLC, including without limitation, a Member;

(xi) to engage in any kind of activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the LLC;

(xii) to compromise the obligation of a Member to make a contribution to the capital of the LLC or to return to the LLC money or other property paid or distributed to such Member in violation of this Agreement or the Act;

(xiii) to cause to be paid any and all taxes, charges and assessments that may be levied, assessed or imposed upon any of the assets of the LLC, unless the same are contested by the Voting Managing Members;

(xiv) to exercise all powers and authority granted by the Act to members, except as otherwise specifically provided in this Agreement;

(xv) to cause the LLC to take any of the foregoing actions in the name and on behalf of the Funds, in the LLC's respective capacity as a general partner or managing member, as applicable, of any Fund;

(xvi) to exercise all other rights, powers, privileges and other incidents of ownership with respect to the interest of the LLC in each of the Funds, and to perform the LLC's respective obligations under the Fund Agreements.

(c) Notwithstanding the foregoing, the Voting Managing Members shall not be authorized to take any of the following actions without the prior approval of the Capital Member:

(i) to do any act that is in contravention of this Agreement or that is not consistent with the purposes of the LLC;

(ii) to do any act that would make it impossible to carry on the ordinary business of the LLC;

(iii) to guarantee the obligations of any Portfolio Company; or

(iv) to take any other action which requires the consent of the Capital Member pursuant to this Agreement.

Other than as set forth in this Section 6.01(c), the Capital Member shall not participate in the management or control of the LLC and shall have no authority to act for or bind the LLC.

(d) Any Managing Member is authorized to execute, deliver and file on behalf of the LLC any documents to be filed with the Secretary of State of the State of Delaware or comparable authorities of other jurisdictions. The signature of one Managing Member on any agreement, contract, instrument or other document shall be sufficient to bind the LLC in respect thereof and conclusively evidence the authority of such Managing Member and the LLC with respect thereto, and no third party need look to any other evidence or require the joinder or consent of any other party.

(e) Each Managing Member is authorized to use the title "Managing Director" when acting on behalf of the LLC in the conduct of the LLC's business.

(f) The Voting Managing Members, by action of a Majority in Number of the Voting Managing Members exclusive of the Managing Member as to whom the determination is being made, shall determine whether or not "Cause" is present in connection with the termination of the relationship of a Managing Member with the LLC. A Managing Member's relationship with the LLC may be terminated for Cause only after a hearing to consider the matter. Any such hearing shall be held only after written notice has been given to all Members, including the Managing Member proposed to be terminated. Such notice must be given not less than 10 days prior to such hearing, and must specify the time and place at which the hearing will be held, and a general statement of the nature of the charges against the Managing Member proposed to be terminated. At such hearing, the Managing Member proposed to be terminated will have an opportunity to respond to the charges constituting Cause. None of the Members (including the Managing Member proposed to be terminated), may be represented at such hearing by counsel or other representatives. At the time any such notice is given, or any time thereafter, but prior to a decision of a Majority in Number of the Voting Managing Members following the hearing, a Majority in Number of the Voting Managing Members (exclusive of the Member proposed to be terminated) may immediately relieve the Managing Member proposed to be terminated of his or her duties and responsibilities hereunder pending a decision.

6.02 Tax Matters Partner. Denise W. Marks shall be the tax matters partner for the LLC pursuant to Code Sections 6221 through 6231.

6.03 Liability of the Members; Indemnification.

(a) No Member shall be liable to the LLC or any other Member for any act or omission taken by the Member in good faith and in the belief that such act or omission is in the best interests of the LLC; provided that such act or omission is not in violation of this Agreement and does not constitute negligence, misconduct, fraud or a willful violation of law by the Member. No Member shall be liable to the LLC or any other Member for any action taken by any other Member, nor shall any Member (in the absence of negligence, misconduct, fraud or a willful violation of law by the Member) be liable to the LLC or any other Member for any action of any employee or agent of the LLC provided that the Member shall have exercised appropriate care in the selection and supervision of such employee or agent.

(b) Each Member and its respective partners, agents, employees and Affiliates (the "Indemnitees") shall be and hereby are (i) indemnified and held harmless by the LLC and (ii) released by the other Members from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions for which such Indemnitee has not otherwise been reimbursed (collectively, "Liabilities"), whether judicial, administrative, investigative or otherwise, of any nature whatsoever, known or unknown, liquidated or unliquidated, that may accrue to the LLC or any other Member or in which any of the Indemnitees may become involved, as a party or otherwise, arising out of the conduct of the business or affairs of the LLC by the respective Indemnitee or otherwise relating to this Agreement, provided that an Indemnitee shall not be entitled to indemnification or release hereunder if it shall have been determined by (i) in the case of the Capital Member or an Indemnitee claiming by or through the Capital Member, a court of competent jurisdiction, or (ii) in the case of any Managing Member or an Indemnitee claiming by or through the Managing Member, by the Capital Member, that (x) such person did not act in good faith and in a manner such person reasonably believed to be in the best interests of the LLC and, in the case of a criminal proceeding, did not have reasonable cause to believe that its conduct was lawful, or (y) such Liabilities shall have arisen from a violation of this Agreement or the negligence, misconduct, fraud or willful violation of law by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement, and provided further that an Indemnitee shall not be entitled to indemnification hereunder with respect to any liability arising in connection with its activities performed for or on behalf of any Portfolio Company, the securities of which have been sold or have been distributed to the Members pursuant to Article IV, if such activities were performed after the date on which such securities were sold or distributed. The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that such person reasonably believed to be in the best interests of the LLC or that the Indemnitee did not have reasonable cause to believe that its conduct was lawful. The indemnification rights provided for in this Section 6.03 shall survive the termination of the LLC or this Agreement.

Expenses incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder may be advanced by the LLC prior to the final disposition thereof provided that the following conditions are satisfied: (i) the claim relates to the performance of duties or services by the Indemnitee on behalf of the LLC and (ii) the Indemnitee undertakes to repay the advanced funds to the LLC if it is ultimately determined that the Indemnitee is not entitled to be indemnified hereunder or under applicable law. The right of any Indemnitee to indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnitee's successors, assigns and legal representatives. The obligations of the Members under this Section 6.03(b) shall be satisfied only after any applicable insurance proceeds have been exhausted and then only out of LLC assets and, to the extent required by law, distributions made by the LLC to the Members, and the Members shall have no liability to fund any indemnification payment hereunder.

6.04 Liability of Members. The liability of the Members for the losses, debts and obligations of the LLC shall be limited to their capital contributions; provided, however, that under applicable law, the Members may under certain circumstances be liable to the LLC to the extent of previous distributions made to them in the event that the LLC does not have sufficient assets to discharge its liabilities.

6.05 Certain Fees and Expenses. All out-of-pocket expenses reasonably incurred by any Member in connection with the LLC's business (including an allocable share of certain overhead and similar expenses of the Capital Member) shall be paid by the LLC or reimbursed to the Member by the LLC.

6.06 Other Activities.

(a) Subject to Sections 6.06(b) and Section 6.07 below, the Members and their respective Affiliates may engage in and possess interests in other business ventures and investment opportunities of every kind and description, independently or with others, including serving as directors, officers, stockholders, managers, members and general or limited partners of corporations, partnerships or other limited liability companies with purposes similar to or the same as those of the LLC. Neither the LLC nor any other Member shall have any rights in or to such ventures or opportunities or the income or profits therefrom.

(b) Each Managing Member agrees that (I) during his or her employment by the Employer, and (II) while he or she holds any interest in the LLC, and (III) for a period of three (3) years following termination of his or her employment relationship with the Employer if such employment is terminated: (A) by the Managing Member voluntarily, or (B) by the Employer for Cause, such Managing Member will not, directly or indirectly:

(x) recruit, solicit or induce, or attempt to induce, any employee or consultant of the Employer or of any Portfolio Company or of any Affiliate of any of them to terminate his or her employment with, or otherwise cease any relationship with, the Employer or any Portfolio Company or any Affiliate of any of them; or

(y) solicit, divert, take away, or attempt to divert or take away, any investment opportunity with respect to any Portfolio Company or any investment opportunity with respect to any prospective investment or prospective portfolio company which the Employer contacted or solicited during such Managing Member's employment relationship with the Employer.

If any restriction set forth herein is found by any court to be unenforceable because it extends for too long a period of time, or over too great a range of activities, or over too broad a geographic area, the restriction shall be interpreted to extend only over the maximum period of time, range of activities, or geographic area which the court finds to be enforceable. Each Managing Member acknowledges and agrees that the restrictions contained in this Section 6.06(b) are necessary for

the protection of the business and goodwill of the Employer, the Portfolio Companies and the Affiliates of any of them and are considered by such Managing Member to be reasonable for such purpose and that his or her interest in the LLC is being received partly in consideration for the foregoing covenant.

6.07 Commitment of Members. Each of the Managing Members hereby agrees to use its best efforts in connection with the purposes and objectives of the LLC and to devote to such purposes and objectives such of its time and resources as shall be necessary for the management of the affairs of the LLC.

6.08 Conflicts of Interest. No contract or transaction between the LLC and one or more of its Members or Affiliates, or between the LLC and any other corporation, partnership association or other organization in which one or more of its Members or Affiliates are directors, officers, members, managers or partners or have a financial interest, shall be void or voidable solely for such reason, or solely because the Member or Affiliate is present at or participates in any meeting of Managing Members which authorizes the contract or transaction, or solely because his, her or its votes are counted for such purpose, if:

(i) the material facts as to his, her or its interest as to the contract or transaction are disclosed or are known to the Voting Managing Members and the Voting Managing Members authorize the contract or transaction by a vote sufficient for such purpose without counting the vote of any interested Voting Managing Member even though the disinterested Voting Managing Members may be less than a Majority in Number of the Voting Managing Members entitled to vote thereon; or

(ii) the material facts as to his, her or its interest and as to the contract or transaction are disclosed or are known to the Voting Managing Members entitled to vote thereon, and the contract or transaction is specifically approved by a vote of the Voting Managing Members; or

(iii) the contract or transaction is fair to the LLC or its Affiliates as of the time it is authorized, approved or ratified by the Voting Managing Members.

ARTICLE VII

BOOKS, RECORDS AND BANK ACCOUNTS

7.01 Books and Records. The Managing Members shall keep or cause to be kept just and true books of account with respect to the operations of the LLC. Such books shall be maintained at the LLC's principal place of business, or at such other place as the Members shall determine, and all Members, and their duly authorized representatives, shall at all reasonable times have access to such books as well as any information required to be made available to the Members under the Act. The Managing Members shall not be required to deliver or mail copies of the LLC's Certificate of Formation or copies of certificates of amendment thereto or cancellation thereof to the Members, although such documents shall be available for review and/or copying by the Members at the LLC's principal place of business.

7.02 Accounting Basis and Fiscal Year. The LLC's books shall be kept on the accrual method of accounting, or on such other method of accounting as the Members may from time to time determine, and shall be closed and balanced at the end of each fiscal year of the LLC. The fiscal year of the LLC shall be the calendar year.

7.03 Bank Accounts. The Managing Members shall be responsible for causing one or more accounts to be maintained in a bank (or banks), which accounts shall be used for the payment of the expenditures incurred by the Managing Members in connection with the business of the LLC, and in which shall be deposited any and all cash receipts of the LLC. All deposits and funds not needed for the operations of the LLC may be invested in such short-term investments as the Managing Members may determine. All such amounts shall be and remain the property of the LLC, and shall be received, held and disbursed by the Managing Members for the purposes specified in this Agreement. There shall not be deposited in any of said accounts any funds other than funds belonging to the LLC, and no other funds shall in any way be commingled with such funds.

7.04 Reports to Members. Within 90 days after the end of each fiscal year, the Managing Members shall cause the LLC to furnish to each Member (i) such information as may be needed to enable the Members to file their federal income tax returns and any required state income tax returns, and (ii) an audited balance sheet of the LLC as of the last day of such fiscal year, and audited financial statements of the LLC for such fiscal year. The cost of such reporting shall be paid by the LLC as a LLC expense. Any Member may, at any time, at its own expense, cause an audit of the LLC books to be made by a certified public accountant of its own selection. All expenses incurred by such accountant shall be borne by such Member.

ARTICLE VIII

TRANSFERS OF INTERESTS OF MEMBERS

8.01 Substitution and Assignment of Member's Interest.

(a) Subject to Section 8.01(b) below, no Managing Member may sell, transfer, assign, pledge, hypothecate or otherwise dispose of all or any part of its interest in the LLC (whether voluntarily, involuntarily or by operation of law), unless (i) the Capital Member and (ii) a Majority in Number of the Voting Managing Members (exclusive of the transferor) shall have previously consented to such transfer, assignment, pledge, hypothecation or disposition in writing, the granting or denying of which consent shall be in such Members' absolute discretion. The provisions of this Section 8.01(a) shall not be applicable to any assignment of the interest of a Managing Member to a Permitted Transferee (provided that no such Permitted Transferee may be admitted to the LLC as a substitute Member except as provided in Section 8.01(c) below). Subject to Section 8.01(b) below, the Capital Member may sell, transfer, assign, pledge, hypothecate or otherwise dispose of all or any part of its interest in the LLC without the consent or approval of any other Member, provided that the transferee of any such interest may not be admitted to the LLC as a substitute Member except as provided in Section 8.01(c) below.

(b) No assignment of the interest of a Member shall be made if, in the opinion of counsel to the LLC, such assignment (i) may not be effected without registration under the Securities Act of 1933, as amended, (ii) would result in the violation of any applicable state securities laws, (iii) would result in a termination of the LLC under Section 708 of the Code, unless such a transfer is consented to by (i) the Capital Member and (ii) a Majority in Number of the Voting Managing Members, (iv) would result in the treatment of the LLC as an association taxable as a corporation or as a "publicly-traded limited partnership" for tax purposes, unless such a transfer is consented to by all Members or (v) would require the LLC or any Fund to register as an investment company under the Investment Company Act of 1940, as amended, or as an investment advisor under the Investment Advisors Act of 1940, as amended. The LLC shall not be required to recognize any assignment until the instrument conveying such interest has been delivered to the LLC for recordation on the books of the LLC. Unless an assignee becomes a substituted Member in accordance with the provisions of Section 8.01(c), it shall not be entitled to any of the rights granted to a Member hereunder, other than the right to receive all or part of the share of the Net Profits, Net Losses, distributions of cash or property or returns of capital to which his assignor would otherwise be entitled.

(c) An assignee of the interest of a Member, or any portion thereof, shall become a substituted Member entitled to all the rights of a Member if, and only if:

(i) the assignor gives the assignee such right;

(ii) in the case of an assignee of a Managing Member, the Capital Member and a Majority in Number of the Voting Managing Members (exclusive of the assignor) consent to such substitution, the granting or denying of which consent shall be in the other Members' absolute discretion;

(iii) in the case of an assignee of the Capital Member, a Majority in Number of the Voting Managing Members consent to such substitution, the granting or denying of which consent shall be in the Voting Managing Members' absolute discretion, except that, in the case of a transfer all or substantially all of the business or assets of CMGI (by sale of assets, sale of stock, merger or otherwise), including its indirect interest in the LLC, no such consent of the Voting Managing Members shall be required;

(iv) the assignee or the assignor pays to the LLC all costs and expenses incurred in connection with such substitution, including specifically, without limitation, costs incurred in the review and processing of the assignment and in amending this Agreement; and

(v) the assignee executes and delivers such instruments, in form and substance satisfactory to the LLC, as may be necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of this Agreement.

Unless a Majority in Number of the Voting Managing Members (exclusive of the assignor) otherwise approve, any assignee of the interest of a Voting Managing Member who becomes a substitute Managing Member shall be and become a Voting Managing Member, and any assignee of the interest of a Non-Voting Managing Member who becomes a substitute Managing Member shall be and become a Non-Voting Managing Member.

(d) The LLC and the Members shall be entitled to treat the record owner of any interest in the LLC as the absolute owner thereof in all respects, and shall incur no liability for distributions of cash or other property made in good faith to such owner until such time as a written assignment of such interest has been received and accepted by the Managing Members and recorded on the books of the LLC. The Managing Members may refuse to accept an assignment until the end of the next successive quarterly accounting period. In no event shall any interest in the LLC, or any portion thereof, be sold, transferred or assigned to a minor or incompetent, and any such attempted sale, transfer or assignment shall be void and ineffectual and shall not bind the LLC.

(e) If a Member who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the Member's executor, administrator, guardian, conservator or other legal representative may exercise all of the Member's rights hereunder, but solely for the purpose of settling his estate or administering his property, and in no event shall such executor, administrator, guardian, conservator or legal representative participate in any way in the conduct of the business of the LLC, or in the making of any decision or the taking of any action provided for hereunder (including without limitation, Section 6.01(a) or (b)) for any other purpose. If a Member is a corporation, trust or other entity, and is dissolved or terminated, the powers of that Member may be exercised by its legal representative or successor.

8.02 Additional Members.

(a) Except as provided in Section 8.01, additional Members may be admitted to the LLC only upon the written consent of the Capital Member and a Majority in Number of the Voting Managing Members. Any such consent shall specify (i) the capital contribution, if any, and the Percentage Interest of the additional Member, (ii) whether such Managing Member is a Voting or Non-Voting Managing Member and (iii) any other rights and obligations of such additional Member. Such approval shall bind all Members. In connection with any such admission of an additional Member, this Agreement (including Schedules A and B) shall be amended to reflect the additional Member, its capital contribution, if any, its Percentage Interest, its Vesting Commencement Date, and any other rights and obligations of the additional Member. In connection with any such admission of an additional Member, the Percentage Interest or other rights and interests of the Capital Member in the LLC may not be diluted or otherwise modified or adjusted without the specific written consent of the Capital Member.

(b) Unless all Voting Managing Members (exclusive of those with respect to whom an Event of Forfeiture has occurred) otherwise agree, in connection with the admission of any additional Managing Member to the LLC, the Percentage Interests of all Managing Members shall be diluted proportionately based on their respective Percentage Interests immediately prior to any such admission.

(c) Each Managing Member, and each person who is hereinafter admitted to the LLC as a Managing Member, hereby (i) consents to the admission to the LLC of any such third party on such terms as may be approved by the Members in accordance with this Section 8.02, and to any amendment to this Agreement which may be necessary or appropriate to reflect the admission of any such third party and the terms of its interest in the LLC, and (ii) acknowledges that, in connection with any admission of any such person, such Member's interest in allocations of Net Profits and Net Losses and distributions of cash and property of the LLC, and net proceeds upon liquidation of the LLC, may be diluted or otherwise altered (subject to the provisions of this Section 8.02). Any amendment to this Agreement which shall be made in order to effectuate the provisions of this Section 8.02 shall be executed by the Capital Member and a Majority in Number of the Voting Managing Members, and any such amendment shall be binding upon all of the Members.

8.03 Reallocation of Percentage Interests. The Voting Managing Members, by action of a Majority in Number thereof, may not later than 10 business days following the commencement of any fiscal year, elect to modify the respective Percentage Interests of the Managing Members. Any such determination to modify the Percentage Interests of the Managing Members shall be made based on the respective professional and managerial contribution and anticipated contribution to the business of the LLC of the Managing Members, and any such determination shall take effect as of the first day of such fiscal year, and shall not otherwise have any retroactive effect. In no event shall the Percentage Interest of the Capital Member be

modified or adjusted as a result of this Section 8.03. In connection with any such adjustment, Schedule B shall be amended accordingly, and all Members shall be bound by the determination of a Majority in Number of the Voting Managing Members.

ARTICLE IX

DISSOLUTION AND TERMINATION

9.01 Events of Dissolution.

(a) The LLC shall be dissolved:

(i) on a date designated in writing by (A) the Capital Member and (B) a Majority in Number of the Voting Managing Members;

(ii) following the dissolution (following which the business is not continued) of the last to dissolve of the Funds, and the liquidation of all of assets of the Funds and the winding up of their respective businesses;

(iii) upon the sale or other disposition of all of the LLC's assets; or

(iv) upon the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) Dissolution of the LLC shall be effective on the day on which the event occurs giving rise to the dissolution, but the LLC shall not terminate until the LLC's Certificate of Formation shall have been cancelled and the assets of the LLC shall have been distributed as provided herein. Notwithstanding the dissolution of the LLC, prior to the termination of the LLC, as aforesaid, the business of the LLC and the affairs of the Members, as such, shall continue to be governed by this Agreement. A liquidator appointed by the Voting Managing Members (who may be a Member), shall liquidate the assets of the LLC, and distribute the proceeds thereof as contemplated by this Agreement and cause the cancellation of the LLC's Certificate of Formation.

9.02 Distributions Upon Liquidation.

(a) After payment of liabilities owing to creditors, the liquidator shall set up such reserves as it deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the LLC (including without limitation, any liabilities or obligations to the Funds). Said reserves may be paid over by such liquidator to a bank, to be held in escrow for the purpose of paying any such contingent or unforeseen liabilities or obligations and, at the expiration of such period as such liquidator may deem advisable, such reserves shall be distributed to the Members or their assigns in the manner set forth in paragraph (b) below.

(b) After paying such liabilities and providing for such reserves, the liquidator shall cause the remaining net assets of the LLC to be distributed to all Members with positive Capital Account balances (after such balances have been adjusted to reflect all debits and credits required by applicable Treasury Regulations under Section 704(b) of the Code for all events through and including the distribution in liquidation of the LLC), in proportion to and to the extent of such positive balances. In the event that any part of such net assets consists of notes or accounts receivable or other non-cash assets, the liquidator may take whatever steps it deems appropriate to convert such assets into cash or into any other form which would facilitate the distribution thereof. If any assets of the LLC are to be distributed in kind, such assets shall be distributed on the basis of their fair market value net of any liabilities. No Member other than the Capital Member shall have any right or interest in or to the name "@ Ventures" and all rights and interest in such name shall, upon termination of the LLC, be assigned and transferred to the Capital Member.

ARTICLE X

MISCELLANEOUS

10.01 Notices. Except as otherwise specifically provided in this Agreement, any and all notices, requests, elections, consents or demands permitted or required to be made under this Agreement shall be in writing, signed by the Member giving such notice, request, election, consent or demand, and shall be delivered personally, or sent by registered or certified mail, or by overnight mail, Federal Express or other similar commercial overnight courier, to the other Member or Members at their addresses set forth in Schedule A, and, in the case of a notice to the LLC, at the address of its principal office as set forth in Article I hereof, or at such other address as may be supplied by written notice given in conformity with the terms of this Section 10.01. The date of personal delivery, three days after the date of mailing, the business day after delivery to an overnight courier, as the case may be, or the date of actual delivery if sent by any other method, shall be the date of such notice.

10.02 Successors and Assigns. Subject to the restrictions on transfer set forth herein, this Agreement, and each and every provision hereof, shall be binding upon and shall inure to the

benefit of the Members, their respective successors, successors-in-title, heirs and assigns, and each and every successor-in-interest to any Member, whether such successor acquires such interest by way of gift, purchase, foreclosure, or by any other method, shall hold such interest subject to all of the terms and provisions of this Agreement.

10.03 Amendments. Except as otherwise specifically provided in this Agreement (including without limitation, Section 3.04 and Article VIII), this Agreement may be amended or modified only by (i) the Capital Member and (ii) a Majority in Number of the Voting Managing Members; provided that (x) no such amendment shall increase the liability of, increase the obligations of or adversely affect the interest of, any Member without the specific approval of such Member (other than upon the occurrence of an Event of Forfeiture, upon admission of a Managing Member in accordance with Section 8.02 or upon the adjustment of the Percentage Interests of the Managing Members in accordance with Section 8.03); (y) if any provision of this Agreement provides for the approval or consent of a greater number of Members or of Members holding a higher percentage of the total Percentage Interests of the Members, any amendment effectuated pursuant to such provision, and any amendment to such provision, shall require the approval or consent of such greater number of Members or of Members holding such higher percentage of Percentage Interests; and (z) subject to clauses (x) and (y) above, any amendment to this Section 10.03 shall require the approval of (i) the Capital Member and (ii) Managing Members holding not less than two-thirds of all Percentage Interests held by all Managing Members.

10.04 Partition. The Members hereby agree that no Member nor any successor-in-interest to any Member, shall have the right while this Agreement remains in effect to have the property of the LLC partitioned, or to file a complaint or institute any proceeding at law or in equity to have the property of the LLC partitioned, and each Member, on behalf of himself, his successors, representatives, heirs and assigns, hereby waives any such right. It is the intention of the Members that during the term of this Agreement, the rights of the Members and their successors-in-interest, as among themselves, shall be governed by the terms of this Agreement, and that the right of any Member or successor-in-interest to assign, transfer, sell or otherwise dispose of his interest in the LLC shall be subject to the limitations and restrictions of this Agreement.

10.05 No Waiver. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

10.06 Entire Agreement. This Agreement constitutes the full and complete agreement of the parties hereto with respect to the subject matter hereof.

10.07 Captions. Titles or captions of Articles or sections contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

10.08 Counterparts. This Agreement may be executed in a number of counterparts, all of which together shall for all purposes constitute one Agreement, binding on all the Members notwithstanding that all Members have not signed the same counterpart.

10.09 Applicable Law. This Agreement and the rights and obligations of the parties hereunder shall be governed by and interpreted, construed and enforced in accordance with the laws of the State of Delaware.

10.10 Gender, Etc. In the case of all terms used in this Agreement, the singular shall include the plural and the masculine gender shall include the feminine and neuter, and vice versa, as the context requires.

10.11 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditor of any Member or of the LLC other than a Member who is such a creditor of the LLC.

IN WITNESS WHEREOF, the Members have signed and sworn to this Agreement under penalties of perjury as of the date first above written.

CAPITAL MEMBER:

CMG @ VENTURES CAPITAL CORP.

By: /s/ Andrew J. Hajducky III

Name: Andrew J. Hajducky III

Title: Authorized Signer

MANAGING MEMBERS:

/s/ Guy A. Bradley

Guy A. Bradley

/s/ Jonathan Callaghan

Jonathan Callaghan

/s/ Peter H. Mills

Peter H. Mills

/s/ Marc Poirier

Marc Poirier

/s/ Brad Garlinghouse

Brad Garlinghouse

/s/ Denise W. Marks

Denise W. Marks

/s/ David J. Nerrow, Jr.

David J. Nerrow, Jr.

EXHIBIT 10.67

CMG @ VENTURES EXPANSION, LLC

LIMITED LIABILITY COMPANY AGREEMENT

CMG @ VENTURES EXPANSION, LLC

LIMITED LIABILITY COMPANY AGREEMENT

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CMG @ VENTURES EXPANSION, LLC

LIMITED LIABILITY COMPANY AGREEMENT

THIS LIMITED LIABILITY COMPANY AGREEMENT OF CMG @ VENTURES EXPANSION, LLC (the "Company"), dated as of February 10, 2000, is by and among CMG@Ventures Capital Corp., a Delaware corporation (the "Capital Member"), and @Ventures Expansion Partners, LLC, a Delaware limited liability company (the "Managing Member" and together with the Capital Member, the "Members"). Definitions of certain capitalized terms used in this Agreement are specified in Article Ten.

RECITALS

WHEREAS, the Company was formed as a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware, 6 Del. C. ch. 18 et. seq., by the filing on or about the date hereof of a Certificate of Formation in the Office of the Secretary of State of the State of Delaware; and

WHEREAS, the Members wish to set out fully their respective rights, obligations and duties with respect to the Company.

NOW THEREFORE, in consideration of the mutual covenants expressed herein, the parties hereto hereby agree as follows:

ARTICLE ONE

THE COMPANY

Section 1.1 Organization; Name. The Company was organized as a limited liability company pursuant to the provisions of the Act. The name of the Company is CMG @ Ventures Expansion, LLC. The business of the Company may be conducted under any other name designated in writing by the Managing Member upon compliance with applicable law.

Section 1.2 Purpose and Character of Business. The Company's purpose and the character of its business shall be to (a) make investments directly or through holding companies in equity and equity-related securities, notes, debentures, limited partnership interests, limited liability company interests, or other equity or debt instruments or other interests or investments of any nature whatsoever, including, without limitation, notes, debentures and common or preferred stock (whether or not convertible or exchangeable), and rights, options and warrants to purchase notes, debentures and common or preferred stock or other securities or debt instruments, or direct or indirect interests in tangible or intangible assets of any kind whatsoever (all of the foregoing being hereafter referred to as "Investments" or as "Portfolio Securities"), in privately or publicly held or solely owned operating or investment businesses or other entities or parts thereof or

assets, (b) manage, supervise and dispose of such investments, receiving the profits, losses and income from such activities and engaging in all other activities that are necessary, incidental and ancillary thereto, and (c) pending utilization or disbursement of funds, to invest such funds in Temporary Investments. The Company shall invest only in Investments and Portfolio Securities in which @ Ventures Expansion Fund, L.P., a Delaware limited partnership (the "Domestic Fund"), invests, and/or in which @ Ventures Foreign Expansion Fund, L.P., a Delaware limited partnership (the "Foreign Fund"), may invest, all in the manner and on the terms contemplated by the Limited Partnership Agreement for the Domestic Fund, as from time to time in effect (the "Domestic Fund Agreement") and by the Limited Partnership Agreement for the Foreign Fund, as from time to time in effect (the "Foreign Fund Agreement"). The Domestic Fund and the Foreign Fund are sometimes hereinafter referred to individually as a "Fund" and collectively as the "Funds," and the Domestic Fund Agreement and the Foreign Fund Agreement are sometimes hereinafter referred to individually as a "Fund Agreement" and collectively as the "Fund Agreements."

Section 1.3 Place of Business; Registered Agent. The principal place of business of the Company shall be maintained at 100 Brickstone Square, Andover, Massachusetts 01810. The name and address of the resident agent of the Company in the State of Delaware and the address of the registered office of the Company in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801. The Managing Member may at any time change the location of the Company's principal place of business, establish additional offices and places of business and change the registered agent and registered office of the Company and upon any such change shall give prompt notice to each Member of any such change.

Section 1.4 Term. The term of the Company commenced on February 10, 2000, and shall continue until terminated pursuant to Section 8.1.

Section 1.5 Statutory Compliance; Qualification In Other Jurisdictions. The Company shall exist under and be governed by, and this Agreement shall be construed in accordance with, the applicable laws of the State of Delaware including the Act. The Managing Member promptly shall make such filings as it believes necessary or as are required by applicable law to give effect to the provisions of this Agreement and to cause the Company to be treated as a limited liability company under the laws of the State of Delaware. The Managing Member shall cause the Company to be registered or qualified under its own name or under an assumed or fictitious name pursuant to a foreign limited liability company statute or similar laws in any jurisdictions in which the Company owns property or transacts business if such registration or qualification is necessary to protect the limited liability of the Members or to permit the Company lawfully to own property or transact business in such jurisdiction.

ARTICLE TWO

MEMBERS AND CAPITAL CONTRIBUTIONS

Section 2.1 Capital Commitments and Contributions. The Members hereby commit and agree to make cash contributions to the capital of the Company in such amounts and at such times as may be necessary to enable the Capital Member to satisfy (i) its obligations under the Fund Agreements, and (ii) such other capital needs of the Company as the Members unanimously may agree upon, all of which cash contributions shall be made by the Members in proportion to their respective Percentage Interests as set forth on Schedule I attached hereto. The amount of such commitment of each Member is referred to herein as a Member's "Capital Commitment." The amount of capital actually contributed by a Member to the Company is referred to as such Member's "Capital Contribution." All calls for Capital Contributions shall be made in writing or by electronic mail and shall specify the intended use of such called capital. Such call shall be made, to the extent reasonably practicable, at least ten (10) Business Days before the date on which the contribution is due. No Capital Contribution returned to the Members shall be callable by the Managing Member pursuant to this Section 2.1 thereafter.

Section 2.2 Admission of Additional Members. Additional Members may be admitted to the Company at such times and on such terms as shall be unanimously approved in advance by the Members.

Section 2.3 Capital Accounts. The Company shall establish and maintain a capital account (a "Capital Account") for each Member. Such Capital Account shall be adjusted in accordance with Treasury Regulations under Section 704 of the Code. To the extent consistent with such Treasury Regulations, the adjustments to such accounts shall include the following:

2.3.1 There shall be credited to each Member's Capital Account the amount of any cash actually contributed by such Member to the capital of the Company, the fair market value of any property contributed by such Member to the capital of the Company, the amount of liabilities of the Company assumed by the Member or to which property distributed to the Member was subject and such Member's share of the Profit of the Company and of any items in the nature of income or gain separately allocated to the Members; and there shall be charged against each Member's Capital Account the amount of all cash distributions to such Member, the fair market value of any property distributed to such Member by the Company, the amount of liabilities of the Member assumed by the Company or to which property contributed by the Member to the Company was subject and such Member's share of the Loss of the Company and of any items in the nature of losses or deductions separately allocated to the Members.

2.3.2 If the Company at any time distributes any of its assets in-kind to any Member, the Capital Account of each Member shall be adjusted to account for that Member's allocable share of the Profit, Loss or items thereof that would be realized by the

Company if it sold the assets that were distributed at their respective fair market values (taking Code Section 7701(g) into account) immediately prior to their distribution.

2.3.3 If elected by the Company in accordance with Section 4.3 hereof, at any time specified in Treasury Regulation Section 1.704-1(b)(2)(iv)(f), the Capital Account balance of each Member shall be adjusted to the extent provided under such Treasury Regulation to reflect the Member's allocable share (as determined under Article Three) of the items of Profit or Loss that would be realized by the Company if it sold all of its property at its fair market value (taking Code Section 7701(g) into account) on the day of the adjustment.

Section 2.4 No Rights to Demand Return of Capital Contributions. No Member shall be entitled to withdraw any part of its or his Capital Contribution, to receive any distribution from the Company or to cause a partition of the assets of the Company except as expressly provided in this Agreement. No Member shall be paid interest on any Capital Contribution or receive any salary or compensation with respect to its Capital Contribution or Capital Account or for services rendered to or on behalf of the Company or otherwise in its capacity as a Member, except as specifically provided in this Agreement.

Section 2.5 Liabilities of Members. Except as otherwise expressly set forth herein or in the Act, the Members shall not have, and the Managing Member shall at all times conduct its affairs and the affairs of the Company so that no Member shall have, any personal liability whatsoever in his capacity as a Member, whether to the Company, to any Member or to the creditors of the Company, for the debts, liabilities, contracts or other obligations of the Company or for any losses of the Company.

ARTICLE THREE

ALLOCATIONS; DISTRIBUTIONS

Section 3.1 Allocations of Net Profits and Net Losses.

3.1.1 Subject to Sections 3.3 through 3.5, Net Profits of the Company shall be allocated as follows, and in the following order of priority as of the close of such Fiscal Year or other accounting period:

3.1.1.1 First, to the Members in proportion to their respective Percentage Interests until the aggregate cumulative amount of Profits allocated to each Member pursuant to this Section 3.1.1.1 equals the aggregate cumulative amount of Net Losses allocated to the Members pursuant to Section 3.1.2.2; and

3.1.1.2 Thereafter, eighty (80%) percent to the Members in proportion to their respective Percentage Interests, and twenty (20%) percent to the Managing Member.

3.1.2 Subject to Sections 3.3 through 3.5, Net Losses of the Company shall be allocated as follows and in the following order of priority as of the close of such Fiscal Year or other accounting period:

3.1.2.1 First, eighty percent (80%) to the Members in proportion to their respective Percentage Interests and twenty percent (20%) to the Managing Member until the aggregate cumulative amount of Losses allocated to each Member pursuant to this Section 3.1.2.1 equals the aggregate cumulative amount of Profits allocated to such Member pursuant to Section 3.1.1.2; and

3.1.2.2 Second, to the Members in proportion to their respective Percentage Interests.

Section 3.2 Special Allocation Rules. Before any allocations are made pursuant to Section 3.1, the following special allocations shall be made in the following order:

3.2.1 If any Member unexpectedly receives any adjustment, allocation or distribution described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations which causes it to have an, or increases the amount of its, Adjusted Capital Account Deficit, items of Company income and gain (computed with the adjustments set forth in clauses (i), (ii) and (iii) of the definition of "Profits" and "Losses") shall be specially allocated to such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, such Member's Adjusted Capital Account Deficit as quickly as possible, provided that an allocation pursuant to this Section 3.2.1 shall be made to a Member only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article Three have been tentatively made as if this Section 3.2.1 were not in this Agreement. This Section 3.2.1 is intended to constitute a "qualified income offset" as defined in Section 1.704-1(b)(2)(ii)(d) of the Regulations.

3.2.2 If any Member has an Adjusted Capital Account Deficit as of the end of any Fiscal Year or other accounting period of the Company that is in excess of the amount such Member is deemed to be obligated to restore to his Capital Account pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(h)(5) of the Regulations (the so-called deficit restoration rule), items of Company income and gain (computed with the adjustments set forth in clauses (i), (ii) and (iii) of the definition of "Profits" and "Losses") in the amount of such excess shall be specially allocated to such Member as quickly as possible, provided that an allocation pursuant to this Section 3.2.2 shall be made to a Member only if and to the extent that such Member would have an Adjusted Capital

Account Deficit that is in excess of the amount such Member is deemed to be obligated to restore to his Capital Account pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(h)(5) of the Regulations after all other allocations provided for in this Article Three have been tentatively made as if this Section 3.2.2 were not in this Agreement.

3.2.3 To the extent an adjustment to the adjusted tax basis of any asset of the Company pursuant to Section 734(b) or Section 743(b) of the Code is required, pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations, to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset), and such gain or loss shall be specially allocated to the Members in a manner that is consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to Section 1.704-1(b)(2)(iv)(m) of the Regulations.

3.2.4 Notwithstanding Section 3.1, an allocation of Loss shall not be made to a Member to the extent that such allocation would cause such Member to have an Adjusted Capital Account Deficit. An allocation of Loss that would be made to a Member but for this Section 3.2.4 shall instead be made to the other Members to the extent of and in proportion to the amounts of such loss that they could then be allocated without themselves having Adjusted Capital Account Deficits (or, if such other Members would not have Adjusted Capital Account Deficits, in proportion to their respective Capital Contributions) and thereafter to the Capital Member.

Section 3.3 Corrective Allocations. The allocations set forth in Section 3.2 (the "Regulatory Allocations") are intended to comply with certain requirements of Sections 1.704-1(b) and 1.704-2 of the Regulations. Notwithstanding any other provision of this Article Three, the Regulatory Allocations shall be taken into account in making allocations of items of income, gain, loss, deduction and expenditure among the Members so that, to the extent possible consistent with the Code and the Regulations and on a cumulative basis, the respective net amounts of such allocations of other items and the Regulatory Allocations to the Members are equal to the respective net amounts that would have been allocated to the Members had no Regulatory Allocations been made. The Managing Member shall apply this Section 3.3 at such times and in whatever order, and shall divide allocations made pursuant to this Section 3.3 among the Members in such manner, as it determines is likely to minimize any economic distortions that might otherwise be caused by the Regulatory Allocations.

Section 3.4 Tax Allocations.

3.4.1 Tax allocations for each _Fiscal Year or other accounting period of the Company shall be made consistent with the allocations of Profit and Loss and items specially allocated pursuant to Sections 3.2 and 3.3 for such year or period, except that, solely for tax purposes, (i) items of income, gain, loss and deduction with respect to Company assets reflected hereunder in the Members' Capital Accounts and on the books of the Company at values that differ from the Company's adjusted tax bases in such assets shall be allocated among the Members so as to take account of those differences pursuant to Section 1.704-3 of the Regulations and in such manner as the Managing Member reasonably determine is in accordance with the principles of Section 704(c) of the Code and with Sections 1.704-1(b)(2)(iv)(f), 1.704-1(b)(2)(iv)(g), 1.704-1(b)(4)(i) and 1.704-3 of the Regulations, and (ii) adjustments made pursuant to Section 734(b) or Section 743(b) of the Code shall be taken into account.

3.4.2 The Members are aware of the federal income tax consequences of the allocations made by this Article Three and agree to report their shares of Company income and loss for income tax purposes in accordance with this Article Three.

Section 3.5 Distributions Prior to Liquidation.

3.5.1 Subject to Sections 3.6 and 3.7, Available Cash for each Fiscal Year (or fractional portion thereof) shall be distributed to the Members at such time or times determined by the Managing Member (but not less frequently than annually) in proportion to their respective Capital Account balances.

3.5.2 The Managing Member shall endeavor (if practical and reasonable to do so in light of the circumstances of the Company) to distribute, if available, sufficient amounts of Available Cash to the Members in accordance with this Section 3.5 to enable all Members to make timely payment of any Federal, state, local and foreign income tax liabilities incurred by them as a result of their participation in the Company.

Section 3.6 Distributions Upon Liquidation.

3.6.1 Upon the liquidation of the Company, the assets of the Company shall first be applied to the payment of, or the establishment of adequate reserves or other provision for the payment of, the debts and obligations of the Company. Thereafter, there shall be made a final allocation of Profit or Loss, as the case may be, and other items to the Members' Capital Accounts in accordance with Sections 3.1 through 3.3. The assets of the Company (or the proceeds of sales or other dispositions in liquidation of assets of the Company) remaining after the payment or other provision for the Company's debts and obligations shall then be distributed to the Members in proportion to the positive balances in their Capital Accounts determined after the final allocation of Profit or Loss and other items to Capital Accounts has been made. Amounts reserved or otherwise set aside in connection with the Company's liquidation for the payment of Company debts and obligations shall be

distributed to the Members, in the same proportions that such amounts would have been distributed hereunder if distributed upon the Company's liquidation, as soon as practicable. No Member shall be required or otherwise obligated to restore or contribute any deficit balance in such Member's Capital Account upon the liquidation of the Company.

3.6.2 The Managing Member, or an authorized liquidating trustee if one is appointed, may distribute assets of the Company in kind upon the liquidation of the Company. Any asset to be distributed in kind shall be distributed on the basis of its Fair Market Value as determined in accordance with the provisions of Section 3.8. For purposes of making the final allocation of Profit or Loss, and other items required by Section 3.6.1, any asset other than cash that is to be distributed to one or more Members in kind shall be treated as having then been sold by the Company for its Fair Market Value as determined in accordance with the provisions of Section 3.8. Any Member entitled to any interest in such assets shall, unless otherwise determined by the Members, receive separate assets of the Company and not an interest as a tenant-in-common with other Members so entitled in any asset being distributed.

Section 3.7 Distributions of Securities in Kind.

3.7.1 The Managing Member shall distribute to the Members Portfolio Securities which are Marketable Securities, unless the Capital Member determines that a distribution of such securities would not be in the best interests of the Company. Such Portfolio Securities shall be distributed in accordance with Section 3.5 or 3.6, as applicable, based on their respective Fair Market Values. The Managing Member shall promptly notify the Members each time a Portfolio Security becomes a Marketable Security. The Managing Member shall not distribute Portfolio Securities that are not Marketable Securities at any time other than upon the liquidation of the Company.

3.7.2 The Managing Member may cause certificates evidencing any securities to be distributed to be imprinted with legends as to such restrictions on transfers that it may deem necessary, including legends as to applicable Federal or state securities laws or other legal or contractual restrictions, and may require any Member to which securities are to be distributed to agree in writing that such securities will not be transferred except in compliance with such restrictions and applicable law.

Section 3.8 Valuation. For all purposes of this Agreement, the Fair Market
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Value of securities and other property of the Company shall be determined as follows:

3.8.1 Marketable Securities shall (i) if traded on a national securities exchange, be valued at the average of their last sales price on the exchange on which such Marketable Securities are traded on the last ten trading days immediately preceding the date of determination, or (ii) if the trading of such Marketable Securities is reported through the National Association of Securities Dealers Automated Quotation System, such Marketable

Securities shall be valued at the average of the last sale prices as shown by the National Association of Securities Dealers Automated Quotation System on the last ten trading days on which such Marketable Securities were traded immediately preceding the date of determination.

3.8.2 All property other than Marketable Securities shall be valued by the Managing Member in good faith. Factors considered in valuing individual securities shall include, but need not be limited to, purchase price, estimates of liquidation value, the price at which Members receiving a distribution of securities will be able to sell them and the time at which such securities may be sold, the existence of restrictions on transferability, prices received in recent significant private placements of securities of the same issuer, prices of securities of comparable public companies engaged in similar businesses and changes in the financial condition and prospects of the issuer.

3.8.3 Upon any valuation of securities or other property of the Company pursuant to this Section 3.8 (other than Marketable Securities, to which this Section 3.8.3 shall not apply), the Managing Member shall notify the Capital Member in writing of the Fair Market Value of such securities or other property as determined by the Managing Member in accordance with the provisions of Section 3.8. The Capital Member shall, not more than ten Business Days after the receipt of such notice from the Managing Member, furnish notice in writing to the Managing Member stating whether or not it has approved or has not approved the Managing Member's valuation. If the Capital Member approves such valuation (or shall have failed to provide the Managing Member with the aforementioned notice within such ten Business Days), such valuation shall constitute the Fair Market Value of such property for all purposes hereof. If the Capital Member does not approve such valuation, and if the Managing Member and the Capital Member cannot agree on a valuation within five Business Days (or such other period of time as the Managing Member and the Capital Member may determine) of the date on which the Capital Member advises the Managing Member that it has not approved such valuation, the Managing Member and the Capital Member shall jointly select an independent appraiser who shall be retained to determine, as promptly as practicable, the Fair Market Value of the property to be distributed. The Company shall pay the expenses of such appraiser.

ARTICLE FOUR

MANAGEMENT; PAYMENT OF EXPENSES

Section 4.1 Description of Managing Member. The Managing Member of the Company shall be @Ventures Expansion Partners, LLC.

Section 4.2 Management by the Managing Member. The management, policy and operation of the Company shall be vested exclusively in the Managing Member which shall perform all acts and enter into and perform all contracts and other undertakings which it deems necessary or advisable to carry out any and all of the purposes of the Company. Without limiting the foregoing general powers and duties, and except as is otherwise expressly set forth herein, the Managing Member is hereby authorized and empowered on behalf of the Company and, as relevant herein, is required:

4.2.1 To make investments on behalf of the Company in securities in which the Domestic Fund and/or the Foreign Fund invest, on the same terms upon which such Funds invest in such securities, arrange additional financing needed to consummate such investments and monitor such investments.

4.2.2 To invest the assets of the Company in Temporary Investments.

4.2.3 To exercise all rights, powers, privileges and other incidents of ownership with respect to the Portfolio Securities, including, without limitation the voting of such Portfolio Securities, the approval of a restructuring of an investment, participation in arrangements with creditors, the institution and settlement or compromise of suits and administrative proceedings, and other similar matters.

4.2.4 To sell, transfer, liquidate or otherwise terminate investments made by the Company.

4.2.5 To employ or consult brokers, accountants, attorneys, or specialists in any field of endeavor whatsoever, including, subject to the provisions of Article Five, such persons or firms who may be Members.

4.2.6 To deposit any funds of the Company in any bank or trust company or money market fund provided that, in the case of any bank or trust company such bank or trust company qualifies as a Financial Institution and in the case of any money market fund such fund would qualify as a money market fund in which the Company may make a Temporary Investment, and to entrust to such bank or trust company any of the securities, monies, documents and papers belonging to or relating to the Company; provided, however, that from time to time, in order to facilitate any transaction, any of the said securities, monies, documents and papers belonging to or relating to the Company may be deposited in and entrusted to any brokerage firm that is a member of the New York Stock Exchange and which has minimum net capital of $10 million as calculated in accordance with the Securities Exchange Act of 1934.

4.2.7 To determine, settle and pay all expenses, debts and obligations of and claims against the Company and, in general, to make all accounting and financial determinations and decisions.

4.2.8 To provide bridge financing to Portfolio Companies, on the same terms upon which one or more of the Funds provides such bridge financing.

4.2.9 To enter into, make and perform all contracts, agreements and other undertakings as may be determined to be necessary or advisable or incident to the carrying out of the foregoing objectives and purposes, the execution thereof by the Managing Member to be conclusive evidence of such determination.

4.2.10 To execute all other instruments of any kind or character which the Managing Member determines to be necessary or appropriate in connection with the business of the Company, the execution thereof by the Managing Member to be conclusive evidence of such determination.

4.2.11 To make Follow-on Investments in Portfolio Companies from either Capital Contributions called from the Members pursuant to Section 2.1 or Available Cash, and to guarantee the obligations of Portfolio Companies, such Follow-on Investments and guarantees to be on the same terms upon which one or more of the Funds makes such follow-on investments or guarantees in such Companies.

4.2.12 To interpret and construe the terms, conditions and other provisions of this Agreement or any agreement entered into in connection herewith such construction or interpretation to be binding on the Members.

Section 4.3 Actions Requiring Member Consent.

Notwithstanding any other provision of this Agreement, the Managing Member shall have no authority without the Consent of the Capital Member to (i) do any act that is in contravention of this Agreement or that is not consistent with the purposes of the Company, (ii) do any act that would make it impossible to carry on the ordinary business of the Company, (iii) guarantee obligations of Portfolio Companies, (iv) to make an election to adjust the Capital Accounts of the Members as contemplated by Section 2.3.3 or (v) amend the Management Contract. Other than as set forth in this Section 4.3 or elsewhere in the Agreement, the Capital Member shall not participate in the management, operation or control of the Company.

Section 4.4 Payment of Fees and Expenses; Management Fee.

4.4.1 The Management Company, so long as the Management Contract is in effect, shall be responsible for and shall pay all of its out-of-pocket expenses and those of the Managing Member, including expenses which relate to salaries, office space, supplies and other facilities of their businesses.

4.4.2 The Management Company shall serve as the management company of the Company in accordance with the terms of the Management Contract, and shall be entitled to receive a Management Fee in the amount and payable in the manner provided in such Contract.

4.4.3 The Managing Member, the Management Company and their respective Affiliates shall be entitled to receive management, directors', consulting and other similar fees and compensation from Portfolio Companies; provided that the amount of such fees and other compensation is reasonable in relation to the work involved and bears a reasonable relation to fees and compensation charged for similar work by third parties. One-half of such fees shall be credited against the Management Fee payable by the Company and the Funds in proportion to their respective aggregate capital commitments and if such portion of such fees exceeds the Management Fee, such excess shall be credited against the Management Fee payable by the Company and the Funds in subsequent periods in proportion to their respective aggregate capital commitments. To the extent such amounts exceed total future installments of the Management Fee, they shall be paid to the Company and the Funds in proportion to their respective aggregate capital commitments and included in their respective operating receipts.

Any Break-Up Fee payable to the Company, the Managing Member, the Management Company or their respective Affiliates shall be paid as follows. An amount equal to the aggregate unreimbursed fees and expenses paid by the Company, the Managing Member, the Management Company or their Affiliates which were specific to the transaction giving rise to such fee shall be paid to each such entity in proportion to the fees and expenses incurred by it. The balance of any such Break-Up Fee shall be paid to the Management Company; provided that one-half of the remaining Break-Up Fee shall be credited against the Management Fee payable by the Company and the Funds in subsequent periods in proportion to their respective aggregate capital commitments.

4.4.4 Except as provided in the Management Contract, the Company shall be responsible for and shall pay all fees and reasonable expenses of the Company; provided that, with respect to consummated investments, it is expected, and the Management Company will use its reasonable best efforts to ensure that such fees and expenses are paid by the Portfolio Company in which the investment is made.

ARTICLE FIVE

OTHER ACTIVITIES OF MEMBERS; CONFLICTS OF INTEREST

Section 5.1 Commitment of Members. The Managing Member hereby agrees to use its best efforts in connection with the purposes and objectives of the Company and to devote to such purposes and objectives such of its time and resources as shall be necessary for the management of the affairs of the Company. Subject to the other provisions of this Agreement, the Members and any of their respective Affiliates may act as a director, officer, employee or advisor of any

corporation, a trustee of any trust, or a partner of any partnership; may receive compensation for its services as an advisor with respect to, or participation in profits derived from, the investments of any such corporation, trust or partnership; and may acquire, invest in, hold and sell securities of any entity. Neither the Company, the Capital Member nor Managing Member shall have by virtue of this Agreement, any right, title or interest in or to such other corporation, trust, partnership, investment or security.

Section 5.2 Agreements with Portfolio Companies. The Managing Member, the Parent and its or their Affiliates may enter into contracts, commitments and agreements with Portfolio Companies consistent with Section 5.4 for the benefit of said Managing Member, the Parent and/or its or their Affiliates.

Section 5.3 Obligations and Opportunities for Members. The Managing Member shall be obligated to refer investment opportunities, consistent with the purposes and objectives of the Company, to the Company. Any determination as to the appropriateness of an investment opportunity for the Company or for an Affiliate of the Company or for the Parent shall be made by the Capital Member.

Section 5.4 Conflicts of Interest. No contract or transaction between the Capital Member or the Company and one or more of its Members or Affiliates, or between the Capital Member or the Company and any other corporation, partnership association or other organization in which one or more of its Members or affiliates are directors, officers or partners or have a financial interest, shall be void or voidable solely for such reason, or solely because the Member or any such Affiliate is present at or participates in any meeting of directors or partners or Members which authorizes the contract or transaction, or solely because his, her or its vote is counted for such purpose, if:

5.4.1 the material facts as to his, her or its interest as to the contract or transaction are disclosed or are known to the directors, partners or members and the directors, partners or members authorize the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director, partner or member even though the disinterested directors, partners or members be less than a quorum; or

5.4.2 the material facts as to his, her or its interest and as to the contract or transaction are disclosed or are known to the partners, directors or members entitled to vote thereon, and the contract or transaction is specifically approved by a vote of the partners or directors; or

5.4.3 the contract or transaction is fair to the Capital Member, the Company or its or their Affiliates as of the time it is authorized, approved or ratified by the directors or the partners.

ARTICLE SIX

TRANSFERABILITY

Section 6.1 Assignment of Member Interest.

6.1.1 Subject to Section 6.2 below, the Capital Member may transfer or assign all or any part of its interest in the Company as set forth in this Section to a substitute Member ("Substitute Member"). A transferee or assignee of the Capital Member's interest in the Company that does not comply with the provisions of this Section 6.1 shall not be admitted to the Company as a Substitute Member and shall have none of the rights of the Capital Member and the assigning or transferring Capital Member in such case shall remain fully liable for all obligations hereunder as if such assignment or transfer had not occurred. The assignee or transferee of the Capital Member's Interest in the Company (an "Assignee") shall have the right to become a Substitute Member only if the following conditions are satisfied:

6.1.1.1 A duly executed and acknowledged written instrument of assignment shall have been delivered to the Company.

6.1.1.2 The Capital Member and the Assignee shall have executed and acknowledged such other instruments and taken such other action as the Managing Member shall reasonably deem necessary or desirable to effect such substitution, including, without limitation, the execution by the Assignee of a transfer document and an appropriate amendment to this Agreement.

6.1.1.3 The restrictions on transfer contained in Section 6.2 shall be inapplicable, and, if requested by the Managing Member, the Capital Member or the Assignee shall have obtained an opinion of counsel reasonably satisfactory to the Managing Member as to the legal matters set forth in that Section.

6.1.1.4 The Capital Member or the Assignee shall have paid all expenses incurred by or on behalf of the Company in connection with such substitution.

6.1.1.5 The Managing Member shall have Consented, in its sole and absolute discretion, to such substitution.

Any assignment or transfer not in compliance with this Article Six shall have no force or effect, and the assigning or transferring Member shall continue for all purposes under the Act and this Agreement to be a Member of the Company.

6.1.2 The Managing Member may not sell, assign or otherwise transfer all or any part of its interest as a Managing Member of the Company in any respect whatsoever, without the Consent of the Capital Member.

Section 6.2 Restrictions on Transfer. Notwithstanding any other provision of this Agreement, no Member may assign or otherwise transfer all or any part of its interest in the Company, and no attempted or purported assignment or transfer of such interest shall be effective, if, in the opinion of counsel to the Company, such assignment or transfer (i) may not be effected without registration under the Securities Act of 1933, as amended, (ii) would result in the violation of any applicable state securities laws, (iii) would result in a termination of the Company under Section 708 of the Code, unless such a transfer is consented to by all of the Members or (iv) would result in the treatment of the Company as an association taxable as a corporation or as a "publicly-traded limited partnership" for tax purposes, unless such a transfer is consented to by all of the Members. The Company shall not be required to recognize any assignment until the instrument conveying such interest has been delivered to the Company for recordation on the books of the Company. Unless an assignee becomes a substituted Member in accordance with the provisions of Section 6.1, it shall not be entitled to any of the rights granted to a Member hereunder, other than the right to receive all or part of the share of the Profits, Losses, distributions of cash or property or returns of capital to which his assignor would otherwise be entitled.

ARTICLE SEVEN

LIABILITY OF MEMBERS; INDEMNIFICATION

Section 7.1 Liability of Managing Member.

7.1.1. The Managing Member shall not be liable to the Company or any Member for any act or omission taken by the Managing Member in good faith and in the belief that such act or omission is in the best interests of the Company; provided that such act or omission is not in violation of this Agreement and does not constitute negligence, misconduct, fraud or a willful violation of law by the Managing Member. The Managing Member shall not be liable to the Company or any other Member for any action taken by any other Member, nor shall any Managing Member (in the absence of negligence, misconduct, fraud or a willful violation of law by the Managing Member) be liable to the Company or any other Member for any action of any employee or agent of the Company provided that the Managing Member shall have exercised appropriate care in the selection and supervision of such employee or agent.

7.1.2 Whenever in this Agreement the Managing Member is permitted or required to make a decision (i) in its "discretion" or "sole discretion" or under a grant of similar authority or latitude, the Managing Member shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or

obligation to give any consideration to any interests of or factors affecting the Company or any other Person, or (ii) in its "good faith" or under another express standard, the Managing Member shall act under such express standard and shall not be subject to any other or different standard imposed by this Agreement or other applicable law.

Section 7.2 Indemnification of the Managing Member and the Capital Member.

Each Member and its respective partners, agents, employees and Affiliates (the "Indemnitees") shall be and hereby are (i) indemnified and held harmless by the Company and (ii) released by the other Members from and against any and all claims, demands, liabilities, costs, expenses, damages, losses, suits, proceedings and actions for which such Indemnitee has not otherwise been reimbursed (collectively, "Liabilities"), whether judicial, administrative, investigative or otherwise, of any nature whatsoever, known or unknown, liquidated or unliquidated, that may accrue to the Company or any other Member or in which any of the Indemnitees may become involved, as a party or otherwise, arising out of the conduct of the business or affairs of the Company by the respective Indemnitee or otherwise relating to this Agreement, provided that an Indemnitee shall not be entitled to indemnification or release hereunder if it shall have been determined by (i) in the case of the Capital Member or an Indemnitee claiming by or through the Capital Member, a court of competent jurisdiction, or (ii) in the case of the Managing Member or an Indemnitee claiming by or through the Managing Member, by the Capital Member, that (x) such person did not act in good faith and in a manner such person reasonably believed to be in the best interests of the Company and, in the case of a criminal proceeding, did not have reasonable cause to believe that its conduct was lawful, or (y) such Liabilities shall have arisen from a violation of this Agreement or the negligence, misconduct, fraud or willful violation of law by such Indemnitee, or actions of such Indemnitee outside the scope of and unauthorized by this Agreement, and provided further that an Indemnitee shall not be entitled to indemnification or release hereunder with respect to any liability arising in connection with its activities performed for or on behalf of any Portfolio Company, the securities of which have been sold or have been distributed to the Members pursuant to Section 3.9, if such activities were performed after the date on which such securities were sold or distributed. The termination of any proceeding by settlement shall not, of itself, create a presumption that the Indemnitee did not act in good faith and in a manner that such person reasonably believed to be in the best interests of the Company or that the Indemnitee did not have reasonable cause to believe that its conduct was lawful. The indemnification rights provided for in this Section shall survive the termination of the Company or this Agreement.

Expenses incurred by an Indemnitee in defense or settlement of any claim that may be subject to a right of indemnification hereunder may be advanced by the Company prior to the final disposition thereof provided that the following conditions are satisfied: (i) the claim relates to the performance of duties or services by the Indemnitee on behalf of the Company and (ii) the Indemnitee undertakes to repay the advanced funds to the Company if it is ultimately determined that the Indemnitee is not entitled to be indemnified hereunder or under applicable law. The right of any Indemnitee to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which such Indemnitee may otherwise be entitled by contract or as a matter of law or equity and shall extend to such Indemnitee's successors, assigns and legal

representatives. The obligations of the Members under this Article Seven shall be satisfied only after any applicable insurance proceeds have been exhausted and then only out of Company assets and, to the extent required by law, distributions made by the Company to the Members, and the Members shall have no liability to fund indemnification payment hereunder.

ARTICLE EIGHT

DISSOLUTION, LIQUIDATION AND TERMINATION OF THE COMPANY

Section 8.1 Events Causing Dissolution.

The Company shall dissolve upon and its affairs shall be wound up after the happening of any of the following events:

8.1.1 the Consent of all of the Members;

8.1.2 the sale or other disposition by the Company of all or substantially all of its assets; or

8.1.3 the entry of a decree of judicial dissolution under Section 18-802 of the Act.

Section 8.2 Wind Up and Liquidation.

8.2.1 The Managing Member, or an authorized liquidating trustee for the Company if one is appointed, shall be responsible for the winding up and liquidation of the Company. Subject to Section 3.8, the Managing Member or such liquidating trustee shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company assets pursuant to such liquidation for the purpose of obtaining fair value for such assets, having due regard to the activity and condition of the relevant markets and general financial and economic conditions. Prior to the distribution of all of the assets of the Company and the cancellation of the Company's Certificate of Formation, the business of the Company and the affairs of the Members, as such, shall continue to be governed by this Agreement.

8.2.2 Profit or Loss and other items arising from sales upon liquidation shall be allocated, and the proceeds of such liquidation shall be applied, as provided in Article Three.

8.2.3 In connection with the dissolution and liquidation of the Company, the Managing Member or authorized liquidating trustee shall file an instrument evidencing the cancellation of the Certificate in accordance with the Act.

ARTICLE NINE

BOOKS AND RECORDS; ACCOUNTING; TAX ELECTIONS

Section 9.1 Accounting for the Company. The Company shall use the accrual method of accounting and its financial statements shall be prepared in accordance with generally accepted accounting principles. The Company's tax return shall be prepared on an accrual basis. The Fiscal Year of the Company shall end on July 31.

Section 9.2 Books and Records. The Managing Member shall keep or cause to be kept complete and appropriate records and books of account. Except as otherwise expressly provided herein, such books and records shall be maintained on the basis used in preparing the Company's Federal income tax returns. Such information as is necessary to reconcile such books and records with generally accepted accounting principles shall also be maintained. The books and records shall be maintained at the principal office of the Company and shall be available for inspection and copying by any Member at its expense during ordinary business hours following reasonable notice.

Section 9.3 Reports to Members. Promptly after consummation of each investment in a Portfolio Company, the Managing Member shall prepare and deliver to each Member a description of such investment and the Portfolio Company in which it was made. Within forty-five (45) days after the end of each calendar quarter, the Managing Member will prepare and deliver to each Member (i) an unaudited balance sheet and income statement of the Company for such quarter, accompanied by a report on any material developments in existing investments which occurred during such quarter and (ii) a statement showing the balance in such Member's Capital Account and a reconciliation of such balance. After the end of each Fiscal Year, the Managing Member shall cause an audit of the Company to be made by an independent public accountant of nationally recognized status of the financial statements of the Company for that year. Such audit shall be certified and a copy thereof shall be delivered to each Member within ninety (90) days after the end of each of the Company's Fiscal Years. Such certified financial statements shall also be accompanied by a report on the Company's activities during the year prepared by the Managing Member. Within ninety (90) days after the end of each Fiscal Year, the Company will deliver to each Member the Managing Member' good faith estimate of the fair value of the Company's investments as of the end of such year, a statement showing the balances in each Member's Capital Account as of the end of such year, and such other information, reports and forms as are necessary to assist each Member in the preparation of his federal, state and local tax returns. The Managing Member shall give prompt notice to the Members if at any time the Company's general counsel or accountants withdraw or are replaced.

Section 9.4 Elections. The Managing Member shall cause the Company to make such elections under the Code and the Regulations, including those permitted by Sections 709(b) and 754 of the Code, and state tax or similar laws as it shall determine to be in the Members' best interests.

ARTICLE TEN

DEFINITIONS

The defined terms used in this Agreement shall, unless the context otherwise requires, have the meanings specified in this Article Ten. The singular shall include the plural and the masculine gender shall include the feminine, the neuter and vice versa, as the context requires:

"Act" means the Delaware Limited Liability Company Act as amended from time to time, and any successor to such Act.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant _Fiscal Year or other accounting period determined after (i) crediting to such Capital Account any amounts which such Member is obligated to restore thereto hereunder or is deemed to be obligated to restore thereto pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(h)(5) of the Regulations and (ii) debiting to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6) of the Regulations. The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

"Affiliate" means with respect to any Person, any officer, director, member, employee or partner of, or any Person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person.

"Agreement" means this Limited Liability Company Agreement, as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"Assignee" is as defined in Section 6.1.

"Available Cash" means amounts received by the Company from all sources including with respect to (including payments and distributions on and proceeds of dispositions of) interests in and assets of Portfolio Companies, net of (i) amounts necessary to pay all expenses, debts and obligations of the Company, including without limitation, the Management Fee, or to establish reserves therefor, and (ii) amounts deemed necessary by the Managing Member, in its sole discretion, to make Follow-on Investments pursuant to Section 4.2.11. Available Cash shall include the amount of any fees paid to the Company.

"Break-up Fee" means any fee, reimbursement or other form of compensation payable by a third party as a result of the failure to consummate an investment.

"Business Day" means any day, including Saturday, Sunday and any other day on which commercial banks in Boston, Massachusetts are required by law not to be open for business.

"Capital Account" means, with respect to any Member, the capital account established and maintained for such Member pursuant to Section 2.3.

"Capital Commitment" is as defined in Section 2.1.

"Capital Contribution" is as defined in Section 2.1.

"Carrying Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes; provided, however, that (i) the initial Carrying Value of any asset contributed to the Company shall be adjusted to equal its gross fair market value at the time of its contribution and (ii) the Carrying Values of all assets held by the Company shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account) upon an adjustment to the Capital Accounts of the Members described Section 2.3.3. The Carrying Value of any asset whose Carrying Value was adjusted pursuant to the preceding sentence thereafter shall be adjusted in accordance with the provisions of Section 1.704-1(b)(2)(iv)(g) of the Regulations.

"Certificate" means the Certificate of Formation filed on behalf of the Company with the Secretary of State of the State of Delaware, as such certificate may be amended from time to time.

"Code" means the Internal Revenue Code of 1986, as amended, and, where applicable, any predecessor or successor thereto.

"Company" means CMG @Ventures Expansion, LLC.

"Consent" means the prior written approval of a Member to an action or matter.

"Financial Institution" means a bank, savings institution, trust company, insurance company, pension or profit sharing trust, or similar entity which is a member of any group of such persons, having assets of at least $100 million, or other entity (other than an individual) a substantial part of whose business consists of investing in, purchasing or selling the securities of others.

"Fiscal Year" means the fiscal year ending on the last day of July in any year. In the case of the first and last fiscal years, the fraction thereof commencing on the date on which the Company is formed or ending on the date on which the winding up of the Company is completed, as the case may be.

"Follow-on Investment" means any investment in Portfolio Securities of a Portfolio Company in which the Company holds, immediately prior thereto, Portfolio Securities.

"Investments" is as defined in Section 1.2.

"Management Company" means @Ventures Expansion Management, LLC, a Delaware
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limited liability company.

"Management Contract" means the management contract between the Company and
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the Management Company.

"Management Fee" means the management fee payable by the Company to the
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Management Company pursuant to the Management Contract.

"Marketable Securities" means securities (i) that are freely tradeable
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pursuant to a registration under the Securities Act of 1933, as amended, or an exemption therefrom, (ii) that immediately after giving effect to their distribution will not be subject to any contractual restriction on transfer, (iii) that are traded on a national securities exchange or reported through the Nasdaq National Market, and (iv) that may be sold without regard to volume limitations.

"Notification" means a writing, containing the information required by this
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Agreement to be communicated to any Person, sent as provided in Section 11.2.

"Parent" means CMGI Inc., a Delaware corporation.

"Person" means any individual, corporation, Company, trust, unincorporated
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organization or association, or other entity.

"Portfolio Companies" means companies in which the Company makes
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investments in accordance with the provisions of this Agreement.

"Portfolio Securities" is as defined in Section 1.2.

"Profits" and "Losses" mean the taxable income or loss, as the case may be,
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for a period as determined in accordance with Code Section 703(a) computed with the following adjustments:

(i) Items of gain, loss, and deduction shall be computed based upon the Carrying Values of the Company's assets (in accordance Sections 1.704(b)(2)(iv)(g) and/or 1.704-3(d) of the Regulations) rather than upon the assets' adjusted bases for federal income tax purposes;

(ii) Any tax-exempt income received by the Company shall be included as an item of gross income;

(iii) The amount of any adjustments to the Carrying Values of any assets of the Company pursuant to Code Section 743 shall not be taken into account;

(iv) Any expenditure of the Company described in Code Section 705(a)(2)(B) (including any expenditures treated as being described in Section 705(a)(2)(B) pursuant to Treasury Regulations under Code Section 704(b)) shall be treated as a deductible expense;

(v) The amount of items of income, gain, loss or deduction specially allocated to any Members pursuant to Section 3.2 shall not be included in the computation; and

(vi) The amount of any items of Profits or Losses deemed realized pursuant to Sections 2.3.2 and 2.3.3 shall be included in the computation.

"Regulations" means the Income Tax Regulations promulgated from time to time under the Code. References to specific sections of the Regulations shall be to such sections as amended, supplemented or superseded by Regulations currently in effect.

"Substitute Member" is as defined in Section 6.1.

"Temporary Investments" means

(i) Investments in direct obligations of the United States of America, or obligations of any instrumentality or agency thereof, payment of principal and interest of which is unconditionally guaranteed by the United States of America, having a final maturity of not more than one hundred eighty (180) days from the date of issue thereof.

(ii) Investments in certificates of deposit or repurchase agreements having a final maturity not more than one hundred eighty (180) days from the date of acquisition thereof issued by any bank or trust company organized under the laws of the United States of America or any state thereof having capital and surplus of at least $100,000,000;

(iii) Investments in money market funds; and

(iv) Commercial paper payable on demand or having a final maturity not more than 180 days from the date of acquisition thereof which has the highest credit rating of either Standard & Poor's Corporation or Moody's Investors Service, Inc.

ARTICLE ELEVEN

MISCELLANEOUS PROVISIONS

Section 11.1 Appointment of Tax Matters Partner. The Managing Member shall be the "Tax Matters Partner" for the Company as defined in Section 6231(a)(7) of the Code. As Tax Matters Partner, the Managing Member shall have all of the rights, duties, obligations and powers of a Tax Matters Partner, as so defined, set forth in Sections 6221 through 6233 of the Code, but shall have no authority to bind the Capital Member.

Section 11.2 Notification.

11.2.1 Except as otherwise specifically provided in this Agreement, any Notification to a Member shall be at the address of such Member or appointee set forth in the books and records of the Company or such other mailing address of which such Member shall advise the Managing Member in writing. Any Notification to the Company or the Managing Member shall be at the principal office of the Company or the address of the Managing Member, as the case may be, as set forth in the books and records of the Company. The Managing Member may at any time change the location of its principal office. Notification of any such change shall be given to the Members on or before the date of any such change.

11.2.2 Any Notification shall be deemed to have been duly given if personally delivered or sent by United States mail or express mail service or by telegram confirmed by letter and will be deemed given, unless earlier received, (1) if sent by certified or registered mail, return receipt requested, or by first-class mail, five calendar days after being deposited in the United States mails, postage prepaid, (2) if sent by United States Express Mail or other express mail service, two Business days after being deposited therein, (3) if sent by telegram or telecopy, on the date sent provided confirmatory notice is sent by first-class mail, postage prepaid, and (4) if delivered by hand, on the date of receipt.

Section 11.3 Amendments. This Agreement may be amended from time to time with the consent of all Members.

Section 11.4 Binding Provisions. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

Section 11.5 No Waiver. The failure of any Member to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act which would have constituted a violation from having the effect of an original violation.

Section 11.6 Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

Section 11.7 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision or provisions of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid or unenforceable in any jurisdiction, such provision or provisions shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without invalidating the remaining provisions hereof, or the application of the affected provision to Persons or circumstances other than those to which it was held invalid or unenforceable, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties governing the relationship established hereby. This Agreement supersedes any prior agreement or understanding among the parties and may not be modified or amended in any manner other than as set forth herein or therein.

Section 11.9 Section Titles. Section titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

Section 11.10 Counterparts. This Agreement may be executed in several counterparts, all of which together shall constitute one agreement binding on all parties hereto notwithstanding that all the parties have not signed the same counterpart.

Section 11.11 Variation of Pronouns. When used herein, pronouns and variations thereof shall be deemed to refer to the masculine, feminine or neuter or to the singular or plural as the identity of the Person or Persons referenced or the context may require.

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IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

MANAGING MEMBER:	CAPITAL MEMBER:
@VENTURES EXPANSION PARTNERS, LLC	CMG@VENTURES CAPITAL CORP.
By: /s/ Denise W. Marks	By: /s/ Andrew J. Hajducky III
Name: Denise W. Marks	Name: Andrew J. Hajducky III
Title: Managing Member	Title: Authorized Signatory

EXHIBIT 13.1

Selected Consolidated Financial Data

Selected Consolidated Financial Data - The following table sets forth selected consolidated financial information of the Company for the five years in the period ended July 31, 2000. The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Results of Operations" and the Company's consolidated financial statements and notes to those statements included elsewhere in this report. The following consolidated financial data includes the results of operations (from dates of acquisition) of the Company's fiscal 1997 acquisition of Pacific Direct Marketing Corporation, the fiscal 1998 acquisitions of Accipiter, Inc., InSolutions, Inc., Servercast Communications, LLC and On-Demand Solutions, Inc., the fiscal 1999 acquisitions of Magnitude Network, Inc., 2CAN Media, Inc., Internet Profiles Corporation, Activerse, Inc., Nascent Technologies, Inc., Netwright, LLC and Digiband, Inc. and the fiscal 2000 acquisitions AltaVista Company, AdForce, Inc., Flycast Communications Corporation, yesmail.com inc., Tallan, Inc., uBid, Inc. and eighteen other companies. See Note 8 to the Company's consolidated financial statements for further information concerning these acquisitions. The historical results presented herein are not necessarily indicative of future results.

	Years ended July 31,				
	2000	1999	1998	1997	1996
(in thousands, except per share data)					
Consolidated Statement of Operations Data:					
Net revenue	$ 898,050	$ 186,389	$ 92,197	$ 67,306	$ 20,873
Cost of revenue	737,264	179,553	83,021	42,116	14,353
Research and development expenses	153,974	22,253	19,108	17,767	5,412
In-process research and development expenses	65,683	6,061	10,325	1,312	2,691
Selling, general and administrative expenses	694,056	89,054	46,909	45,777	16,812
Amortization of intangible assets and stock-based compensation	1,436,880	16,127	3,093	1,254	--
Operating loss	(2,189,807)	(126,659)	(70,259)	(40,920)	(18,395)
Interest income (expense), net	(15,096)	269	(870)	1,749	2,691
Gains on issuance of stock by subsidiaries and affiliates	80,387	130,729	46,285	--	19,575
Other gains, net	525,265	758,312	96,562	27,140	30,049
Other income (expense), net	113,385	(13,406)	(12,899)	(769)	(746)
Income tax benefit (expense)	121,173	(325,402)	(31,555)	(2,034)	(17,566)
Income (loss) from continuing operations	(1,364,693)	423,843	27,264	(14,834)	15,608
Discontinued operations, net of income taxes	--	52,397	4,640	(7,193)	(1,286)
Net income (loss)	(1,364,693)	476,240	31,904	(22,027)	14,322
Preferred stock accretion and amortization of discount	(11,223)	(1,662)	--	--	--
Net income (loss) available to common stockholders	$(1,375,916)	$ 474,578	$ 31,904	$(22,027)	$ 14,322
Diluted earnings (loss) per share:					
Earnings (loss) from continuing operations	$ (5.26)	$ 2.05	$ 0.15	$ (0.10)	$ 0.10
Discontinued operations	--	0.25	0.03	(0.05)	(0.01)
Net earnings (loss)	$ (5.26)	$ 2.30	$ 0.18	$ (0.15)	$ 0.09
Shares used in computing diluted earnings (loss) per share	261,555	206,832	180,120	150,864	154,912
Consolidated Balance Sheet Data:					
Working capital	$ 1,110,105	$1,381,005	$ 12,784	$ 38,554	$ 72,009
Total assets	8,557,107	2,404,594	259,818	146,248	106,105
Long-term obligations	278,968	34,867	5,801	16,754	514
Redeemable preferred stock	383,140	411,283	--	--	--
Stockholders' equity	6,190,182	1,062,461	133,136	29,448	53,992

EXHIBIT 13.2

Management's Discussion & Analysis of Financial Condition
& Results of Operations

The matters discussed in this report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, that involve risks and uncertainties. All statements other than statements of historical information provided herein may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects" and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from those reflected in the forward-looking statements include, but are not limited to, those discussed below in "Factors That May Affect Future Results," and elsewhere in this report, and the risks discussed in the Company's other filings with the SEC. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Basis of Presentation

Certain amounts for prior periods in the accompanying consolidated financial statements, and in the discussion below, have been reclassified to conform with current period presentations.

Overview

CMGI, Inc. and its consolidated subsidiaries, (CMGI or the Company) develop and operate a network of Internet companies. The Company's subsidiaries have been classified in the following five operating segments: i) Interactive Marketing, ii) eBusiness and Fulfillment, iii) Search and Portals, iv) Infrastructure and Enabling Technologies, and v) Internet Professional Services. CMGI also manages several venture capital funds that focus on investing in companies involved in various aspects of the Internet and technology. CMGI's business strategy includes the internal development and operation of majority-owned subsidiaries as well as taking strategic positions in other Internet companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its companies.

At July 31, 2000, CMGI's majority-owned subsidiaries by segment were:

The Company's Interactive Marketing segment subsidiaries provide a portfolio of online marketing products including enterprise wide promotion management, profiling and ad serving software, media, media management and analytics and included AdForce, LLC (AdForce), which CMGI contributed to CMGion, Inc. (CMGion) on October 11, 2000, Engage, Inc. (Engage) and yesmail.com, inc. (yesmail.com). AdForce provides centralized advertising management services for the Internet, wireless services and broadband services; Engage offers an array of software products and services that enables marketers to identify and target precise online audiences; and yesmail.com provides comprehensive permission-based email marketing technologies and services.

The eBusiness and Fulfillment segment subsidiaries provide services across the entire ebusiness value chain to sell and deliver goods from the manufacturer to the customer and included SalesLink Corporation (SalesLink) and uBid, Inc. (uBid). SalesLink is a provider of integrated solutions for supply chain management, end-to-end ebusiness and fulfillment services. uBid is a business-to-consumer and business-to-business online auction marketplace.

The Search and Portals segment subsidiaries provide services and content which connect Internet users to information and entertainment and included AltaVista Company (AltaVista), iCAST Corporation (iCAST) and MyWay.com Corporation (MyWay.com). AltaVista is an Internet search, news media and commerce network that delivers personalized, relevant information and e-commerce services to millions of users worldwide; iCAST is a multimedia online entertainment community and personal publishing network; MyWay.com is a developer and distributor of custom portal services.

The Infrastructure and Enabling Technologies segment subsidiaries provide products and services essential to business operations on the Internet, including outsourced managed applications, private-label Internet access and technology platforms and included 1stUp.com Corporation (1stUp), Activate.net Corporation (Activate), CMGion, Equilibrium Technologies, Inc. (Equilibrium), ExchangePath, LLC (ExchangePath), NaviPath, Inc. (NaviPath, formerly NaviNet, Inc.), NaviSite, Inc. (NaviSite) and Tribal Voice, Inc. (Tribal Voice) which CMGI contributed to CMGion on September 15, 2000. 1stUp enables companies to offer private-label Internet access services to their customers; Activate is a provider of Internet broadcasting services to companies worldwide; CMGion is planning to develop applications and services that will optimize the speed, consistency and reliability of delivery of Internet content and

commerce over various access technologies; Equilibrium provides automated media infrastructure solutions for the Internet; ExchangePath offers a multi-functional integrated solution for online payment transactions; NaviPath provides private label Internet access solutions through an integrated network and systems architecture, enabling businesses to expand their reach to customers, employees and partners; NaviSite, which completed its IPO during October 1999, provides outsourced Web hosting and application services for companies conducting mission-critical business on the Internet; Tribal Voice provides instant messaging, time sensitive notification and online presence detection services.

The Internet Professional Services segment subsidiaries provide applications strategy, development, design, and implementation services for companies seeking to initiate, enhance or redirect their presence on the Internet and included CMGI Solutions, Inc. (CMGI Solutions), Tallan, Inc. (Tallan) and Clara Vista Corporation (Clara Vista). CMGI Solutions, Tallan and Clara Vista provide ebusiness solutions utilizing flexible and scalable applications, tools, platforms and languages.

The Company's first Internet venture fund, CMG@Ventures I, LLC (CMG@Ventures I) was formed in February 1996. The Company owns 100% of the capital and is entitled to approximately 77.5% of the net capital gains of CMG@Ventures I. The Company's second Internet venture fund, CMG@Ventures II, LLC (CMG@Ventures II), was formed during fiscal year 1997. The Company owns 100% of the capital and is entitled to 80% of the net capital gains of CMG@Ventures II. At July 31, 2000, CMG@Ventures I and CMG@Ventures II held minority investments in six privately-held companies and the securities of twelve publicly-traded companies.

In fiscal year 1999, CMGI announced the formation of the @Ventures III venture capital fund (@Ventures III Fund). The @Ventures III Fund secured capital commitments from outside investors and CMGI, to be invested in emerging Internet and technology companies. 78.1% of amounts committed to the @Ventures III Fund are provided through two entities, @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. CMGI does not have a direct ownership interest in either of these entities, but CMGI is entitled to 2% of the net capital gains realized by both entities. Management of these entities is the responsibility of @Ventures Partners III, LLC (@Ventures Partners III). The Company has committed to contribute up to $56 million to its limited liability company subsidiary, CMG@Ventures III, LLC (CMG@Ventures III), equal to 19.9% of total amounts committed to the @Ventures III Fund, of which approximately $49.9 million has been funded as of July 31, 2000. CMG@Ventures III will take strategic positions side by side with the @Ventures III Fund. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMG@Ventures III. @Ventures Partners III is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III. The remaining 2% committed to the @Ventures III Fund is provided by a fourth entity, @Ventures Investors, LLC, in which CMGI has no ownership. During fiscal year 2000, CMGI formed an expansion fund to the @Ventures III Fund to provide follow-on financing to existing @Ventures III Fund investee companies, pursuant to which CMGI's commitment increased by $38.2 million through its limited liability company subsidiary CMG@Ventures Expansion, LLC (CMG@Ventures Expansion) of which approximately $9.3 million was funded as of July 31, 2000. At July 31, 2000, CMG@Ventures III and CMG@Ventures Expansion held minority investments in thirty-one privately-held companies.

In fiscal year 2000, CMGI announced the formation of three new venture capital funds including: CMGI@Ventures IV, LLC (CMGI@Ventures IV), CMGI@Ventures B2B, LLC (B2B Fund) and CMGI@Ventures Technology Fund, LLC (Tech Fund). CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMGI@Ventures IV, the B2B Fund and the Tech Fund. In September 2000, CMGI announced that it will be merging CMGI@Ventures IV, the B2B Fund and the Tech Fund into a single evergreen fund called CMGI@Ventures IV, LLC. Approximately $221.2 million has been invested by these funds as of July 31, 2000. At July 31, 2000, CMGI@Ventures IV, the B2B Fund and the Tech Fund held minority investments in eighteen privately-held companies and The securities of one publicly-traded company.

The Company has adopted a strategy of seeking opportunities to realize gains through the selective sale of investments or having separate subsidiaries or affiliates sell minority interests to outside investors. The Company believes that this strategy provides the ability to increase stockholder value as well as provide capital to support the growth in the Company's subsidiaries and investments. The Company expects to continue to develop and refine the products and services of its businesses, with the goal of increasing revenue as new products are commercially introduced, and to continue to pursue the acquisition of or the investment in additional companies.

Results of Operations

Fiscal 2000 Compared to Fiscal 1999

NET REVENUE:

	2000	As a % of FY 2000 Total Net Revenue	1999	As a % of FY 1999 Total Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$ 204,179	23%	$ 26,830	14%	$177,349	661%
eBusiness and Fulfillment	269,765	30%	145,094	78%	124,671	86%
Search and Portals	319,819	35%	8,238	5%	311,581	3,782%
Infrastructure and Enabling Technologies	61,789	7%	6,101	3%	55,688	913%
Internet Professional Services	42,498	5%	126	-	42,372	33,629%
Total	$ 898,050	100%	$186,389	100%	$711,661	382%

Net revenue increased $711.7 million, or 382%, to $898.1 million for fiscal year 2000 from $186.4 million for fiscal year 1999. The increase was largely a result of acquisitions and increased net revenue growth at existing companies during fiscal year 2000. The fiscal year 2000 acquisitions accounted for approximately 78% of the net revenue increase. The increase in net revenue within the Interactive Marketing segment was primarily the result of the acquisitions of AdForce, AdKnowledge, Inc., Flycast Communications Corporation (Flycast) and yesmail.com during fiscal year 2000 and increased net revenue from Engage due to an approximately $13 million transaction with Compaq Computer Corporation (Compaq), an affiliate of CMGI, and the continued expansion of Engage's customer base. The increase in net revenue within the eBusiness and Fulfillment segment was primarily the result of the acquisition of uBid during fiscal year 2000 and increased volume of turnkey business from Cisco Systems, Inc. (Cisco) at SalesLink. The increase in net revenue within the Search and Portals segment was primarily the result of the acquisitions of AltaVista and Signatures Network, Inc. (Signatures Network), during fiscal year 2000. The increase in net revenue within the Infrastructure and Enabling Technologies segment was primarily the result of increased net revenue from NaviSite and NaviPath and the acquisitions of Activate and 1stUp during fiscal year 2000. The increase in net revenue for NaviSite was primarily due to the growth in its customer base facilitated by the build-out of its data center facilities. The increase in net revenue for NaviPath during fiscal year 2000 primarily related to the growth in users due to the expansion of its network coverage across the United States and Canada. The increase in net revenue within the Internet Professional Services segment was primarily the result of the acquisition of Tallan during fiscal year 2000. As a result of both increased net revenue from existing companies and the impact of including a full year of net revenue for companies acquired during fiscal year 2000, the Company expects to report future net revenue growth in each of the five operating segments.

COST OF REVENUE:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$139,866	69%	$ 20,866	78%	$119,000	570%
eBusiness and Fulfillment	228,755	85%	122,728	85%	106,027	86%
Search and Portals	193,295	60%	10,041	121%	183,254	1,825%
Infrastructure and Enabling Technologies	142,409	230%	25,827	423%	116,582	451%
Internet Professional Services	32,939	79%	91	72%	32,848	36,097%
Total	$737,264	82%	$179,553	96%	$557,711	311%

Cost of revenue increased $557.7 million, or 311%, to $737.3 million for fiscal year 2000 from $179.6 million for fiscal year 1999. Cost of revenue consisted primarily of expenses related to the content, connectivity and production associated with delivering the Company's products and services. The increase was largely attributable to the increased net revenue due to acquisitions and the acceleration of operations at existing companies across each of the Company's five operating segments during fiscal year 2000. The fiscal year 2000 acquisitions accounted for approximately 66% of the increase in cost of revenue. Cost of revenue as a percentage of net revenue for the Company decreased to 82% for fiscal year ended 2000 from 96% for the prior fiscal year primarily as a result of the substantial net revenue increases across each of the five operating segments and the impact of companies acquired.

RESEARCH AND DEVELOPMENT EXPENSES:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$ 40,106	20%	$ 8,699	32%	$ 31,407	361%
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	92,276	30%	10,694	130%	81,582	763%
Infrastructure and Enabling Technologies	18,607	30%	2,709	44%	15,898	587%
Internet Professional Services	2,985	7%	151	120%	2,834	1,877%
Total	$153,974	17%	$22,253	12%	$131,721	592%

Research and development expenses increased $131.7 million, or 592%, to $154.0 million for fiscal year 2000 from $22.3 million for fiscal year 1999. Research and development expenses consisted primarily of personnel and related costs to design, develop, enhance, test and deploy the Company's product and service efforts either prior to the development effort reaching technological feasibility or once the product had reached the maintenance phase of its life cycle. Research and development expenses as a percentage of net revenue increased during fiscal year 2000 primarily due to acquisitions and increased research and development efforts at existing companies. The fiscal year 2000 acquisitions accounted for approximately 75% of the increase in research and development expenses. The increase within the Interactive Marketing segment was primarily the result of the acquisitions of AdForce, AdKnowledge, Flycast and yesmail.com during fiscal year 2000 and increased development efforts at Engage. The increase within the Search and Portals segment was primarily the result of the acquisition of AltaVista during fiscal year 2000 and the increased development efforts at iCAST and MyWay.com. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the acquisitions of Activate, Equilibrium, ExchangePath, 1stUp and Tribal Voice during fiscal year 2000 and increased development efforts at NaviSite. The increase within the Internet Professional Services segment was primarily the result of increased development efforts at CMGI Solutions during fiscal year 2000. The Company believes that significant investments in research and development are required to remain competitive. Consequently, the Company anticipates it will continue to devote substantial resources to research and development efforts and that these costs may substantially increase in absolute dollars in future periods.

IN-PROCESS RESEARCH AND DEVELOPMENT EXPENSES:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$59,417	29%	$4,500	17%	$54,917	1220.4%
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	-	-	551	7%	(551)	-100.0%
Infrastructure and Enabling Technologies	5,020	8%	-	-	5,020	N/A
Internet Professional Services	-	-	1,010	801%	(1,010)	-100.0%
Other	1,246	-	-	-	1,246	N/A
Total	$65,683	7%	$6,061	3%	$59,622	984%

In-process research and development expenses increased $59.6 million, or 984%, to $65.7 million for fiscal year 2000 from $6.1 million for fiscal year 1999. The increase in fiscal year 2000 in-process research and development expenses was the result of the acquisitions of AdForce, AdKnowledge, ExchangePath, Equilibrium, Flycast and yesmail.com and the Company's investment in AnswerLogic, Inc. (See further discussion in "In-process Research and Development Expense" below).

SELLING EXPENSES:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$117,100	57%	$19,368	72%	$ 97,732	505%
eBusiness and Fulfillment	15,001	6%	3,300	2%	11,701	355%
Search and Portals	281,525	88%	11,849	144%	269,676	2,276%
Infrastructure and Enabling Technologies	48,123	78%	9,119	150%	39,004	428%
Internet Professional Services	7,112	17%	76	60%	7,036	9,258%
Other	6,580	-	1,793	-	4,787	267%
Total	$475,441	53%	$45,505	24%	$429,936	945%

Selling expenses increased $429.9 million, or 945%, to $475.4 million for fiscal year 2000 from $45.5 million for fiscal year 1999. Selling expenses consisted primarily of advertising and other general marketing related expenses, compensation and employee-related expenses, sales commissions, facilities costs, trade show expenses and travel costs. Selling expenses increased as a percentage of net revenue during fiscal year 2000 primarily due to acquisitions and the continued growth of the sales and marketing efforts related to product launches and infrastructure at existing companies. The fiscal year 2000 acquisitions accounted for approximately 76% of the increase in selling expenses. The increase within the Interactive Marketing segment was primarily the result of the acquisitions of AdForce, AdKnowledge, Flycast and yesmail.com during fiscal year 2000 and increased sales and marketing efforts at Engage. The increase within the Search and Portals segment was primarily the result of the acquisition of AltaVista during fiscal year 2000 and the increased sales and marketing efforts related to new product launches and infrastructure at iCAST and MyWay.com. During fiscal year 2000, AltaVista incurred approximately $110.7 million in advertising costs which primarily related to a print and media advertising campaign. Also included in the increase in Search and Portals was approximately $12.3 million related to a one-time restructuring charge incurred by AltaVista primarily related to the renegotiation of a contract with DoubleClick, Inc. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the acquisitions of Activate, Equilibrium, ExchangePath, 1stUp and Tribal Voice during fiscal year 2000 and increased sales and marketing efforts at NaviSite and NaviPath. The increase within the Internet Professional Services segment was primarily the result of increased sales and marketing efforts at CMGI Solutions during fiscal year 2000 and the acquisition of Tallan. The Company anticipates that its sales and marketing expenses will increase in absolute dollars in fiscal year 2001 as a result of reflecting a full year of expenses for companies acquired during fiscal year 2000. Such costs are also expected to increase in future periods as the Company continues to create brand awareness for each of the existing companies' products and services and as it continues to expand its international operations.

GENERAL AND ADMINISTRATIVE EXPENSES:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$ 40,783	20%	$ 6,003	22%	$ 34,780	579%
eBusiness and Fulfillment	20,366	8%	10,739	7%	9,627	90%
Search and Portals	57,998	18%	9,557	116%	48,441	507%
Infrastructure and Enabling Technologies	39,101	63%	6,189	101%	32,912	532%
Internet Professional Services	13,257	31%	708	18%	12,549	1,773%
Other	47,110	-	10,353	-	36,757	355%
Total	$218,615	24%	$43,549	23%	$175,066	402%

General and administrative expenses increased $175.1 million, or 402%, to $218.6 million for fiscal year 2000 from $43.5 million for fiscal year 1999. General and administrative expenses consist primarily of compensation, facilities costs and fees for professional services. General and administrative expenses increased slightly as a percentage of net revenue during fiscal year 2000 primarily due to acquisitions and the building of management infrastructure at the corporate level and at several of the Company's existing subsidiaries. The fiscal year 2000 acquisitions accounted for approximately 48% of the increase in general and administrative expenses. The increase in the Interactive Marketing segment was primarily the result of the acquisitions of AdKnowledge, AdForce, Flycast and yesmail.com during fiscal year 2000 and the continued building of management infrastructure at Engage. Approximately $5.0 million of the increase in the Interactive Marketing segment specifically related to acquisition costs incurred by Engage related to

its acquisition of Adsmart Corporation (Adsmart) and Flycast from CMGI. The increase in the eBusiness and Fulfillment segment was primarily the result of the acquisition of uBid during fiscal year 2000 and the building of management infrastructure at SalesLink. The increase in the Search and Portals segment was primarily the result of the acquisitions of AltaVista and Signatures Network during fiscal year 2000. The increase in the Infrastructure and Enabling Technologies segment was primarily due to the acquisitions of Activate, Equilibrium, ExchangePath, 1stUp and Tribal Voice during fiscal year 2000 and the building of management infrastructure at NaviSite and NaviPath. The increase in the Internet Professional Services segment was primarily the result of the acquisition of Tallan. The increase in the Other expenses, which includes certain administrative functions such as legal, finance and business development which are not fully allocated to CMGI's subsidiary companies, was primarily the result of the growth of CMGI's corporate infrastructure including higher personnel costs due to increased headcount, increased professional fees and facilities costs. The Company anticipates that its general and administrative expenses will increase in absolute dollars in future periods as it continues to expand its international operations and as a result of reflecting a full year of expenses in fiscal year 2001 for companies acquired during fiscal year 2000.

AMORTIZATION OF INTANGIBLE ASSETS AND STOCK-BASED COMPENSATION:

	2000	% of 2000 Segment Net Revenue	1999	% of 1999 Segment Net Revenue	2000 vs. 1999	% Change
(in thousands)						
Interactive Marketing	$ 417,115	46%	$ 9,872	37%	$ 407,243	4,125%
eBusiness and Fulfillment	38,759	4%	2,705	2%	36,054	1,333%
Search and Portals	839,341	262%	2,230	27%	837,111	37,539%
Infrastructure and Enabling Technologies	71,724	116%	-	-	71,724	N/A
Internet Professional Services	69,725	164%	1,320	1,047%	68,405	5,182%
Other	216	-	-	-	216	N/A
Total	$1,436,880	160%	$16,127	9%	$1,420,753	8,810%

Amortization of intangible assets and stock-based compensation increased $1.42 billion, or 8,810%, to $1.44 billion for fiscal year 2000 from $16.1 million for fiscal year 1999. Amortization of intangible assets and stock-based compensation consisted primarily of goodwill amortization expense related to acquisitions during fiscal year 2000. The fiscal year 2000 acquisitions accounted for approximately 93% of the increase in amortization of intangible assets and stock-based compensation. The intangible assets recorded as a result of the fiscal 2000 acquisitions are being amortized over periods ranging from two to five years. Included within amortization of intangible assets and stock-based compensation expenses was approximately $80.9 million and $1.5 million of stock-based compensation for fiscal years 2000 and 1999, respectively. Approximately $36.6 million of the $80.9 million fiscal 2000 amortization of stock-based compensation expense was related to the acceleration of the vesting of options to purchase approximately 323,000 shares of CMGI stock previously issued to former executives of Flycast under pre-existing severance agreements. Also included within the amortization of intangible assets and stock-based compensation was approximately $34.2 million of impairment of long-lived assets charges associated with goodwill previously recorded by the Company as a result of management's ongoing business review and impairment analysis performed under its existing policy. The significant components of this balance include an impairment charge of $13.3 million related to the closing of operations at Activerse and a net impairment charge of approximately $11.8 million related to Magnitude Network. It is reasonably possible that the impairment factors evaluated by management will change in subsequent periods, given that the Company operates in a volatile business environment. This could result in material impairment charges in future periods. The increase in the Interactive Marketing segment was primarily the result of the acquisitions of AdKnowledge, AdForce, Flycast and yesmail.com during fiscal year 2000. The increase in the eBusiness and Fulfillment segment was primarily the result of the acquisition of uBid during fiscal year 2000. The increase in the Search and Portals segment was primarily the result of the acquisitions of AltaVista and Signatures Network during fiscal year 2000. Intangible assets related to the AltaVista acquisition are being amortized primarily over a three year period. The increase in the Infrastructure and Enabling Technologies segment was primarily the result of the acquisitions of Activate, Equilibrium, ExchangePath, 1stUp and Tribal Voice during fiscal year 2000. The increase in the Internet Professional Services segment was primarily the result of the acquisition of Tallan during fiscal year 2000.

OTHER INCOME/EXPENSE:

Gains on issuance of stock by subsidiaries and affiliates decreased $50.3 million, or 39%, to $80.4 million for fiscal year 2000 from $130.7 million for fiscal year 1999. Gains on the issuance of stock for fiscal year 2000 primarily related to a pre-tax gain of approximately $51.9 million on the issuance of stock by NaviSite and a pre-tax gain of approximately $20.9 million on the issuance of stock by Vicinity Corporation (Vicinity) primarily as a result of each company's respective initial public offerings. Gains on issuance of stock by subsidiaries and affiliates for fiscal year 1999 included a pre-tax gain of approximately $81.1 million on the issuance of stock by Engage in its initial public offering, a pre-tax gain of approximately $20.3 million on issuance of stock by Lycos, Inc. (Lycos) and a pre-tax gain of approximately $29.4 million on issuance of stock by GeoCities.

Other gains, net decreased $233.0 million, or 31%, to $525.3 million for fiscal 2000 from $758.3 million for fiscal 1999. Other gains, net for fiscal 2000 primarily consisted of a pre-tax gain of approximately $499.5 million on the sale of Yahoo! Inc. (Yahoo!) common stock and a pre-tax gain of approximately $53.6 million on the acquisition of Half.com, Inc. (Half.com) by eBay, Inc. (eBay), partially offset by a pre-tax loss of $35.0 million on the write-down of the Company's Marketing Services Group, Inc. (MSGI) common stock under the provisions of Financial Accounting Standards Board Statement No. 115, "Accounting for Certain Investments in Debt and Equity Securities". Other gains, net for fiscal 1999 consisted primarily of pre-tax gains of approximately $661.2 million on the conversion of the Company's GeoCities investment to Yahoo! common stock, $45.5 million on the sale of Lycos common stock, $23.2 million on the sale of the Company's investment in Reel.com, and $19.1 million on the sale of the Company's investment in Sage Enterprises, Inc.

Interest income increased $36.9 million to $41.5 million for fiscal 2000 from $4.6 million for fiscal 1999, reflecting increased interest income associated with higher average corporate cash equivalent balances compared with the prior year and interest income earned by Engage and NaviSite on cash raised from their initial public offerings. Interest expense increased $52.2 million to $56.6 million for fiscal 2000 from $4.4 million for fiscal 1999, primarily due to approximately $596.9 million in notes issued as part of the AltaVista and Tallan acquisitions.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates increased $32.6 million to $51.9 million for fiscal year 2000, from $15.7 million for fiscal 1999, primarily reflecting an increased level of investment activity by the Company during fiscal 2000. Equity in losses of affiliates for fiscal 2000 included the results from the Company's minority ownership in AnswerLogic, Inc., BizBuyer.com, Inc., Boatscape, Inc., CarParts.com, Inc., Corrigo, Inc., Domania.com, Inc., eCircles Corporation, Engage Technologies Japan (until June 2000 when Engage's ownership increased above 50%) Ensera, Inc. (formerly buyersedge.com), EXP.com, Inc., FindLaw, Inc., FoodBuy.com, Inc., GXMedia, Half.com (until July 2000 when the Company's investment was converted into shares of eBay), HotLinks Network, Inc., Idapta,Inc. (formerly Intelligent/Digital, Inc.), IronMax.com, Inc., KnowledgeFirst, Inc., MyFamily.com, Inc., NameTree Corporation, NextMonet.com, Inc., NextOffice.com, Inc., Oncology.com, Inc., OneCore Financial Network, Inc., PlanetOutdoors.com, Inc., Productopia, Inc., Radiate, Inc. (formerly Aureate Media Corporation), ThingWorld.com LLC, Vicinity, Virtual Ink Corporation, and WebCT, Inc. Equity in losses of affiliates for fiscal 1999 include the results from the Company's minority ownership in Lycos (until January 1999 when the Company's ownership in Lycos was reduced below 20%), GeoCities (until May 1999 when GeoCities investment was converted into Yahoo! common stock), ThingWorld.com LLC, Silknet Software, Inc. (until its initial public offering in May 1999), Speech Machines plc, MotherNature.com, Inc., Engage Technologies Japan, Magnitude Network (until February 1999 when the Company's ownership in Magnitude Network increased above 50%) and WebCT, Inc. The Company expects its affiliate companies to continue to invest in development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Minority interest increased to $165.3 million for fiscal 2000 from $2.3 million for fiscal 1999, primarily reflecting minority interest in net losses of four subsidiaries during fiscal 2000, including AltaVista, Engage, MyWay.com and NaviSite compared to $2.3 million for fiscal year 1999.

The Company's effective tax rates for fiscal 2000 and 1999 were 8% and 43%, respectively. The Company's effective tax rate differs materially from the federal statutory rate primarily due to valuation allowances provided on certain deferred tax assets, the provision for state income taxes, and non-deductible goodwill amortization and in-process research and development charges.

Fiscal 1999 Compared to Fiscal 1998

NET REVENUE:

(in thousands)	1999	As a % of FY 1999 Total Net Revenue	1998	As a % of FY 1998 Total Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$ 26,830	14%	$ 2,685	3%	$24,145	899%
eBusiness and Fulfillment	145,094	78%	73,488	80%	71,606	97%
Search and Portals	8,238	5%	15,568	17%	(7,330)	(47%)
Infrastructure and Enabling Technologies	6,101	3%	456	-	5,645	1,238%
Internet Professional Services	126	-	-	-	126	N/A
Total	$186,389	100%	$92,197	100%	$94,192	102%

Net revenue increased $94.2 million, or 102%, to $186.4 million for fiscal year 1999 from $92.2 million for fiscal year 1998. The increase was largely attributable to increases within the Interactive Marketing and eBusiness and Fulfillment segments, as a result of acquisitions and increased net revenue growth at existing companies during fiscal year 1999. The increase in net revenue within the Interactive Marketing segment was primarily the result of the acquisitions of Internet Profiles Corporation (I/PRO) and 2CAN Media Inc. (2CAN) as well as a full year's impact of the acquisition of Accipiter, Inc. (Accipiter) in April of 1998. The increase in net revenue in the eBusiness and Fulfillment segment was primarily the result of increased volume of turnkey business from Cisco and a full year's impact of the acquisitions of On-Demand Solutions, Inc. (On-Demand Solutions) and InSolutions, Inc. (InSolutions) in fiscal 1998. The decrease in net revenue within the Search and Portals segment was a result of deconsolidating Lycos in the second quarter of fiscal year 1998 and Vicinity in the first quarter of fiscal year 1999. Lycos and Vicinity represented approximately $9.3 million and $4.8 million, respectively, of the Search and Portals segment net revenue for fiscal year 1998. Absent the impact of Lycos and Vicinity, net revenue in the Search and Portals segment increased approximately $5.2 million in fiscal year 1999. The increase in the Infrastructure and Enabling Technologies segment was primarily due to an increase in net revenue at NaviSite which resulted from an increase in its customer base during fiscal 1999.

COST OF REVENUE:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$ 20,866	78%	$ 5,870	219%	$14,996	256%
eBusiness and Fulfillment	122,728	85%	63,315	86%	59,413	94%
Search and Portals	10,041	121%	8,319	53%	1,722	21%
Infrastructure and Enabling Technologies	25,827	423%	5,517	12,099%	20,310	368%
Internet Professional Services	91	72%	-	-	91	N/A
Total	$179,553	96%	$83,021	90%	$96,532	116%

Cost of revenue increased $96.5 million, or 116%, to $179.6 million for fiscal year 1999 from $83.0 million for fiscal year 1998. Cost of revenue consisted primarily of expenses related to the content, connectivity and production associated with delivering the Company's products and services. The increase was primarily attributable to higher net revenue, the acceleration of operations in each of the segments and the impact of acquisitions, partially offset by lower cost of revenue resulting from deconsolidating Lycos beginning in the second quarter of fiscal 1998 and deconsolidating Vicinity beginning in the second quarter of fiscal 1999. The primary reason that cost of revenue as a percentage of net revenue increased to 96% in fiscal 1999 from 90% in the prior year related to the effects of the start up of operations with minimal associated net revenue during early stages across each of the Company's segments, and the impact of deconsolidating Lycos and Vicinity.

RESEARCH AND DEVELOPMENT EXPENSES:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$ 8,699	32%	$ 6,120	228%	$2,579	42%
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	10,694	130%	11,181	72%	(487)	(4%)
Infrastructure and Enabling Technologies	2,709	44%	1,807	396%	902	50%
Internet Professional Services	151	120%	-	-	151	N/A
Total	$22,253	12%	$19,108	21%	$3,145	17%

Research and development expenses increased $3.2 million, or 17%, to $22.3 million for fiscal 1999 from $19.1 million for fiscal 1998. Research and development expenses consisted primarily of personnel and related costs to design, develop, enhance, test and deploy the Company's product and service efforts either prior to the development effort reaching technological feasibility or once the product had reached the maintenance phase of its life cycle. Research and development expenses as a percentage of net revenue decreased during fiscal 1999 primarily due to the impact of deconsolidating Lycos and Vicinity. The increase within the Interactive Marketing segment was primarily the result of increased development efforts at Engage. The decrease within the Search and Portals segment was primarily related to deconsolidating Lycos and Vicinity offset by increased development efforts at iCAST and MyWay.com. The increase within the Infrastructure and Enabling Technologies segment was primarily the result of increased costs associated with the development of NaviPath's technology platform.

IN-PROCESS RESEARCH AND DEVELOPMENT EXPENSES:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$4,500	17%	$ 9,200	343%	$(4,700)	(51%)
eBusiness and Fulfillment	-	-	-	-	-	N/A
Search and Portals	551	7%	-	-	551	N/A
Infrastructure and Enabling Technologies	-	-	-	-	-	N/A
Internet Professional Services	1,010	801%	-	-	1,010	N/A
Other	-	-	1,125	-	(1,125)	(100%)
Total	$6,061	3%	$10,325	11%	$(4,264)	(41%)

In-process research and development expenses decreased $4.3 million, or 41%, to $6.0 million for fiscal 1999 from $10.3 million for fiscal 1998. In-process research and development expenses in fiscal year 1999 of $6.0 million related to the Company's acquisitions of I/PRO (Interactive Marketing segment), Magnitude Network (Search and Portals segment) and Nascent (Internet Professional Services segment). In-process research and development expenses of $10.3 million in fiscal 1998 primarily related to the Company's acquisition of Accipiter (Interactive Marketing segment). (See further discussion in "In-process Research and Development Expense" below).

SELLING EXPENSES:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$19,368	72%	$ 6,264	233%	$13,104	209%
eBusiness and Fulfillment	3,300	2%	3,681	5%	(381)	(10%)
Search and Portals	11,849	144%	15,442	99%	(3,593)	(23%)
Infrastructure and Enabling Technologies	9,119	150%	2,807	616%	6,312	225%
Internet Professional Services	76	60%	-	-	76	N/A
Other	1,793	-	650	-	1,143	176%
Total	$45,505	24%	$28,844	31%	$16,661	58%

Selling expenses increased $16.7 million, or 58%, to $45.5 million for fiscal year 1999 from $28.8 million for fiscal year 1998. Selling expenses consisted primarily of advertising and other general marketing related expenses, compensation and employee-related expenses, sales commissions, facilities costs, trade show expenses and travel costs. Selling expenses decreased as a percentage of net revenue during fiscal year 1999 primarily due to deconsolidating Lycos and Vicinity as well as the impact of increased net revenue. The increase in the Interactive Marketing segment was primarily due to the acquisitions of 2CAN and I/PRO during fiscal 1999. The decrease in the eBusiness and Fulfillment segment was primarily related to headcount reductions at SalesLink. The decrease in the Search and Portals segment was primarily due to deconsolidating Lycos and Vicinity. The increase in the Infrastructure and Enabling Technologies segment was primarily related to the continued growth of sales and marketing infrastructure at NaviSite and NaviPath. The increase in the Other expenses was primarily related to the continued growth of corporate marketing infrastructure at CMGI's corporate level.

GENERAL AND ADMINISTRATIVE EXPENSES:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$ 6,003	22%	$ 2,844	106%	$ 3,159	111%
eBusiness and Fulfillment	10,739	7%	3,644	5%	7,095	195%
Search and Portals	9,557	116%	5,964	38%	3,593	60%
Infrastructure and Enabling Technologies	6,189	101%	1,559	342%	4,630	297%
Internet Professional Services	708	18%	-	-	708	N/A
Other	10,353	-	4,054	-	6,299	155%
Total	$43,549	23%	$18,065	20%	$25,484	141%

General and administrative expenses increased $25.5 million, or 141%, to $43.6 million for fiscal year 1999 from $18.1 million for fiscal 1998. General and administrative expenses consist primarily of compensation, facilities costs and fees for professional services. General and administrative expenses increased slightly as a percentage of net revenue during fiscal year 1999 primarily due to acquisitions and the building of management infrastructure at CMGI's corporate level and at several of the Company's existing subsidiaries. The increase was partially offset by reductions associated with deconsolidating Lycos and Vicinity. The increase in the Interactive Marketing segment was primarily due to the acquisitions of 2CAN and I/PRO, the full year impact of the fiscal 1998 acquisition of Accipiter and the building of management infrastructure at Engage. The increase in the eBusiness and Fulfillment segment was primarily related to the full year impact of the fiscal 1998 acquisitions of On-Demand Solutions and InSolutions. The increase in the Search and Portals segment was primarily the result of the building of management infrastructures at Blaxxun Interactive, Inc.(Blaxxun), iCAST and MyWay.com. The increase in the Infrastructure and Enabling Technologies segment was primarily related to building of management infrastructure at NaviSite and NaviPath. The increase in Other expense, which includes certain administrative functions such as legal, finance and business development which are not fully allocated to CMGI's subsidiary companies, was primarily due to the building of infrastructure at CMGI's corporate level.

AMORTIZATION OF INTANGIBLE ASSETS AND STOCK-BASED COMPENSATION:

(in thousands)	1999	% of 1999 Segment Net Revenue	1998	% of 1998 Segment Net Revenue	1999 vs. 1998	% Change
Interactive Marketing	$ 9,872	37%	$1,669	62%	$ 8,203	491%
eBusiness and Fulfillment	2,705	2%	1,177	2%	1,528	130%
Search and Portals	2,230	27%	-	-	2,230	N/A
Infrastructure and Enabling Technologies	-	-	-	-	-	N/A
Internet Professional Services	1,320	1,047%	-	-	1,320	434%
Other	-	-	247	-	(247)	(100%)
Total	$16,127	9%	$3,093	3%	$13,034	421%

Amortization of intangible assets and stock-based compensation increased $13.0 million, or 421%, to $16.1 million for fiscal year 1999 from $3.1 million for fiscal year 1998. Amortization of intangible assets and stock-based compensation consisted primarily of goodwill amortization expense related to the acquisitions during fiscal year 1999. The increase in the Interactive Marketing segment was primarily due to the acquisitions of I/PRO and 2CAN during fiscal year 1999 and a full year's impact of the acquisition of Accipiter in fiscal year 1998. The increase in the eBusiness and Fulfillment segment was primarily the result of a full year's impact of the acquisitions of On-Demand Solutions and InSolutions during fiscal year 1998. The increase in the Search and Portals segment was primarily due to the acquisition of Magnitude Network during fiscal year 1999. Included within the amortization of intangible assets and stock-based compensation expense was approximately $1.5 million and $500,000 of stock-based compensation for fiscal years 1999 and 1998, respectively.

OTHER INCOME/EXPENSE:

Gains on issuance of stock by subsidiaries and affiliates increased $84.4 million, or 182%, to $130.7 million for fiscal 1999 from $46.3 million for fiscal year 1998. The increase is primarily due to a pre-tax gain of approximately $81.1 million on the issuance of stock by Engage in its initial public offering. Gains on issuance of stock by subsidiaries and affiliates for fiscal year 1999 also included a pre-tax gain of approximately $20.3 million on issuance of stock by Lycos and a pre-tax gain of approximately $29.4 million on issuance of stock by GeoCities. The fiscal 1998 amount represents a pre-tax gain on the issuance of stock by Lycos.

Other gains, net increased $661.7 million, or 685%, to $758.3 million for fiscal year 1999 from $96.6 million for fiscal year 1998. The increase was largely due to a pre-tax gain of $661.2 million on the conversion of the Company's GeoCities investment to Yahoo! common stock. Fiscal 1999 Other gains, net also included pre-tax gains of approximately $45.5 million on the sale of Lycos common stock, $23.2 million on the sale of the Company's investment in Reel.com and $19.1 million on the sale of the Company's investment in Sage Enterprises, Inc. Fiscal 1998 Other gains, net included pre-tax gains of approximately $92.4 million on the sale of Lycos common stock and $4.2 million on the sale of Premiere Technologies, Inc. common stock.

Interest income increased $2.2 million to $4.6 million for fiscal year 1999 from $2.4 million for fiscal year 1998, reflecting increased income associated with higher average corporate cash equivalent balances compared with the prior year, partially offset by a $540,000 decrease from deconsolidating Lycos. Interest expense increased $1.1 million to $4.4 million for fiscal year 1999 from $3.3 million for fiscal year 1998, primarily due to higher corporate collateralized borrowings and borrowings incurred in conjunction with the Company's acquisition of InSolutions.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates for fiscal year 1999 included the results from the Company's minority ownership in Lycos (until January 1999 when the Company's ownership in Lycos was reduced below 20%), GeoCities (until May 1999 when the Company's GeoCities investment was converted into Yahoo! common stock), ThingWorld.com LLC, Silknet Software, Inc. (until May 1999 when the Company's ownership in Silknet was reduced below 20%), Speech Machines plc, MotherNature.com, Engage Technologies Japan, Magnitude Network (until February 1999 when the Company's ownership in Magnitude Network increased above 50%) and WebCT, Inc. Equity in losses of affiliates for fiscal year 1998 included the results from the Company's minority ownership in Ikonic Interactive, Inc., ThingWorld.com LLC, Silknet Software, Inc., GeoCities, Reel.com, Ventro Corporation (Ventro, formerly Chemdex Corporation), Sage Enterprises, Inc., MotherNature.com, and Speech Machines plc and the results from Lycos beginning in November 1997.

Minority interest increased to $2.3 million for fiscal year 1999 from ($28,000) for fiscal year 1998, primarily reflecting minority interest in net losses of three subsidiaries that raised outside equity financing during fiscal 1999, including Engage, Blaxxun and NaviSite.

The Company's effective tax rates for fiscal years 1999 and 1998 were 43% and 54%, respectively. The Company's effective tax rate differs materially from the federal statutory rate primarily due to valuation allowances provided on certain deferred tax assets, the provision for state income taxes, and non-deductible goodwill amortization and in-process research and development charges.

Discontinued operations, net, increased to $52.4 million for fiscal year 1999 from $4.6 million for fiscal year 1998, due primarily to the gain on the sale of CMG Direct Corporation to MSGI during the fourth quarter of fiscal 1999.

In-Process Research and Development Expense
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Flycast and yesmail.com Acquisitions

During fiscal 2000, CMGI recorded in-process research and development (IPRD) charges of $65.7 million, representing purchased in-process research and development that had not reached technological feasibility and had no alternative future use. These IPRD charges related primarily to the Company's acquisitions of Flycast and yesmail.com, for total purchase consideration of approximately $897.5 million and $588.6 million, respectively. The portion of the purchase price allocated to in-process research and development for these acquisitions was $29.3 million or approximately 3.2% of the total purchase price for Flycast, and $18.5 million or approximately 3.1% of the total purchase price for yesmail.com. CMGI management was primarily responsible for estimating the fair value of purchased in-process research and development. The total consideration allocated to projects identified as IPRD has been charged to operations during fiscal 2000.

At the acquisition dates, Flycast was in the process of developing technology which would add functionality and features, and developing a new platform for its product, and yesmail.com was in the process of developing technology which would add functionality and features to expand the yesmail.com product offerings. In the case of both Flycast and yesmail.com, the IPRD had not yet reached technological feasibility, had no alternative uses, and may not have achieved commercial viability. The technological feasibility of the in-process product is established when the enterprise has completed all planning, designing, coding, and testing activities that are necessary to establish that the product can be produced to meet its design specifications including functions, features, and technical performance requirements.

At the acquisition date, management estimated that completion of the Flycast IPRD would be accomplished in May 2000. The initial development effort had commenced in late April through November 1999. At the valuation date, the new technology had not reached a completed prototype stage, although some beta testing on portions of the technology had begun. At the valuation date, the IPRD was approximately 65% complete, based on costs incurred on the IPRD through the acquisition date versus the total costs estimated to complete the project. The Flycast IPRD was substantially completed within the time originally estimated.

At the acquisition date, management estimated that completion of the yesmail.com IPRD would be accomplished in June 2000. The initial development effort had commenced in December 1999. At the valuation date, the new technology had not reached a completed prototype stage, although some beta testing on portions of the technology had begun. At the valuation date, the IPRD was approximately 40% complete, based on costs incurred on the IPRD through the acquisition date versus the total costs estimated to complete the project. The yesmail.com IPRD was substantially completed within the time originally estimated.

In the Flycast and yesmail.com acquisitions, the IPRD projects were valued using an income approach. This approach took into consideration earnings remaining after deducting from cash flows related to the in-process technology, the market rates of return on contributory assets, including assembled workforce, working capital and fixed assets. The cash flows were then discounted to present value at an appropriate rate. Discount rates were determined by an analysis of the risks associated with each of the identified intangible assets. The resulting net cash flows to which the discount rates (ranging from 25% to 30%) were applied were based on management's estimates of revenues, operating expenses and income taxes from such acquired in-process technology.

Other

During fiscal 2000, CMGI or its subsidiaries also recorded IPRD charges related to four other acquisitions, including AdForce, AdKnowledge, Equilibrium and ExchangePath, and the Company's investment in AnswerLogic. The portion of the total consideration allocated to IPRD for each of these acquisitions and investments were as follows: AdForce ($9.3 million, or approximately 1.7% of the total consideration), AdKnowledge ($2.3 million, or approximately 1.4% of the total consideration), Equilibrium ($2.6 million, or approximately 15.2% of the total consideration), ExchangePath ($2.4 million, or approximately 19.2% of the total consideration) and AnswerLogic ($1.2 million or approximately 13.3% of the total consideration). The total consideration allocated to projects identified as IPRD has been charged to operations during fiscal 2000.

During fiscal 1999, CMGI or its subsidiaries, recorded IPRD charges related to the acquisitions of I/PRO, Magnitude Network and Nascent. The portion of the total consideration allocated to IPRD for each of these acquisitions were as follows: I/PRO ($4.5 million, or approximately 14% of the total consideration), Magnitude Network ($551,000, or approximately 2% of the total consideration), and Nascent ($1.0 million or approximately 21% of the total consideration). The total consideration allocated to projects identified as IPRD was charged to operations during fiscal 1999.

During fiscal 1998, CMGI or its subsidiaries, recorded an IPRD charge related to the acquisition of Accipiter. The portion of the total consideration allocated to IPRD for the Accipiter acquisition was $9.2 million, or approximately 29% of the total consideration. The total consideration allocated to projects identified as IPRD was charged to operations during fiscal 1998.

At the acquisition dates, the projects in development for AdForce, AdKnowledge, Equilibrium, ExchangePath, AnswerLogic, I/PRO, Magnitude Network, Nascent and Accipiter, had not yet reached technological feasibility, had no alternative uses and may not have achieved commercial viability.

The value of in-process research and development for these acquisitions was determined using an income approach. This approach takes into consideration earnings remaining after deducting from cash flows related to the in-process technology, the market rates of return on contributory assets, including assembled workforce, working capital and fixed assets. The cash flows are then discounted to present value at an appropriate rate. The resulting net cash flows to which the discount rates (ranging from 24.5% to 35%) were applied were based on management's estimates of revenues, operating expenses and income taxes from such acquired technology.

Liquidity and Capital Resources

Working capital at July 31, 2000 decreased to $1.1 billion compared to $1.4 billion at July 31, 1999. The $300 million decrease in working capital is attributable to the increase of approximately $500 million in notes payable, primarily related to the issuance of notes as a portion of the consideration for the Tallan acquisition, partially offset by the increase in available-for-sale securities of approximately $63 million. The Company's principal sources of capital during the twelve months ended July 31, 2000 were from the sales of Yahoo! common stock in the open market and the forward sale of Yahoo! common stock, net proceeds from the issuances of common stock, primarily by NaviSite in its initial public offering and Engage's issuance of common stock to Compaq, the conversion of the Company's investment in Half.com into eBay common stock as a result of eBay's acquisition of Half.com and net cash acquired through acquisitions of subsidiaries. The Company's principal uses of capital during the twelve months ended July 31, 2000 were approximately $763.7 million for funding of operations and $177.6 million for purchases of property and equipment.

During fiscal year 2000 the Company sold 9,092,304 shares of Yahoo! common stock, 260,000 shares of Open Market, Inc. common stock and 87,698 shares of Amazon.com, Inc. and received proceeds of approximately $1.1 billion, $9.2 million and $5.7 million, respectively. In April 2000, the Company entered into a forward sale agreement with an investment bank. The transaction hedges a portion of the Company's investment in common stock of Yahoo! Under the terms of the contract the Company agreed to deliver, at its discretion, either cash or Yahoo! common stock in three separate tranches, with maturity dates ranging from August 2000 to February 2001. Under the first tranche, which was executed in April 2000, the Company agreed to deliver 581,499 shares of Yahoo! common stock or the cash equivalent, to the investment bank in August 2000 and in exchange, received $106.4 million, or 90.75% of the fair market value of the shares on the execution date, in cash. Under the terms of the second and third tranches, both executed in May 2000, the Company agreed to deliver an additional 581,499 shares of Yahoo! common stock in November 2000 and 47,684 shares of Yahoo! common stock in February 2001 and in exchange, received $74.2 million, or 87.9% of the fair market value of the shares on the execution date, in cash. In August 2000, the Company settled the first tranche by delivering 581,499 shares of its Yahoo! common stock to the investment bank.

On October 22, 1999, NaviSite commenced its initial public offering at $7 per share, raising $69.6 million, net of issuance and other costs. In November 1999, NaviSite raised an additional $10.8 million pursuant to the exercise of the underwriters' over-allotment option. On June 13, 2000, CMGI invested $50 million in NaviSite in exchange for 980,873 shares of NaviSite's common stock. CMGI currently owns approximately 40.1 million shares of NaviSite common stock.

In July 2000, CMGI@Ventures IV's investment in Half.com was acquired by eBay. As a result of the acquisition the Company's investment in Half.com was converted into eBay common stock. Excluding shares attributable to CMGI@Ventures IV's profit partners, the carrying value of CMGI's eBay shares is $58.9 million at July 31, 2000.

During fiscal year 2000, the Company, or its subsidiaries, completed the acquisitions of 24 companies for combined consideration of approximately $6.36 billion. This consideration was in the form of CMGI and subsidiary common stock, options and warrants valued at approximately $5.69 billion, $607.2 million in notes payable, and $15.9 million in cash. Total direct acquisition costs incurred by the Company in connection with these acquisitions totaled approximately $44.0 million. The notes payable were issued in connection with the Company's acquisitions of AltaVista and Tallan. The Company issued the three-year notes in the aggregate principal amount of $220.0 million due August 2002 to Compaq as part of the consideration for the Company's acquisition of AltaVista. The Company also issued three short-term promissory notes totaling approximately $376.9 million due in September and December 2000 as consideration for the Company's acquisition of Tallan. These notes are payable in cash, CMGI common stock, or any combination thereof, at the option of CMGI.

During fiscal year 2000, the Company, through its limited liability company subsidiaries, CMG@Ventures I, CMG@Ventures II, CMG@Ventures III, CMGI@Ventures IV, the B2B Fund, the Tech Fund, and CMG@Ventures Expansion Fund acquired initial or follow-on minority ownership interests in 47 Internet companies for a total of approximately $267.5 million. On October 29, 1999, the Company purchased 250,000 shares of Akamai Technologies, Inc. common stock at a cost of $26 per share. On March 14, 2000, the Company purchased preferred shares of divine Interventures, Inc. (divine), which were subsequently converted into 3,047,387 common shares, at a purchase price of $6 per common share. On November 29, 1999, the Company and Pacific Century CyberWorks Limited (PCCW), completed an exchange of stock. The Company received approximately 448.3 million shares of PCCW stock in exchange for approximately 8.2 million shares of the Company's common stock. On April 7, 2000, the Company and Netcentives, Inc. (Netcentives), completed an exchange of stock. The Company received approximately 1.7 million shares of Netcentives common stock in exchange for approximately 425,000 shares of the Company's common stock. On May 19, 2000, the Company and Primedia, Inc. (Primedia), completed an exchange of stock. The Company received approximately 8.0 million shares of Primedia common stock in exchange for approximately 1.5 million shares of CMGI common stock. On July 18, 2000, the Company and divine completed an exchange of stock. The Company received approximately 1.7 million shares of divine common stock in exchange for approximately 372,000 shares of CMGI common stock. The shares of stock issued and received in the aforementioned transactions are subject to restrictions on transferability for periods ranging from one to three years from dates of issuance.

During fiscal year 2000, CMGI formed an expansion fund to the @Ventures III Fund to provide follow-on financing to existing @Ventures III Fund investee companies, pursuant to which CMGI's commitment increased by $38.2 million through its limited liability company affiliate CMG@Ventures Expansion. Also during fiscal year 2000, CMGI announced the formation of three new venture capital funds including CMGI@Ventures IV, the B2B Fund and the Tech Fund. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMGI@Ventures IV, the B2B Fund and the Tech Fund. The remaining interest in the net capital gains on these investments are attributed to profit members. In September 2000, CMGI announced that it would be merging CMGI@Ventures IV, the B2B Fund and the Tech Fund into a single evergreen fund called CMGI@Ventures IV, LLC.

MotherNature.com commenced its IPO on December 9, 1999. (CMG@Ventures II currently holds 1.2 million shares of MotherNature.com common stock.) On November 4, 1999, Tickets.com, Inc. commenced its IPO. (CMG@Ventures II currently holds approximately 800,000 shares of Tickets.com, Inc. common stock.) On February 8, 2000, Vicinity commenced its IPO. (CMG@Ventures I and CMG@Ventures II collectively hold 5.8 million shares of Vicinity common stock.)

On February 29, 2000, the Company announced an agreement with Cable & Wireless plc to issue $500 million in shares of CMGI common stock in exchange for $500 million in shares of PCCW, which Cable & Wireless plc was to receive upon the completion of Cable & Wireless plc sale of their Cable & Wireless HKT subsidiary to PCCW. This share exchange was completed in August 2000.

The Company leases facilities and certain equipment under various noncancelable operating leases expiring through June 2013. At July 31, 2000, the Company has future minimum payments related to these leases of approximately $549.7 million.

Subsequent to July 31, 2000, the Company's subsidiary, NaviSite, did not comply with a covenant associated with an equipment leasing facility it had established with a bank. NaviSite had approximately $30 million in outstanding obligations under this leasing facility at July 31, 2000.

In August 1999, the Company entered into a Strategic Alliance Partnership with Compaq. This partnership is intended to create mutually beneficial ways of bundling, distributing and promoting products and services of companies in the CMGI network on Compaq's products. Under this partnership, each party has committed to spend $50.0 million to co-market products and services over the first six quarters of the term of the agreement. Also, under this partnership, the Company is obligated to pay Compaq a fee based on the number of redirect messages directed to the Company's sites from Compaq.

On August 23, 2000, the Company announced it has acquired the exclusive naming and sponsorship rights to the New England Patriots' new stadium, to be known as "CMGI Field", for a period of fifteen years. In return for the naming and sponsorship rights, CMGI will pay $7.6 million per year for the first ten years, with consumer price index adjustments for years eleven through fifteen. CMGI will not make its first semi-annual payment under this agreement until January 2002.

On August 18, 2000, the Company issued 312,547 shares of its common stock to Compaq as a semi-annual interest payment of $11.5 million related to notes payable issued in the acquisition of AltaVista. On September 30, 2000, the Company issued 7,250,615 shares of its common stock as payment of principal and interest totaling approximately $249.8 million related to notes payable that had been issued in the Company's acquisition of Tallan.

During the period from August 1, 2000 through October 27, 2000, the Company sold the following shares of stock in transactions on the open market: approximately 8.4 million shares of Lycos for proceeds of $394.7 million; approximately 241.0 million shares of PCCW for proceeds of $190.2 million; approximately 1.3 million shares of Critical Path for proceeds of $72.8 million; and approximately 3.7 million shares of Kana Communications, Inc. for proceeds of $137.6 million.

The Company intends to continue to fund existing and future Internet efforts, acquire additional companies for cash, stock, or other consideration and to actively seek new CMGI@Ventures investment opportunities. Similar to CMGI's current subsidiaries, future Internet company acquisitions will likely be in early stages of business development and therefore are expected to require additional cash funding by the Company to fund their operations. The Company believes that existing working capital and the availability of available-for-sale securities which could be sold or posted as additional collateral for additional loans, will be sufficient to fund its operations, investments and capital expenditures for the foreseeable future. Should additional capital be needed to fund future investment and acquisition activity, the Company may seek to raise additional capital through public or private offerings of the Company's or its subsidiaries' stock, or through debt financing. There can be no assurance, however, that the Company will be able to raise additional capital on terms that are favorable to the Company.

Year 2000 Compliance

The Company and its subsidiaries have not experienced any material problems with network infrastructure, software, hardware and computer systems relating to the inability to recognize appropriate dates related to the year 2000. The Company and its subsidiaries are also not aware of any material Year 2000 problems with customers, suppliers or vendors. Accordingly, the Company and its subsidiaries do not anticipate incurring material expenses or experiencing any material operational disruptions as a result of any Year 2000 issues.

Factors That May Affect Future Results

The Company operates in a rapidly changing environment that involves a number of risks, some of which are beyond the Company's control. Forward-looking statements in this document and those made from time to time by the Company through its senior management are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements concerning the expected future revenues or earnings or concerning projected plans, performance, product development, product release or product shipment, as well as other estimates related to future operations are necessarily only estimates of future results and there can be no assurance that actual results will not materially differ from expectations.

Factors that could cause actual results to differ materially from results anticipated in forward-looking statements include, but are not limited to, the following:

CMGI may not have operating income or net income in the future.

During the fiscal year ended July 31, 2000, CMGI had an operating loss of approximately $2.19 billion and a net loss of approximately $1.38 billion. CMGI anticipates continuing to incur significant operating expenses in the future, including significant costs of revenue and selling, general and administrative and amortization expenses. As a result, CMGI expects to continue to incur operating losses and may not have enough money to grow its business in the future. CMGI can give no assurance that it will achieve profitability or be capable of sustaining profitable operations.

CMGI may have problems raising money it needs in the future.

In recent years, CMGI has financed its operating losses in part with profits from selling some of the stock of companies in which CMGI had invested through the @Ventures funds. This funding source may not be sufficient in the future, and CMGI may need to obtain funding from outside sources. However, CMGI may not be able to obtain funding from outside sources. In addition, even if CMGI finds outside funding sources, CMGI may be required to issue to such outside sources securities with greater rights than those currently possessed by holders of CMGI's currently outstanding securities. CMGI may also be required to take other actions, which may lessen the value of its common stock, including borrowing money on terms that are not favorable to CMGI.

CMGI may incur significant costs to avoid investment company status and may suffer adverse consequences if deemed to be an investment company.

CMGI may incur significant costs to avoid investment company status and may suffer other adverse consequences if deemed to be an investment company under the Investment Company Act of 1940. Some of CMGI's equity investments in other businesses and its venture subsidiaries may constitute investment securities under the Investment Company Act. A company may be deemed to be an investment company if it owns investment securities with a value exceeding 40% of its total assets, subject to certain exclusions. Investment companies are subject to registration under, and compliance with, the Investment Company Act unless a particular exclusion or safe harbor provision applies. If CMGI were to be deemed an investment company, CMGI would become subject to the requirements of the Investment Company Act. As a consequence, CMGI would be prohibited from engaging in business or issuing securities as it has in the past and might be subject to civil and criminal penalties for noncompliance. In addition, certain of CMGI contracts might be voidable, and a court-appointed receiver could take control of CMGI and liquidate its business.

Although CMGI's investment securities currently comprise less than 40% of its total assets, fluctuations in the value of these securities or of CMGI's other assets may cause this limit to be exceeded. Unless an exclusion or safe harbor was available to CMGI, CMGI would have to attempt to reduce its investment securities as a percentage of its total assets. This reduction can be attempted in a number of ways, including the disposition of investment securities and the acquisition of non-investment security assets. If CMGI were required to sell investment securities, CMGI may sell them sooner than it otherwise would. These sales may be at depressed prices and CMGI may never realize anticipated benefits from, or may incur losses on, these investments. CMGI may be unable to sell some investments due to contractual or legal restrictions or the inability to locate a suitable buyer. Moreover, CMGI may incur tax liabilities when selling assets. CMGI may also be unable to purchase additional investment securities that may be important to its operating strategy. If CMGI decides to acquire non-investment security assets, CMGI may not be able to identify and acquire suitable assets and businesses or the terms on which CMGI is able to acquire such assets may be unfavorable.

If CMGI fails to successfully execute on its segmentation strategy, its revenue, earnings prospects and business may be materially and adversely affected.

On September 7, 2000, CMGI announced that it had formally organized its majority-owned operating companies and venture capital affiliates into six segments. These six segments include five operational disciplines - Interactive Marketing; eBusiness and Fulfillment; Search and Portals; Infrastructure and Enabling Technologies; and Internet Professional Services - as well as CMGI's affiliated venture capital arm, CMGI@Ventures. The segmentation strategy includes a focus on:

- market segments in which CMGI can establish a leadership position;
- a planned reduction in the number of operating companies to an optimal number of five to ten in total;
- improved future financial performance including continued revenue growth; and
- a significant reduction in cash flow requirements through improved operating efficiencies in acquisitions, consolidations and divestitures.

To successfully implement its segmentation strategy, CMGI must achieve each of the following:

- overcome the difficulties of integrating its operating companies;
- decrease its cash burn rate;
- improve its cash position and revenue run rate; and
- increase its holdings of marketable securities.

If CMGI fails to address each of these factors, its business prospects for achieving and sustaining profitability, and the market value of its securities may be materially and adversely affected. Even if its implementation of this segmentation strategy is successful, the revised structure and reporting procedures of the new segmentation strategy may not lead to increased market clarity or stockholder value. In addition, the execution of the segmentation strategy, including planned reductions in the number of operating companies, could result in restructuring charges being recorded by CMGI in future periods.

CMGI depends on certain important employees, and the loss of any of those employees may harm CMGI's business.

CMGI's performance is substantially dependent on the performance of its executive officers and other key employees, in particular, David S. Wetherell, CMGI's chairman, president and chief executive officer, Andrew J. Hajducky III, CMGI's executive vice president, chief financial officer and treasurer, and David Andonian, CMGI's president, corporate development. The familiarity of these individuals with the Internet industry makes them especially critical to CMGI's success. In addition, CMGI's success is dependent on its ability to attract, train, retain and motivate high quality personnel, especially for its management team. The loss of the services of any of CMGI's executive officers or key employees may harm its business. CMGI's success also depends on its continuing ability to attract, train, retain and motivate other highly qualified technical and managerial personnel. Competition for such personnel is intense.

There may be conflicts of interest among CMGI's network companies, CMGI's officers, directors and stockholders and CMGI.

Some of CMGI's officers and directors also serve as officers or directors of one or more of CMGI's network companies. As a result CMGI, CMGI's officers and directors, and CMGI's network companies may face potential conflicts of interest with each other and with its stockholders. Specifically, CMGI's officers and directors may be presented with situations in their capacity as officers or directors of one of CMGI's network companies that conflict with their fiduciary obligations as officers or directors of CMGI's company or of another network company.

In fiscal 2000, CMGI derived a significant portion of its revenue from a small number of customers and the loss of any of those customers could significantly damage CMGI's business.

During the fiscal year ended July 31, 2000, sales to Cisco accounted for 11% of CMGI's total net revenue and 36% of CMGI's net revenue from its eBusiness and Fulfillment segment. CMGI currently does not have any agreements with Cisco which obligate this customer to buy a minimum amount of products from CMGI or to designate CMGI as its sole supplier of any particular products or services. During the fiscal year ended July 31, 2000, approximately 12% of CMGI's total net revenue and 35% of net revenue from CMGI's Search and Portals segment was derived from customer advertising contracts serviced by DoubleClick, Inc. CMGI believes that it will continue to derive a significant portion of its operating revenue from sales to a small number of customers.

CMGI's strategy of selling assets of or investments in the companies that it has acquired and developed presents risks.

One element of CMGI's business plan involves raising cash for working capital for its business by selling, in public or private offerings, some of the companies, or portions of the companies, that it has acquired and developed or in which it has invested. Market and other conditions largely beyond CMGI's control affect:

- its ability to engage in such sales;
- the timing of such sales; and
- the amount of proceeds from such sales.

As a result, CMGI may not be able to sell some of these assets. In addition, even if CMGI is able to sell, CMGI may not be able to sell at favorable prices. If CMGI is unable to sell these assets at favorable prices, its business will be harmed.

CMGI's stock price may fluctuate because the value of some of its companies fluctuates.

A portion of CMGI's assets include the equity securities of both publicly traded and non-publicly traded companies. For example, as of October 4, 2000, CMGI directly or through its @Ventures funds owned shares of common stock of Critical Path, divine, eBay, Engage, Hollywood Entertainment, Kana Communications, Inc., Lycos, MSGI, MotherNature.com, NaviSite, Netcentives, PCCW, Primedia, Ventro, Vicinity and Yahoo!, which are publicly traded companies. The market price and valuations of the securities that CMGI holds in these and other companies may fluctuate due to market conditions and other conditions over which CMGI has no control. Fluctuations in the market price and valuations of the securities that CMGI holds in other companies may result in fluctuations of the market price of CMGI's common stock and may reduce the amount of working capital available to CMGI.

CMGI's strategy of expanding its business through acquisitions of other businesses and technologies presents special risks.

CMGI intends to continue to expand through the acquisition of businesses, technologies, products and services from other businesses. Acquisitions involve a number of special problems, including:

- difficulty integrating acquired technologies, operations, and personnel with the existing businesses;
- diversion of management attention in connection with both negotiating the acquisitions and integrating the assets;
- strain on managerial and operational resources as management tries to oversee larger operations;
- exposure to unforeseen liabilities of acquired companies;
- potential issuance of securities in connection with an acquisition with rights that are superior to the rights of holders of CMGI's currently outstanding securities;
- the need to incur additional debt; and
- the requirement to record potentially significant additional future operating costs for the amortization of goodwill and other intangible assets.

CMGI may not be able to successfully address these problems. Moreover, CMGI's future operating results will depend to a significant degree on its ability to successfully manage growth and integrate acquisitions. In addition, many of CMGI's investments are in early-stage companies with limited operating histories and limited or no revenues. CMGI may not be able to successfully develop these young companies.

CMGI faces competition from other acquirors of and investors in Internet-related ventures which may prevent CMGI from realizing strategic opportunities.

Although CMGI creates many of its network companies, it also acquires or invests in existing companies that it believes are complementary to its network and further its vision of the Internet. In pursuing these opportunities, CMGI faces competition from other capital providers and incubators of Internet-related companies, including publicly-traded Internet companies, venture capital companies and large corporations. Some of these competitors have greater financial resources than CMGI does. This competition may limit CMGI's opportunity to acquire interests in companies that could advance its vision of the Internet and increase its value.

CMGI's growth places strain on its managerial, operational and financial resources.

CMGI's rapid growth has placed, and is expected to continue to place, a significant strain on its managerial, operational and financial resources. Further, as the number of CMGI's users, advertisers and other business partners grows, CMGI will be required to manage multiple relationships with various customers, strategic partners and other third parties. CMGI's further growth or an increase in the number of its strategic relationships will increase this strain on its managerial, operational and financial resources, inhibiting its ability to achieve the rapid execution necessary to successfully implement its business plan.

CMGI must develop and maintain positive brand name awareness.

CMGI believes that establishing and maintaining its brand names is essential to expanding its business and attracting new customers. CMGI also believes that the importance of brand name recognition will increase in the future because of the growing number of Internet companies that will need to differentiate themselves. Promotion and enhancement of CMGI's brand names will depend largely on its ability to provide consistently high-quality products and services. If CMGI is unable to provide high-quality products and services, the value of its brand names may suffer.

CMGI's quarterly results may fluctuate widely.

CMGI's operating results have fluctuated widely on a quarterly basis during the last several years, and it expects to experience significant fluctuation in future quarterly operating results. Many factors, some of which are beyond CMGI's control, have contributed to these quarterly fluctuations in the past and may continue to do so. Such factors include:

- demand for its products and services;
- payment of costs associated with its acquisitions, sales of assets and investments;
- timing of sales of assets;
- market acceptance of new products and services;
- charges for impairment of long-lived assets in future periods;
- potential restructuring charges in connection with CMGI's segmentation strategy;
- specific economic conditions in the industries in which CMGI competes; and
- general economic conditions.

The emerging nature of the commercial uses of the Internet makes predictions concerning CMGI's future revenues difficult. CMGI believes that period-to-period comparisons of its results of operations will not necessarily be meaningful and should not be relied upon

as indicative of its future performance. It is also possible that in some fiscal quarters, CMGI's operating results will be below the expectations of securities analysts and investors. In such circumstances, the price of CMGI's common stock may decline.

The price of CMGI's common stock has been volatile.

The market price of CMGI's common stock has been, and is likely to continue to be, volatile, experiencing wide fluctuations. In recent years, the stock market has experienced significant price and volume fluctuations, which have particularly impacted the market prices of equity securities of many companies providing Internet-related products and services. Some of these fluctuations appear to be unrelated or disproportionate to the operating performance of such companies. Future market movements may adversely affect the market price of CMGI's common stock.

Ownership of CMGI is concentrated.

David S. Wetherell, CMGI's chairman, president and chief executive officer, beneficially owned approximately 12% of CMGI's outstanding common stock as of September 30, 2000. As a result, Mr. Wetherell possesses significant influence over CMGI on matters, including the election of directors. Additionally, Compaq owned approximately 13% of CMGI's outstanding common stock as of September 30, 2000. The concentration of CMGI's share ownership may:

- delay or prevent a change in its control;
- impede a merger, consolidation, takeover, or other transaction involving CMGI; or
- discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of CMGI.

CMGI relies on NaviSite for Web site hosting.

CMGI and many of its operating companies rely on NaviSite for network connectivity and hosting of servers. If NaviSite fails to perform such services, CMGI's internal business operations may be interrupted, and the ability of CMGI's operating companies to provide services to customers may also be interrupted. Such interruptions may have an adverse impact on CMGI's business and revenues and its operating companies.

The success of CMGI's network companies depends greatly on increased use of the Internet by business and individuals.

The success of CMGI's network companies depends greatly on increased use of the Internet for advertising, marketing, providing services and conducting business. Commercial use of the Internet is currently at an early stage of development and the future of the Internet is not clear. In addition, it is not clear how effective advertising on the Internet is in generating business as compared to more traditional types of advertising such as print, television and radio. The businesses of CMGI's network companies will suffer if commercial use of the Internet fails to grow in the future.

CMGI network companies are subject to intense competition.

The market for Internet products and services is highly competitive. Moreover, the market for Internet products and services lacks significant barriers to entry, enabling new businesses to enter this market relatively easily. Competition in the market for Internet products and services may intensify in the future. Numerous well-established companies and smaller entrepreneurial companies are focusing significant resources on developing and marketing products and services that will compete with the products and services of CMGI network companies. In addition, many of the current and potential competitors of CMGI network companies have greater financial, technical, operational and marketing resources than those of CMGI network companies. CMGI network companies may not be able to compete successfully against these competitors. Competitive pressures may also force prices for Internet goods and services down and such price reductions may reduce the revenues of CMGI network companies.

Growing concerns about the use of "cookies" may limit Engage's ability to develop user profiles.

Web sites typically place small files of information commonly known as "cookies" on a user's hard drive, generally without the user's knowledge or consent. Cookie information is passed to the Web site through the Internet user's browser software. Engage's technology currently uses cookies to collect information about an Internet user's movement through the Internet. Most of the currently available Internet browsers allow users to modify their browser settings to prevent cookies from being stored on their hard drive, and a small minority of users currently choose to do so. Users can also delete cookies from their hard drive at any time. Some Internet commentators and privacy advocates have suggested limiting or eliminating the use of cookies, and recently, the Federal Trade Commission initiated an informal inquiry into the data collection practices of DoubleClick, Inc. The effectiveness of Engage's technology could be limited by any reduction or limitation in the use of cookies. If the use or effectiveness of cookies is limited, Engage would likely have to switch to other technology that would allow it to gather demographic and behavioral information. This could require significant reengineering time and resources, might not be completed in time to avoid negative consequences to CMGI's business, financial condition or results of operations, and might not be possible at all.

If the United States or other governments regulate the Internet more closely, the businesses of CMGI network companies may be harmed.

Because of the Internet's popularity and increasing use, new laws and regulations may be adopted. These laws and regulations may cover issues such as privacy, pricing, taxation and content. The enactment of any additional laws or regulations may impede the growth of the Internet and the Internet-related business of CMGI network companies and could place additional financial burdens on their businesses.

To succeed, CMGI network companies must respond to the rapid changes in technology and distribution channels related to the Internet.

The markets for the Internet products and services of our network companies are characterized by:

- rapidly changing technology;
- evolving industry standards;
- frequent new product and service introductions;
- shifting distribution channels; and
- changing customer demands.

The success of CMGI network companies will depend on their ability to adapt to this rapidly evolving marketplace. They may not be able to adequately adapt their products and services or to acquire new products and services that can compete successfully. In addition, CMGI network companies may not be able to establish and maintain effective distribution channels.

CMGI network companies face security risks.

Consumer concerns about the security of transmissions of confidential information over public telecommunications facilities is a significant barrier to electronic commerce and communications on the Internet. Many factors may cause compromises or breaches of the security systems CMGI network companies or other Internet sites use to protect proprietary information, including advances in computer and software functionality or new discoveries in the field of cryptography. A compromise of security on the Internet would have a negative effect on the use of the Internet for commerce and communications and negatively impact CMGI network companies' businesses. Security breaches of their activities or the activities of their customers and sponsors involving the storage and transmission of proprietary information, such as credit card numbers, may expose CMGI network companies to a risk of loss or litigation and possible liability. CMGI cannot assure that the security measures of CMGI network companies will prevent security breaches.

The success of the global operations of CMGI network companies is subject to special risks and costs.

CMGI network companies have begun, and intend to continue, to expand their operations outside of the United States. This international expansion will require significant management attention and financial resources. The ability of CMGI network companies to expand their offerings of CMGI's products and services internationally will be limited by the general acceptance of the Internet and intranets in other countries. In addition, CMGI and its network companies have limited experience in such international activities. Accordingly, CMGI and its network companies expect to commit substantial time and development resources to customizing the products and services of its network companies for selected international markets and to developing international sales and support channels.

CMGI expects that the export sales of its network companies will be denominated predominantly in United States dollars. As a result, an increase in the value of the United States dollar relative to other currencies may make the products and services of its network companies more expensive and, therefore, potentially less competitive in international markets. As CMGI network companies increase their international sales, their total revenues may also be affected to a greater extent by seasonal fluctuations resulting from lower sales that typically occur during the summer months in Europe and other parts of the world.

CMGI network companies could be subject to infringement claims.

From time to time, CMGI network companies have been, and expect to continue to be, subject to third party claims in the ordinary course of business, including claims of alleged infringement of intellectual property rights. Any such claims may damage the businesses of CMGI network companies by:

- subjecting them to significant liability for damages;
- resulting in invalidation of their proprietary rights;
- being time-consuming and expensive to defend even if such claims are not meritorious; and
- resulting in the diversion of management time and attention.

CMGI network companies may have liability for information retrieved from the Internet.

Because materials may be downloaded from the Internet and subsequently distributed to others, CMGI network companies may be subject to claims for defamation, negligence, copyright or trademark infringement, personal injury or other theories based on the nature, content, publication and distribution of such materials.

EXHIBIT 13.3

CMGI, Inc. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except share and per share amounts) ASSETS	July 31, 2000	1999
Current assets:		
Cash and cash equivalents	$ 639,666	$ 468,912
Available-for-sale securities	1,595,011	1,532,327
Accounts receivable, trade, net of allowance for doubtful accounts of $34,618 in 2000 and $3,034 in 1999	232,104	41,794
Prepaid expenses and other current assets	105,094	14,301
Total current assets	2,571,875	2,057,334
Property and equipment, net	259,270	24,832
Investments in affiliates	583,648	44,623
Goodwill and other intangible assets, net of accumulated amortization of $1,516,045 in 2000 and $18,712 in 1999	4,955,076	149,703
Other assets	187,238	128,102
	$8,557,107	$2,404,594
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 523,022	$ 20,000
Current installments of long-term debt	6,649	5,258
Accounts payable	128,627	31,812
Accrued income taxes	36,318	11,777
Accrued expenses	246,289	42,559
Deferred income taxes	392,340	508,348
Deferred revenue	27,898	6,726
Other current liabilities	100,627	49,849
Total current liabilities	1,461,770	676,329
Long-term debt, less current installments	228,023	15,060
Deferred income taxes	61,365	35,140
Other long-term liabilities	50,945	19,807
Minority interest	586,062	184,514
Commitments and contingencies		
Preferred stock, $0.01 par value. Authorized 5,000,000 shares; issued 35,000 shares Series B redeemable, convertible preferred stock at July 31, 1999, conversion premium at 4% per annum and issued 375,000 Series C redeemable,convertible preferred stock at July 31, 2000 and 1999, dividend at 2% per annum; both carried at liquidation value	383,140	411,283
Stockholders' equity:		
Common stock, $0.01 par value per share. Authorized 1,400,000,000 and 400,000,000 shares at July 31, 2000 and 1999, respectively; issued and outstanding 296,487,502 and 191,168,280 shares at July 31, 2000 and 1999, respectively	2,965	1,912
Additional paid-in capital	6,190,182	234,273
Deferred compensation	(45,202	(180)
Retained earnings (accumulated deficit)	(857,814)	518,102
	5,290,131	754,107
Accumulated other comprehensive income	495,671	308,354
Total stockholders' equity	5,785,802	1,062,461
	$8,557,107	$2,404,594

See accompanying notes to consolidated financial statements

CMGI, Inc. and Subsidiaries
Consolidated Statements of Operations

(in thousands, except per share amounts)	Years ended July 31, 2000	1999	1998
Net revenue	$ 898,050	$ 186,389	$ 92,197
Operating expenses:			
Cost of revenue	737,264	179,553	83,021
Research and development	153,974	22,253	19,108
In-process research and development	65,683	6,061	10,325
Selling	475,441	45,505	28,844
General and administrative	218,615	43,549	18,065
Amortization of intangible assets and stock-based compensation	1,436,880	16,127	3,093
Total operating expenses	3,087,857	313,048	162,456
Operating loss	(2,189,807)	(126,659)	(70,259)
Other income (expense):			
Interest income	41,521	4,640	2,426
Interest expense	(56,617)	(4,371)	(3,296)
Gains on issuance of stock by subsidiaries and affiliates	80,387	130,729	46,285
Other gains, net	525,265	758,312	96,562
Equity in losses of affiliates	(51,886)	(15,737)	(12,871)
Minority interest	165,271	2,331	(28)
	703,941	875,904	129,078
Income (loss) from continuing operations before income taxes	(1,485,866)	749,245	58,819
Income tax expense (benefit)	(121,173)	325,402	31,555
Income (loss) from continuing operations	(1,364,693)	423,843	27,264
Discontinued operations, net of income taxes:			
Gain on sale of CMG Direct Corporation	--	53,203	--
Loss from discontinued operations	--	(806)	(338)
Gain on sale of data warehouse product rights	--	--	4,978
Net income (loss)	(1,364,693)	476,240	31,904
Preferred stock accretion and amortization of discount	(11,223)	(1,662)	--
Net income (loss) available to common stockholders	$(1,375,916)	$ 474,578	$ 31,904
Earnings (loss) per share:			
Basic:			
Earnings (loss) from continuing operations available to common stockholders	$ (5.26)	$ 2.26	$ 0.16
Gain on sale of CMG Direct Corporation	--	0.29	--
Loss from discontinued operations	--	(0.01)	--
Gain on sale of data warehouse product rights	--	--	0.03
Net earnings (loss) available to common stockholders	$ (5.26)	$ 2.54	$ 0.19
Diluted:			
Earnings (loss) from continuing operations available to common stockholders	$ (5.26)	$ 2.05	$ 0.15
Gain on sale of CMG Direct Corporation	--	0.26	--
Loss from discontinued operations	--	(0.01)	--
Gain on sale of data warehouse product rights	--	--	0.03
Net earnings (loss) available to common stockholders	$ (5.26)	$ 2.30	$ 0.18
Shares used in computing earnings (loss) per share:			

Basic	261,555	186,532	166,664
Diluted	261,555	206,832	180,120

see accompanying notes to consolidated financial statements

CMGI, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity

(in thousands, except share amounts)	Common stock	Additional paid in capital	Accumulated other comprehensive income (loss)	Deferred compensation	Retained earnings (accumulated deficit)	Total stockholders' equity
Balance at July 31, 1997 (154,552,688 shares)	$1,546	$ 15,430	$ 852	$ --	$ 11,620	$ 29,448
Comprehensive income, net of taxes:						
Net income	--	--	--	--	31,904	31,904
Other comprehensive income:						
Net unrealized holding gain arising during period	--	--	1,167	--	--	1,167
Less: Reclassification adjustment for gain realized in net income	--	--	(2,455)	--	--	(2,455)
Total comprehensive income						30,616
Issuance of common stock pursuant to employee stock purchase plans and stock options (4,078,072 shares)	41	2,795	--	--	--	2,836
Issuance of common stock and common stock equivalents for acquisitions and investments (25,640,784 shares)	256	66,439	--	(1,731)	--	64,964
Amortization of deferred compensation	--	--	--	289	--	289
Tax benefit of stock option exercises	--	3,114	--	--	--	3,114
Effect of subsidiaries' equity transactions	--	1,869	--	--	--	1,869
Balance at July 31, 1998 (184,271,544 shares)	1,843	89,647	(436)	(1,442)	43,524	133,136
Comprehensive income, net of taxes:						
Net income	--	--	--	--	476,240	476,240
Other comprehensive income:						
Net unrealized holding gain arising during period	--	--	314,910	--	--	314,910
Less: Reclassification adjustment for gain realized in net income	--	--	(6,120)	--	--	(6,120)
Total comprehensive income						785,030
Conversion of redeemable preferred stock to common stock (1,168,008 shares)	12	15,175	--	--	--	15,187
Preferred stock accretion	--	--	--	--	(1,662)	(1,662)
Issuance of common stock pursuant to employee stock purchase plans and stock options (3,890,344 shares)	39	7,915	--	--	--	7,954
Issuance of common stock and common stock equivalents for acquisitions and investments (1,838,384 shares)	18	63,882	--	--	--	63,900
Amortization of deferred compensation	--	--	--	1,262	--	1,262
Tax benefit of stock option exercises	--	43,202	--	--	--	43,202
Effect of subsidiaries' equity transactions	--	14,452	--	--	--	14,452
Balance at July 31, 1999 (191,168,280 shares)	1,912	234,273	308,354	(180)	518,102	1,062,461
Comprehensive loss, net of taxes:						
Net loss	--	--	--	--	(1,364,693)	(1,364,693)
Other comprehensive income:						
Net unrealized holding gain arising during period	--	--	496,304	--	--	496,304

Less: Reclassification adjustment for gain realized in net loss	--	--	(308,987)	--	--	(308,987)
Total comprehensive loss	--	--	--	--	--	(1,177,376)
Preferred stock accretion	--	--	--	--	(8,516)	(8,516)
Amortization of discount on preferred stock	--	2,707	--	--	(2,707)	--
Conversion of redeemable preferred stock to common stock (2,834,520 shares)	28	36,357	--	--	--	36,385
Issuance of common stock pursuant to employee stock purchase plans and stock options (8,279,232 shares)	83	39,137	--	--	--	39,220
Issuance of common stock and common stock equivalents for acquisitions and investments (94,205,470 shares)	942	5,676,877	--	(75,265)	--	5,602,554
Amortization of deferred compensation	--	--	--	30,243	--	30,243
Tax benefit of stock option exercises	--	189,944	--	--	--	189,944
Effect of subsidiaries' equity transactions, net	--	10,887	--	--	--	10,887
Balance at July 31, 2000 (296,487,502 shares)	$2,965	$6,190,182	$ 495,671	$(45,202)	$ (857,814)	$5,785,802

see accompanying notes to consolidated financial statements

CMGI, Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(in thousands)	Years ended July 31, 2000	1999	1998
Cash flows from operating activities:			
Income (loss) from continuing operations	$(1,364,693)	$ 423,843	$ 27,264
Adjustments to reconcile income (loss) from continuing operations to net cash used for continuing operations:			
Depreciation and amortization	1,501,583	22,669	6,953
Deferred income taxes	(280,450)	312,445	4,206
Non-operating gains, net	(605,652)	(889,041)	(142,847)
Equity in losses of affiliates	51,886	15,737	12,871
Minority interest	(165,271)	(2,331)	28
In-process research and development	65,683	6,061	10,325
Changes in operating assets and liabilities, excluding effects from acquisitions and deconsolidation of subsidiaries:			
Trade accounts receivable	(91,383)	(17,208)	(8,977)
Prepaid expenses and other current assets	(42,191)	(2,764)	(5,195)
Accounts payable and accrued expenses	19,984	34,749	8,019
Deferred revenue	9,514	5,879	3,618
Refundable and accrued income taxes, net	(46,712)	(41,003)	11,917
Tax benefit from exercise of stock options	189,944	43,202	3,114
Other assets and liabilities	(5,976)	(2,322)	(636)
Net cash used for operating activities of continuing operations	(763,734)	(90,084)	(69,340)
Net cash used for operating activities of discontinued operations	--	(280)	(2,385)
Net cash used for operating activities	(763,734)	(90,364)	(71,725)
Cash flows from investing activities:			
Additions to property and equipment - continuing operations	(177,637)	(16,211)	(8,043)
Additions to property and equipment - discontinued operations	--	(63)	(146)
Proceeds from sale of stock investments	1,143,574	84,668	116,431
Proceeds from sale of data warehouse product rights- discontinued operations	--	--	9,543
Proceeds from sale of CMG Direct Corporation - discontinued operations	--	12,835	--
Cash paid for acquisitions of subsidiaries, net of cash acquired	(185,127)	(54,016)	(6,551)
Investments in affiliates	(299,330)	(48,211)	(27,961)
Net proceeds from maturities of (purchases of) available-for-sale securities	11,182	(31,123)	(5,000)
Reduction in cash due to deconsolidation of Lycos, Inc.	--	--	(41,017)
Other, net	(301)	1,510	(338)
Net cash provided by (used for) investing activities	492,361	(50,611)	36,918
Cash flows from financing activities:			
Net proceeds from (repaments of) notes payable	160,672	(6,654)	4,456
Proceeds from issuance of long-term debt	--	--	10,250
Repayments of long-term debt	(4,935)	(5,609)	(7,521)
Net proceeds from issuance of Series B and Series C redeemable, convertible preferred stock	--	424,805	--
Net proceeds from issuance of common stock	47,237	7,613	23,206
Net proceeds from issuance of stock by subsidiaries	209,207	129,461	3,526
Other	29,946	(1,266)	2,665
Net cash provided by financing activities	442,127	548,350	36,582
Net increase in cash and cash equivalents	170,754	407,375	1,775
Cash and cash equivalents at beginning of year	468,912	61,537	59,762
Cash and cash equivalents at end of year	$ 639,666	$ 468,912	$ 61,537

see accompanying notes to consolidated financial statements

(1) Nature of Operations

CMGI, Inc. and its consolidated subsidiaries, (CMGI or the Company) develop and operate a network of Internet companies. The Company's subsidiaries have been classified in the following five operating segments: i) Interactive Marketing, ii) eBusiness and Fulfillment, iii) Search and Portals, iv) Infrastructure and Enabling Technologies, and v) Internet Professional Services. CMGI also manages several venture capital funds that focus on investing in companies involved in various aspects of the Internet and technology. CMGI's business strategy includes the internal development and operation of majority-owned subsidiaries as well as taking strategic positions in other Internet companies that have demonstrated synergies with CMGI's core businesses. The Company's strategy also envisions and promotes opportunities for synergistic business relationships among its companies.

(2) Summary of Significant Accounting Policies

Principles of Consolidation and Presentation

The consolidated financial statements of the Company include its wholly-owned and majority-owned subsidiaries which at July 31, 2000 include, 1/st/ Up.com Corporation (1/st/ Up), Activate.Net Corporation (Activate), AdForce, Inc. (AdForce), AltaVista Company (AltaVista), Clara Vista Corporation (Clara Vista), CMG Securities Corporation, CMG@Ventures Capital Corporation, CMG@Ventures Securities Corporation, CMG@Ventures, Inc., CMG@Ventures I, LLC (CMG@Ventures I), CMG@Ventures II, LLC (CMG@Ventures II), CMG@Ventures III, LLC (CMG@Ventures III), CMG@Ventures Expansion, LLC (CMG@Ventures Expansion), CMGI@Ventures IV, LLC (CMGI@Ventures IV), CMGI@Ventures B2B, LLC (B2B Fund), CMGI@Ventures Technology Fund (Tech Fund), CMGI Solutions, Inc., CMGion, Inc. (CMGion), Engage, Inc., (Engage, formerly Engage Technologies Inc.), Equilibrium Technologies, Inc. (Equilibrium), ExchangePath, LLC (ExchangePath), Green Witch, LLC (Green Witch), iCAST Corporation (iCAST), MyWay.com Corporation, Nascent Technologies, Inc. (Nascent), NaviPath, Inc., (NaviPath, formerly NaviNet, Inc.), NaviSite, Inc. (NaviSite), SalesLink Corporation (SalesLink), Tallan, Inc. (Tallan), Tribal Voice, Inc., uBid, Inc. (uBid) and yesmail.com, inc. (yesmail.com). All significant intercompany accounts and transactions have been eliminated in consolidation. The Company accounts for investments in businesses in which it owns less than 50% using the equity method, if the Company has the ability to exercise significant influence over the investee company. All other investments for which the Company does not have the ability to exercise significant influence or for which there is not a readily determinable market value, are accounted for under the cost method of accounting. Certain amounts for prior periods have been reclassified to conform to current year presentations.

Revenue Recognition

The Company's advertising revenue is derived primarily from the delivery of advertising impressions through its own or third party Web sites. Revenue is recognized in the period that the advertising impressions are delivered, provided the collection of the resulting receivable is probable.

Prior to August 1, 1998, revenue from the sales of product licenses to customers were generally recognized when the product was shipped, provided no significant obligations remained and collectability was probable, in accordance with the American Institute of Certified Public Accountants' (AICPA) Statement of Position (SOP) 91-1, "Software Revenue Recognition". Effective August 1, 1998, the Company adopted the provisions of SOP 97-2, "Software Revenue Recognition" (SOP 97-2). For transactions after August 1, 1998, revenues from software product licenses, database services and web-site traffic audit reports are generally recognized when (i) a signed non-cancelable software license exists, (ii) delivery has occurred, (iii) the Company's fee is fixed or determinable, and (iv) collectability is probable. Revenue from license agreements that have that have significant customizations and modifications of the software product is deferred and recognized using the percentage of completion method. The Company adopted SOP 98-9, "Modification of SOP 97-2, 'Software Revenue Recognition', with Respect to Certain Transactions" (SOP 98-9), which modified SOP 97-2 with respect to certain transactions during the year ended July 31, 2000. There was no material change to the Company's accounting for revenue as a result of the adoption of SOP 97-2 or SOP 98-9.

Revenue from periodic subscriptions is recognized ratably over the subscription term, typically twelve months. Revenue from usage based subscriptions is recognized monthly based on actual usage.

Revenue from sales of merchandise is recognized upon shipment of the merchandise and verification of the customer's credit card authorization or receipt of cash.

Service and support revenue includes software maintenance and other professional service revenues, primarily from consulting, implementation and training. Revenue from software maintenance is deferred and recognized ratably over the term of each maintenance agreement, typically twelve months. Revenue from professional services is recognized as the services are performed, collectability is probable and such revenues are contractually nonrefundable.

Substantially all media and media management revenue is recognized on a gross basis and amounts paid to Web sites are recorded as cost of revenue. Revenue is generally recognized at gross in arrangements in which the Company acts as principal in the transaction. Revenue is recognized net of the related Web site expense in arrangements in which the Company acts primarily as a sales agent.

Revenue also consists of monthly fees for server hosting, systems administration, application rentals and Web site management services. Revenue for these services (other than installation fees) is generally billed and recognized over the term of the contract, generally one to three years, based on actual usage. Installation fees are typically recognized at the time that installation occurs.

Amounts collected prior to satisfying the above revenue recognition criteria are classified as deferred revenue.

Gains on Issuance of Stock by Subsidiaries

At the time a subsidiary sells its stock to unrelated parties at a price in excess of its book value, the Company's net investment in that subsidiary increases. If at that time, the subsidiary is not a newly-formed, non-operating entity, nor a research and development, start-up or development stage company, nor is there question as to the subsidiary's ability to continue in existence, the Company records the increase in its Consolidated Statements of Operations. Otherwise, the increase is reflected in "effect of subsidiaries' equity transactions" in the Company's Consolidated Statements of Stockholders' Equity.

If gains have been recognized on issuances of a subsidiary's stock and shares of the subsidiary are subsequently repurchased by the subsidiary or by the Company, gain recognition does not occur on issuance subsequent to the date of a repurchase until such time as shares have been issued in an amount equivalent to the number of repurchased shares. Such transactions are reflected as equity transactions, and the net effect of these transactions is reflected in the Consolidated Statements of Stockholders' Equity.

Cash Equivalents and Statement of Cash Flows Supplemental Information

Highly liquid investments with maturity of three months or less at the time of acquisition are considered cash equivalents.

Net cash used for operating activities reflect cash payments for interest and income taxes, net of income tax refunds received, as follows:

	Year ended July 31,		
(in thousands)	2000	1999	1998
Interest	$16,143	$ 3,910	$ 2,856
Income taxes	$14,574	$10,764	$15,720

Portions of the consideration for acquisitions of businesses by the Company, or its subsidiaries, during fiscal years 2000 1999 and 1998 included the issuance of shares of the Company's and its subsidiaries' common stock and the issuance of seller's notes (see note 8).

During fiscal year 2000, significant non-cash investing activities included the following transactions:

On July 18, 2000, the Company and divine Interventures, inc. (divine) completed an exchange of stock. The Company received 1,701,900 shares of divine for 372,000 shares of the Company's common stock.

On July 11, 2000, eBay, Inc. (eBay) acquired Half.com, Inc. (Half.com), an affiliate of the Company. In connection with the merger, the Company received 1,480,267 shares of eBay common stock.

On June 9, 2000, the Company received 4,350,000 units in Freeup, LLC, a joint venture between the Company and Compaq Computer Corporation (Compaq), in exchange for 61,234 shares of the Company's common stock.

On May 19, 2000, the Company and Primedia, Inc. (Primedia), completed an exchange of stock. The Company received 8 million shares of Primedia stock in exchange for 1,532,567 million shares of CMGI common stock.

On April 10, 2000, Netcentives, Inc. (Netcentives) completed an exchange of stock. The Company received 1,694,492 shares of Netcentives common stock in exchange for 425,317 shares of the Company's common stock.

On November 29, 1999, the Company and Pacific Century CyberWorks Limited (PCCW) completed an exchange of stock. The Company received 448,347,107 shares of PCCW stock in exchange for 4,057,971 shares of the Company's common stock.

During fiscal year 2000, CMG@Ventures I distributed to its profit members options to purchase 200,242 shares of Yahoo! Inc. (Yahoo!) common stock, 274,141 shares of Yahoo! common stock, 1,318,003 shares of Lycos, Inc. (Lycos) common stock and 10,079 shares of PTEK Holdings, Inc. (PTEK Holdings, formerly Premiere Technologies, Inc.) common stock to its profit members; CMG@Ventures II distributed to its profit members 213,819 shares of Critical Path, Inc. (Critical Path) common stock, 260,036 shares of Hollywood Entertainment Corporation (Hollywood Entertainment) common stock, 713,533 shares of Kana Communications, Inc. (Kana) common stock, 19,891 shares of Yahoo! common stock and 54,400 shares of Amazon.com, Inc. (Amazon.com) common stock; and CMG@Ventures III distributed 51,935 shares of Ventro Corporation (formerly Chemdex Corporation) common stock to its profit members.

During fiscal year 1999, significant non-cash investing activities included the sale of the Company's investments in GeoCities, Reel.com, Inc. (Reel.com) and Sage Enterprises, Inc. (Sage Enterprises) in exchange for common stock of Yahoo!, Hollywood Entertainment and Amazon.com, respectively (see note 11). In addition, the Company completed the sale of its wholly-owned subsidiary, CMG Direct Corporation (CMG Direct) to Marketing Services Group, Inc. (MSGI) in exchange for cash and shares of MSGI common stock (see note 4).

In September 1998, CMG@Ventures I distributed 558,317 shares of Lycos stock to its profit members. In October 1998, CMG@Ventures II distributed 15,059 shares of Amazon.com stock to its profit members. In addition, during fiscal year 1999, CMG@Ventures I distributed 817,838 shares of Yahoo! stock and 8,004 shares of USWeb Corporation stock to its profit members and CMG@Ventures II distributed 39,773 shares of Yahoo! stock to its profit members.

During fiscal year 1998, significant non-cash investing activities included the sale of data warehouse product rights by the Company's subsidiary, Engage, in exchange for available-for-sale securities in addition to $9.5 million in cash (see note 4). In addition, CMG@Ventures I distributed 593,164 shares of Lycos stock and 24,843 shares of PTEK Holdings stock to its profit members. Also, portions of the consideration for acquisitions of businesses by the Company, or its subsidiaries, during fiscal 1998 included the issuance of shares of the Company's common stock and the issuance of seller's notes (see note 8).

Fair Value of Financial Instruments

The carrying value for cash and cash equivalents, accounts receivable, accounts payable and notes payable approximates fair value because of the short maturity of these instruments. The carrying value of long-term debt approximates its fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

Investments

Marketable securities held by the Company which meet the criteria for classification as available-for-sale are carried at fair value, net of market discount to reflect any restrictions on transferability. Unrealized holding gains and losses on securities classified as available-for-sale are carried net of taxes as a component of accumulated other comprehensive income in stockholders' equity.

Other investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities are carried at the lower of cost or net realizable value unless it is determined that the Company exercises significant influence over the investee company, in which case the equity method of accounting is used. For those investments in affiliates in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the affiliates as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company's share of net earnings or losses of affiliates includes the amortization difference between the Company's investment and its share of the underlying net assets of the investee. Amortization is recorded on a straight-line basis over period ranging from three to five years. These adjustments are reflected in "equity in losses of affiliates" in the Company's Consolidated Statements of Operations.

At the time an equity method investee sells its stock to unrelated parties at a price in excess of its book value, the Company's net investment in that affiliate increases. If at that time, the affiliate is not a newly-formed, non-operating entity, nor a research and development, start-up or development stage company, nor is there question as to the affiliate's ability to continue in existence, the Company records the increase as a gain in its Consolidated Statements of Operations.

The Company assesses the need to record impairment losses on investments and records such losses when the impairment of an investment is determined to be more than temporary in nature.

Accounting for Impairment of Long-Lived Assets

The Company assesses the need to record impairment losses on long-lived assets used in operations when indicators of impairment are present. On an on-going basis, management reviews the value and period of amortization or depreciation of long-lived assets, including goodwill and other intangible assets. During this review, the Company reevaluates the significant assumptions used in determining the original cost of long-lived assets. Although the assumptions may vary from transaction to transaction, they generally include revenue growth, operating results, cash flows and other indicators of value. Management then determines whether there has been a permanent impairment of the value of long-lived assets based upon events or circumstances, which have occurred since acquisition. The impairment policy is consistently applied in evaluating impairment for each of the Company's wholly-owned and majority-owned subsidiaries and investments. It is reasonably possible that the impairment factors evaluated by management will change in subsequent periods, given that the Company operates in a volatile business environment. This could result in material impairment charges in future periods.

Property and Equipment

Property and equipment is stated at cost. Depreciation and amortization is provided on the straight-line basis over the estimated useful lives of the respective assets (three to seven years). Leasehold improvements are amortized on a straight-line basis over the lesser of the estimated useful life of the asset or the lease term.

Maintenance and repairs are charged to operating expenses as incurred. Major renewals and betterment are added to property and equipment accounts at cost.

Intangible Assets

Goodwill and other intangible assets are being amortized principally over periods expected to be benefited, ranging from two to fifteen years.

Research and Development Costs and Software Costs

Expenditures that are related to the development of new products and processes, including significant improvements and refinements to existing products and the development of software are expensed as incurred, unless they are required to be capitalized. Software development costs are required to be capitalized when a product's technological feasibility has been established by completion of a detailed program design or working model of the product, and ending when a product is available for general release to customers. To date, the establishment of technological feasibility and general release have substantially coincided. As a result, capitalized software development costs have not been significant. Additionally, at the date of acquisition or investment, the Company evaluates the components of the purchase price of each acquisition or investment to identify amounts allocated to in-process research and development. Upon completion of acquisition accounting and valuation, such amounts are charged to expense if technological feasibility had not been reached at the acquisition date.

The Company adopted SOP 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use" (SOP 98-1) in the first quarter of fiscal 2000. The adoption of SOP 98-1 did not have a material impact on the Company's financial position or its results of operations.

Advertising Costs

Advertising costs are expensed in the year incurred. Advertising expenses were approximately $161.7 million, $6.8 million and $3.5 million for the years ended July 31, 2000, 1999 and 1998, respectively.

Accounting for Income Taxes

Income taxes are accounted for under the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Earnings (Loss) Per Share

The Company calculates earnings per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share". Basic earnings per share is computed based on the weighted average number of common shares outstanding during the period. The dilutive effect of common stock equivalents and convertible preferred stock are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive. Approximately 13.1 million weighted average common stock equivalents and approximately 11.5 million shares representing the weighted average effect of assumed conversion of convertible preferred stock were excluded from the denominator in the diluted loss per share calculation for the year ended July 31, 2000.

If a subsidiary has dilutive stock options or warrants outstanding, diluted earnings per share is computed by first deducting from net income (loss), the income attributable to the potential exercise of the dilutive stock options or warrants of the subsidiary. The effect of income attributable to dilutive subsidiary stock equivalents was immaterial during the years ended July 31, 2000, 1999 and 1998.

The reconciliation of the denominators of the basic and diluted earnings (loss) per share computations for the Company's reported net income (loss) is as follows:

	Years Ended July 31,		
(in thousands)	2000	1999	1998
Weighted average number of common shares outstanding - basic	261,555	186,532	166,664
Weighted average number of dilutive common stock equivalents outstanding	--	17,810	13,456
Weighted average effect of assumed conversion of convertible preferred stock	--	2,490	--
Weighted average number of common shares outstanding - diluted	261,555	206,832	180,120

Stock-Based Compensation Plans

The Company has adopted SFAS No. 123, "Accounting for Stock-Based Compensation." (SFAS No. 123) As permitted by SFAS No. 123, the Company measures compensation cost in accordance with Accounting Principles Board Opinion (APB) No. 25, "Accounting for Stock Issued to Employees" (APB No. 25) and related interpretations. Accordingly, no accounting recognition is given to stock options granted at fair market value until they are exercised. Upon exercise, net proceeds, including tax benefits realized, are credited to equity. The pro forma impact on earnings per share has been disclosed in the Notes to Consolidated Financial Statements as required by SFAS No. 123 (see note 16).

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Diversification of Risk

Sales to one customer, Cisco Systems, Inc. (Cisco), accounted for 11% and 34% of consolidated net revenue and 36% and 43% of eBusiness and Fulfillment segment net revenue for fiscal 2000 and 1999, respectively. Accounts receivable from this customer amounted to approximately 2% and 18% of total trade accounts receivable at July 31, 2000 and 1999, respectively. Customer advertising contracts serviced by DoubleClick, Inc. accounted for approximately 12% and 0% of consolidated net revenue and 35% and 0% of Search and Portals segment net revenue for fiscal 2000 and 1999, respectively. The Company's products and services are provided to customers primarily in North America.

Financial instruments, which potentially subject the Company to concentrations of credit risk, are cash equivalents, available-for-sale securities, and accounts receivable. The Company's cash equivalent investment portfolio is diversified and consists primarily of short-term investment grade securities. To reduce risk, the Company performs ongoing credit evaluations of its customers' financial conditions and generally does not require collateral on accounts receivable. The Company has not incurred any material write-offs related to its accounts receivable.

The Company enters into interest rate swap and cap agreements to reduce the impact of changes in interest rates on its floating rate debt. The swap agreements are contracts to exchange floating rate for fixed interest payments periodically over the life of the agreements without the exchange of the underlying notional amounts. The notional amounts of interest rate agreements are used to

measure interest to be paid or received and do not represent the amount of exposure to credit loss. The differential paid or received on interest rate agreements is recognized as an adjustment to interest expense.

Comprehensive Income

The Company adopted SFAS No. 130, "Reporting Comprehensive Income" (SFAS No. 130) during fiscal 1999 which established standards for the reporting and display of comprehensive income and its components in a full set of comparative general-purpose financial statements. SFAS No. 130 requires certain financial statement components, such as net unrealized holding gains or losses and cumulative translation adjustments, which prior to adoption were reported separately in stockholders' equity, to be included in other comprehensive income (loss). The Company reports comprehensive income in the Consolidated Statements of Stockholders' Equity.

Segment and Related Information

The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information"(SFAS No. 131) during fiscal 1999. SFAS No. 131 establishes standards for the way that public business enterprises report information about operating segments in annual financial statements. In the fourth quarter of fiscal 2000, the Company adjusted its segment reporting set forth in Note 3 of the Notes to Consolidated Financial Statements.

Recent Accounting Pronouncements

In March 2000, the Financial Accounting Standards Board (FASB) issued Interpretation No. 44 (FIN 44), "Accounting for Certain Transactions involving Stock Compensation, an Interpretation of APB Opinion No. 25." FIN 44 clarifies the application of APB No. 25 for certain issues, including the definition of an employee, the treatment of the acceleration of stock options and the accounting treatment for options assumed in business combinations. FIN 44 became effective on July 1, 2000, but is applicable for certain transactions dating back to December 1998. The adoption of FIN 44 did not have a material impact on the Company's financial position or results of operations.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." (SAB No. 101). SAB No. 101 expresses the views of the SEC staff in applying generally accepted accounting principles to certain revenue recognition issues. The Company will adopt the provisions of SAB No. 101 in the first quarter of fiscal 2001 and expects that its adoption will have no material impact on its financial position or its results of operations.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities."(SFAS No. 133). SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and the measurement of those instruments at fair value. The Company is required to adopt this standard in the first quarter of fiscal year 2001 pursuant to SFAS No. 137 (issued in June 1999), which delays the adoption of SFAS No. 133 until that time. The Company expects that the adoption of SFAS No. 133 will not have a material impact on the its financial position or its results of operations.

(3) Segment Information

In fiscal 1999, the Company adopted SFAS No. 131, which requires the reporting of segment information using the "management approach" versus the "industry approach" previously required by SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise."

Based on the information provided to the Company's chief operating decision maker for purposes of making decisions about allocating resources and assessing performance, the Company's continuing operations have been classified in five operating segments that are strategic business units offering distinctive products and services that are marketed through different channels.

The five operating segments are: (i) Interactive Marketing, (ii) eBusiness and Fullfillment, (iii) Search and Portals, (iv) Infrastructure and Enabling Technologies and (v) Internet Professional Services. The Interactive Marketing segment companies provide a portfolio of online marketing products including enterprise wide promotion management, profiling and ad serving software, media, media management and analytics. The eBusiness and Fulfillment segment companies provide services across the entire ebusiness value chain to sell and deliver goods from the manufacturer to the customer. Search and Portals segment companies provide services and content which connect Internet users to information and entertainment. The Infrastructure and Enabling Technologies segment

companies provide products and services essential to business operations on the Internet, including outsourced managed applications, private-label Internet access and technology platforms. The Internet Professional Services Segment provides applications strategy, development, design, and implementation services for companies seeking to initiate, enhance or redirect their presence on the Internet.

The Company's accounting policies for segments are the same as those described in note 2 "Summary of Significant Accounting Policies". Management evaluates segment performance based on segment operating income or loss excluding in-process research and development expenses and amortization of intangible assets and stock based compensation.

Summarized financial information of the Company's continuing operations by business segment is as follows:

	Years Ended July 31,		
(in thousands)	2000	1999	1998
Net revenue:			
Interactive Marketing	$ 204,179	$ 26,830	$ 2,685
eBusiness and Fulfillment	269,765	145,094	73,488
Search and Portals	319,819	8,238	15,568
Infrastructure and Enabling Technologies	61,789	6,101	456
Internet Professional Services	42,498	126	--
	$ 898,050	$ 186,389	$ 92,197
Operating income (loss):			
Interactive Marketing	$ (610,208)	$ (42,478)	$(29,282)
eBusiness and Fulfillment	(33,116)	5,622	1,671
Search and Portals	(1,144,616)	(36,684)	(25,338)
Infrastructure and Enabling Technologies	(263,195)	(37,743)	(11,234)
Internet Professional Services	(83,520)	(3,230)	(247)
Other	(55,152)	(12,146)	(5,829)
	$(2,189,807)	$ (126,659)	$(70,259)
Operating income (loss), excluding in-process research and development expenses and amortization of intangible assets and stock-based compensation:			
Interactive Marketing	$ (133,676)	$ (28,106)	$(18,413)
eBusiness and Fulfillment	5,643	8,327	2,848
Search and Portals	(305,275)	(33,903)	(25,338)
Infrastructure and Enabling Technologies	(186,451)	(37,743)	(11,234)
Internet Professional Services	(13,795)	(900)	--
Other	(53,690)	(12,146)	(4,704)
	$ (687,244)	$ (104,471)	$(56,841)

	July 31,	
(in thousands)	2000	1999
Total assets:		
Interactive Marketing	$ 2,073,279	$ 205,407
eBusiness and Fulfillment	470,800	74,260
Search and Portals	2,153,474	29,072
Infrastructure and Enabling Technologies	365,290	39,432
Internet Professional Services	848,332	4,639
Other	2,645,932	2,051,784
	$ 8,557,107	$2,404,594

"Other" includes certain cash equivalents, available-for-sale securities, certain other assets and corporate infrastructure expenses, which are not identifiable to the operations of the Company's five operating business segments.

(4) Discontinued operations

In May 1999, the Company completed the sale of its subsidiary, CMG Direct to MSGI. At the time, CMG Direct comprised the Company's entire lists and database services segment. As a result of the sale of CMG Direct the Company received total proceeds valued at approximately $91.4 million consisting of approximately $12.3 million in cash and approximately 2.3 million shares of MSGI common stock. As a result of the sale, the net gain of approximately $53.2 million recorded by the Company and the historical operations of the Company's lists and database services segment have been reflected as income from discontinued operations in the accompanying consolidated financial statements. The gain on sale of data warehouse product rights by Engage in the first quarter of fiscal 1998 has also been reflected as discontinued operations. These data warehouse products were developed by Engage during fiscal 1996 and 1997, when Engage was included in the Company's lists and database services segment. Certain prior period amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to reflect the Company's lists and database services segment as discontinued operations. Summarized financial information for discontinued operations is as follows:

	Years ended July 31,	
	1999	1998
(in thousands)		
Net revenues	$ 6,998	$ 9,568
Operating expenses	8,343	10,125
Operating loss	(1,345)	(557)
Gain on sale of CMG Direct	90,444	--
Gain on sale of data warehouse product rights	--	8,437
Income before income taxes	89,099	7,880
Income tax expense	36,702	3,240
Net income from discontinued operations	$52,397	$ 4,640

(5) Deconsolidation of Lycos, Inc. and Vicinity Corporation

During the first quarter of fiscal year 1998, the Company owned in excess of 50% of Lycos and accounted for its investment under the consolidation method. Through subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos was reduced to below 50% beginning in November 1997. As such, beginning in November 1997, the Company began accounting for its remaining investment in Lycos under the equity method of accounting, rather than the consolidated method. Prior to these events, the operating results of Lycos were consolidated with those of CMGI's other majority-owned subsidiaries in the Company's consolidated financial statements.

As a result of the Company's sale of Lycos shares during January 1999, the Company's ownership interest in Lycos fell below 20% of Lycos' outstanding shares. With this decline in ownership below 20%, CMGI began accounting for its investment in Lycos (net of shares attributable to CMG@Ventures I's profit members) as available-for-sale securities, carried at fair value.

The Company's consolidated operating results for the fiscal quarter ended October 31, 1997 included Lycos net revenue and operating loss of approximately $9.3 million and ($433,000), respectively.

Beginning in November 1998, CMGI's ownership interest in Vicinity Corporation (Vicinity) was reduced to below 50% as a result of employee stock option exercises. As such, beginning in November 1998, the Company began to account for its investment in Vicinity under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Vicinity were consolidated within the operating results of the Company's Search and Portals segment, and the assets and liabilities of Vicinity were consolidated with those of CMGI's other majority-owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal quarter ended October 31, 1998 included Vicinity net revenues of approximately $1.5 million and operating losses of approximately ($621,000.)

(6) Available-for-Sale Securities

At July 31, 2000 and 1999, available-for-sale securities primarily consist of common stock investments carried at fair value and based on quoted market prices, net of a market value discount to reflect any remaining restrictions on transferability. Available-for-sale securities at July 31, 2000 primarily consist of approximately: 12.9 million shares of Lycos valued at $781.6 million, 1.2 million shares of Yahoo! valued at $155.8 million, 8.0 million shares of Primedia valued at $150.0 million, 3.7 million shares of Kana valued at $135.7 million, 1.3 million shares of Critical Path valued at $73.3 million and 1.5 million shares of eBay valued at $69.6 million. Available-for-sale securities at July 31, 1999 primarily consist of approximately: 4.6 million shares of Yahoo! valued at $631.3 million,

13.1 million shares of Lycos valued at $541.5 million, 2.8 million shares of Silknet Software, Inc. (Silknet) valued at $86.0 million, 4.7 million shares of Hollywood Entertainment valued at $83.0 million, 2.7 million shares of Ventro valued at $76.0 million and 1.6 million shares of Critical Path valued at $54.0 million. Shares of publicly traded companies held by CMG@Ventures I and CMG@Ventures II which have been allocated to CMG@Ventures I's and CMG@Ventures II's profit members have been classifies in other non-current assets in the accompanying Consolidated Balance Sheets and valued at carrying value as of the date of allocation. Certain shares included in available-for-sale securities at July 31, 2000 and 1999 may be required to be allocated to CMG@Ventures I's and CMG @Venture II's profit members in the future. The net unrealized holding gain of approximately $495.7 million and $308.4 million, net of deferred income taxes, has been presented as "accumulated other comprehensive income" within the Consolidated Statement of Stockholders' Equity at July 31, 2000 and 1999, respectively. Also included in available-for-sale securities at July 31, 2000 and 1999, were approximately 1.2 million and 1.5 million shares, respectively, of Lycos common stock which the Company may be required to sell to Lycos, at prices ranging from $0.0025 to $2.40 per share, pursuant to employee stock option exercises. Corresponding liabilities, carried at market value, of approximately $71.0 million have been included in other current liabilities as of July 31, 2000 and liabilities of approximately $47.8 million and $11.1 million have been included in other current and other non-current liabilities, respectively, as of July 31, 1999 to reflect these potential obligations.

(7) Property and Equipment

Property and equipment consists of the following:

	July 31,	
(in thousands)	2000	1999
Machinery and equipment	$143,677	$14,974
Leasehold improvements	76,621	11,632
Software	55,904	7,941
Office furniture and equipment	24,808	3,015
Land and building	16,913	--
	317,923	37,562
Less: Accumulated depreciation and amortization	58,653	12,730
Net Property and Equipment	$259,270	$24,832

(8) Business Combinations

Fiscal 2000

In August 1999, CMGI completed its acquisition of approximately 81.5% of AltaVista, a Web portal that integrates proprietary Internet technology and services to deliver relevant results for both individuals and Web-based businesses, for 37,989,950 CMGI common shares valued at approximately $1.8 billion, 18,090.45 shares of the Company's Series D preferred stock, which were converted into approximately 3,618,090 million shares of CMGI common stock in October 1999 valued at approximately $173.0 million, two three-year notes totaling $220.0 million and the exchange of CMGI and subsidiary stock options for AltaVista stock options. The AltaVista acquisition included the assets and liabilities constituting the AltaVista Internet search service and also included former Compaq subsidiaries Zip2 Corporation and Shopping.com. The shares issued by the Company in connection with the AltaVista acquisition are not registered under the Securities Act of 1933 and are subject to restrictions on transferability for a period of one year from the date of issuance. The total purchase price for AltaVista was valued at approximately $2.4 billion, including costs of acquisition of $4.0 million. The value of the Company's shares included in the purchase price was recorded net of a weighted average 10% market value discount to reflect the restrictions on transferability.

In January 2000, CMGI completed its acquisition of AdForce, a leading online provider of centralized, outsourced ad management and delivery services. The total purchase price for AdForce was valued at approximately $545.0 million, consisting of 11,270,209 shares of CMGI common stock valued at approximately $473.0 million, options and warrants to purchase CMGI common stock valued at approximately $70.9 million, and direct acquisition costs of approximately $1.1 million. Of the purchase price, $9.3 million was allocated to in-process research and development, which was charged to operations during the third quarter of fiscal 2000.

In January 2000, CMGI completed its acquisition of Flycast Communications Corporation (Flycast), a leading provider of Web-based direct response advertising solutions. The total purchase price for Flycast was valued at approximately $897.5 million consisting of 14,620,975 shares of CMGI common stock valued at approximately $717.0 million, options and warrants to purchase CMGI common stock valued at approximately $168.2 million, and direct acquisition costs of approximately $12.3 million. Of the purchase price, $29.3 million was allocated to in-process research and development, which was charged to operations during the third quarter of fiscal 2000.

In March 2000, CMGI completed its acquisition of yesmail.com, a leading outsourcer of permission email marketing technologies and services. The total purchase price for yesmail.com was valued at approximately $588.6 million consisting of 5,035,774 shares of CMGI common stock valued at approximately $537.8 million, options to purchase CMGI common stock valued at approximately $45.3 million, and direct acquisition costs of approximately $5.5 million. The value of the Company's shares included in the purchase price was recorded net of a weighted average 2% market value discount to reflect the restrictions on transferability on certain shares. Of the purchase price, $18.5 million was allocated to in-process research and development, which was charged to operations during the fourth quarter of fiscal 2000. Approximately $9.5 million of deferred compensation was recorded during fiscal 2000 relating to approximately 93,000 shares of the Company's common stock issued to certain of the then employee stockholders of yesmail.com. These shares are subject to certain restrictions, including repurchase by the Company, upon termination of employment prior to the end of the required service periods. Deferred compensation expense is being recognized over the service periods which expire on December 14, 2000.

In April 2000, CMGI completed its acquisition of approximately 94.2% of Tallan, a leading provider of Internet and e-commerce professional services to Fortune 500 and Global 2000 companies. The total purchase price for Tallan was valued at approximately $905.2 million consisting of cash totaling $342.3 million, options to purchase CMGI common stock valued at approximately $188.3 million, short-term promissory notes valued at approximately $368.7 million, and direct acquisition costs of approximately $5.9 million.

In April 2000, CMGI completed its acquisition of uBid, a leading e-commerce auction site. The total purchase price for uBid was valued at approximately $390.8 million consisting of 3,068,374 shares of CMGI common stock valued at approximately $360.6 million, options to purchase CMGI common stock valued at approximately $26.5 million, and direct acquisition costs of approximately $3.7 million.

In April 2000, CMGI contributed Flycast and Adsmart Corporation (Adsmart) to Engage, a majority-owned subsidiary of CMGI. Upon completion of the transaction, CMGI received approximately 64 million shares of Engage common stock, and Flycast and Adsmart became wholly-owned subsidiaries of Engage. As a result of the transaction, CMGI's ownership interest in Engage increased to approximately 87% and CMGI recorded a decrease to its consolidated stockholders' equity of approximately $54.0 million to reflect this transaction.

During fiscal year 2000, the Company, or its subsidiaries, also completed the acquisitions of eighteen other companies for combined consideration of approximately $586.1 million in CMGI and subsidiary common stock, options and warrants to purchase common stock of CMGI and subsidiaries, notes which are payable only in CMGI common stock and cash and commitments to fund a total of approximately $83.0 million in operating capital. Those acquisitions included 1stUp ($35.9 million purchase price), Activate ($61.6 million), AdKnowledge, Inc. (AdKnowledge) ($164.1 million), AdTECH Advertising Service Providing GmbH (AdTECH) (in which the Company acquired an 80.29% ownership interest) ($20.2 million), Clara Vista ($17.2 million), ClickHear, Inc. (ClickHear) ($50,000), Equilibrium ($17.1 million), ExchangePath (formerly 1ClickCharge) ($12.5 million), GreenWitch ($3.0 million), iAtlas, Inc. (iAtlas) ($23.3 million), Interactive Solutions (ISI) ($5.0 million), Raging Bull, Inc. (Raging Bull), a CMGI affiliate ($165.8 million), Shortbuzz.com, LLC (ShortBuzz) ($330,000), Signatures SNI, Inc. (Signatures Network) ($30.0 million), Transium Corporation (Transium) ($9.6 million), Tribal Voice, Inc. (Tribal Voice) ($13.8 million), Virtual BillBoard Network (VBN) ($4.7 million), and the remaining 33% minority interest in Netwright, LLC (Netwright) ($2.0 million) not already owned by CMGI. In the first step of the AdKnowledge transaction, CMGI acquired an 88% equity stake in AdKnowledge. The second step of the AdKnowledge transaction, the contribution of AdKnowledge shares held by AdKnowledge shareholders, including CMGI, to Engage in exchange for approximately 10.3 million shares of Engage common stock, closed in December 1999. Upon completion of the transaction, CMGI received approximately 9.8 million shares of Engage, and AdKnowledge became a wholly-owned subsidiary of Engage. In connection with these acquisitions, the Company recorded approximately $85.3 million of deferred compensation during fiscal 2000 relating to approximately 1.0 million shares of the Company's common stock issued to certain of the then employee stockholders of the acquired companies. These shares are subject to certain restrictions, including repurchase by the Company, upon termination of employment prior to the end of the required service periods.

Fiscal 1999

During the third fiscal quarter of 1999, CMGI exercised its right to invest an additional $22 million in cash to increase its ownership in Magnitude Network, Inc. (Magnitude Network) from 23% to 92%. Magnitude Network is a company that focuses on opportunities surrounding the integration of radio and the Internet. CMGI had previously invested total cash of $2.5 million in Magnitude Network in June and October 1998. Accordingly, beginning in February 1999, CMGI began accounting for its investment in Magnitude Network under the consolidation method of accounting, rather than the equity method. CMGI's ownership interest in Magnitude Network was contributed to CMGI's subsidiary, iCAST, during fiscal 2000.

In March 1999, CMGI completed the acquisition of 2CAN Media, Inc. (2CAN) for initial consideration of approximately $27.5 million. Immediately following the completion of the acquisition, 2CAN was merged with and into CMGI's subsidiary, Adsmart. 2CAN is an interactive media company serving the online advertising community with site-focused sales and advertising representation. As the primary component of the initial consideration paid for 2CAN, CMGI and Adsmart jointly issued convertible promissory notes in the aggregate principal amount of approximately $27.0 million. Pursuant to the conversion terms of the notes, approximately $26.7 million of the convertible notes have been converted as of July 31, 2000. Additionally, the initial consideration was subject to increase if certain revenue targets were achieved by Adsmart and 2CAN. During the second quarter of fiscal 2000, CMGI recorded additional purchase consideration of approximately $5.2 million as a result of contingent consideration performance goals having been met by Adsmart and 2CAN. The additional consideration was paid in shares of CMGI common stock and cash. The shares of CMGI common stock issued in the 2CAN acquisition are not registered under the Securities Act of 1933, as amended, and were subject to restrictions on transferability for a period of twelve months following the date of the issuance.

In April 1999, the Company's subsidiary, Engage, acquired Internet Profiles Corporation (I/PRO), which provides Web site traffic measurement and audit services, for approximately $32.7 million including acquisition costs of $244,000. The purchase price consisted of approximately $1.6 million in net cash, $20.9 million in shares of CMGI common stock and $10.2 million in shares of Engage common stock and options. Of the purchase price, $4.5 million was allocated to in-process research and development which was charged to operations during fiscal 1999. The shares of CMGI common stock are not registered under the Securities Act of 1933, as amended, and were subject restrictions on transferability for periods of up to twelve months following the date of the issuance. The value of the CMGI shares included in the purchase price was recorded net of a 9% weighted average market value discount to reflect the restrictions on transferability.

Also during fiscal 1999, the Company, or its subsidiaries, completed the acquisitions of four other companies for purchase prices valued at a combined total of approximately $19.8 million including acquisition costs of $300,000. Those acquisitions were Activerse, Inc. ($14.1 million purchase price), Nascent ($4.9 million), Netwright (66% ownership in exchange for $5.0 million in future funding commitments) and Digiband, Inc. ($845,000). The combined consideration for these acquisitions consisted primarily of 253,060 shares of the Company's common stock valued at approximately $19.5 million. The shares of CMGI common stock issued by the Company are not registered under the Securities Act of 1933, as amended, and are subject restrictions on transferability for periods of up to twelve months following the date of the issuance. The value of the CMGI shares included in the purchase price was recorded net of a 10% market value discount to reflect the restrictions on transferability.

Fiscal 1998

In fiscal 1998, the Company acquired Accipiter, Inc. (Accipter), a company specializing in Internet advertising management solutions, in exchange for 10,109,536 shares of the Company's common stock. The total purchase price for Accipiter was valued at approximately $31.3 million, including acquisition costs of $198,000. The value of the Company's shares included in the purchase price was recorded net of a 10% market value discount to reflect the restrictions on transferability. The shares issued by the Company in the acquisition of Accipiter were not registered under the Securities Act of 1933 and were subject to restrictions on transferability for periods ranging from six to twenty-four months from the date of issuance. Of the purchase price, $9.2 million was allocated to in-process research and development which has been charged to operations during fiscal 1998. In August 1998, Accipiter was merged with Engage. Approximately $1.7 million of deferred compensation was recorded during fiscal 1998 relating to approximately 344,000 of the Company's common shares issued to the then employee stockholders of Accipiter which were being held in escrow. These shares were subject to forfeiture upon termination of employment over a two-year period. Deferred compensation expense was recognized over the two-year service period beginning April 1, 1998.

Also during fiscal 1998, the Company, or its subsidiaries, completed the acquisitions of three other companies, including InSolutions, Inc. (Insolutions), Servercast Communications, LLC (Servercast) and On-Demand Solutions, Inc. (On-Demand Solutions). The combined consideration for these acquisitions consisted of a combination of the Company's common stock, cash and seller's notes. The shares issued by the Company were not registered under the Securities Act of 1933 and were subject to restrictions on transferability for periods ranging from twelve to twenty-four months. The value of the Company's shares included in the purchase prices of these acquisitions were recorded net of market value discount of 10% to reflect the restrictions on transferability. Of the cash consideration, $5 million was provided through additional bank borrowings by the Company's subsidiary, SalesLink. During fiscal 2000 and 1999, the Company recorded additional purchase price for the InSolutions acquisition of approximately $1.5 million in each year as a result of contingent consideration performance goals having been met. Also during fiscal 2000, InSolutions and On-Demad Solutions were contributed to SalesLink.

The acquisitions completed during fiscal 2000, 1999 and 1998 have been accounted for using the purchase method, and, accordingly, the purchase prices have been allocated to the assets purchased and liabilities assumed based upon their fair values at the dates of acquisition. Goodwill and other intangible assets totaling approximately $5.98 billion and $103.8 million were recorded related to acquisitions in fiscal 2000 and 1999, respectively, and are being amortized on a straight-line basis over periods ranging from two or five years. The portions of the purchase prices allocated to goodwill are being amortized on a straight-line basis over five years for all fiscal year 1998 acquisitions with the exception of InSolutions and On-Demand Solutions whose goodwill is being amortized over 15 years. The acquired companies are included in the Company's consolidated financial statements from the dates of acquisition.

The purchase prices for fiscal year 2000 and 1999 acquisitions were allocated as follows:

	Fiscal 2000				
	AltaVista	AdForce	Flycast	yesmail.com	Tallan
(in thousands)					
Working capital, including cash (cash overdraft) acquired	$ (39,604)	$ 33,808	$ 36,880	$ 15,378	$ 14,024
Property and equipment	44,460	10,360	11,751	3,195	3,062
Other assets (liabilities), net	15,786	(15,997)	(9,490)	21,068	32,167
Goodwill	2,199,426	449,269	735,202	514,540	809,935
Developed technology	128,128	29,440	35,000	8,000	--
Other identifiable intangible assets	40,575	28,820	58,820	7,940	46,000
In-process research and development	--	9,300	29,300	18,500	--
Minority interest	--	--	--	--	--
Losses recorded under equity method	--	--	--	--	--
Purchase price	$2,388,771	$545,000	$897,463	$588,621	$905,188

	Fiscal 2000			Fiscal 1999
(in thousands)	uBid	Others	Total	Total
Working capital, including cash (cash overdraft) acquired	$ 22,927	$ 32,397	$ 115,810	$ (6,859)
Property and equipment	5,423	11,583	89,834	2,388
Other assets (liabilities), net	(889)	12,108	54,753	(646)
Goodwill	323,371	500,335	5,532,078	103,808
Developed technology	12,700	7,150	220,418	3,000
Other identifiable intangible assets	27,300	15,160	224,615	1,920
In-process research and development	--	7,337	64,437	6,061
Minority interest	--	--	--	(119)
Losses recorded under equity method	--	--	-	388
Purchase price	$390,832	$586,070	$6,301,945	$109,941

The above allocations of the AltaVista and Tallan purchase prices represent the Company's 81.5% and 94.2% interest in the fair values of the acquired underlying assets and liabilities of AltaVista and Tallan, respectively. The purchase price allocations for each of the acquisitions which were consummated during fiscal 2000 are preliminary and are subject to adjustment upon finalization of the purchase accounting.

Amortization of intangible assets and stock-based compensation consists of the following:

	Year ended July 31,		
	2000	1999	1998
(in thousands)			
Amortization of intangible assets	$1,317,795	$14,672	$2,593
Amortization of stock-based compensation	84,880	1,455	500
Impairment of intangible assets, net	34,205	--	--
Total	$1,436,880	$16,127	$3,093

The Company has recorded impairment charges totaling approximately $34.2 million during fiscal 2000 as a result of management's ongoing business review and impairment analysis performed under its existing policy regarding impairment of long-lived assets. The significant components of this balance include an impairment charge of approximately $13.3 million related to the closing of operations at Activerse and a net impairment charge of approximately $11.8 million related to the sale of substantially all of the assets of Magnitude Network. An impairment charge of approximately $16.7 million for Magnitude Network was initially recorded in the third quarter of fiscal 2000, based on an evaluation of the net realizable value of the entity at that date. In the fourth quarter of fiscal 2000, approximately $4.9 million was recorded as a reduction of the previously recorded impairment charge due to the estimated value of the consideration to be received upon the consummation of the sale of substantially all of the assets of Magnitude Network, which occurred during the first quarter of fiscal 2001.

The following unaudited pro forma financial information presents the consolidated operations of the Company as if the fiscal year 2000 acquisitions of AltaVista, AdForce, Flycast, yesmail.com, Tallan, and uBid, and the fiscal year 1999 acquisitions of Magnitude Network, 2CAN, I/PRO, Activerse, and Nascent had occurred as of the beginning of fiscal 2000 and 1999, respectively, after giving effect to certain adjustments including increased amortization of goodwill and other intangible assets related to the acquisitions and increased interest expense related to long-term debt issued in conjunction with the acquisitions. In-process research and development charges totaling $57.1 million and $6.1 million which were recorded in fiscal 2000 and 1999, respectively, related to the acquisitions of AdForce, Flycast and yesmail.com in fiscal 2000 and I/PRO, Magnitude Network and Nascent in fiscal 1999 are excluded from the pro forma results as they are non-recurring and not indicative of normal operating results. The unaudited pro forma information excludes the impact of all other fiscal year 2000 and 1999 acquisitions since they are not material to the Company's consolidated financial statements. The unaudited pro forma financial information is provided for informational purposes only and should not be construed to be indicative of the Company's consolidated results of operations had the acquisitions been consummated on the dates assumed and do not project the Company's results of operations for any future period:

	Year ended July 31,	
(in thousands, except per share data)	2000	1999
Net revenue	$ 1,228,633	$ 481,290
Net loss	$(1,918,717)	$(1,179,750)
Net loss per share (basic and diluted)	$ (6.68)	$ (4.51)

(9) CMGI@Ventures Investments

The Company's first Internet venture fund, CMG@Ventures I was formed in February 1996. The Company owns 100% of the capital and is entitled to approximately 77.5% of the net capital gains of CMG@Ventures I. The Company completed its $35 million commitment to this fund during fiscal year 1997. The Company's second Internet venture fund, CMG@Ventures II, was formed during fiscal year 1997. The Company owns 100% of the capital and is entitled to 80% of the net capital gains of CMG@Ventures II. The remaining interest in the net capital gains on these investments are attributed to profit members, including the Chief Executive Officer and the Chief Financial Officer of the Company. The Company is responsible for all operating expenses of CMG@Ventures I and CMG@Ventures II. CMG@Ventures II invested a total of approximately $27.6 million in fifteen companies during fiscal year 1998, approximately $26.4 million in nine companies during fiscal year 1999 and approximately $7.3 million in four companies during fiscal year 2000.

In fiscal year 1999, CMGI formed the @Ventures III venture capital fund (@Ventures III Fund). The @Ventures III Fund secured capital commitments from outside investors, and CMGI, to be invested in emerging Internet service and technology companies. 78.1% of amounts committed to the @Ventures III Fund are provided through two entities, @Ventures III, L.P. and @Ventures Foreign Fund III, L.P. CMGI does not have a direct ownership interest in either of these entities, but CMGI is entitled to 2% of the net capital gains realized by both entities. Management of these entities is the responsibility of @Ventures Partners III, LLC (@Ventures Partners III), which is entitled to 20% of their net gains. The Company has committed to contribute up to $56 million to its limited liability company subsidiary, CMG@Ventures III, equal to 19.9% of total amounts committed to the @Ventures III Fund, of which approximately $49.9 million has been funded as of July 31, 2000. CMG@Ventures III will take strategic positions side by side with the @Ventures III Fund. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMG@Ventures III. @Ventures Partners III is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III. The remaining 2% committed to the @Ventures III Fund is provided by a fourth entity, @Ventures Investors, LLC (@Ventures Investors), in which CMGI has no ownership. The Company's Chief Executive Officer and Chief Financial Officer each have individual ownership interests in @Ventures Investors and, as members of @Ventures Partners III, are entitled to a portion of net gains distributed to @Ventures Partners III. CMG@Ventures III invested a total of approximately $20.3 million in 23 companies during fiscal year 1999 and approximately $29.7 million in 25 companies during fiscal year 2000.

During fiscal year 2000, CMGI formed an expansion fund to the @Ventures III Fund to provide follow-on financing to existing @Venture III Fund investee companies pursuant to which CMGI's commitment increased by $38.2 million through its limited liability company subsidiary CMG@Ventures Expansion. CMG@Ventures Expansion invested a total of approximately $9.3 million in 14 companies during fiscal year 2000.

Also during fiscal year 2000, CMGI announced the formation of three new venture capital funds including: CMGI@Ventures IV, the B2B Fund, the Tech Fund. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMGI@Ventures IV, the B2B Fund and the Tech Fund. During fiscal year 2000, CMGI@Ventures IV, the B2B Fund, and the Tech Fund invested approximately $28.9 million, $155.0 million and $37.3 million in three, eleven and six companies, respectively.

(10) Gains on Issuance of Stock by Subsidiaries and Affiliates

The following schedule reflects the components of "Gains on issuance of stock by subsidiaries and affiliates":

	Years ended July 31,		
	2000	1999	1998
(in thousands)			
Gain on stock issuance by NaviSite	$51,279	$ --	$ --
Gain on stock issuance by Vicinity	20,903	--	--
Gain on stock issuance by Engage	8,205	81,103	--
Gain on stock issuance by GeoCities	--	29,373	--
Gain on stock issuance by Lycos	--	20,253	46,285
	$80,387	$130,729	$46,285

For the fiscal year ended July 31, 2000, gain on issuance of stock by NaviSite related primarily to the issuance of approximately 12.8 million shares of NaviSite's common stock in its initial public offering at a price of $7 per share, raising approximately $80.4 million in net proceeds for NaviSite. The Company recorded a pre-tax gain of approximately $51.9 million as a result of the initial public offering. As a result, the Company's ownership interest in NaviSite was reduced from approximately 89% to approximately 69%. The Company provided for deferred income taxes resulting from the gain on issuance of stock by NaviSite.

Also during the fiscal year ended July 31, 2000, the Company's affiliate, Vicinity, completed its initial public offering of common stock, issuing approximately 8.0 million shares at a price of $17 per share, raising approximately $126.1 million in net proceeds for Vicinity. As a result of the initial public offering, the Company's ownership interest in Vicinity was reduced from approximately 29% to approximately 21%. The Company recorded a pre-tax gain of approximately $20.9 million as a result of this initial public offering. The gains were recorded net of the interests attributable to CMG@Ventures I's and CMG@Ventures II's profit members. The Company provided for deferred income taxes resulting from the gain on issuance of stock by Vicinity.

Also during the fiscal year ended July 31, 2000, gain on issuance of stock by Engage, related primarily to the issuance of approximately 1.7 million shares of its common stock to Compaq at a price of $15 per share, raising approximately $24.2 million in net proceeds for Engage. The Company recorded a pre-tax gain of approximately $12.6 million as a result of the issuance of stock by Engage to Compaq. The Company's ownership interest in Engage remained approximately 87% as a result of the Compaq transaction. The Company provided for deferred income taxes resulting from the gain on issuance of stock by Engage.

During the fiscal year ended July 31, 1999, the gain on issuance of stock by Engage related primarily to the issuance by Engage of approximately 15.6 million shares of its common stock in its initial public offering ($7.50 per share) and in a private placement of its common stock ($6.98 per share). Engage received net proceeds totaling approximately $108.0 million from these stock issuances and the Company's ownership in Engage was reduced from approximately 96% to 79%. The Company provided for deferred income taxes resulting from the gain on issuance of stock by Engage.

Also during the fiscal year 1999, the Company's affiliate, GeoCities, completed its initial public offering of common stock, issuing approximately 5.5 million shares at a price of $17 per share, which raised approximately $84.5 million in net proceeds for GeoCities. As a result of the initial public offering, the Company's ownership interest in GeoCities was reduced from approximately 34% to 28%. The Company recorded a pre-tax gain of approximately $24.1 million related to the issuance of stock by GeoCities in its initial public offering. The Company also recorded net pre-tax gains totaling approximately $5.3 million related to other issuances of stock by GeoCities during fiscal year 1999 which included stock issued by GeoCities in its acquisition of Starseed, Inc. (known as WebRing) and Futuretouch.

The gain on issuance of stock by Lycos in fiscal year 1999 was primarily related to the issuance of approximately 4.1 million shares by Lycos, valued at approximately $158.0 million during August 1998 in its acquisition of WhoWhere? Inc. With this transaction, the Company's ownership interest in Lycos was reduced from approximately 24% to 22%.

During the fiscal year 1998, the Company recorded a pre-tax gain of approximately $16.8 million relating to Lycos' issuance of 1.3 million shares of its common stock, valued at approximately $61.0 million, in its acquisition of Tripod, Inc. during February 1998. With this transaction, the Company's ownership in Lycos was reduced from approximately 46% to 42%. The Company's pre-tax gain was recorded net of the impact of a $7.2 million in-process research development charge recorded by Lycos in conjunction with the acquisition of Tripod, Inc. In June 1998, the Company recorded a pre-tax gain of approximately $23.0 million relating to Lycos' secondary public offering of approximately 2.3 million shares of common stock at $50 per share, which raised net proceeds of approximately $111.2 million for Lycos. With this transaction, the Company's ownership in Lycos was reduced from approximately 35% to 31%. The Company also recorded net pre-tax gains totaling approximately $6.6 million on other issuances of stock by Lycos during fiscal year 1998, which included stock issued by Lycos relating to other acquisitions and minority investments during fiscal year 1998, net of the impact of in-process research and development charges recorded by Lycos, and stock issued by Lycos as a result of employee stock option exercises. The gains on issuance of stock by Lycos in fiscal years 1999 and 1998 were recorded net of the interests attributable to CMG@Ventures I's profit members. The Company provided for deferred income taxes resulting from the gains on stock issuances by Lycos during fiscal years 1999 and 1998.

(11) Other Gains, Net

The following schedule reflects the components of "Other gains, net":

	Years ended July 31,		
	2000	1999	1998
(in thousands)			
Gain on sale of Yahoo! common stock	$499,533	$ --	$ --
Gain on sale of investment in Half.com	53,641	--	--
Loss on impairment of MSGI common stock	(35,000)	--	--
Gain on sale of investment in GeoCities	--	661,171	--
Gain on sale of investment in Sage Enterprises	--	19,057	--
Gain on sale of investment in Reel.com	--	23,158	--
Gain on sale of Lycos common stock	--	45,475	92,388
Other	7,091	9,451	4,174
	$525,265	$758,312	$96,562

During fiscal year 2000, the Company sold 9,092,304 shares of Yahoo! common stock on the open market for proceeds of approximately $1.1 billion and recorded a pre-tax gain of approximately $499.5 million on the sales. In addition, the Company recorded a pre-tax gain of approximately $53.6 million on the sale of its investment in Half.com to eBay. The Company's subsidiary, CMGI@Ventures IV converted its holdings in Half.com into 1,480,267 shares of eBay common stock valued at a total of approximately $61.2 million. This gain was recorded net of the 20% interest attributable to CMGI@Ventures IV's profit members.

During fiscal year 1999, the Company recorded a pre-tax gain of approximately $661.2 million on the sale of its investment in GeoCities to Yahoo!. The Company's subsidiaries, CMG@Ventures I and CMG@Ventures II converted their holdings in GeoCities into 5,595,706 shares and 341,423 shares of Yahoo! common stock, respectively, valued at a total of approximately $878.7 million. The gain was recorded net of the interests attributable to CMG@Ventures I's and II's profit members. In addition, the Company recorded a pre-tax gain of approximately $19.1 million on the sale of CMG@Ventures II's investment in Sage Enterprises CMG@Ventures II converted its holdings in Sage Enterprises into 225,558 shares of Amazon.com common stock, valued at approximately $26.5 million, as part of a merger wherein Amazon.com acquired Sage Enterprises. This gain was recorded net of the 20% interest attributable to CMG@Ventures II's profit members.

During fiscal 1999, the Company recorded a pre-tax gain of approximately $23.2 million on the sale of CMG@Ventures II's investment in Reel.com. CMG@Ventures II's holdings in Reel.com were converted into 1,943,783 restricted common and 485,946 restricted, convertible preferred shares of Hollywood Entertainment, valued at a total of approximately $32.8 million, as part of a merger wherein Hollywood Entertainment acquired Reel.com. The preferred shares were subsequently converted into common shares on a 1-for-1 basis. The gain is reported net of the 20% interest attributable to CMG@Ventures II's profit members.

Also during fiscal 1999, the Company sold 818,000 of its Lycos shares on the open market. As a result of the sale, the Company received proceeds of approximately $53.1 million, and recognized a pre-tax gain of approximately $45.5 million, reported net of the associated interest attributed to CMG@Ventures I's profit members. As a result of the Company's sale of Lycos shares, during fiscal 1999, the Company's ownership interest in Lycos fell below 20% of Lycos' outstanding shares. With this decline in ownership below 20%, CMGI began accounting for its investment in Lycos (net of shares attributable to CMG@Ventures I's profit members) as available-for-sale securities, carried at fair value, rather than under the equity method.

During fiscal 1998, the Company sold 1,955,015 of its Lycos shares, including 1,705,015 sold on the open market throughout the year and 250,000 shares sold as part of Lycos' secondary public offering in June 1998. The Company received net proceeds of approximately $108.9 million from its sales of Lycos shares in fiscal 1998 and recorded pre-tax gains on the sales totaling approximately $92.4 million. The pre-tax gains on the Company's sales of Lycos shares are reported net of the associated interest attributed to CMG@Ventures I's profit members.

Also included in "Other gains, net" in fiscal 2000 were a pre-tax gain on the sale of Amazon.com common stock of approximately $4.2 million, a pre-tax gain on the sale of Open Market, Inc. common stock of approximately $5.8 million and an impairment charge of approximately $35.0 million related to CMGI's MSGI common shares securities. Also, included in "Other gains, net" in fiscal year 1999 were a gain on the sale of Amazon.com common stock of approximately $7.0 million, a gain on the sale of Critical Path common stock of approximately $3.4 million and an impairment charge of approximately ($952,000) related to CMG@Ventures II's investment in Softway Systems, Inc. Included in "Other gains, net" in fiscal year 1998 was a pre-tax gain on the sale of Premiere Technologies, Inc. common stock of approximately $4.2 million. These gains were reported net of the interest, if any, attributable to CMG@Ventures I's and II's profit members.

(12) Borrowing Arrangements

At July 31, 2000, notes payable totaling approximately $523.0 million consisted of three short-term promissory notes issued in connection with the Company's acquisition of Tallan and a forward sale agreement entered into by the Company for its Yahoo! common stock. Notes payable at July 31, 1999 consisted of $20.0 million in collateralized corporate borrowings. These borrowings were repaid in full in January 2000.

In March 2000, the Company issued three short-term promissory notes totaling approximately $376.9 million as consideration for the Company's acquisition of Tallan. Interest on each note is payable at a rate of 6.5% per annum. Principal and interest payments due on the notes are payable in September 2000 and December 2000, at the option of CMGI, in cash, marketable securities or any combination thereof. The value of the promissory notes included in the purchase price was recorded net of a discount of $8.2 million to reflect the difference between the actual interest rates of the promissory notes and the Company's current incremental borrowing rates for similar types of borrowing transactions. The discounts are being amortized over the life of the notes.

In April 2000, the Company entered into a forward sale agreement that hedges a portion of the Company's investment in common stock of Yahoo!. Under the terms of the contract, the Company agreed to deliver, at its discretion, either cash or Yahoo! common stock in three separate tranches, with maturity dates ranging from August 2000 to February 2001. The Company executed the first tranche in April 2000 and received approximately $106.4 million. The Company subsequently settled this tranche through the delivery of 581,499 shares of Yahoo! common stock in August 2000. In May 2000, the Company received approximately $68.5 million and $5.7 million upon the execution of the second and third tranches, respectively. The Company has agreed to deliver, at its discretion, either cash or an additional 581,499 and 47,684 shares of Yahoo! common stock in November 2000 and February 2001 to settle these tranches, respectively.

SalesLink has a revolving credit agreement with a bank. The revolving credit agreement provides for the option of interest at LIBOR or the higher of 1) Prime, or 2) 0.5% above the Federal Funds Effective Rate plus, in any case, an applicable margin based on SalesLink's leverage ratio (8.12% and 7.22% effective rates at July 31, 2000 and 1999, respectively). At July 31, 2000, SalesLink's revolving line of credit agreement totaled $9 million, of which $800,000 had been reserved in support of outstanding letters of credit for operating leases, and $8.2 million was available for future borrowings. The line of credit matures November 11, 2002 and includes a commitment fee payable quarterly at a rate of 0.05% per annum on the average daily unused portion of the line. Also, as of July 31, 2000, SalesLink, had an interest rate swap agreement with the lender providing SalesLink's bank borrowing arrangements. The agreement effectively set a maximum LIBOR interest rate base on debt for a notional principal amount of $6.2 million at a rate of 5.84% through October 31, 2002. At July 31, 2000, based on prices quoted from the bank, interest rate hedge agreement values would indicate an asset of $82,000 if the contract were to be terminated.

Long-term debt consists of the following:

	July 31, 2000	1999
(in thousands)		
Notes payable to Compaq	$220,000	$ --
Term notes payable to a bank issued by SalesLink	12,400	14,338
Notes payable to former shareholders of 2CAN	325	3,034
Note payable to former shareholder of InSolutions	1,947	1,946
Notes payable to former members of Servercast issued by NaviSite	--	1,000
	234,672	20,318
Less: Current portion	6,649	5,258
	$228,023	$15,060

In August 1999, the Company issued two three-year notes totaling $220.0 million to Compaq as consideration for the Company's acquisition of AltaVista. The notes bear interest at an annual rate of 10.5% and are due and payable in full in August 2002. Interest is due and payable semiannually on each February 18 and August 18 until the notes are paid in full. Principal and interest payments due on the notes are payable in cash, marketable securities, or any combination thereof at the option of CMGI.

SalesLink's term notes payable to a bank provide for the option of interest at LIBOR or the higher of 1) Prime, or 2) 0.5% above the Federal Funds Effective Rate plus, in any case, an applicable margin based on SalesLink's leverage ratio (8.12% and 7.22% effective rates at July 31, 2000 and 1999, respectively). The bank term notes outstanding at July 31, 2000 provide for repayment in quarterly installments through October 2002.

The obligations of SalesLink, under its bank line of credit and bank term loans have been guaranteed by CMGI. As of July 31, 2000, SalesLink was not in compliance with a certain covenant of its borrowing arrangements. SalesLink has received a waiver for such covenant violation. In fiscal year 1999, CMGI invested a $10 million original principal amount of subordinated convertible notes and warrants to purchase SalesLink Series A Convertible Preferred Stock in order to cure certain covenant defaults under the SalesLink fiscal year 1998 borrowing arrangements. The bank subsequently waived all covenant defaults and amended certain financial and operating covenants contained in the SalesLink bank facility. There were no defaults as of July 31, 1999.

The Company and its subsidiary, Adsmart, jointly issued convertible notes payable to former shareholders of 2CAN in March 1999 as partial purchase consideration. The notes bear interest at an annual rate of 6.5% and are due and payable in full in March 2004, if not previously converted by the holders.

The Company issued a note payable to a former shareholder of InSolutions in June 1998 as part of consideration for the Company's acquisition of InSolutions. The note bears interest at 5.71% and the initial tranche of the note was payable in twelve monthly installments beginning in November 1998. In accordance with the purchase agreement, InSolutions was required to meet certain performance goals in order for the contingent second and third tranches of the note to become payable. During fiscal year 1999 and 2000, InSolutions met its performance goals, and accordingly additional principal amounts of approximately $1.5 million and $1.5 million, respectively, became due under this note. The amounts related to the second and third tranches are each payable in twelve monthly installments beginning in November 1999 and 2000, respectively.

The Company's subsidiary, NaviSite, issued $1 million in notes payable to former members of Servercast as consideration for the acquisition of Servercast in July 1998. These notes were repaid in January 2000.

Maturities of long-term debt are approximated as follows: 2001, $6.6 million; 2002, $6.1 million; 2003, $221.6 million; 2004, $.4 million.

(13) Commitments and Contingencies

The Company leases facilities and certain other machinery and equipment under various noncancelable operating leases expiring through June 2013. Future minimum lease payments as of July 31, 2000 are as follows:

(in thousands)	
2001	$139,604
2002	119,880
2003	73,372
2004	56,537
2005	50,206
Thereafter	110,065
	$549,664

Total future minimum lease payments have not been reduced by future minimum sublease rentals of approximately $11.9 million.

Total rent and equipment lease expense charged to continuing operations was approximately $79.0 million, $16.3 million and $10.5 million for the years ended July 31, 2000, 1999 and 1998, respectively.

The Company leases facilities and certain machinery and equipment under non-cancelable capital lease arrangements. The present value of net minimum capital lease obligations included in other current liabilities and other long term liabilities are $23.0 million and $43.8 million, respectively.

Subsequent to July 31, 2000, the Company's subsidiary, NaviSite, did not comply with a covenant associated with an equipment leasing facility it had established with a bank NaviSite had approximately $30 million in outstanding obligations under this leasing facility at July 31, 2000.

On August 23, 2000, the Company announced it has acquired the exclusive naming and sponsorship rights to the New England Patriots' new stadium, to be known as "CMGI Field", for a period of fifteen years. In return for the naming and sponsorship rights, CMGI will pay $7.6 million per year for the first ten years, with consumer price index adjustments for years eleven through fifteen. CMGI will not make its first semi-annual payment under this agreement until January 2002.

In June 2000, the Company's subsidiary, NaviSite, completed its financing of certain of its data center infrastructure and capital equipment under a sale-leaseback arrangement. The transaction has been accounted for as a financing arrangement, wherein the property remains on NaviSite's books and will continue to be depreciated. The total proceeds of $30 million was recorded as a capital lease obligation and is being reduced based on payments under the lease. The lease bears interest at 9.15% and has a term of four years. NaviSite is required to repurchase the leased assets at the end of the agreement at an agreed upon price. The lease contains certain financial covenants which NaviSite was in compliance with as of and for the year ended July 31, 2000.

In August 1999, the Company entered into a Strategic Alliance Partnership with Compaq. This partnership is intended to create mutually beneficial ways of bundling, distributing and promoting products and services of companies in the CMGI network on Compaq's products. Under this partnership, each party has committed to spend $50.0 million to co-market products and services over the first six quarters of the term of the agreement. Also, under this partnership, the Company is obligated to pay Compaq a fee based on the number of redirect messages directed to the Company's sites from Compaq.

The Company is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the Company.

(14) Redeemable, Convertible Preferred Stock

On June 29, 1999, CMGI completed a $375 million private placement of 375,000 shares of newly issued Series C Redeemable, Convertible Preferred Stock ("Series C Preferred Stock"). Each share of Series C Preferred Stock has a stated value of $1,000 per share. The Company will pay a semi-annual dividend of 2% per annum, in arrears, on June 30 and December 30 of each year at the Company's option, in cash or through an adjustment to the liquidation preference of the Series C Preferred Stock. Such adjustments, if any, will also increase the number of shares into which the Series C Preferred Stock is convertible into common stock. The Series C

Preferred Stock is segregated into three separate tranches of 125,000 shares each. The shares in each tranche have identical rights and preferences to shares in other tranches except as to conversion price. The three tranches are convertible into common stock at prices of $45.72, $37.58 and $37.66 per share. The conversion price calculated for each tranche is also subject to adjustment for certain actions taken by the Company. The Series C Preferred Stock may be converted into common stock by the holders any time and automatically converts into common stock on June 30, 2002. The Series C Preferred Stock is redeemable at the option of the holders upon the occurrence of certain events.

On December 22, 1998, CMGI completed a $50 million private placement of 50,000 shares of newly issued Series B Redeemable, Convertible Preferred Stock ("Series B Preferred Stock"). Each share of Series B Preferred Stock has a stated value of $1,000 per share, and accretes an incremental conversion premium at a rate of 4% per year. In April 1999, 15,000 shares of Series B Preferred Stock, with a face amount of $15,000,000 and accumulated conversion premium of $184,000, were converted into 1,168,008 shares of the Company's common stock. In April 2000, 35,000 shares of Series B Preferred Stock, with a face amount of $35,000,000 and accumulated conversion premium of approximately $1.6 million, were converted into 2,834,520 shares of the Company's common stock.

(15) Stockholders' Equity

On May 5, 2000, stockholders of CMGI approved an amendment to the Company's Restated Certificate of Incorporation to increase the number of authorized shares of capital stock from 405,000,000 to 1,405,000,000 shares.

On May 11, 1998, January 11, 1999, May 27, 1999 and January 11, 2000 the Company effected 2-for-1 common stock splits in the form of stock dividends. Accordingly, all data shown in the accompanying consolidated financial statements have been retroactively adjusted to reflect these events.

Pursuant to a stock purchase agreement entered into as of December 19, 1997, the Company sold 8,048,032 shares of its common stock to Intel Corporation (Intel). The CMGI shares sold to Intel were priced at $1.359 per share, with proceeds to CMGI totaling approximately $10.9 million. On February 27,1998 the Company sold 5 million shares of its common stock to Sumitomo Corporation (Sumitomo). The CMGI shares sold to Sumitomo were priced at $2.00 per share, with proceeds to CMGI totaling approximately $10.0 million.

Effect of subsidiaries' equity transactions in fiscal 1998 relate to the issuance by Blaxxun Interactive, Inc. (Blaxxun) of common and preferred shares for total proceeds of $690,000, including $500,000 invested by the Company. As a result of the fiscal 1998 transactions, the Company's ownership in Blaxxun was reduced from 92% to 81%. An increase of approximately $3.1 million, net of deferred income taxes, has been recorded in the accompanying Consolidated Statements of Stockholders' Equity to reflect the increase in the Company's net equity in Blaxxun as a result of this transaction.

Effect of subsidiaries' equity transactions during fiscal 1999 primarily related to equity transactions of NaviSite and Engage, prior to its initial public offering. In June 1999, NaviSite completed a private equity placement of approximately 4.2 million preferred shares at $3.70 per share, raising net proceeds to NaviSite of approximately $15.4 million. With this transaction, the Company's ownership in NaviSite was reduced from approximately 99% to 89%. An increase of approximately $7.9 million, net of deferred income taxes, has been recorded in the accompanying Consolidated Statements of Stockholders' Equity to reflect the increase in the Company's net equity in NaviSite as a result of NaviSite's private placement. During April 1999, Engage acquired I/PRO for consideration which included the issuance of 1 million shares of Engage common stock and Engage stock options valued at a total of approximately $10.2 million. As a result of the issuance, the Company's ownership in Engage was reduced from approximately 98% to 96%. An increase of approximately $4.7 million, net of deferred income taxes, has been recorded in the accompanying Consolidated Statement of Stockholders' Equity to reflect the increase in the Company's net equity in Engage as a result of this transaction.

Effect of subsidiaries' equity transactions during fiscal 2000 was primarily related to the equity transactions of Engage, AltaVista, CMGion and NaviSite. In April 2000, Engage completed its acquisition of Flycast and Adsmart from CMGI. As a result of this transaction, CMGI received approximately 64.3 million shares of Engage stock and the Company's ownership percentage in Engage increased from approximately 81% to 87%. A decrease of approximately $54.0 million has been recorded in the accompanying Consolidated Statements of Stockholders' Equity to reflect the decrease in the Company's net equity in Engage as a result of Engage's purchase of Flycast and Adsmart. In June 2000, CMGI invested $50.0 million in Engage in exchange for approximately 3.3 million shares of Engage common stock. As a result of the transaction, the Company's ownership percentage in Engage remained approximately 87%. A decrease of approximately $5.1 million has been recorded in the accompanying Consolidated Statements of Stockholders' Equity as a result of the transaction. During the third quarter of fiscal 2000, AltaVista acquired Raging Bull and Transium in exchange for AltaVista common stock. In addition, during the third quarter, AltaVista also issued shares of its stock to CMGI and Compaq to satisfy AltaVista's borrowings from CMGI and Compaq. As a result of these transactions, CMGI's ownership in AltaVista decreased

from approximately 82% to 78%. An increase of approximately $38.8 million has been recorded in the accompanying Consolidated Statements of Stockholders' Equity as a result of these transactions. During April and May fiscal 2000, CMGion completed a private placement of approximately 2.7 million preferred shares raising approximately $60.0 million in net proceeds. With these transactions, the Company's ownership percentage in CMGion decreased from 100% to approximately 85%. An increase of approximately $30.0 million, net of deferred income taxes, has been recorded in the accompanying Consolidated Statements of Stockholders' Equity as a result of CMGion's private placement of its stock. In May 2000, CMGI invested $50.0 million in NaviSite in exchange for approximately 981,000 shares of NaviSite common stock. As a result of the transaction, the Company's ownership percentage in NaviSite remained approximately 70%. A decrease of approximately $14.7 million, net of deferred income taxes, has been recorded in the accompanying Consolidated Statements of Stockholders' Equity as a result of the transaction.

During fiscal 2000, the Company completed stock exchanges with four companies. On November 29, 1999, the Company received approximately 448.3 million shares of PCCW common stock in exchange for approximately 8.2 million shares of CMGI common stock. On April 7, 2000, the Company received approximately 1.7 million shares of Netcentives common stock in exchange for approximately 425,000 shares of CMGI common stock. On May 19, 2000, the Company received approximately 8.0 million shares of Primedia, Inc. common stock in exchange for approximately 1.5 million shares of CMGI common stock. On July 18, 2000, the Company received approximately 1.7 million shares of divine common stock in exchange for approximately 372,000 shares of CMGI common stock.

(16) Stock Option Plans

The Company currently awards stock options under two plans: the 1986 Stock Option Plan (1986 Plan) and the 1999 Stock Option Plan For Non-Employee Directors (1999 Directors' Plan), which replaced the 1995 Directors' Plan (1995 Directors' Plan). Options under both plans are granted at fair market value on the date of the grant. Options granted under the 1986 Plan are generally exercisable in equal cumulative installments over a four-to-ten year period beginning one year after the date of grant. Options under the 1999 Directors' Plan become exercisable in five equal installments beginning immediately after each Annual Stockholders' Meeting following the date of grant.

In addition, the Company assumed several stock option plans of companies which were acquired during fiscal 2000. Options to purchase a total of approximately 10.2 million shares of CMGI common stock were assumed. The terms and conditions of these assumed options were consistent with the terms of the plans under which they were initially granted by the acquired companies.

Under the 1986 Plan, non-qualified stock options or incentive stock options may be granted to the Company's or its subsidiaries' employees, as defined. The Board of Directors administers this plan, selects the individuals to whom options will be granted, and determines the number of shares and exercise price of each option. Outstanding options under the 1986 Plan at July 31, 2000 expire through 2005. The maximum number of the Company's common shares available under the 1986 Plan is 56,000,000 shares. The number of shares reserved for issuance pursuant to the 1986 Plan is reduced by the number of shares issued under the Company's 1995 Employee Stock Purchase Plan (see note 17).

During fiscal 2000, the 1999 Directors' Plan replaced the Company's 1995 Directors' Plan, however, all outstanding options under the 1995 Directors' Plan remained in effect. Options under the plans are granted at fair market value on the date of the grant. Options under the 1995 Directors' Plan were amended in fiscal year 2000 to provide that all options previously granted under the plan vest monthly for the remainder of the five-year vesting term (in contrast to the previous vesting schedule which consisted of five annual 20% installments). Options under the 1999 Directors' Plan are exercisable as to 1/48th of the number of shares of Common Stock originally subject to the option on each monthly anniversary of the date of grant, provided that the optionee serves as a director on such monthly anniversary date. Outstanding options under the 1995 Directors' Plan and the 1999 Directors' Plan at July 31, 2000 expire through 2010.

Pursuant to the 1995 Directors' Plan, 4,512,000 shares of the Company's common stock were initially reserved. Under the 1995 Directors' Plan, options for 752,000 shares were to be granted to each Director who is neither an officer or full time employee of the Company, nor an affiliate of an institutional investor which owns shares of common stock of the Company. Options were granted to existing Directors with five years of continuous service at the date the Plan was adopted, and were granted to subsequent Directors at the time of election to the Board.

The 1999 Directors' Plan, approved in fiscal year 2000, replaces the Company's 1995 Directors' Plan. No further option grants shall be made under the 1995 Directors' Plan, however, all outstanding options under the 1995 Directors' Plan remain in effect. Pursuant to the 1999 Directors' Plan, 2,000,000 shares of the Company's common stock were initially reserved. Each eligible director who is elected to the Board for the first time will be granted an option to acquire 96,000 shares of Common Stock (the "Initial Option"). Each Affiliated Director who ceases to be an Affiliated Director and is not otherwise an employee of the Company or any of its subsidiaries or affiliates will be granted, on the date such director ceases to be an Affiliated Director but remains as a member of the

Board of Directors, an Initial Option to acquire 96,000 shares of Common Stock under the plan. Each Initial Option will vest and become exercisable as to 1/48th of the number of shares of Common Stock originally subject to the option on each monthly anniversary of the date of grant, provided that the optionee serves as a director on such monthly anniversary date. On each anniversary of the grant of the Initial Option to an eligible director, each eligible director will automatically be granted an option to purchase 24,000 shares of Common Stock (an "Annual Option"), provided that such eligible director serves as a director on the applicable anniversary date. In addition, each eligible director who received an option under the 1995 Directors' Plan will receive an Annual Option on the second anniversary of the date on which such option was granted, and on each subsequent anniversary date thereof, provided that the optionee serves as a director on the applicable anniversary date. Each Annual Option will vest and become exercisable on a monthly basis as to 1/12th of the number of shares originally subject to the option commencing on the 37th month after the grant date, provided that the optionee then serves as a director on such monthly anniversary date.

The status of the plans during the three fiscal years ended July 31, 2000, was as follows:

	2000		1999		1998	
(in thousands, except exercise price data)	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Options outstanding, beginning of year	20,829	$ 7.29	17,819	$ 1.11	15,483	$0.48
Granted	23,727	40.63	7,378	18.97	7,050	2.17
Exercised	(8,152)	4.43	(3,781)	1.55	(3,812)	0.61
Canceled	(2,477)	28.46	(587)	3.08	(902)	0.73
Options outstanding, end of year	33,927	$30.09	20,829	$ 7.29	17,819	$1.11
Options exercisable, end of year	8,974	$10.21	5,993	$ 0.41	5,170	$0.31
Options available for grant, end of year	8,713		20,936		7,836	

Included in the options granted during fiscal year 2000 are approximately 10.2 million shares assumed from acquired companies.

The following table summarizes information about the Company's stock options outstanding at July 31, 2000:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Number of shares	Weighted average remaining contractual life	Weighted average exercise price	Number of shares	Weighted average exercise price
(number of shares in thousands)					
$ 0.07 - $ 1.34	7,080	3.5 years	$ 0.41	4,238	$ 0.40
$ 1.35 - $ 3.94	3,448	4.3	2.05	1,683	2.09
$ 5.00 - $ 12.95	4,592	4.5	6.18	1,439	6.56
$ 14.31 - $ 28.87	2,165	5.6	23.00	896	21.89
$ 29.23 - $ 42.94	8,465	4.7	40.70	74	37.05
$ 43.13 - $ 69.50	6,011	5.2	55.87	445	57.00
$ 70.14 - $ 105.94	559	6.3	87.53	20	85.94
$ 106.07 - $ 119.94	986	4.8	113.36	30	111.36
$ 120.81 - $ 195.97	581	6.0	140.14	103	134.94
$ 221.65 - $ 510.13	40	6.6	256.12	41	256.12
	33,927	4.6 years	$ 30.09	8,969	$ 10.21

SFAS No. 123 sets forth a fair-value based method of recognizing stock-based compensation expense. As permitted by SFAS No. 123, the Company has elected to continue to apply APB No. 25 to account for its stock-based compensation plans. Had compensation cost for awards in fiscal 1998, 1997 and 1996 under the Company's stock-based compensation plans been determined based on the fair value method set forth under SFAS No. 123, the pro forma effect on the Company's net income (loss) and earnings (loss) per share would have been as follows:

(in thousands, except per share data)	Years Ended July 31, 2000	1999	1998
Pro forma net income (loss)	$(2,108,145)	$ 454,631	$28,604
Pro forma net income (loss) per share:			
Basic	$ (8.06)	$ 2.44	$ 0.17
Diluted	$ (8.06)	$ 2.20	$ 0.16

The fair value of each stock option grant has been estimated on the date of grant using the Black-Scholes option pricing model, assuming no expected dividends and the following weighted average assumptions:

	Years Ended July 31, 2000	1999	1998
Volatility	103.4%	97.3%	90.1%
Risk-free interest rate	6.3%	5.7%	5.5%
Expected life of options (in years)	3.1	3.1	4.2

The weighted average fair value per share of options granted during fiscal years 2000, 1999 and 1998 was $33.89, $13.01 and $1.46, respectively.

The effect of applying SFAS No. 123 as shown in the above pro forma disclosure is not likely to be representative of the pro forma effect on reported income or loss for future years as SFAS No. 123 does not apply to awards made prior to fiscal 1996.

(17) Employee Stock Purchase Plan

On October 4, 1994, the Board of Directors of the Company adopted the 1995 Employee Stock Purchase Plan (the Plan). The purpose of the Plan is to provide a method whereby all eligible employees of the Company and its subsidiaries may acquire a proprietary interest in the Company through the purchase of shares of common stock. Under the Plan, employees may purchase the Company's common stock through payroll deductions.

At the beginning of each of the Company's fiscal quarters, commencing with February 1, 1995, participants are granted an option to purchase shares of the Company's common stock at an option price equal to 85% of the fair market value of the Company's common stock on either the first business day or last business day of the applicable quarterly period, whichever is lower.

Employees purchased 118,719, 109,060, and 132,784 shares of common stock of the Company under the Plan during fiscal years 2000, 1999 and 1998, respectively.

(18) Income Taxes

The total income tax provision (benefit) was allocated as follows:

(in thousands)	Years Ended July 31, 2000	1999	1998
Income from continuing operations	$(121,173)	$325,402	$31,555
Discontinued operations	--	37,240	3,240
Unrealized holding gain included in comprehensive income, but excluded from net income	167,020	215,835	--
Subsidiaries' equity transactions charged directly to stockholders' equity	(43,230)	4,538	1,297
Compensation expense for tax purposes in excess of amounts recognized for financial reporting purposes charged directly to stockholders' equity	(189,943)	(43,202)	(3,114)
Total tax provision (benefit)	$(187,326)	$539,813	$32,978

The income tax expense (benefit) from continuing operations consists of the following:

(in thousands)	Current	Deferred	Total
July 31, 1998:			
Federal	$ 17,229	$ 7,424	$ 24,653
State	10,120	(3,218)	6,902
	$ 27,349	$ 4,206	$ 31,555
July 31, 1999:			
Federal	$ 7,262	$ 237,980	$ 245,242
State	5,695	74,465	80,160
	$ 12,957	$ 312,445	$ 325,402
July 31, 2000:			
Federal	$137,197	$(209,903)	$ (72,706)
State	22,080	(70,547)	(48,467)
	$159,277	$(280,450)	$(121,173)

Deferred income tax assets and liabilities have been classified on the accompanying Consolidated Balance Sheets in accordance with the nature of the item giving rise to the temporary differences. The components of deferred tax assets and liabilities are as follows:

	July 31, 2000			July 31, 1999		
(in thousands)	Current	Non-current	Total	Current	Non-current	Total
Deferred tax assets:						
Accruals and reserves	$ 185,924	$ --	$ 185,924	$ 10,765	$ --	$ 10,765
Tax basis in excess of financial basis of available-for-sale securities	29,770	--	29,770	16,554	--	16,554
Tax basis in excess of financial basis of investments in subsidiaries and affiliates	--	31,353	31,353	--	8,879	8,879
Net operating loss carryforwards of acquired subsidiaries	--	208,124	208,124	--	12,865	12,865
Tax basis in excess of financial basis for intangible assets	--	144,588	144,588		--	--
Total gross deferred tax assets	215,694	384,065	599,759	27,319	21,744	49,063
Less: valuation allowance	(110,682)	(331,298)	(441,980)	(1,733)	(19,977)	(21,710)
Net deferred tax assets	105,012	52,767	157,779	25,586	1,767	27,353
Deferred tax liabilities:						
Financial basis in excess of tax basis of investments in subsidiaries and affiliates	--	(17,536)	(17,536)	--	(36,798)	(36,798)
Financial basis in excess of tax basis of available-for-sale securities	(497,352)	--	(497,352)	(533,934)	--	(533,934)
Tax basis in excess of financial basis for intangible assets and fixed assets	--	(96,596)	(96,596)	--	(109)	(109)
Total gross deferred tax liabilities	(497,352)	(114,132)	(611,484)	(533,934)	(36,907)	(570,841)
Net deferred tax asset (liability)	$(392,340)	$ (61,365)	$(453,705)	$(508,348)	$(35,140)	$(543,488)

Subsequently reported tax benefits relating to the valuation allowance for deferred tax assets as of July 31, 2000 and July 31, 1999 will be allocated as follows:

	July 31, 2000	July 31, 1999
(in thousands)		
Income tax benefit recognized in the Consolidated Statements of Operations	$271,968	$ 8,173
Goodwill and other intangible assets	105,988	13,537
Accumulated other comprehensive income	64,024	--
	$441,980	$21,710

The net change in the total valuation allowance for the year ended July 31, 2000 was an increase of $420.2 million. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is more likely than not the Company will realize the benefits of these deductible differences, net of the existing valuation allowance at July 31, 2000.

The Company has net operating loss carryforwards for federal and state tax purposes of approximately $543.2 million and 367.2 million, of which, approximately $316.4 million and $187.5 million, respectively, are attributable to majority-owned subsidiaries not included in the Company's consolidated tax return group. The federal net operating losses will expire from 2009 through 2020 and the state net operating losses will expire from 2001 through 2015. In addition, approximately $156.8 million and $109.8 million of the federal and state net operating losses, respectively, are attributable to the pre-acquisition periods of acquired subsidiaries. The utilization of these net operating loss carryforwards may be limited pursuant to Internal Revenue Code Section 382 as a result of prior ownership changes.

Income tax expense attributable to income (loss) from continuing operations differs from the computed expense computed by applying the U.S. federal income tax rate of 35 percent to pre-tax income (loss) from continuing operations as a result of the following:

	Years Ended July 31,		
	2000	1999	1998
(in thousands)			
Computed "expected" tax expense (benefit)	$(520,035)	$262,236	$20,587
Increase (decrease) in income tax expense resulting from:			
Non-deductible goodwill amortization	250,797	5,316	859
Losses not benefited	144,393	(2,813)	2,465
Non-deductible in-process research and development charge related to acquisition of subsidiary	22,989	2,121	3,220
Utilization of research and development credits	--	--	(612)
State income taxes, net of federal benefit	(31,504)	52,104	4,486
Other	12,187	6,438	550
Actual income tax expense	$(121,173)	$325,402	$31,555

(19) Selected Quarterly Financial Information (unaudited)

The following table sets forth selected quarterly financial for the years ended July 31, 2000 and 1999. The operating results for any given quarter are not necessarily indicative of results for any future period. The Company's common stock is traded on the Nasdaq National Market System (NASDAQ/NMS) under the symbol CMGI. Included below are the high and low sales prices (adjusted for 2-for-1 stock splits effected on January 11, 1999, May 27, 1999 and January 11, 2000) during each quarterly period for the shares of common stock as reported by NASDAQ/NMS.

	Fiscal 2000 Quarter ended				Fiscal 1999 Quarter ended			
	Oct. 31	Jan. 31	Apr. 30	Jul. 31	Oct. 31	Jan. 31	Apr. 30	Jul. 31
(in thousands)								
Net revenue	$ 129,118	$ 158,540	$ 233,144	$ 377,248	$ 40,724	$ 41,043	$ 48,158	$ 56,464
Cost of revenue	113,560	126,820	188,318	308,566	38,942	39,192	46,670	54,749
Research and development expenses	20,188	31,424	49,671	52,691	5,308	5,194	5,008	6,743
In-process research and development expenses	--	4,717	41,220	19,746	--	--	4,500	1,561
Selling, general and administrative expenses	102,554	156,301	190,226	244,975	14,963	16,228	21,150	36,713
Amortization of intangible assets and stock based compensation	170,039	253,831	481,987	531,023	1,639	1,498	4,897	8,093
Operating loss	(277,223)	(414,553)	(718,278)	(779,753)	(20,128)	(21,069)	(34,067)	(51,395)
Interest income (expense), net	171	2,819	1,443	(19,529)	(509)	(417)	(210)	1,405
Non-operating gains, net	94,717	171,720	233,525	105,690	88,600	54,859	859	744,723
Equity in losses of affiliates	(1,796)	(3,633)	(10,290)	(36,167)	(3,359)	(6,189)	(3,553)	(2,636)
Minority interest	23,288	31,576	55,980	54,427	101	103	275	1,852
Income tax benefit (expense)	43,431	26,496	9,581	41,665	(26,316)	(14,138)	9,473	(294,421)
Income (loss) from continuing operations	(117,412)	(185,575)	(428,039)	(633,667)	38,389	13,149	(27,223)	399,528
Discontinued operations, net of income taxes	--	--	--	--	(131)	(148)	(527)	53,203
Net income (loss)	$(117,412)	$(185,575)	$(428,039)	$(633,667)	$ 38,258	$ 13,001	$(27,750)	$ 452,731
Market Price								
High	$57.59	$163.50	$151.50	$75.13	$11.25	$38.75	$82.50	$64.59
Low	$33.13	$48.09	$49.38	$33.56	$4.31	$7.27	$20.50	$35.75

(20) Subsequent Events

On August 18, 2000, the Company issued 312,547 shares of its common stock to Compaq as a semi-annual interest payment of approximately $11.5 million related to notes payable issued in the acquisition of AltaVista.

On August 25, 2000, the Company and Cable and Wireless plc, completed their previously agreed to exchange of stock. CMGI received 241,013,597 shares of PCCW stock in exchange for 13,413,816 shares of the CMGI's common stock.

On August 31, 2000, Engage acquired Space Media Holdings Limited (Space Media), an independent marketing network in Asia, in an all-stock transaction for approximately $64.5 million including acquisition costs of $400,000 and net cash acquired of $71,000. Engage expects to record goodwill for substantially the entire purchase price for Space Media. As part of this transaction, Engage issued approximately 6.1 million shares of its common stock. Approximately 915,493 shares are being held in escrow for a period of at least one year. These shares in escrow are intended to secure the obligations of the former Space Media stockholders to indemnify Engage under the acquisition agreement. In addition, 1,403,750 shares are being held in escrow to ensure the satisfaction of certain performance objectives by Space Media.

On September 11, 2000, Engage completed its acquisition of MediaBridge Technologies, Inc. (MediaBridge), a provider of closed-looped, targeted marketing systems for approximately $225.8 million including acquisition costs of approximately $482,000 and net of cash acquired of approximately $2.7 million. As part of this transaction, Engage issued approximately 11.7 million shares of its common stock to MediaBridge shareholders and approximately 2.5 million Engage stock options to the MediaBridge employees. Ten percent of the shares issued are subject to an escrow period of one year to secure certain indemnification obligations of the MediaBridge shareholders. Engage expects to allocate the majority of the purchase price to goodwill and other intangible assets.

On September 30, 2000, the Company issued 7,250,615 shares of its common stock as payment of principal and interest totaling approximately $249.8 million related to notes payable that had been issued in the Company's acquisition of Tallan.

In September 2000, CMGI announced that it will be merging CMGI@Ventures IV, the B2B Fund and the Tech Fund into a single evergreen fund called CMGI@Ventures IV.

On October 11, 2000, CMGI contributed AdForce to CMGion, a majority-owned subsidiary of CMGI. Upon completion of the transaction, AdForce became a wholly-owned subsidiary of CMGion, whose results are reported in the Infrastructure and Enabling Technologies business segment. In fiscal year 2000, AdForce's operating results were reported in the Interactive Marketing business segment. Beginning with the date of contribution, AdForce's results will be reported in the Infrastructure and Enabling Technologies segment.

On October 18, 2000, the Board of Directors approved, subject to stockholder approval, the 2000 Stock Incentive Plan, which reserves 15.5 million shares of common stock available for future issuance under the plan. The 2000 Stock Incentive Plan is intended to replace the Company's 1986 Stock Option Plan, however all outstanding options under the 1986 plan shall remain in effect.

During the period from August 1, 2000 through October 27, 2000, the Company sold the following shares of stock in transactions on the open market: approximately 8.4 million shares of Lycos for proceeds of $394.7 million; approximately 241.0 million shares of PCCW for proceeds of $190.2 million; approximately 1.3 million shares of Critical Path for proceeds of $72.8 million; and approximately 3.7 shares of Kana Communications, Inc. for proceeds of $137.6 million.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
CMGI, Inc.:

We have audited the accompanying consolidated balance sheets of CMGI, Inc. and subsidiaries as of July 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the years in the three-year period ended July 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of CMGI, Inc. and subsidiaries as of July 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Boston, Massachusetts
September 21, 2000, except as to Note 20,
which is as of October 27, 2000

EXHIBIT 21

SUBSIDIARIES OF CMGI, INC.
As of October 27, 2000

Name	Jurisdiction of Organization
Maktar Limited	Ireland
Lippri Limited	Ireland
CMGI EuroHolding Limited	England and Wales
CMGI (UK) Limited	England and Wales
CMGI Europe Limited	England and Wales
1stUp.com Corporation	Delaware
Activate.Net Corporation	Delaware
Activate.net Canada Corporation	Ontario, Canada
AltaVista Company	Delaware
Shopping.com	California
Transium Corporation	Delaware
Raging Bull, Inc.	Delaware
AltaVista Internet Holding Ltd.	Ireland
AltaVista Internet Operations Ltd.	Ireland
AltaVista Internet Solutions Limited	Ireland
AltaVista AB	Sweden
Cha! Technologies Services, Inc.	Delaware
ExchangePath, LLC	Delaware
Clara Vista Corporation	Virginia
CMG Securities Corporation	Massachusetts
CMG @ Ventures Capital Corporation	Delaware
CMG @ Ventures Securities Corporation	Delaware
CMG @ Ventures, Inc.	Delaware
CMG @ Ventures I, LLC	Delaware
CMG @ Ventures II, LLC	Delaware
CMG @ Ventures III, LLC	Delaware
CMG @ Ventures Expansion, LLC	Delaware
CMGI Solutions, Inc.	Delaware
CMGion, Inc.	Delaware
AdForce, Inc.	Delaware
ADTECH Advertising Service Providing GmbH	Germany
CMGion North America, Inc.	Delaware
CMGion Securities Corporation	Delaware
Fredmay Limited	Ireland
Alyked Limited	Ireland
Rayken Limited	Ireland
Engage, Inc.	Delaware
Engage Securities Corporation	Massachusetts
AdKnowledge Inc.	California
Focalink Communications Corp.	California
ADSmart Corporation	Delaware
Engage Acquisition Corp.	Cayman Islands
Space Media Holdings Limited	British Virgin Islands
Engage Australia Pty Limited	Australia

Engage Canada Holdings Corp.	Delaware
Engage Canada Company	Canada
Engage Canada Holdings II Corp.	Delaware
Engage France SAS	France
Engage Italia srl	Italy
Engage Sverige AB	Sweden

Name	Jurisdiction of Organization
Engage Technologies Japan	Japan
Engage Technologies Limited (UK)	England and Wales
Engage Technologies GmbH	Germany
Flycast Communications Corporation	Delaware
Interstep, Inc.	Massachusetts
Flycast Deutschland GmbH	Germany
Internet Profiles Corporation	California
MediaBridge Technologies, Inc.	Delaware
MediaBridge UK Limited	England and Wales
Midsystems UK Limited	England and Wales
Equilibrium Technologies, Inc.	Delaware
Green Witch, LLC	California
iCast Corporation	Delaware
iCast Comedy Corporation	Delaware
iCast Movies Corporation	Delaware
Shortbuzz LLC	Delaware
iCast Music Corporation	Delaware
Magnitude Network, Inc.	Delaware
Signatures SNI, Inc.	Delaware
Signatures Network, Inc.	Delaware
MyWay.com Corporation	Delaware
Zip2 Corp.	California
Nascent Technologies, Incorporated	Virginia
NaviPath, Inc.	Delaware
GeoDial Company	Canada
NaviSite, Inc.	Delaware
ClickHear, Inc.	Delaware
SalesLink Corporation	Delaware
Pacific Direct Marketing Corporation	California
SalesLink DE Mexico Holding Corp.	Delaware
SalesLink DE Mexico, S. DE R.L. DE C.V.	Mexico
InSolutions Incorporated	Delaware
TwinSolutions LLC	California
On-Demand Solutions, Inc.	Massachusetts
Tallan, Inc.	Delaware
uBid, Inc.	Delaware
Bondai Limited	Ireland
Brentgrove Limited	Ireland
yesmail.com, inc.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
CMGI, Inc.:

We consent to incorporation by reference in the registration statements No. 333-71863, No. 333-90587, No. 333-93005 and No. 333-44276 on Form S-3 and No. 33-86742, No. 333-06745, No. 333-91117, No. 333-93189, No. 333-94479, No. 333-94645, No. 333-95977 and No. 333-33864 on Form S-8 of CMGI, Inc. of our report dated September 21, 2000, except as to Note 20, which is as of October 27, 2000, relating to the consolidated balance sheets of CMGI, Inc. and subsidiaries as of July 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended July 31, 2000, and of our report dated September 21, 2000 relating to the consolidated financial statement schedule, which reports appear in the July 31, 2000 annual report on Form 10-K of CMGI, Inc.

/s/ KPMG LLP

Boston, Massachusetts
October 27, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS IN THE ANNUAL REPORT ON FORM 10-K OF CMGI, INC. FOR THE PERIOD ENDED JULY 31, 2000 AND JULY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETRY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

12-MOS	12-MOS
JUL-31-2000	JUL-31-1999
AUG-01-1999	AUG-01-1998
JUL-31-2000	JUL-31-1999
639,666	468,912
1,595,011	1,532,327
232,104	41,794
34,618	3,034
0	0
2,571,875	2,057,334
259,270	24,832
0	0
8,557,107	2,404,594
1,461,770	676,329
0	0
383,140	411,283
0	0
2,965	1,912
5,782,837	1,060,549
8,557,107	2,404,594
898,050	186,389
898,050	186,389
737,264	179,553
737,264	179,553
2,350,593	133,495
0	0
56,617	4,371
(1,485,866)	749,245
(121,173)	325,402
(1,364,693)	423,843
0	52,397
0	0
0	0
(1,364,693)	476,240
(5.26)	2.54
(5.26)	2.30