As filed with the Securities and Exchange Commission on January 26, 2010

Registration No. 333-163228

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

QuinStreet, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**7389**	**77-0512121**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

1051 East Hillsdale Blvd., Suite 800
Foster City, CA 94404
(650) 578-7700
(Address, including zip code and telephone number, of Registrant's principal executive offices)

Douglas Valenti
Chief Executive Officer and Chairman
1051 East Hillsdale Blvd., Suite 800
Foster City, CA 94404
(650) 578-7700
(Name, address, including zip code and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ☑ (Do not check if a smaller reporting company)	Smaller reporting company o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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SUBJECT TO COMPLETION. DATED JANUARY 26, 2010.

10,000,000 Shares

QUINSTREET

Common Stock

This is the initial public offering of our common stock. Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $17.00 and $19.00 per share.

We have applied to list our common stock on The NASDAQ Global Market under the symbol "QNST."

The underwriters have an option to purchase a maximum of 1,500,000 additional shares of common stock from us to cover over-allotments, if any.

Investing in our common stock involves risks. See "Risk Factors" beginning on page 11.

	Price to Public	Underwriting Discounts and Commissions	Proceeds, Before Expenses, to us
Per Share	$	$	$
Total	$	$	$

The underwriters have agreed to reimburse us for a portion of our out-of-pocket expenses.

Delivery of our shares of common stock will be made on or about , 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **BofA Merrill Lynch** **J.P. Morgan**

The date of this prospectus is , 2010.

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You should rely only on the information contained in this prospectus or contained in any free writing prospectus filed with the Securities and Exchange Commission, or SEC. Neither we nor the underwriters have authorized anyone to provide you with additional information or information different from that contained in this prospectus or in any free writing prospectus filed with the SEC. We are offering to sell, and seeking offers to buy, our common stock only in jurisdictions where such offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside of the United States.

Until , 2010 (25 days after commencement of this offering), all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before investing in our common stock, you should carefully read this entire prospectus, including our consolidated financial statements and the related notes and the information set forth under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case included elsewhere in this prospectus. Unless the context otherwise requires, we use the terms "QuinStreet," "company," "we," "us" and "our" in this prospectus to refer to QuinStreet, Inc. and, where appropriate, its subsidiaries.

QUINSTREET, INC.

Overview

QuinStreet is a leader in vertical marketing and media on the Internet. Vertical marketing and media are focused on matching targeted segments of visitors with groupings of clients and product offerings of probable interest to them. Vertical visitor segments are defined by factors such as life stage, life events, income, career status, and expressed intent to buy or research a particular product. This approach is in contrast to marketing and media that are focused on general consumer interests and mass market audiences. We have built a strong set of capabilities to engage Internet visitors with targeted media and to connect our marketing clients with their potential customers online. We focus on serving clients in large, information-intensive industry categories, or verticals, where relevant, targeted media and offerings help visitors make informed choices, find the products that match their needs, and thus become qualified customer prospects for our clients. Our current primary client verticals are the education and financial services industries. We also have a presence in the home services, business-to-business, or B2B, and healthcare industries.

We generate revenue by delivering measurable online marketing results to our clients. These results are typically in the form of qualified leads or clicks, the outcomes of customer prospects submitting requests for information on, or to be contacted regarding, client products, or their clicking on or through to specific client offers. These qualified leads or clicks are generated from our marketing activities on our websites or on third-party websites with whom we have relationships. Clients primarily pay us for leads that they can convert into customers, typically in a call center or through other offline customer acquisition processes, or for clicks from our websites that they can convert into applications or customers on their websites. We are predominantly paid on a negotiated or market-driven "per lead" or "per click" basis. Media costs to generate qualified leads or clicks are borne by us as a cost of providing our services.

Founded in 1999, we have been a pioneer in the development and application of measurable marketing on the Internet. Clients pay us for the actual opt-in actions by prospects or customers that result from our marketing activities on their behalf, versus traditional impression-based advertising and marketing models in which an advertiser pays for more general exposure to an advertisement. We have been particularly focused on developing and delivering measurable marketing results in the search engine "ecosystem", the entry point of the Internet for most of the visitors we convert into qualified leads or clicks for our clients. We own or partner with vertical content websites that attract Internet visitors from organic search engine rankings due to the quality and relevancy of their content to search engine users. We also acquire targeted visitors for our websites through the purchase of pay-per-click, or PPC, advertisements on search engines. We complement search engine companies by building websites with content and offerings that are relevant and responsive to their searchers, and by increasing the value of the PPC search advertising they sell by matching visitors with offerings and converting them into customer prospects for our clients.

Market Opportunity

Our clients are shifting more of their marketing budgets from traditional media channels such as direct mail, television, radio, and newspapers to the Internet because of increasing usage of the Internet by their potential customers. We believe that direct marketing is the most applicable and relevant marketing segment to us because it is targeted and measurable. According to the July 2009 research report, "Consumer Behavior Online: A 2009 Deep Dive," by Forrester Research, Americans spend 33% of their time with media on the

Internet, but online direct marketing was forecasted to represent only 16% of the $149 billion in total annual U.S. direct marketing spending in 2009, as reported by the Direct Marketing Association. The Internet is an effective direct marketing medium due to its targeting and measurability characteristics. If direct marketing budgets shift to the Internet in proportion to Americans' share of time spent with media on the Internet — from 16% to 33% of the $149 billion in total spending in 2009 — that could represent an increased market opportunity of $25 billion. In addition, as traditional media categories such as television and radio shift from analog to digital formats, they then become channels for the targeted and measurable marketing techniques and capabilities we have developed for the Internet, thus expanding our addressable market opportunity. Further future market potential may also come from international markets.

Our Business Model

We deliver cost-effective marketing results to our clients, predictably and scalably, most typically in the form of a qualified lead or click. These leads or clicks can then convert into a customer or sale for the client at a rate that results in an acceptable marketing cost to them. We get paid by clients primarily when we deliver qualified leads or clicks as defined in our agreements with them. Because we bear the costs of media, our programs must deliver a value to our clients and a media yield, or our ability to generate an acceptable margin on our media costs, that provides a sound financial outcome for us. Our general process is:

- We own or access targeted media.
- We run advertisements or other forms of marketing messages and programs in that media to create visitor responses or clicks through to client offerings.
- We match these responses or clicks to client offerings or brands that meet visitor interests or needs, converting visitors into qualified leads or clicks.
- We optimize client matches and media yield such that we achieve desired results for clients and a sound financial outcome for us.

Our Competitive Advantages

Our competitive advantages include:

- Vertical focus and expertise
- Measurable marketing experience and expertise
- Targeted media
- Proprietary technology
- Client relationships
- Client-driven online marketing approach
- Acquisition strategy and success
- Scale

Our Strategy

We believe that we are in the early stages of a very large and long-term business opportunity. Our strategy for pursuing this opportunity includes the following key components:

- Focus on generating sustainable revenues by providing measurable value to our clients.
- Build QuinStreet and our industry sustainably by behaving ethically in all we do and by providing quality content and website experiences to Internet visitors.
- Remain vertically focused, choosing to grow through depth, expertise and coverage in our current industry verticals; enter new verticals selectively over time, organically and through acquisitions.
- Build a world class organization, with best-in-class capabilities for delivering measurable marketing results to clients and high yields or returns on media costs.

- Develop and evolve the best technologies and platform for managing vertical marketing and media on the Internet; focus on technologies that enhance media yield, improve client results and achieve scale efficiencies.
- Build, buy and partner with vertical content websites that provide the most relevant and highest quality visitor experiences in the client and media verticals we serve.
- Be a client-driven organization; develop a broad set of media sources and capabilities to reliably meet client needs.

Recent Developments (Unaudited)

Our consolidated financial statements for the quarter ended December 31, 2009, our second fiscal quarter, are not yet available. Our expectations with respect to our unaudited results for the period discussed below are based upon management estimates and are the responsibility of management. Our independent registered public accounting firm has not audited, reviewed or performed any procedures with respect to these preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect thereto. This summary is not meant to be a comprehensive statement of our unaudited financial results for this period and our actual results may differ from these estimates.

We are providing the following preliminary results as of and for the quarter ended December 31, 2009:

- Net revenue of approximately $76 million;
- Net income of approximately $2 million;
- Cash and cash equivalents of approximately $34 million; and
- Total debt of approximately $107 million.

Other Financial Data. For the quarter ended December 31, 2009, estimated Adjusted EBITDA was approximately $15 million. We define Adjusted EBITDA as net income less interest and other income plus interest and other expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain.

Net Revenue

We expect our net revenue for the quarter ended December 31, 2009 to be approximately $76 million, which is an increase of approximately $17 million as compared to net revenue of $59.2 million for the quarter ended December 31, 2008 and a decrease of approximately $3 million as compared to net revenue of $78.6 million for the previous sequential quarter ended September 30, 2009. The primary reasons for the increase versus the comparable quarter in fiscal 2009 are an increase in net revenue from our financial services client vertical and, to a lesser degree, an increase in net revenue from our education client vertical. The primary reasons for the decrease versus the previous sequential quarter were a decrease in net revenue from our education client vertical revenue due to typical seasonality, as described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Trends Affecting our Business — Seasonality”, partially offset by an increase in net revenue from our financial services client vertical due to organic growth.

Adjusted EBITDA

Our use of Adjusted EBITDA. We include Adjusted EBITDA in this prospectus for a number of reasons as described in “Summary Consolidated Financial Data — Adjusted EBITDA.” Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP; limitations of our use of Adjusted EBITDA as an analytical tool are described in “Summary Consolidated Financial Data — Adjusted EBITDA.”

Reconciliation of Adjusted EBITDA to Net Income. For the quarter ended December 31, 2009, our estimated net income was approximately $2 million. In order to arrive at our estimated Adjusted EBITDA of approximately $15 million for this period, we added to our estimated net income our estimated interest and other income (expense), net of approximately $1 million, estimated provision for taxes of approximately $2 million, estimated depreciation and amortization of approximately $5 million, and estimated stock-based compensation expense of approximately $5 million.

Risks Associated with Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "Risk Factors" immediately following this prospectus summary, that primarily represent challenges we face in connection with the successful implementation of our strategy and the growth of our business. We operate in an immature industry and have a rapidly-evolving business model, which make it difficult to predict our future operating results. In addition, we expect a number of factors to cause our operating results to fluctuate on a quarterly and annual basis, which may make it difficult to predict our future performance.

Corporate Information

We incorporated in California in April 1999. We reincorporated in Delaware in December 2009. Our principal executive offices are located at 1051 East Hillsdale Blvd., Suite 800, Foster City, California 94404, and our telephone number is (650) 578-7700. Our website address is www.quinstreet.com. We do not incorporate the information on or accessible through our website into this prospectus, and you should not consider any information on, or that can be accessed through, our website as part of this prospectus, and investors should not rely on any such information in deciding whether to purchase our common stock. QuinStreet®, the QuinStreet logo design and other trademarks or service marks of QuinStreet appearing in this prospectus are the property of QuinStreet. This prospectus also contains trademarks and trade names of other businesses that are the property of their respective holders.

THE OFFERING

Common stock offered by QuinStreet	10,000,000 shares
Common stock to be outstanding after this offering	44,912,597 shares
Over-allotment option	1,500,000 shares
Use of proceeds	We expect the net proceeds to us from this offering, after deduction of the estimated underwriting discounts and commissions and estimated offering expenses, to be approximately $165.1 million at an assumed initial public offering price of $18.00 per share. We intend to use the net proceeds from this offering for working capital, capital expenditures and other general corporate purposes. We may also use a portion of the net proceeds to repay debt or to acquire other businesses, products or technologies. See "Use of Proceeds."
Dividend policy	We do not intend to pay cash dividends on our common stock for the foreseeable future.
Risk factors	See "Risk Factors" beginning on page 11 and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding whether to purchase shares of our common stock.
Proposed NASDAQ Global Market symbol	QNST
Financial advisor	Qatalyst Partners LP is acting as our financial advisor in connection with this offering. Qatalyst's services consist of (i) analyzing our business, condition and financial position, (ii) preparing and implementing a plan for identifying and selecting appropriate participants in the underwriting syndicate, (iii) evaluating proposals that were received from potential underwriters, (iv) negotiating on our behalf the key terms of any contractual arrangements with members of the underwriting syndicate, and (v) determining various offering logistics. Qatalyst is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Qatalyst will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

The number of shares of common stock to be outstanding after this offering is based on 34,912,597 shares of common stock outstanding as of December 31, 2009, and excludes:

- an aggregate of 11,504,767 shares of common stock issuable upon the exercise of outstanding stock options as of December 31, 2009 pursuant to our 2008 Equity Incentive Plan and having a weighted-average exercise price of $9.3429 per share;
- an aggregate of 587,717 additional shares of common stock reserved for future issuance under our 2008 Equity Incentive Plan as of December 31, 2009; provided, however, that immediately upon the execution and delivery of the underwriting agreement for this offering, our 2008 Equity Incentive Plan will terminate so that no further awards may be granted under our 2008 Equity Incentive Plan and the shares then remaining and reserved for future issuance under our 2008 Equity Incentive Plan shall become reserved for issuance under our 2010 Equity Incentive Plan; and

- the shares reserved for future issuance under our 2010 Equity Incentive Plan and up to 300,000 additional shares of common stock reserved for future issuance under our 2010 Non-Employee Directors' Stock Award Plan, as well as any automatic increases in the number of shares of common stock reserved for future issuance under each of these benefit plans, which will become effective immediately upon the execution and delivery of the underwriting agreement for this offering.

Unless we specifically state otherwise, the share information in this prospectus is as of December 31, 2009 and reflects or assumes:

- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of 21,176,533 shares of common stock effective immediately prior to the closing of this offering;
- that our amended and restated certificate of incorporation, which we will file in connection with the completion of this offering, is in effect; and
- no exercise of the underwriters' over-allotment option to purchase up to an additional 1,500,000 shares of common stock from us.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table summarizes our consolidated financial data. We have derived the following summary of our consolidated statements of operations data for the fiscal years ended June 30, 2007, 2008 and 2009 from our audited consolidated financial statements appearing elsewhere in this prospectus. The consolidated statements of operations data for the three months ended September 30, 2008 and 2009 and consolidated balance sheet data as of September 30, 2009 have been derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that should be expected in the future and our interim results are not necessarily indicative of the results that should be expected for the full fiscal year. The summary of our consolidated financial data set forth below should be read together with our consolidated financial statements and the related notes to those statements, as well as the sections titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," appearing elsewhere in this prospectus.

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
	(In thousands, except per share data)				
Consolidated Statements of Operations Data:					
Net revenue	$ 167,370	$ 192,030	$ 260,527	$ 63,678	$ 78,552
Cost of revenue(1)	108,945	130,869	181,593	45,281	55,047
Gross profit	58,425	61,161	78,934	18,397	23,505
Operating expenses:(1)					
Product development	14,094	14,051	14,887	3,757	4,470
Sales and marketing	8,487	12,409	16,154	4,259	3,625
General and administrative	11,440	13,371	13,172	3,736	3,441
Total operating expenses	34,021	39,831	44,213	11,752	11,536
Operating income	24,404	21,330	34,721	6,645	11,969
Interest and other income (expense), net	1,034	413	(3,538)	(622)	(619)
Income before income taxes	25,438	21,743	31,183	6,023	11,350
Provision for taxes	(9,828)	(8,876)	(13,909)	(2,719)	(4,837)
Net income	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
Basic:					
Less: 8% non-cumulative dividends on convertible preferred stock	(3,276)	(3,276)	(3,276)	(819)	(819)
Undistributed earnings allocated to convertible preferred stock	(7,690)	(5,925)	(8,599)	(1,527)	(3,487)
Net income attributable to common stockholders — basic	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Diluted:					
Net income attributable to common stockholders — basic	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Undistributed earnings re-allocated to common stock	522	360	399	77	188
Net income attributable to common stockholders — diluted	$ 5,166	$ 4,026	$ 5,798	$ 1,035	$ 2,395
Net income per share of common stock:					
Basic	$ 0.36	$ 0.28	$ 0.41	$ 0.07	$ 0.16
Diluted	$ 0.34	$ 0.26	$ 0.39	$ 0.07	$ 0.16
Weighted average shares used in computing basic net income per share	12,789	13,104	13,294	13,279	13,405
Weighted average shares used in computing diluted net income per share	15,263	15,325	14,971	15,131	15,381

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
	(In thousands, except per share data)				
Pro forma net income per share:					
Basic			$ 0.50		$ 0.19
Diluted			$ 0.48		$ 0.18
Weighted average shares used in computing pro forma basic net income per share			34,471		34,582
Weighted average shares used in computing pro forma diluted net income per share			36,148		36,558

(1) Includes stock-based compensation expense as follows:

Cost of revenue	$ 416	$1,112	$1,916	$470	$728
Product development	75	443	669	161	253
Sales and marketing	226	581	1,761	416	507
General and administrative	1,354	1,086	1,827	351	741

	September 30, 2009	
	Actual	Pro Forma as Adjusted(1)
	(In thousands)	
Consolidated Balance Sheets Data:		
Cash and cash equivalents	$ 28,095	$193,161
Working capital	19,942	185,008
Total assets	235,410	400,476
Total liabilities	110,284	110,284
Total debt	66,177	66,177
Total stockholders’ equity	81,723	290,192

(1) The pro forma as adjusted consolidated balance sheet data gives effect to the conversion of all outstanding shares of convertible preferred stock into shares of common stock effective immediately prior to the closing of this offering and to the sale of 10,000,000 shares of our common stock in this offering at an assumed initial public offering price of $18.00 per share, the midpoint of the range reflected on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Each $1.00 increase (decrease) in the assumed initial public offering price of $18.00 per share would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders’ equity by $9.3 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders’ equity by $16.7 million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing.

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
			(In thousands)		
Consolidated Statements of Cash Flows Data:					
Net cash provided by (used in) operating activities	$25,197	$24,751	$32,570	$ (261)	$11,808
Depreciation and amortization	9,637	11,727	15,978	4,114	3,952
Capital expenditures	2,030	2,177	1,347	504	443

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
			(In thousands)		
Other Financial Data:					
Adjusted EBITDA(1)	$36,112	$36,279	$56,872	$12,157	$18,150

(1) We define Adjusted EBITDA as net income less interest income plus interest expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain. Please see "— Adjusted EBITDA" for more information and for a reconciliation of Adjusted EBITDA to our net income calculated in accordance with U.S. generally accepted accounting principles, or GAAP.

Adjusted EBITDA

We include Adjusted EBITDA in this prospectus because (i) we seek to manage our business to a consistent level of Adjusted EBITDA as a percentage of net revenue, (ii) it is a key basis upon which our management assesses our operating performance, (iii) it is one of the primary metrics investors use in evaluating Internet marketing companies, (iv) it is a factor in the evaluation of the performance of our management in determining compensation, and (v) it is an element of certain maintenance covenants under our debt agreements. We define Adjusted EBITDA as net income less interest income plus interest expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain.

We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or fluctuations in permanent differences or discrete quarterly items) and the impact of depreciation and amortization expense on definite-lived intangible assets. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incentivize and compensate our management personnel and in evaluating acquisition opportunities.

In addition, we believe Adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties in our industry as a measure of financial performance and debt-service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures for capital equipment or other contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;

- Adjusted EBITDA does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does not reflect certain tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA measures differently, which reduces their usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. When evaluating our performance, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net income and our other GAAP results.

The following table presents a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure, for each of the periods indicated:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
			(In thousands)		
Reconciliation of Adjusted EBITDA to net income:					
Net income	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
Interest and other income (expense), net	(1,034)	(413)	3,538	622	619
Provision for taxes	9,828	8,876	13,909	2,719	4,837
Depreciation and amortization	9,637	11,727	15,978	4,114	3,952
Stock-based compensation expense	2,071	3,222	6,173	1,398	2,229
Adjusted EBITDA	$ 36,112	$ 36,279	$ 56,872	$ 12,157	$ 18,150

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before you invest in our common stock, you should be aware that our business faces numerous financial and market risks, including those described below, as well as general economic and business risks. The following discussion provides information concerning the material risks and uncertainties that we have identified and believe may adversely affect our business, financial condition and results of operations. Before you decide whether to invest in our common stock, you should carefully consider these risks and uncertainties, together with all of the other information included in this prospectus.

Risks Related to Our Business and Industry

We operate in an immature industry and have a relatively new business model, which makes it difficult to evaluate our business and prospects.

We derive nearly all of our revenue from the sale of online marketing and media services, which is an immature industry that has undergone rapid and dramatic changes in its short history. The industry in which we operate is characterized by rapidly-changing Internet media, evolving industry standards, and changing user and client demands. Our business model is also evolving and is distinct from many other companies in our industry, and it may not be successful. As a result of these factors, the future revenue and income potential of our business is uncertain. Although we have experienced significant revenue growth in recent periods, we may not be able to sustain current revenue levels or growth rates. Any evaluation of our business and our prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in an immature industry with an evolving business model such as ours. Some of these risks and uncertainties relate to our ability to:

- maintain and expand client relationships;
- sustain and increase the number of visitors to our websites;
- sustain and grow relationships with third-party website publishers and other sources of web visitors;
- manage our expanding operations and implement and improve our operational, financial and management controls;
- raise capital at attractive costs, or at all;
- acquire and integrate websites and other businesses;
- successfully expand our footprint in our existing client verticals and enter new client verticals;
- respond effectively to competition and potential negative effects of competition on profit margins;
- attract and retain qualified management, employees and independent service providers;
- successfully introduce new processes and technologies and upgrade our existing technologies and services;
- protect our proprietary technology and intellectual property rights; and
- respond to government regulations relating to the Internet, personal data protection, email, software technologies and other aspects of our business.

If we are unable to address these risks, our business, results of operations and prospects could suffer.

If we do not effectively manage our growth, our operating performance will suffer and we may lose clients.

We have experienced rapid growth in our operations and operating locations, and we expect to experience continued growth in our business, both through acquisitions and internal growth. This growth has placed, and will continue to place, significant demands on our management and our operational and financial infrastructure. In particular, continued rapid growth and acquisitions may make it more difficult for us to accomplish the following:

- successfully scale our technology to accommodate a larger business and integrate acquisitions;
- maintain our standing with key vendors, including Internet search companies and third-party website publishers;

- maintain our client service standards; and
- develop and improve our operational, financial and management controls and maintain adequate reporting systems and procedures.

In addition, our personnel, systems, procedures and controls may be inadequate to support our future operations. The improvements required to manage our growth will require us to make significant expenditures, expand, train and manage our employee base and allocate valuable management resources. If we fail to effectively manage our growth, our operating performance will suffer and we may lose clients, third-party website publishers and key personnel.

We depend upon Internet search companies to attract a significant portion of the visitors to our websites, and any change in the search companies' search algorithms or perception of us or our industry could result in our websites being listed less prominently in either paid or algorithmic search result listings, in which case the number of visitors to our websites and our revenue could decline.

We depend in significant part on various Internet search companies, such as Google, Microsoft and Yahoo!, and other search websites to direct a significant number of visitors to our websites to provide our online marketing services to our clients. Search websites typically provide two types of search results, algorithmic and paid listings. Algorithmic, or organic, listings are determined and displayed solely by a set of formulas designed by search companies. Paid listings can be purchased and then are displayed if particular words are included in a user's Internet search. Placement in paid listings is generally not determined solely on the bid price, but also takes into account the search engines' assessment of the quality of website featured in the paid listing and other factors. We rely on both algorithmic and paid search results, as well as advertising on other websites, to direct a substantial share of the visitors to our websites.

Our ability to maintain the number of visitors to our websites from search websites and other websites is not entirely within our control. For example, Internet search websites frequently revise their algorithms in an attempt to optimize their search result listings or to maintain their internal standards and strategies. Changes in the algorithms could cause our websites to receive less favorable placements, which could reduce the number of users who visit our websites. We have experienced fluctuations in the search result rankings for a number of our websites. We may make decisions that are suboptimal regarding the purchase of paid listings or our proprietary bid management technologies may contain defects or otherwise fail to achieve their intended results, either of which could also reduce the number of visitors to our websites. We may also make decisions that are suboptimal regarding the placement of advertisements on other websites and pricing, which could increase our costs to attract such visitors or cause us to incur unnecessary costs. Our approaches may be deemed similar to those of our competitors and others in our industry that Internet search websites may consider to be unsuitable or unattractive. Internet search websites could deem our content to be unsuitable or below standards or less attractive or worthy than those of other or competing websites. In either such case, our websites may receive less favorable placement. Any reduction in the number of visitors to our websites would negatively affect our ability to earn revenue. If visits to our websites decrease, we may need to resort to more costly sources to replace lost visitors, and such increased expense could adversely affect our business and profitability.

Our future growth depends in part on our ability to identify and complete acquisitions.

Our growth over the past several years is in significant part due to the large number of acquisitions we have completed. Since the beginning of fiscal year 2007, we have completed over 100 acquisitions of third-party website publishing businesses and other businesses that are complementary to our own for an aggregate purchase price of approximately $189.5 million. We intend to pursue acquisitions of complementary businesses and technologies to expand our capabilities, client base and media. We have evaluated, and expect to continue to evaluate, a wide array of potential strategic transactions. However, we may not be successful in identifying suitable acquisition candidates or be able to complete acquisitions of such candidates. In addition, we may not be able to obtain financing on favorable terms, or at all, to fund acquisitions that we may wish to pursue.

Any acquisitions that we complete will involve a number of risks. If we are unable to address and resolve these risks successfully, such acquisitions could harm our business, results of operations and financial condition.

The anticipated benefit of any acquisitions that we complete may not materialize. In addition, the process of integrating acquired businesses or technologies may create unforeseen operating difficulties and expenditures. Some of the areas where we may face acquisition-related risks include:

- diversion of management time and potential business disruptions;
- expenses, distractions and potential claims resulting from acquisitions, whether or not they are completed;
- retaining and integrating employees from any businesses we may acquire;
- issuance of dilutive equity securities, incurrence of debt or reduction in cash balances;
- integrating various accounting, management, information, human resource and other systems to permit effective management;
- incurring possible impairment charges, contingent liabilities, amortization expense or write-offs of goodwill;
- difficulties integrating and supporting acquired products or technologies;
- unexpected capital expenditure requirements;
- insufficient revenue to offset increased expenses associated with acquisitions;
- underperformance problems associated with acquisitions; and
- becoming involved in acquisition-related litigation.

Foreign acquisitions would involve risks in addition to those mentioned above, including those related to integration of operations across different cultures and languages, currency risks and the particular economic, political, administrative and management, and regulatory risks associated with specific countries. We may not be able to address these risks successfully, or at all, without incurring significant costs, delay or other operating problems. Our inability to resolve such risks could harm our business and results of operations.

A substantial portion of our revenue is generated from a limited number of clients and, if we lose a major client, our revenue will decrease and our business and prospects would be adversely impacted.

A substantial portion of our revenue is generated from a limited number of clients. Our top three clients accounted for 32% and 28% of our net revenue for the fiscal year 2009 and the first three months of fiscal year 2010, respectively. Our clients can generally terminate their contracts with us at any time, with limited prior notice or penalty. DeVry Inc., our largest client, accounted for approximately 19% and 13% of our net revenue for fiscal year 2009 and the first three months of fiscal year 2010, respectively. DeVry has recently retained an advertising agency and has reduced its purchases of leads from us. DeVry and other clients may reduce their current level of business with us, leading to lower revenue. We expect that a limited number of clients will continue to account for a significant percentage of our revenue, and the loss of, or material reduction in, their marketing spending with us could decrease our revenue and harm our business.

We are dependent on two market verticals for a majority of our revenue.

To date, we have generated a majority of our revenue from clients in our education vertical. We expect that a majority of our revenue in fiscal year 2010 will be generated from clients in our education and financial services verticals. A downturn in economic or market conditions adversely affecting the education industry or the financial services industry would negatively impact our business and financial condition. Over the past year, education marketing spending has remained relatively stable, but this stability may not continue. Marketing budgets for clients in our education vertical are impacted by a number of factors, including the availability of student financial aid, the regulation of for-profit financial institutions and economic conditions. Over the past year, some segments of the financial services industry, particularly mortgages, credit cards and deposits, have seen declines in marketing budgets given the difficult market conditions. These declines may continue or worsen. In addition, the education and financial services industries are highly regulated. Changes in regulations or government actions may negatively impact our clients' marketing practices and budgets and, therefore, adversely affect our financial results.

The United States Higher Education Act, administered by the U.S. Department of Education, provides that to be eligible to participate in Federal student financial aid programs, an educational institution must enter into a program participation agreement with the Secretary of the Department of Education. The agreement includes a number of conditions with which an institution must comply to be granted initial and continuing eligibility to participate. Among those conditions is a prohibition on institutions providing any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments to any individual or entity engaged in recruiting or admission activities. The regulations promulgated under the Higher Education Act specify a number of types of compensation, or "safe harbors," that do not constitute incentive compensation in violation of this agreement. One of these safe harbors permits an institution to award incentive compensation for Internet-based recruitment and admission activities that provide information about the institution to prospective students, refer prospective students to the institution, or permit prospective students to apply for admission online. The U.S. Department of Education is currently engaged in a negotiated rulemaking process in which it has suggested repealing all existing safe harbors regarding incentive compensation in recruiting, including the Internet safe harbor. While we do not believe that compensation for services constitutes incentive compensation under the Higher Education Act, the elimination of the safe harbor could create uncertainty for our education clients and impact the way in which we are paid by our clients and, accordingly, could reduce the amount of net revenue we generate from the education client vertical.

In addition, some of our clients have had and may in the future have issues regarding their academic accreditation, which can adversely affect their ability to offer certain degree programs. If any of our significant education clients lose their accreditation, they may reduce or eliminate their marketing spending, which could adversely affect our financial results.

If we are unable to retain the members of our management team or attract and retain qualified management team members in the future, our business and growth could suffer.

Our success and future growth depend, to a significant degree, on the continued contributions of the members of our management team. Each member of our management team is an at-will employee and may voluntarily terminate his or her employment with us at any time with minimal notice. We also may need to hire additional management team members to adequately manage our growing business. We may not be able to retain or identify and attract additional qualified management team members. Competition for experienced management-level personnel in our industry is intense. Qualified individuals are in high demand, particularly in the Internet marketing industry, and we may incur significant costs to attract and retain them. If we lose the services of any of our senior managers or if we are unable to attract and retain additional qualified senior managers, our business and growth could suffer.

We need to hire and retain additional qualified personnel to grow and manage our business. If we are unable to attract and retain qualified personnel, our business and growth could be seriously harmed.

Our performance depends on the talents and efforts of our employees. Our future success will depend on our ability to attract, retain and motivate highly skilled personnel in all areas of our organization and, in particular, in our engineering/technology, sales and marketing, media, finance and legal/regulatory teams. We plan to continue to grow our business and will need to hire additional personnel to support this growth. We have found it difficult from time to time to locate and hire suitable personnel. If we experience similar difficulties in the future, our growth may be hindered. Qualified individuals are in high demand, particularly in the Internet marketing industry, and we may incur significant costs to attract and retain them. Many of our employees have also become, or will soon become, substantially vested in their stock option grants. Employees may be more likely to leave us following our initial public offering as a result of the establishment of a public market for our common stock. If we are unable to attract and retain the personnel we need to succeed, our business and growth could be harmed.

We depend on third-party website publishers for a significant portion of our visitors, and any decline in the supply of media available through these websites or increase in the price of this media could cause our revenue to decline or our cost to reach visitors to increase.

A significant portion of our revenue is attributable to visitors originating from advertising placements that we purchase on third-party websites. In many instances, website publishers can change the advertising inventory they make available to us at any time and, therefore, impact our revenue. In addition, website publishers may place significant restrictions on our offerings. These restrictions may prohibit advertisements from specific clients or specific industries, or restrict the use of certain creative content or formats. If a website publisher decides not to make advertising inventory available to us, or decides to demand a higher revenue share or places significant restrictions on the use of such inventory, we may not be able to find advertising inventory from other websites that satisfy our requirements in a timely and cost-effective manner. In addition, the number of competing online marketing service providers and advertisers that acquire inventory from websites continues to increase. Consolidation of Internet advertising networks and website publishers could eventually lead to a concentration of desirable inventory on a small number of websites or networks, which could limit the supply of inventory available to us or increase the price of inventory to us. We cannot assure you that we will be able to acquire advertising inventory that meets our clients' performance, price and quality requirements. If any of these things occur, our revenue could decline or our operating costs may increase.

We have incurred a significant amount of debt, which may limit our ability to fund general corporate requirements and obtain additional financing, limit our flexibility in responding to business opportunities and competitive developments and increase our vulnerability to adverse economic and industry conditions.

As of September 30, we had an outstanding term loan with a principal balance of approximately $27.8 million and a revolving credit facility pursuant to which we can borrow up to an additional $100.0 million. As of September 30, 2009, we had drawn $14.8 million from our revolving credit facility. In January 2010, we replaced our existing credit facility with a credit facility with a total borrowing capacity of $175.0 million. The new facility consists of a $35.0 million four-year term loan, with principal amortization of 10%, 15%, 35% and 40% annually, and a $140.0 million four-year revolving credit facility. As of September 30, we also had outstanding notes to sellers arising from numerous acquisitions in the total principal amount of $26.4 million. As a result of our debt:

- we may not have sufficient liquidity to respond to business opportunities, competitive developments and adverse economic conditions;
- we may not have sufficient liquidity to fund all of these costs if our revenue declines or costs increase; and
- we may not have sufficient funds to repay the principal balance of our debt when due.

Our debt obligations may also impair our ability to obtain additional financing, if needed. Our indebtedness is secured by substantially all of our assets, leaving us with limited collateral for additional financing. Moreover, the terms of our indebtedness restrict our ability to take certain actions, including the incurrence of additional indebtedness, mergers and acquisitions, investments and asset sales. In addition, even if we are able to raise needed equity financing, we are required to use a portion of the net proceeds of certain types of equity financings to repay the outstanding balance of our term loan. A failure to pay interest or indebtedness when due could result in a variety of adverse consequences, including the acceleration of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations under our credit facilities or repay the accelerated indebtedness or otherwise cover our costs.

The severe economic downturn in the United States poses additional risks to our business, financial condition and results of operations.

The United States has experienced, and is continuing to experience, a severe economic downturn. The credit crisis, deterioration of global economies, rising unemployment and reduced equity valuations all create risks that could harm our business. If macroeconomic conditions worsen, we are not able to predict the impact such worsening conditions will have on the online marketing industry in general, and our results of operations specifically. Clients in particular verticals such as financial services, particularly mortgage, credit cards and deposits, small- to medium-sized business customers and home services are facing very difficult conditions and their marketing spend has been negatively affected. These conditions could also damage our business opportunities in existing markets, and reduce our revenue and profitability. While the effect of these and related conditions poses widespread risk across our business, we believe that it may particularly affect our efforts in the mortgage, credit cards and deposits, small- to medium-sized business and home services verticals, due to reduced availability of credit for households and business and reduced household disposable income. Economic conditions may not improve or may worsen.

Our operating results have fluctuated in the past and may do so in the future, which makes our results of operations difficult to predict and could cause our operating results to fall short of analysts' and investors' expectations.

While we have experienced continued revenue growth, our prior quarterly and annual operating results have fluctuated due to changes in our business, our industry and the general economic climate. Similarly, our future operating results may vary significantly from quarter to quarter due to a variety of factors, many of which are beyond our control. Our fluctuating results could cause our performance to be below the expectations of securities analysts and investors, causing the price of our common stock to fall. Because our business is changing and evolving, our historical operating results may not be useful to you in predicting our future operating results. Factors that may increase the volatility of our operating results include the following:

- changes in demand and pricing for our services;
- changes in our pricing policies, the pricing policies of our competitors, or the pricing of Internet advertising or media;
- the addition of new clients or the loss of existing clients;
- changes in our clients' advertising agencies or the marketing strategies our clients or their advertising agencies employ;
- changes in the economic prospects of our clients or the economy generally, which could alter current or prospective clients' spending priorities, or could increase the time or costs required to complete sales with clients;
- changes in the availability of Internet advertising or the cost to reach Internet visitors;
- changes in the placement of our websites on search engines;
- the introduction of new product or service offerings by our competitors; and
- costs related to acquisitions of businesses or technologies.

Our quarterly revenue and operating results may fluctuate significantly from quarter to quarter due to seasonal fluctuations in advertising spending.

The timing of our revenue, particularly from our education client vertical, is affected by seasonal factors. For example, the first quarter of each fiscal year typically demonstrates seasonal strength and our second fiscal quarter typically demonstrates seasonal weakness. In our second fiscal quarter, our education clients often take fewer leads due to holiday staffing and lower availability of lead supply caused by higher media pricing for some forms of media during the holiday period, causing our revenue to be sequentially lower. Our fluctuating results could cause our performance to be below the expectations of securities analysts and investors, causing the price of our common stock to fall. To the extent our rate of growth slows, we expect that the seasonality in our business may become more apparent and may in the future cause our operating results to fluctuate to a greater extent.

We may need additional capital in the future to meet our financial obligations and to pursue our business objectives. Additional capital may not be available or may not be available on favorable terms and our business and financial condition could therefore be adversely affected.

While we anticipate the net proceeds of this offering, together with availability under our existing credit facility, cash balances and cash from operations, will be sufficient to fund our operations for at least the next 12 months, we may need to raise additional capital to fund operations in the future or to finance acquisitions. If we seek to raise additional capital in order to meet various objectives, including developing future technologies and services, increasing working capital, acquiring businesses and responding to competitive pressures, capital may not be available on favorable terms or may not be available at all. In addition, pursuant to the terms of our credit facility, we are required to use a portion of the net proceeds of any equity financing, other than this offering and any other public equity offerings, to repay the outstanding balance of our term loan. Lack of sufficient capital resources could significantly limit our ability to take advantage of business and strategic opportunities. Any additional capital raised through the sale of equity or debt securities with an equity component would dilute our stock ownership. If adequate additional funds are not available, we may be required to delay, reduce the scope of, or eliminate material parts of our business strategy, including potential additional acquisitions or development of new technologies.

If we fail to compete effectively against other online marketing and media companies and other competitors, we could lose clients and our revenue may decline.

The market for online marketing is intensely competitive. We expect this competition to continue to increase in the future. We perceive only limited barriers to entry to the online marketing industry. We compete both for clients and for limited high quality advertising inventory. We compete for clients on the basis of a number of factors, including return on marketing expenditures, price, and client service.

We compete with Internet and traditional media companies for a share of clients' overall marketing budgets, including:

- online marketing or media services providers such as Monster Worldwide in the education vertical and Bankrate in financial services;
- offline and online advertising agencies;
- major Internet portals and search engine companies with advertising networks such as Google, Yahoo!, MSN, and AOL;
- other online marketing service providers, including online affiliate advertising networks and industry-specific portals or lead generation companies;
- website publishers with their own sales forces that sell their online marketing services directly to clients;
- in-house marketing groups at current or potential clients;
- offline direct marketing agencies; and
- television, radio and print companies.

Competition for web traffic among websites and search engines, as well as competition with traditional media companies, could result in significant price pressure, declining margins, reductions in revenue and loss of market share. In addition, as we continue to expand the scope of our services, we may compete with a greater number of websites, clients and traditional media companies across an increasing range of different services, including in vertical markets where competitors may have advantages in expertise, brand recognition and other areas. Large Internet companies with brand recognition, such as Google, Yahoo!, MSN, and AOL, have significant numbers of direct sales personnel and substantial proprietary advertising inventory and web traffic that provide a significant competitive advantage and have significant impact on pricing for Internet advertising and web traffic. The trend toward consolidation in the Internet advertising arena may also affect pricing and availability of advertising inventory and web traffic. Many of our current and potential competitors also enjoy other competitive advantages over us, such as longer operating histories, greater brand recognition, larger client bases, greater access to advertising inventory on high-traffic websites, and significantly greater financial, technical and marketing resources. As a result, we may not be able to compete successfully. If we fail to deliver results that are superior to those that other online marketing service providers achieve, we could lose clients and our revenue may decline.

If the market for online marketing services fails to continue to develop, our future growth may be limited and our revenue may decrease.

The online marketing services market is relatively new and rapidly evolving, and it uses different measurements than traditional media to gauge its effectiveness. Some of our current or potential clients have little or no experience using the Internet for advertising and marketing purposes and have allocated only limited portions of their advertising and marketing budgets to the Internet. The adoption of Internet advertising, particularly by those entities that have historically relied upon traditional media for advertising, requires the acceptance of a new way of conducting business, exchanging information and evaluating new advertising and marketing technologies and services. In particular, we are dependent on our clients' adoption of new metrics to measure the success of online marketing campaigns. We may also experience resistance from traditional advertising agencies who may be advising our clients. We cannot assure you that the market for online marketing services will continue to grow. If the market for online marketing services fails to continue to develop or develops more slowly than we anticipate, our ability to grow our business may be limited and our revenue may decrease.

Third-party website publishers can engage in unauthorized or unlawful acts that could subject us to significant liability or cause us to lose clients.

We generate a significant portion of our web visitors from media advertising that we purchase from third-party website publishers. Some of these publishers are authorized to display our clients' brands, subject to contractual restrictions. In the past, some of our third-party website publishers have engaged in activities that certain of our clients have viewed as harmful to their brands, such as displaying outdated descriptions of a client's offerings or outdated logos. Any activity by publishers that clients view as potentially damaging to their brands can harm our relationship with the client and cause the client to terminate its relationship with us, resulting in a loss of revenue. In addition, the law is unsettled on the extent of liability that an advertiser in our position has for the activities of third-party website publishers. We could be subject to costly litigation and, if we are unsuccessful in defending ourselves, damages for the unauthorized or unlawful acts of third-party website publishers.

Poor perception of our business or industry as a result of the actions of third parties could harm our reputation and adversely affect our business, financial condition and results of operations.

Our business is dependent on attracting a large number of visitors to our websites and providing leads and clicks to our clients, which depends in part on our reputation within the industry and with our clients. There are companies within our industry that regularly engage in activities that our clients' customers may view as unlawful or inappropriate. These activities, such as spyware or deceptive promotions, by third parties may be seen by clients as characteristic of participants in our industry and, therefore, may have an adverse effect on the reputation of all participants in our industry, including us. Any damage to our reputation, including from publicity from legal proceedings against us or companies that work within our industry, governmental proceedings, consumer class action litigation, or the disclosure of information security breaches or private information misuse, could adversely affect our business, financial condition and results of operations.

Because many of our client contracts can be cancelled by the client with little prior notice or penalty, the cancellation of one or more contracts could result in an immediate decline in our revenue.

We derive our revenue from contracts with our Internet marketing clients, most of which are cancelable with little or no prior notice. In addition, these contracts do not contain penalty provisions for cancellation before the end of the contract term. The non-renewal, renegotiation, cancellation, or deferral of large contracts, or a number of contracts that in the aggregate account for a significant amount of our revenue, is difficult to anticipate and could result in an immediate decline in our revenue.

Unauthorized access to or accidental disclosure of consumer personally-identifiable information that we collect may cause us to incur significant expenses and may negatively impact our credibility and business.

There is growing concern over the security of personal information transmitted over the Internet, consumer identity theft and user privacy. Despite our implementation of security measures, our computer systems may be susceptible to electronic or physical computer break-ins, viruses and other disruptions and security breaches. Any perceived or actual unauthorized disclosure of personally-identifiable information regarding website visitors, whether through breach of our network by an unauthorized party, employee theft, misuse or error or otherwise, could harm our reputation, impair our ability to attract website visitors and attract and retain our clients, or subject us to claims or litigation arising from damages suffered by consumers, and thereby harm our business and operating results. In addition, we could incur significant costs in complying with the multitude of state, federal and foreign laws regarding the unauthorized disclosure of personal information.

If we do not adequately protect our intellectual property rights, our competitive position and business may suffer.

Our ability to compete effectively depends upon our proprietary systems and technology. We rely on trade secret, trademark and copyright law, confidentiality agreements, technical measures and patents to protect our proprietary rights. We currently have one patent application pending in the United States and no issued patents. Effective trade secret, copyright, trademark and patent protection may not be available in all countries where we currently operate or in which we may operate in the future. Some of our systems and technologies are not covered by any copyright, patent or patent application. We cannot guarantee that: (i) our intellectual property rights will provide competitive advantages to us; (ii) our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties; (iii) our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak; (iv) any of the patents, trademarks, copyrights, trade secrets or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or abandoned; (v) competitors will not design around our protected systems and technology; or (vi) that we will not lose the ability to assert our intellectual property rights against others.

We are a party to a number of third-party intellectual property license agreements and in the future, may need to obtain additional licenses or renew existing license agreements. We are unable to predict with certainty whether these license agreements can be obtained or renewed on commercially reasonable terms, or at all.

We have from time to time become aware of third parties who we believe may have infringed on our intellectual property rights. The use of our intellectual property rights by others could reduce any competitive advantage we have developed and cause us to lose clients, third-party website publishers or otherwise harm our business. Policing unauthorized use of our proprietary rights can be difficult and costly. In addition, litigation, while it may be necessary to enforce or protect our intellectual property rights or to defend litigation brought against us, could result in substantial costs and diversion of resources and management attention and could adversely affect our business, even if we are successful on the merits.

Confidentiality agreements with employees, consultants and others may not adequately prevent disclosure of trade secrets and other proprietary information.

We have devoted substantial resources to the development of our proprietary systems and technology. In order to protect our proprietary systems and technology, we enter into confidentiality agreements with our employees, consultants, independent contractors and other advisors. These agreements may not effectively prevent unauthorized disclosure of confidential information or unauthorized parties from copying aspects of our services or obtaining and using information that we regard as proprietary. Moreover, these agreements may not provide an adequate remedy in the event of such unauthorized disclosures of confidential information and we cannot assure you that our rights under such agreements will be enforceable. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could reduce any competitive advantage we have and cause us to lose clients, publishers or otherwise harm our business.

Third parties may sue us for intellectual property infringement which, if successful, could require us to pay significant damages or curtail our offerings.

We cannot be certain that our internally-developed or acquired systems and technologies do not and will not infringe the intellectual property rights of others. In addition, we license content, software and other intellectual property rights from third parties and may be subject to claims of infringement if such parties do not possess the necessary intellectual property rights to the products they license to us. We have in the past and may in the future be subject to legal proceedings and claims that we have infringed the patent or other intellectual property rights of a third-party. These claims sometimes involve patent holding companies or other adverse patent owners who have no relevant product revenue and against whom our own patents, if any, may therefore provide little or no deterrence. In addition, third parties have asserted and may in the future assert intellectual property infringement claims against our clients, which we have agreed in certain circumstances to indemnify and defend against such claims. Any intellectual property related infringement claims, whether or not meritorious, could result in costly litigation and could divert management resources and attention. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements, if available on acceptable terms or at all, pay substantial damages, or limit or curtail our systems and technologies. Moreover, we may need to redesign some of our systems and technologies to avoid future infringement liability. Any of the foregoing could prevent us from competing effectively and increase our costs.

Additionally, the laws relating to use of trademarks on the Internet are currently unsettled, particularly as they apply to search engine functionality. For example, other Internet marketing and search companies have been sued in the past for trademark infringement and other intellectual property-related claims for the display of ads or search results in response to user queries that include trademarked terms. The outcomes of these lawsuits have differed from jurisdiction to jurisdiction. For this reason, it is conceivable that certain of our activities could expose us to trademark infringement, unfair competition, misappropriation or other intellectual property related claims which could be costly to defend and result in substantial damages or otherwise limit or curtail our activities, and adversely affect our business or prospects.

Our proprietary technologies may include design or performance defects and may not achieve their intended results, either of which could impair our future revenue growth.

Our proprietary technologies are relatively new, and they may contain design or performance defects that are not yet apparent. The use of our proprietary technologies may not achieve the intended results as effectively as other technologies that exist now or may be introduced by our competitors, in which case our business could be harmed.

If we are unable to price our services appropriately, our margins and revenue may decline.

Our clients purchase our services according to a variety of pricing formulae, the vast majority of which are based on pay for performance, meaning clients pay only after we have delivered the desired result to them. Regardless of how a given client pays us, we ordinarily pay the vast majority of the costs associated with delivering our services to our clients according to contracts and other arrangements that do not always condition payment to vendors upon receipt of payments from our clients. This means we typically pay for the costs of providing our marketing services before we receive payment from clients. Additionally, certain of our marketing services costs are highly variable and may fluctuate significantly during each calendar month. Accordingly, we run the risk of not being able to recover the entire cost of our services from clients if pricing or other terms negotiated prior to the performance of services prove less than the cost of performing such services. We have experienced situations in the past where we incurred losses in the delivery of our services to specific clients. If we are unable to avoid recurrence of similar situations in the future through negotiation of profitable pricing and other terms, our results of operations will suffer.

If we fail to keep pace with rapidly-changing technologies and industry standards, we could lose clients or advertising inventory and our results of operations may suffer.

The business lines in which we currently compete are characterized by rapidly-changing Internet media and marketing standards, changing technologies, frequent new product and service introductions, and changing user and client demands. The introduction of new technologies and services embodying new technologies and the emergence of new industry standards and practices could render our existing technologies and services obsolete and unmarketable or require unanticipated investments in technology. Our future success will depend in part on our ability to adapt to these rapidly-changing Internet media formats and other technologies. We will need to enhance our existing technologies and services and develop and introduce new technologies and services to address our clients' changing demands. If we fail to adapt successfully to such developments or timely introduce new technologies and services, we could lose clients, our expenses could increase and we could lose advertising inventory.

Changes in government regulation and industry standards applicable to the Internet and our business could decrease demand for our technologies and services or increase our costs.

Laws and regulations that apply to Internet communications, commerce and advertising are becoming more prevalent. These regulations could increase the costs of conducting business on the Internet and could decrease demand for our technologies and services.

In the United States, federal and state laws have been enacted regarding copyrights, sending of unsolicited commercial email, user privacy, search engines, Internet tracking technologies, direct marketing, data security, children's privacy, pricing, sweepstakes, promotions, intellectual property ownership and infringement, trade secrets, export of encryption technology, taxation and acceptable content and quality of goods. Other laws and regulations may be adopted in the future. Laws and regulations, including those related to privacy and use of personal information, are changing rapidly outside the United States as well which may make compliance with such laws and regulations difficult and which may negatively affect our ability to expand internationally. This legislation could: (i) hinder growth in the use of the Internet generally; (ii) decrease the acceptance of the Internet as a communications, commercial and advertising medium; (iii) reduce our revenue; (iv) increase our operating expenses; or (v) expose us to significant liabilities.

The laws governing the Internet remain largely unsettled, even in areas where there has been some legislative action. While we actively monitor this changing legal and regulatory landscape to stay abreast of changes in the laws and regulations applicable to our business, we are not certain how our business might be affected by the application of existing laws governing issues such as property ownership, copyrights, encryption and other intellectual property issues, libel, obscenity and export or import matters to the Internet advertising industry. The vast majority of such laws were adopted prior to the advent of the Internet. As a result, they do not contemplate or address the unique issues of the Internet and related technologies. Changes in laws intended to address such issues could create uncertainty in the Internet market. It may take years to determine how existing laws apply to the Internet and Internet marketing. Such uncertainty makes it difficult to predict costs and could reduce demand for our services or increase the cost of doing business as a result of litigation costs or increased service delivery costs.

In particular, a number of U.S. federal laws impact our business. The Digital Millennium Copyright Act, or DMCA, is intended, in part, to limit the liability of eligible online service providers for listing or linking to third-party websites that include materials that infringe copyrights or other rights. Portions of the Communications Decency Act, or CDA, are intended to provide statutory protections to online service providers who distribute third-party content. We rely on the protections provided by both the DMCA and CDA in conducting our business. In addition, the United States Higher Education Act provides that to be eligible to participate in Federal student financial aid programs, an educational institution must enter into a program participation agreement with the Secretary of the Department of Education. The agreement includes a number of conditions with which an institution must comply to be granted initial and continuing eligibility to participate. Among those conditions is a prohibition on institutions providing any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments to any individual or entity engaged in recruiting or admission activities. The regulations promulgated under the Higher Education Act specify a number of types of compensation, or "safe harbors," that do not constitute incentive compensation in violation of this agreement. One of these safe harbors permits an institution to award incentive compensation for Internet-based recruitment and admission activities that provide information about the institution to prospective students, refer prospective students to the institution, or permit prospective students to apply for admission online. The U.S. Department of Education is currently engaged in a negotiated rulemaking process in which it has suggested repealing all existing safe harbors regarding incentive compensation in recruiting, including the Internet safe harbor. Any changes in these laws or judicial interpretations narrowing their protections will subject us to greater risk of liability and may increase our costs of compliance with these regulations or limit our ability to operate certain lines of business.

The financial services, education and medical industries are highly regulated and our marketing activities on behalf of our clients in those industries are also regulated. For example, our mortgage websites and marketing services we offer are subject to various federal, state and local laws, including state mortgage broker licensing laws, federal and state laws prohibiting unfair acts and practices, and federal and state advertising laws. Any failure to comply with these laws and regulations could subject us to revocation of required licenses, civil, criminal or administrative liability, damage to our reputation or changes to or limitations on the conduct of our business. Any of the foregoing could cause our business, operations and financial condition to suffer.

New tax treatment of companies engaged in Internet commerce may adversely affect the commercial use of our marketing services and our financial results.

Due to the global nature of the Internet, it is possible that, although our services and the Internet transmissions related to them originate in California and Nevada, and in some cases, England, governments of other states or foreign countries might attempt to regulate our transmissions or levy sales, income or other taxes relating to our activities. We have experienced certain states taking expansive positions with regard to their taxation of our services. Tax authorities at the international, federal, state and local levels are currently reviewing the appropriate tax treatment of companies engaged in Internet commerce. New or revised state tax regulations may subject us or our affiliates to additional state sales, income and other taxes. We cannot predict the effect of current attempts to impose sales, income or other taxes on commerce over the Internet. New or revised taxes and, in particular, sales taxes, would likely increase the cost of doing business online and decrease the attractiveness of advertising and selling goods and services over the Internet. New taxes could also create significant increases in internal costs necessary to capture data, and collect and remit taxes. Any of these events could have an adverse effect on our business and results of operations.

Limitations on our ability to collect and use data derived from user activities could significantly diminish the value of our services and cause us to lose clients and revenue.

When a user visits our websites, we use technologies, including “cookies”, to collect information such as the user’s Internet Protocol, or IP, address, offerings delivered by us that have been previously viewed by the user and responses by the user to those offerings. In order to determine the effectiveness of a marketing campaign and to determine how to modify the campaign, we need to access and analyze this information. The use of cookies has been the subject of regulatory scrutiny and users are able to block or delete cookies from their browser. Periodically, certain of our clients and publishers seek to prohibit or limit our collection or use of this data. Interruptions, failures or defects in our data collection systems, as well as privacy concerns regarding the collection of user data, could also limit our ability to analyze data from our clients’ marketing campaigns. This risk is heightened when we deliver marketing services to clients in the financial and medical services client verticals. If our access to data is limited in the future, we may be unable to provide effective technologies and services to clients and we may lose clients and revenue.

As a creator and a distributor of Internet content, we face potential liability and expenses for legal claims based on the nature and content of the materials that we create or distribute. If we are required to pay damages or expenses in connection with these legal claims, our operating results and business may be harmed.

We create original content for our websites and marketing messages and distribute third-party content on our websites and in our marketing messages. As a creator and distributor of original content and third-party provided content, we face potential liability based on a variety of theories, including defamation, negligence, copyright or trademark infringement or other legal theories based on the nature, creation or distribution of this information. It is also possible that our website visitors could make claims against us for losses incurred in reliance upon information provided on our websites. In addition, as the number of users of forums and social media features on our websites increases, we could be exposed to liability in connection with material posted to our websites by users and other third parties. These claims, whether brought in the United States or abroad, could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merit of these claims. In addition, if we become subject to these types of claims and are not successful in our defense, we may be forced to pay substantial damages.

Wireless devices and mobile phones are increasingly being used to access the Internet, and our online marketing services may not be as effective when accessed through these devices, which could cause harm to our business.

The number of people who access the Internet through devices other than personal computers has increased substantially in the last few years. Our online marketing services were designed for persons accessing the Internet on a desktop or laptop computer. The smaller screens, lower resolution graphics and less convenient typing capabilities of these devices may make it more difficult for visitors to respond to our offerings. In addition, the cost of mobile advertising is relatively high and may not be cost-effective for our services. If our services continue to be less effective or economically attractive for clients seeking to engage in marketing through these devices and this segment of web traffic grows at the expense of traditional computer Internet access, we will experience difficulty attracting website visitors and attracting and retaining clients and our operating results and business will be harmed.

We may not succeed in expanding our businesses outside the United States, which may limit our future growth.

One potential area of growth for us is in the international markets. However, we have limited experience in marketing, selling and supporting our services outside of the United States and we may not be successful in introducing or marketing our services abroad. There are risks inherent in conducting business in international markets, such as:

- the adaptation of technologies and services to foreign clients' preferences and customs;
- application of foreign laws and regulations to us, including marketing and privacy regulations;
- changes in foreign political and economic conditions;
- tariffs and other trade barriers, fluctuations in currency exchange rates and potentially adverse tax consequences;
- language barriers or cultural differences;
- reduced or limited protection for intellectual property rights in foreign jurisdictions;
- difficulties and costs in staffing and managing or overseeing foreign operations; and
- education of potential clients who may not be familiar with online marketing.

If we are unable to successfully expand and market our services abroad, our business and future growth may be harmed and we may incur costs that may not lead to future revenue.

We rely on Internet bandwidth and data center providers and other third parties for key aspects of the process of providing services to our clients, and any failure or interruption in the services and products provided by these third parties could harm our business.

We rely on third-party vendors, including data center and Internet bandwidth providers. Any disruption in the network access or co-location services provided by these third-party providers or any failure of these third-party providers to handle current or higher volumes of use could significantly harm our business. Any financial or other difficulties our providers face may have negative effects on our business, the nature and extent of which we cannot predict. We exercise little control over these third-party vendors, which increases our vulnerability to problems with the services they provide. We license technology and related databases from third parties to facilitate analysis and storage of data and delivery of offerings. We have experienced interruptions and delays in service and availability for data centers, bandwidth and other technologies in the past. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and services could adversely affect our business and could expose us to liabilities to third parties.

Our systems also heavily depend on the availability of electricity, which also comes from third-party providers. If we or third-party data centers which we utilize were to experience a major power outage, we would have to rely on back-up generators. These back-up generators may not operate properly through a major power outage and their fuel supply could also be inadequate during a major power outage or disruptive event. Furthermore, we do not currently have backup generators at our Foster City, California headquarters. Information systems such as ours may be disrupted by even brief power outages, or by the fluctuations in power resulting from switches to and from back-up generators. This could give rise to obligations to certain of our clients which could have an adverse effect on our results for the period of time in which any disruption of utility services to us occurs.

Interruption or failure of our information technology and communications systems could impair our ability to effectively deliver our services, which could cause us to lose clients and harm our operating results.

Our delivery of marketing and media services depends on the continuing operation of our technology infrastructure and systems. Any damage to or failure of our systems could result in interruptions in our ability to deliver offerings quickly and accurately and/or process visitors' responses emanating from our various web presences. Interruptions in our service could reduce our revenue and profits, and our reputation could be damaged if people believe our systems are unreliable. Our systems and operations are vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, break-ins, hardware or software failures, telecommunications failures, computer viruses or other attempts to harm our systems, and similar events.

We lease or maintain server space in various locations, including in San Francisco, California. Our California facilities are located in areas with a high risk of major earthquakes. Our facilities are also subject to break-ins, sabotage and intentional acts of vandalism, and to potential disruptions if the operators of these facilities have financial difficulties. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. The occurrence of a natural disaster, a decision to close a facility we are using without adequate notice for financial reasons or other unanticipated problems at our facilities could result in lengthy interruptions in our service.

Any unscheduled interruption in our service would result in an immediate loss of revenue. If we experience frequent or persistent system failures, the attractiveness of our technologies and services to clients and website publishers could be permanently harmed. The steps we have taken to increase the reliability and redundancy of our systems are expensive, reduce our operating margin, and may not be successful in reducing the frequency or duration of unscheduled interruptions.

Any constraints on the capacity of our technology infrastructure could delay the effectiveness of our operations or result in system failures, which would result in the loss of clients and harm our business and results of operations.

Our future success depends in part on the efficient performance of our software and technology infrastructure. As the numbers of websites and Internet users increase, our technology infrastructure may not be able to meet the increased demand. A sudden and unexpected increase in the volume of user responses could strain the capacity of our technology infrastructure. Any capacity constraints we experience could lead to slower response times or system failures and adversely affect the availability of websites and the level of user responses received, which could result in the loss of clients or revenue or harm to our business and results of operations.

We could lose clients if we fail to detect click-through or other fraud on advertisements in a manner that is acceptable to our clients.

We are exposed to the risk of fraudulent clicks or actions on our websites or our third-party publishers' websites. We may in the future have to refund revenue that our clients have paid to us and that was later attributed to, or suspected to be caused by, fraud. Click-through fraud occurs when an individual clicks on an ad displayed on a website or an automated system is used to create such clicks with the intent of generating the revenue share payment to the publisher rather than to view the underlying content. Action fraud occurs when on-line forms are completed with false or fictitious information in an effort to increase the compensable actions in respect of which a web publisher is to be compensated. From time to time we have experienced fraudulent clicks or actions and we do not charge our clients for such fraudulent clicks or actions when they are detected. It is conceivable that this activity could negatively affect our profitability, and this type of fraudulent act could hurt our reputation. If fraudulent clicks or actions are not detected, the affected clients may experience a reduced return on their investment in our marketing programs, which could lead the clients to become dissatisfied with our campaigns, and in turn, lead to loss of clients and the related revenue. Additionally, we have from time to time had to terminate relationships with web publishers who we believed to have engaged in fraud and we may have to do so in future. Termination of such relationships entails a loss of revenue associated with the legitimate actions or clicks generated by such web publishers.

We will incur significant increased costs as a result of operating as a public company, which may adversely affect our operating results and financial condition.

As a public company, we will incur significant accounting, legal and other expenses that we did not incur as a private company. We will incur costs associated with our public company reporting requirements. We also anticipate that we will incur costs associated with corporate governance requirements, including requirements under the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, as well as rules implemented by the SEC and The NASDAQ Global Market. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. Our management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Furthermore, these laws and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as executive officers. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. We are currently evaluating and monitoring developments with respect to these rules, and we cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. In particular, for the fiscal year ending June 30, 2011, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act, or Section 404. Our compliance with Section 404 will require that we incur substantial expense and expend significant management time on compliance-related issues.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired, which would adversely affect our ability to operate our business.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. We may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected. If we are unable to maintain proper and effective internal controls, we may not be able to produce accurate financial statements on a timely basis, which could adversely affect our ability to operate our business and could result in regulatory action.

Risks Related to This Offering and Ownership of Our Common Stock

Our stock price may be volatile, and you may not be able to resell shares of our common stock at or above the price you paid.

Prior to this offering there has been no public market for shares of our common stock, and an active public market for our shares may not develop or be sustained after this offering. We and the representatives of the underwriters will determine the offering price of our common stock through negotiation. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell our shares following this offering. In addition, the trading price of our common stock following this offering could be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed in this "Risk Factors" section of this prospectus and others such as:

- changes in earnings estimates or recommendations by securities analysts;
- announcements by us or our competitors of new services, significant contracts, commercial relationships, acquisitions or capital commitments;
- developments with respect to intellectual property rights;
- our ability to develop and market new and enhanced products on a timely basis;
- our commencement of, or involvement in, litigation;
- changes in governmental regulations or in the status of our regulatory approvals; and
- a slowdown in our industry or the general economy.

In recent years, the stock market in general, and the market for technology and Internet-based companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors may seriously affect the market price of our common stock, regardless of our actual operating performance. These fluctuations may be even more pronounced in the trading market for our stock shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our stock, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence coverage of our company, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse opinion regarding our stock, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Our directors, executive officers and principal stockholders and their respective affiliates will continue to have substantial control over us after this offering and could delay or prevent a change in corporate control.

After this offering, our directors, executive officers and holders of more than 5% of our common stock, together with their affiliates, will beneficially own, in the aggregate, approximately 59% of our outstanding common stock, assuming no exercise of the underwriters' option to purchase additional shares of our common stock in this offering. As a result, these stockholders, acting together, will continue to have substantial control over the outcome of matters submitted to our stockholders for approval, including the election of directors and any merger, consolidation or sale of all or substantially all of our assets. In addition, these stockholders, acting together, will continue to have significant influence over the management and affairs of our company. Accordingly, this concentration of ownership may have the effect of:

- delaying, deferring or preventing a change in corporate control;
- impeding a merger, consolidation, takeover or other business combination involving us; or
- discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Future sales of shares by existing stockholders could cause our stock price to decline.

If our existing stockholders sell, or indicate an intent to sell, substantial amounts of our common stock in the public market after the 180-day contractual lock-up, which period may be extended in certain limited circumstances, and other legal restrictions on resale discussed in this prospectus lapse, the trading price of our common stock could decline significantly and could decline below the initial public offering price. Based on shares outstanding as of December 31, 2009, upon the completion of this offering, we will have outstanding 44,912,597 shares of common stock, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of these shares, 10,000,000 shares of common stock, plus any shares sold upon exercise of the underwriters' over-allotment option, will be immediately freely tradable, without restriction, in the public market. The underwriters may, in their sole discretion, permit our officers, directors, employees and current stockholders to sell shares prior to the expiration of the lock-up agreements.

After the lock-up agreements pertaining to this offering expire and based on shares outstanding as of December 31, 2009, the remaining 34,912,597 shares will be eligible for sale in the public market. In addition, (i) the 11,504,767 shares subject to outstanding options under our equity incentive plans as of December 31, 2009 and (ii) the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market in the future, subject to certain legal and contractual limitations. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the price of our common stock could decline substantially.

Purchasers of common stock in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial offering price of our common stock is substantially higher than the expected net tangible book value per share of our common stock immediately after this offering. Therefore, if you purchase our common stock in this offering, you will incur an immediate dilution of $14.99 in net tangible book value per share from the price you paid, based on our shares outstanding as of September 30, 2009. In addition, following this offering, purchasers in the offering will have contributed approximately 81% of the total consideration paid by stockholders to us to purchase shares of our common stock, based on our shares outstanding as of September 30, 2009. In addition, if the underwriters exercise their option to purchase additional shares or if outstanding options are exercised, you will experience further dilution. For a further description of the dilution that you will experience immediately after this offering, see the section of this prospectus entitled "Dilution."

We have broad discretion to determine how to use the funds raised in this offering, and may use them in ways that may not enhance our operating results or the price of our common stock.

Our management will have broad discretion over the use of proceeds from this offering, and we could spend the proceeds from this offering in ways our stockholders may not agree with or that do not yield a favorable return. We intend to use the net proceeds from this offering for working capital, capital expenditures and other general corporate purposes. We may also use a portion of the net proceeds to make repayments on our debt or acquire other businesses, products or technologies. If we do not invest or apply the proceeds of this offering in ways that improve our operating results, we may fail to achieve expected financial results, which could cause our stock price to decline.

Provisions in our charter documents following this offering, under Delaware law and in contractual obligations, could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

Our amended and restated certificate of incorporation and bylaws that will be in effect as of the closing of this offering will contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions will include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

We are subject to certain anti-takeover provisions under Delaware law. Under Delaware law, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction. For a description of our capital stock, see "Description of Capital Stock."

We do not currently intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We do not intend to declare and pay dividends on our capital stock for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Additionally, the terms of our credit facility restrict our ability to pay dividends. Therefore, you are not likely to receive any dividends on your common stock for the foreseeable future.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, particularly in the sections titled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “believe,” “may,” “might,” “objective,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “expect,” “predict,” “potential,” or the negative of these terms or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions described under the section titled “Risk Factors” and elsewhere in this prospectus, regarding, among other things:

- our immature industry and relatively new business model;
- our ability to manage our growth effectively;
- our dependence on Internet search companies to attract Internet visitors;
- our ability to successfully manage any future acquisitions;
- our dependence on a small number of large clients and our dependence on a small number of client verticals for a majority of our revenue;
- our ability to attract and retain qualified employees and key personnel;
- our ability to accurately forecast our operating results and appropriately plan our expenses;
- our ability to compete in our industry;
- our ability to enhance and maintain our client and vendor relationships;
- our ability to develop new services and enhancements and features to meet new demands from our clients;
- our ability to raise additional capital in the future, if needed;
- general economic conditions in our domestic and potential future international markets;
- our ability to protect our intellectual property rights; and
- our expectations regarding the use of proceeds from this offering.

These risks are not exhaustive. Other sections of this prospectus may include additional factors that could adversely impact our business and financial performance. These statements reflect our current views with respect to future events and are based on assumptions and subject to risk and uncertainties. Moreover, we operate in a very competitive and rapidly-changing environment. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assume responsibility for the accuracy and completeness of the forward-looking statements. Except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and have filed as exhibits to the registration statement on Form S-1, of which this prospectus is a part, that we have filed with the SEC with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of our common stock in this offering will be approximately $165.1 million, or approximately $190.2 million if the underwriters exercise their right to purchase additional shares of common stock from us to cover over-allotments in full, based upon an assumed initial public offering price of $18.00 per share, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. Each $1.00 increase (decrease) in the assumed initial public offering price of $18.00 per share would increase (decrease) the net proceeds to us from this offering by approximately $9.3 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) the net proceeds to us from this offering by approximately $16.7 million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We do not expect that a change in the offering price or the number of shares by these amounts would have a material effect on our uses of the net proceeds from this offering, although it may impact the amount of time prior to which we may need to seek additional capital.

We currently intend to use our net proceeds from this offering for working capital, capital expenditures and other general corporate purposes. We may also use a portion of the net proceeds to repay debt, including our credit facility, or acquire other businesses, products or technologies.

The expected use of net proceeds of this offering represents our current intentions based upon our present plans and business conditions. The amounts we actually expend in these areas may vary significantly from our current intentions and will depend upon a number of factors, including future sales growth, success of our engineering efforts, cash generated from future operations, if any, and actual expenses to operate our business. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to be received upon the closing of this offering. Accordingly, our management will have broad discretion in the application of the net proceeds, and investors will be relying on the judgment of our management regarding the application of the net proceeds of this offering.

The amount and timing of our expenditures will depend on several factors, including the amount and timing of our spending on sales and marketing activities and research and development activities, as well as our use of cash for other corporate activities. Pending the uses described above, we intend to invest the net proceeds in a variety of capital preservation instruments, including short-term, interest-bearing, investment grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We currently intend to retain all available funds and any future earnings to support our operations and finance the growth and development of our business. We do not intend to pay cash dividends on our common stock for the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors. The loan agreement for our credit facility contains a prohibition on the payout of cash dividends.

CAPITALIZATION

The following table sets forth our cash, cash equivalents, current debt and capitalization as of September 30, 2009 (unaudited):

- on an actual basis;
- on a pro forma basis after giving effect to the conversion of all outstanding shares of our convertible preferred stock into 21,176,533 shares of common stock effective immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to reflect, in addition, the filing of our amended and restated certificate of incorporation and the sale of 10,000,000 shares of common stock that we are offering at an assumed initial public offering price of $18.00 per share, which is the midpoint of the range listed on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read the information in this table together with our consolidated financial statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” appearing elsewhere in this prospectus.

	As of September 30, 2009		
	Actual	Pro Forma	Pro Forma as Adjusted(1)
	(In thousands, except share data)		
Cash and cash equivalents	$ 28,095	$ 28,095	$ 193,161
Debt, current	$ 13,182	$ 13,182	$ 13,182
Debt, noncurrent	$ 52,995	$ 52,995	$ 52,995
Convertible preferred stock, $0.001 par value, 35,500,000 shares authorized, 21,176,533 shares issued and outstanding, actual; 35,500,000 shares authorized, no shares issued and outstanding, pro forma; no shares authorized, no shares issued and outstanding, pro forma as adjusted	43,403	—	—
Stockholders’ equity:			
Preferred stock, $0.001 par value, no shares authorized, issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma; 5,000,000 shares authorized, no shares issued and outstanding, pro forma as adjusted	—	—	—
Common stock, $0.001 par value, 50,500,000 shares authorized, 15,624,890 shares issued and 13,455,343 shares outstanding, actual; 50,500,000 shares authorized, 36,801,423 shares issued and 34,631,876 shares outstanding, pro forma; 100,000,000 shares authorized, 46,801,423 shares issued and 44,631,876 shares outstanding, pro forma as adjusted	16	37	47
Additional paid-in capital	23,252	66,634	231,690
Treasury stock, at cost (2,169,547 shares)	(7,641)	(7,641)	(7,641)
Accumulated other comprehensive income	3	3	3
Retained earnings	66,093	66,093	66,093
Total stockholders’ equity	81,723	125,126	290,192
Total capitalization	$ 178,121	$ 178,121	$ 343,187

(1) Each $1.00 increase (decrease) in the assumed public offering price of $18.00 per share, the midpoint of the range reflected on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $9.3 million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. Each increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $16.7 million, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The as adjusted information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share information in the table above is based on 34,631,876 shares of common stock outstanding as of September 30, 2009, and excludes:

- an aggregate of 10,654,296 shares of common stock issuable upon the exercise of outstanding stock options as of September 30, 2009 pursuant to our 2008 Equity Incentive Plan and having a weighted-average exercise price of $8.1714 per share;
- an aggregate of 1,726,814 additional shares of common stock reserved for future issuance under our 2008 Equity Incentive Plan as of September 30, 2009; provided, however, that immediately upon the execution and delivery of the underwriting agreement for this offering, our 2008 Equity Incentive Plan will terminate so that no further awards may be granted under our 2008 Equity Incentive Plan, and the shares then remaining and reserved for future issuance under our 2008 Equity Incentive Plan shall become available for future issuance under our 2010 Equity Incentive Plan; and
- the shares reserved for future issuance under our 2010 Equity Incentive Plan and up to 300,000 additional shares of common stock reserved for future issuance under our 2010 Non-Employee Directors' Stock Award Plan, as well as any automatic increases in the number of shares of common stock reserved for future issuance under each of these benefit plans, which will become effective immediately upon the execution and delivery of the underwriting agreement for this offering.

DILUTION

If you invest in our common stock in this offering, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock after this offering. As of September 30, 2009, our pro forma net tangible book value was $(30.9 million), or $(0.89) per share of common stock. Our pro forma net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities and divided by the total number of shares of our common stock outstanding as of September 30, 2009, after giving effect to the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock immediately prior to the closing of this offering. After giving effect to our sale in this offering of 10,000,000 shares of common stock at the assumed initial public offering price of $18.00 per share, the midpoint of the range reflected on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of September 30, 2009 would have been approximately $134.2 million, or $3.01 per share. This represents an immediate increase of net tangible book value of $3.90 per share to our existing stockholders and an immediate dilution of $14.99 per share to investors purchasing common stock in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$ 18.00
Pro forma as adjusted net tangible book value per share as of September 30, 2009, before giving effect to this offering	$ (0.89)	
Increase in pro forma as adjusted net tangible book value per share attributed to new investors purchasing shares in this offering	3.90	
Pro forma net tangible book value per share after giving effect to this offering		3.01
Dilution per share to new investors in this offering		$ 14.99

Each $1.00 increase (decrease) in the assumed initial public offering price of $18.00 per share would increase (decrease) our pro forma as adjusted net tangible book value by $9.3 million, or $0.21 per share, and the pro forma as adjusted dilution per share to investors in this offering by $0.79 per share, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of 1,000,000 shares in the number of shares offered by us would increase our pro forma as adjusted net tangible book value by approximately $16.7 million, or $0.30 per share, and the pro forma as adjusted dilution per share to investors in this offering would be $14.69 per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a decrease of 1,000,000 shares in the number of shares offered by us would decrease our pro forma as adjusted net tangible book value by approximately $16.7 million, or $0.31 per share, and the pro forma as adjusted dilution per share to investors in this offering would be $15.31 per share, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing.

If the underwriters exercise their option to purchase additional shares of our common stock from us in full in this offering, the pro forma as adjusted net tangible book value per share after the offering would be $3.45 per share, the increase in pro forma as adjusted net tangible book value per share to existing stockholders would be $4.34 per share and the dilution to new investors purchasing shares in this offering would be $14.55 per share.

The following table summarizes on a pro forma as adjusted basis as of September 30, 2009:

- the total number of shares of common stock purchased from us by our existing stockholders and by new investors purchasing shares in this offering;
- the total approximate consideration paid to us by our existing stockholders and by new investors purchasing shares in this offering, assuming an initial public offering price of $18.00 per share (before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with this offering); and
- the average price per share paid by existing stockholders and by new investors purchasing shares in this offering.

	Shares Purchased		Total Consideration		Average Price per Share
	Number	Percent	Amount	Percent	
Existing stockholders	34,631,876	78%	$ 43,594,000	19%	$ 1.26
New investors	10,000,000	22	180,000,000	81	18.00
Total	44,631,876	100.0%	$ 223,594,000	100.0%	

If the underwriters exercise their option to purchase additional shares of our common stock in full, our existing stockholders would own 75% and our new investors would own 25% of the total number of shares of common stock outstanding upon completion of this offering. The total consideration paid to us by our existing stockholders would be approximately $43.6 million, or 17%, and the total consideration paid to us by our new investors would be $207.0 million, or 83%.

If all outstanding options under our equity incentive plans were exercised, then our existing stockholders, including the holders of these options, would own 82% and our new investors would own 18% of the total number of shares of our common stock outstanding upon the closing of this offering. In such event, the total consideration paid by our existing stockholders, including the holders of these options, would be approximately $130.7 million, or 42%, the total consideration paid by our new investors would be $180.0 million, or 58%, the average price per share paid by our existing stockholders would be $2.89 and the average price per share paid by our new investors would be $18.00.

The above discussion and tables are based on 34,631,876 shares of common stock outstanding as of September 30, 2009, and excludes:

- an aggregate of 10,654,296 shares of common stock issuable upon the exercise of outstanding stock options as of September 30, 2009 pursuant to our 2008 Equity Incentive Plan and having a weighted-average exercise price of $8.1714 per share;
- an aggregate of 1,726,814 additional shares of common stock reserved for future issuance under our 2008 Equity Incentive Plan as of September 30, 2009; provided, however, that immediately upon the execution and delivery of the underwriting agreement for this offering, our 2008 Equity Incentive Plan will terminate so that no further awards may be granted under our 2008 Equity Incentive Plan, and the shares then remaining and reserved for future issuance under our 2008 Equity Incentive Plan shall become available for future issuance under our 2010 Non-Employee Directors' Stock Award Plan; and
- the shares reserved for future issuance under our 2010 Equity Incentive Plan and up to 300,000 additional shares of common stock reserved for future issuance under our 2010 Non-Employee Directors' Stock Award Plan, as well as any automatic increases in the number of shares of common stock reserved for future issuance under each of these benefit plans, which will become effective immediately upon the execution and delivery of the underwriting agreement for this offering.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data should be read together with our consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus. The selected consolidated financial data in this section is not intended to replace our consolidated financial statements and the related notes. Our historical results are not necessarily indicative of our future results and our interim results are not necessarily indicative of the results that should be expected for the full fiscal year.

We derived the consolidated statements of operations data for the fiscal years ended June 30, 2007, 2008 and 2009 and the consolidated balance sheets data as of June 30, 2008 and 2009 from our audited consolidated financial statements appearing elsewhere in this prospectus. The consolidated statements of operations data for the fiscal years ended June 30, 2005 and 2006 and the consolidated balance sheets data as of June 30, 2005, 2006 and 2007 are derived from our audited consolidated financial statements, which are not included in this prospectus. The consolidated statements of operations data for the three months ended September 30, 2008 and 2009 and the consolidated balance sheet data as of September 30, 2009 are derived from our unaudited consolidated financial statements appearing elsewhere in this prospectus.

	Fiscal Year Ended June 30,					Three Months Ended September 30,	
	2005	2006	2007	2008	2009	2008	2009
	(In thousands, except per share data)						
Consolidated Statements of Operations Data:							
Net revenue	$ 109,556	$ 142,408	$ 167,370	$ 192,030	$ 260,527	$ 63,678	$ 78,552
Cost of revenue(1)	65,653	85,820	108,945	130,869	181,593	45,281	55,047
Gross profit	43,903	56,588	58,425	61,161	78,934	18,397	23,505
Operating expenses:(1)							
Product development	12,644	17,265	14,094	14,051	14,887	3,757	4,470
Sales and marketing	5,734	7,166	8,487	12,409	16,154	4,259	3,625
General and administrative	4,842	6,835	11,440	13,371	13,172	3,736	3,441
Total operating expenses	23,220	31,266	34,021	39,831	44,213	11,752	11,536
Operating income	20,683	25,322	24,404	21,330	34,721	6,645	11,969
Interest income	553	1,341	1,905	1,482	245	90	9
Interest expense	(9)	(427)	(732)	(1,214)	(3,544)	(763)	(748)
Other income (expense), net	(31)	(874)	(139)	145	(239)	51	120
Interest and other income (expense), net	513	40	1,034	413	(3,538)	(622)	(619)
Income before income taxes	21,196	25,362	25,438	21,743	31,183	6,023	11,350
Provision for taxes	(8,136)	(9,773)	(9,828)	(8,876)	(13,909)	(2,719)	(4,837)
Income from continuing operations	13,060	15,589	15,610	12,867	17,274	3,304	6,513
Cumulative effect of change in accounting principle	—	(1,820)	—	—	—	—	—
Net income	$ 13,060	$ 13,769	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
Basic:							
Less: 8% non-cumulative dividends on convertible preferred stock	(3,218)	(3,276)	(3,276)	(3,276)	(3,276)	(819)	(819)
Undistributed earnings allocated to convertible preferred stock	(6,240)	(6,591)	(7,690)	(5,925)	(8,599)	(1,527)	(3,487)
Net income attributable to common stockholders — basic	$ 3,602	$ 3,902	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207

	Fiscal Year Ended June 30, 2005	2006	2007	2008	2009	Three Months Ended September 30, 2008	2009
	(In thousands, except per share data)						
Diluted:							
Net income attributable to common stockholders — basic	$ 3,602	$ 3,902	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Undistributed earnings re-allocated to common stock	436	525	522	360	399	77	188
Net income applicable to common stockholders — diluted	$ 4,038	$ 4,427	$ 5,166	$ 4,026	$ 5,798	$ 1,035	$ 2,395
Net income per share:(2)							
Basic	$ 0.30	$ 0.31	$ 0.36	$ 0.28	$ 0.41	$ 0.07	$ 0.16
Diluted	$ 0.28	$ 0.29	$ 0.34	$ 0.26	$ 0.39	$ 0.07	$ 0.16
Weighted average shares used in computing basic net income per share	12,069	12,411	12,789	13,104	13,294	13,279	13,405
Weighted average shares used in computing diluted net income per share	14,543	15,295	15,263	15,325	14,971	15,131	15,381
Pro forma net income per share:(2)							
Basic					$ 0.50		$ 0.19
Diluted					$ 0.48		$ 0.18
Weighted average shares used in computing pro forma basic net income per share					34,471		34,582
Weighted average shares used in computing pro forma diluted net income per share					36,148		36,558

(1) Includes stock-based compensation expense as follows:

	Fiscal Year Ended June 30, 2005	2006	2007	2008	2009	Three Months Ended September 30, 2008	2009
	(In thousands)						
Cost of revenue	$48	$66	$ 416	$1,112	$1,916	$470	$728
Product development	3	(7)	75	443	669	161	253
Sales and marketing	43	10	226	581	1,761	416	507
General and administrative	47	20	1,354	1,086	1,827	351	741

(2) See Note 4 to our consolidated financial statements included in this prospectus for an explanation of the method used to calculate basic and diluted net loss per share and pro forma basic and diluted net loss per share of common stock.

	June 30, 2005	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	September 30, 2009
	(In thousands)					
Consolidated Balance Sheets Data:						
Cash and cash equivalents	$19,418	$ 30,593	$ 26,765	$ 24,953	$ 25,182	$ 28,095
Working capital	39,859	36,294	42,769	17,022	16,426	19,942
Total assets	71,350	101,203	118,536	179,746	212,878	235,410
Total liabilities	26,657	39,567	37,831	86,032	96,289	110,284
Total debt	—	9,216	10,250	51,654	57,240	66,177
Total stockholders' equity	4,246	18,350	37,312	50,311	73,186	81,723

	Fiscal Year Ended June 30, 2005	2006	2007	2008	2009	Three Months Ended September 30, 2008	2009
	(In thousands)						
Consolidated Statements of Cash Flows Data:							
Net cash provided by (used in) operating activities	$23,200	$21,659	$25,197	$24,751	$32,570	$ (261)	$11,808
Depreciation and amortization	3,466	7,208	9,637	11,727	15,978	4,114	3,952
Capital expenditures	5,671	1,104	2,030	2,177	1,347	504	443

	Fiscal Year Ended June 30, 2005	2006	2007	2008	2009	Three Months Ended September 30, 2008	2009
	(In thousands)						
Other Financial Data:							
Adjusted EBITDA(1)	$24,290	$32,619	$36,112	$36,279	$56,872	$12,157	$18,150

(1) We define Adjusted EBITDA as net income less interest income plus interest expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain. Please see "Summary Consolidated Financial Data — Adjusted EBITDA" for more information and for a reconciliation of Adjusted EBITDA to our net income calculated in accordance with U.S. generally accepted accounting principles.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements."

Overview

QuinStreet is a leader in vertical marketing and media on the Internet. We have built a strong set of capabilities to engage Internet visitors with targeted media and to connect our marketing clients with their potential customers online. We focus on serving clients in large, information-intensive industry verticals where relevant, targeted media and offerings help visitors make informed choices, find the products that match their needs, and thus become qualified customer prospects for our clients.

We deliver cost-effective marketing results to our clients, predictably and scalably, most typically in the form of a qualified lead or click. These leads or clicks can then convert into a customer or sale for the client at a rate that results in an acceptable marketing cost to them. We get paid by clients primarily when we deliver qualified leads or clicks as defined by our agreements with them. Because we bear the costs of media, our programs must deliver a value to our clients and a media yield, or our ability to generate an acceptable margin on our media costs, that provides a sound financial outcome for us. Our general process is:

- We own or access targeted media;
- We run advertisements or other forms of marketing messages and programs in that media to create visitor responses or clicks through to client offerings;
- We match these responses or clicks to client offerings or brands that meet visitor interests or needs, converting visitors into qualified leads or clicks; and
- We optimize client matches and media yield such that we achieve desired results for clients and a sound financial outcome for us.

Our primary financial objective has been and remains creating revenue growth, from sustainable sources, at target levels of profitability. Our primary financial objective is not to maximize profits, but rather to achieve target levels of profitability while investing in various growth initiatives, as we believe we are in the early stages of a large, long-term market. We have been successful in increasing revenue each year since our inception. We became profitable in 2002 and have remained so since that time.

Our Direct Marketing Services, or DMS, business accounted for 95%, 98%, 99% and 99% of our net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively. Our DMS business derives substantially all of its net revenue from fees earned through the delivery of qualified leads and clicks to our clients. Through a deep vertical focus, targeted media presence and our technology platform, we are able to reliably deliver targeted, measurable marketing results to our clients.

Our two largest client verticals are education and financial services. Our education vertical has historically been our largest vertical, representing 78%, 74%, 58% and 51% of net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively. DeVry Inc., a for-profit education company and our largest client, accounted for 22%, 23%, 19%, and 13% of total net revenue for fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively. Our financial services vertical, which we have grown both organically and through acquisitions, represented 7%, 11%, 31% and 39% of net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively. Other DMS verticals, consisting primarily of home services, business-to-business, or B2B, and healthcare, represented 10%, 13%, 10% and 9% of net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively.

In addition, we derived 5%, 2%, 1% and 1% of our net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively, from the provision of a hosted solution and related services for clients in the direct selling industry, also referred to as our Direct Selling Services, or DSS, business.

We have generated substantially all of our revenue from sales to clients in the United States.

We are subject to economic or business factors that affect our client verticals. For instance, presently, clients in particular verticals such as financial services, particularly mortgage, credit cards and deposits, small- to medium-sized business customers and home services are facing very difficult conditions and their marketing spending has been negatively affected. In general, we address challenges created by these adverse economic or business conditions by shifting investment and resources to other client verticals that might be less challenged or by focusing on opportunities with specific clients and subsets of client verticals that might be less affected by those challenges. However, we also invest in client verticals that may face near-term challenges but present long-term growth potential.

We face an additional challenge with regard to DeVry, our largest client, which accounted for approximately 19% and 13% of our net revenue for fiscal year 2009 and the first three months of fiscal year 2010, respectively. DeVry has recently retained an advertising agency and has reduced its purchases of leads from us. We have been addressing this challenge by working with DeVry and the agency to understand their evolving needs and strategies and how we can best serve them going forward. In addition, we have been expanding our business with other clients in our education client vertical. We are also expanding our client base in education to replace visitor matches previously delivered to DeVry.

Trends Affecting our Business

Seasonality

Our results from our education client vertical are subject to significant fluctuation as a result of seasonality. In particular, our quarters ending December 31 (our second fiscal quarter) typically demonstrate seasonal weakness. In those quarters, there is lower availability of lead supply from some forms of media during the holiday period and our education clients often request fewer leads due to holiday staffing. In our quarters ending March 31, this trend generally reverses with better lead availability and often new budgets at the beginning of the year for our clients with financial years ending December 31. For example, in the quarters ended December 31, 2007 and 2008 net revenue from our education clients declined 6% and 13%, respectively, from the previous quarter.

Acquisitions

Beginning in fiscal year 2008, we executed on our strategy to increase the depth within our existing verticals and diversify our business among these verticals by substantially increasing our spending on acquisitions of businesses and technologies. For example, in February 2008, we acquired ReliableRemodeler.com, Inc., or ReliableRemodeler, an Oregon-based company specializing in online home renovation and contractor referrals for $17.5 million in cash and $8.0 million in non-interest-bearing, unsecured promissory notes, in an effort to increase our presence within our home services vertical. In April 2008, we acquired Cyberspace Communication Corporation, an Oklahoma-based online marketing company doing business as SureHits, for $27.5 million in cash and $18.0 million in potential earn-out payments, in an effort to increase our presence within the financial services vertical. During fiscal years 2008 and 2009, in addition to the acquisitions mentioned above, we acquired an aggregate of 21 and 34 online publishing businesses, respectively.

In October 2009, we acquired the website business Insure.com from Life Quote, Inc. for $15.0 million in cash and a $1.0 million non-interest bearing, unsecured promissory note. In November 2009, we acquired the website assets of the Internet.com division of WebMediaBrands, Inc. for $16.0 million in cash and a $2.0 million non-interest-bearing, unsecured promissory note.

Our acquisition strategy may result in significant fluctuations in our available working capital from period to period and over the years. We may use cash, stock or promissory notes to acquire various businesses or technologies, and we cannot accurately predict the timing of those acquisitions or the impact on our cash flows and balance sheet. Large acquisitions or multiple acquisitions within a particular period may significantly impact our financial results for that period. We may utilize debt financing to make acquisitions, which could give rise to higher interest expense and more restrictive operating covenants. We may also utilize our stock as consideration, which could result in substantial dilution.

Client Verticals

To date, we have generated the majority of our revenue from clients in our educational vertical. We expect that a majority of our revenue in fiscal year 2010 will be generated from clients in our education and financial services client verticals. A downturn in economic or market conditions adversely affecting the education industry or the financial services industry would negatively impact our business and financial condition. Over the past year, education marketing spending has remained relatively stable, but we cannot assure you that this stability will continue. Marketing budgets for clients in our education vertical are impacted by a number of factors, including the availability of student financial aid, the regulation of for-profit financial institutions and economic conditions. Over the past year, some segments of the financial services industry, particularly mortgages, credit cards and deposits, have seen declines in marketing budgets given the difficult market conditions. These declines may continue or worsen. In addition, the education and financial services industries are highly regulated. Changes in regulations or government actions may negatively impact our clients' marketing practices and budgets and, therefore, adversely affect our financial results.

Development and Acquisition of Vertical Media

One of the primary challenges of our business is finding or creating media that is targeted enough to attract prospects economically for our clients and at costs that work for our business model. In order to continue to grow our business, we must be able to continue to find or develop quality vertical media on a cost-effective basis. Our inability to find or develop vertical media could impair our growth or adversely affect our financial performance.

Basis of Presentation

General

We operate in two segments: DMS and DSS. For further discussion or financial information about our reporting segments, see Note 2 to our consolidated financial statements included in this prospectus.

Net Revenue

DMS. We derive substantially all of our revenue from fees earned through the delivery of qualified leads or paid clicks. We deliver targeted and measurable results through a vertical focus that we classify into the following key client verticals: education, financial services, home services, B2B and healthcare.

DSS. We derived approximately 5%, 2%, 1% and 1% of our net revenue in fiscal years 2007, 2008 and 2009 and the first three months of fiscal year 2010, respectively. We expect DSS to continue to represent an immaterial portion of our business.

Cost of Revenue

Cost of revenue consists primarily of media costs, personnel costs, amortization of acquisition-related intangible assets, depreciation expense and amortization of internal software development costs on revenue-producing technologies. Media costs consist primarily of fees paid to website publishers that are directly related to a revenue-generating event and PPC ad purchases from Internet search companies. We pay these Internet search companies and website publishers on a revenue-share, cost-per-lead, or CPL, cost-per-click, or CPC, and cost-per-thousand-impressions, or CPM, basis. Personnel costs include salaries, bonuses, stock-based compensation expense and employee benefit costs. Compensation expense is primarily related to individuals associated with maintaining our servers and websites, our editorial staff, client management, creative team, compliance group and media purchasing analysts. We capitalize costs associated with software developed or obtained for internal use.

Costs incurred in the development phase are capitalized and amortized in cost of revenue over the product's estimated useful life. We anticipate that our cost of revenue will increase in absolute dollars.

Operating Expenses

We classify our operating expenses into three categories: product development, sales and marketing and general and administrative. Our operating expenses consist primarily of personnel costs and, to a lesser extent, professional fees, rent and allocated costs. Personnel costs for each category of operating expenses generally include salaries, bonuses and commissions, stock-based compensation expense and employee benefit costs.

Product Development. Product development expenses consist primarily of personnel costs and professional services fees associated with the development and maintenance of our technology platforms, development and launching of our websites, product-based quality assurance and testing. We believe that continued investment in technology is critical to attaining our strategic objectives and, as a result, we expect technology development and enhancement expenses to increase in absolute dollars in future periods.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel costs (including commissions) and, to a lesser extent, allocated overhead, professional services, advertising, travel and marketing materials. We expect sales and marketing expenses to increase in absolute dollars as we hire additional personnel in sales and marketing to support our increasing revenue base and product offerings.

General and Administrative. General and administrative expenses consist primarily of personnel costs of our executive, finance, legal, employee benefits and compliance and other administrative personnel, as well as accounting and legal professional services fees and other corporate expenses. We expect general and administrative expenses to increase in absolute dollars in future periods as we continue to invest in corporate infrastructure and incur additional expenses associated with being a public company, including increased legal and accounting costs, investor relations costs, higher insurance premiums and compliance costs associated with Section 404 of the Sarbanes-Oxley Act of 2002.

Interest and Other Income (Expense), Net

Interest and other income (expense), net, consists primarily of interest income and interest expense. Interest expense is related to our credit facilities and the promissory notes issued in connection with our acquisitions. The outstanding balance of our credit facilities and acquisition-related promissory notes was $40.5 million and $26.3 million, respectively, as of September 30, 2009. We expect interest expense to increase in the near future as we entered into a new credit facility in January 2010 with a larger borrowing capacity and a higher rate of interest. Borrowings under our credit facility could also subsequently increase as we continue to implement our acquisition strategy. Interest income represents interest received on our cash and cash equivalents, which we expect will increase in the near term with the investment of the net proceeds of this offering.

Income Tax Expense

We are subject to tax in the United States as well as other tax jurisdictions or countries in which we conduct business. Earnings from our limited non-U.S. activities are subject to local country income tax and may be subject to current U.S. income tax.

As of September 30, 2009, we did not have net operating loss carryforwards for federal income tax purposes and had approximately $2.8 million in California net operating loss carryforwards that begin to expire in March 2011, and that we expect to utilize in an amended return. The California net operating loss carryforwards will not offset future taxable income, but may instead result in a refund of historical taxes paid. As of September 30, 2009, our Japanese subsidiary had net operating loss carryforwards of approximately $370,000 that will begin to expire in 2011. These net operating loss carryforwards were fully reserved as of September 30, 2009.

As of September 30, 2009, we had net deferred tax assets of $5.5 million. Our net deferred tax assets consist primarily of accruals, reserves and stock-based compensation expense not currently deductible for tax purposes. We assess the need for a valuation allowance on the deferred tax assets by evaluating both positive and negative evidence that may exist. Any adjustment to the deferred tax asset valuation allowance would be recorded in the income statement of the periods that the adjustment is determined to be required.

On July 1, 2007, we adopted the authoritative accounting guidance prescribing a threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also provides for de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The guidance utilizes a two-step approach for evaluating uncertain tax positions. Step one, Recognition, requires a company to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. If a tax position is not considered "more likely than not" to be sustained then no benefits of the position are to be recognized. Step two, Measurement, is based on the largest amount of benefit, which is more likely than not to be realized on ultimate settlement.

Effective July 1, 2007, we adopted the accounting guidance on uncertainties in income tax. The cumulative effect of adoption to the opening balance of the retained earnings account was $1,705.

Critical Accounting Policies and Estimates

In presenting our consolidated financial statements in conformity with U.S. generally accepting accounting principals, or GAAP, we are required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures.

Some of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. We base these estimates and assumptions on historical experience or on various other factors that we believe to be reasonable and appropriate under the circumstances. On an ongoing basis, we reconsider and evaluate our estimates and assumptions. Actual results may differ significantly from these estimates.

We believe that the critical accounting policies listed below involve our more significant judgments, assumptions and estimates and, therefore, could have the greatest potential impact on our consolidated financial statements. In addition, we believe that a discussion of these policies is necessary to understand and evaluate the consolidated financial statements contained in this prospectus.

For further information on our critical and other significant accounting policies, see Note 2 of our consolidated financial statements included in this prospectus.

Revenue Recognition

We derive revenue from two segments: DMS and DSS. DMS revenue, which constituted 95%, 98% and 99% of our net revenue for fiscal years 2007, 2008 and 2009, respectively, is derived primarily from fees that are earned through the delivery of qualified leads or paid clicks. We recognize revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Delivery is deemed to have occurred at the time a lead or click is delivered to the client, provided that no significant obligations remain.

From time to time, we may agree to credit clients for certain leads or clicks if they fail to meet the contractual or other guidelines of a particular client. We have established a sales reserve based on historical experience. To date, our reserve has been adequate for these credits. The adequacy of this reserve depends on our ability to estimate the number of credits that we will grant to our clients. If we were to change any of the assumptions or judgments made in calculating the amount of the reserve, it could cause a material change in the net revenue that we report in a particular period. Our assessment of the likelihood of collection is also a critical element in determining the timing of revenue recognition. If we do not believe that collection is reasonably assured, revenue will be recognized on the earlier of the date that the collection is reasonably assured or collection is made.

For a portion of our revenue, we have agreements with publishers of online media used in the generation of leads or clicks. We receive a fee from our clients and pay a fee to our publishers either on a revenue-share, CPL, CPC or CPM basis. We are the primary obligor in the transaction. As a result, the fees paid by our clients are recognized as revenue and the fees paid to our publishers are included in cost of revenue.

DSS revenue consists of (i) set-up and professional services fees and (ii) usage and hosting fees. Set-up and professional service fees that do not provide stand-alone value to our clients are recognized over the contractual term of the agreement or the expected client relationship period, whichever is longer, effective when the application reaches the “go-live” date. We define the “go-live” date as the date when the application enters into a production environment or all essential functionalities have been delivered. We recognize usage and hosting fees on a monthly basis as earned. Deferred revenue consists of billings or payments in advance of reaching all the above revenue recognition criteria, primarily comprising deferred DSS revenue.

Stock-Based Compensation

Through June 30, 2006, we accounted for our stock-based employee compensation arrangements in accordance with the intrinsic value provisions of Accounting Principles Board, or APB, Opinion No. 25, Accounting for Stock Issued to Employees, or APB 25, and related interpretations and complied with the disclosure provisions of SFAS No. 123, Accounting for Stock Based Compensation, and SFAS No. 148, Accounting for Stock-Based Compensation Transition and Disclosure. Under the intrinsic value method, compensation expense is measured on the date of the grants as the difference between the fair value of our common stock and the exercise or purchase price multiplied by the number of stock options granted.

Effective July 1, 2006, we adopted SFAS 123(R), which requires non-public companies that used the minimum value method under SFAS 123 for either recognition or pro forma disclosures to apply SFAS 123(R) using the prospective-transition method. As such, we continue to apply the intrinsic value method to equity awards outstanding at the date of adoption of SFAS 123(R) that were measured using the minimum value method. In accordance with SFAS 123(R), we recognize the compensation cost of employee stock-based awards granted subsequent to June 30, 2006 in the statement of operations using the straight-line method over the vesting period of the award.

The following table sets forth the total stock-based compensation expense included in the related financial statement line items:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
			(In thousands)		
Cost of revenue	$ 416	$ 1,112	$ 1,916	$ 470	$ 728
Product development	75	443	669	161	253
Sales and marketing	226	581	1,761	416	507
General and administrative	1,354	1,086	1,827	351	741
Total	$ 2,071	$ 3,222	$ 6,173	$ 1,398	$ 2,229

We estimated the fair value of each option granted using the Black-Scholes option-pricing method using the following assumptions for the periods presented in the table below:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
Weighted average stock price volatility	48%	52%	62%	61%	73%
Expected term (in years)	4.6 - 6.1	4.6	4.6	4.6	4.6
Expected dividend yield	—	—	—	—	—
Risk-free interest rate	4.6% - 4.9%	2.8% - 4.5%	1.8% - 3.1%	3.1%	2.5%

As of each stock option grant date, we considered the fair value of the underlying common stock, determined as described below, in order to establish the options exercise price.

As there has been no public market for our common stock prior to this offering, and therefore a lack of company-specific historical and implied volatility data, we have determined the share price volatility for options granted based on an analysis of reported data for a peer group of companies that granted options with substantially similar terms. The expected volatility of options granted has been determined using an average of the historical volatility measures of this peer group of companies for a period equal to the expected life of the option. We intend to continue to consistently apply this process using the same or similar entities until a sufficient amount of historical information regarding the volatility of our own share price becomes available, or unless circumstances change such that the identified entities are no longer similar to us. In this latter case, more suitable entities whose share prices are publicly available would be utilized in the calculation.

The expected life of options granted has been determined utilizing the "simplified" method as prescribed by the SEC's Staff Accounting Bulletin, or SAB, No. 107, *Share-Based Payment*, or SAB 107. The risk-free interest rate is based on a daily treasury yield curve rate whose term is consistent with the expected life of the stock options. We have not paid and do not anticipate paying cash dividends on our shares of common stock; therefore, the expected dividend yield is assumed to be zero.

In addition, SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates, whereas SFAS 123 permitted companies to record forfeitures based on actual forfeitures. We apply an estimated forfeiture rate based on our historical forfeiture experience.

Since the beginning of fiscal year 2007 through December 31, 2009, we granted stock options with exercise prices as follows:

Grant Dates	Number of Shares Underlying Options Granted	Exercise Price per Share	Common Stock Fair Value per Share for Financial Reporting Purposes at Grant Date	SFAS 123R Fair Value
July 20, 2006	88,100	$ 9.01	$ 9.01	$ 428,034
September 28, 2006	133,794	9.40	9.40	678,175
December 1, 2006	713,000	9.40	9.40	3,590,525
January 31, 2007(1)	165,000	10.34	9.40	831,617
January 31, 2007	81,550	9.40	9.40	391,412
March 23, 2007	35,100	9.40	9.40	176,908
May 31, 2007	1,161,400	10.28	10.28	5,226,881
September 27, 2007	116,700	10.28	10.28	560,720
January 30, 2008	729,200	10.28	10.28	3,330,840
April 25, 2008	469,500	10.28	10.28	2,365,294
July 25, 2008	1,780,600	10.28	10.28	9,554,343
October 2, 2008	277,900	10.28	10.28	1,385,081
January 28, 2009	331,800	9.01	9.01	1,686,738
April 29, 2009	184,800	9.01	9.01	957,467
August 7, 2009	1,875,050	9.01	13.93	17,716,410
August 7, 2009(1)	87,705	9.91	13.93	805,939
October 6, 2009	210,600	11.08	16.88	2,505,529
November 17, 2009	1,080,500	19.00	19.00	10,159,077

(1) Options granted with an exercise price per share equal to 110% of the fair market value of one share of our common stock, as determined by our board of directors on the date of grant.

We have historically granted stock options at exercise prices equal to or greater than the fair market value as determined by our board of directors on the date of grant, with input from management. Because our common stock is not publicly traded, our board of directors exercises significant judgment in determining the fair value of our common stock on the date of grant based on a number of objective and subjective factors. Factors considered by our board of directors included:

- company performance, our growth rate and financial condition at the approximate time of the option grant;
- the value of companies that we consider peers based on a number of factors including, but not limited to, similarity to us with respect to industry, business model, stage of growth, financial risk or other factors;
- changes in the company and our prospects since the last time the board approved option grants and made a determination of fair value;
- amounts recently paid by investors for our common stock and convertible preferred stock in arm's-length transactions with stockholders;
- the rights, preferences and privileges of preferred stock relative to those of our common stock;
- future financial projections; and
- valuations completed in conjunction with, and at the time of, each option grant.

We prepared contemporaneous valuations at each of the grant dates consistent with the method outlined in the AICPA Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, for all option grant dates in fiscal year 2008, 2009 and three months ended September 30, 2009. The methodology we used derived equity values utilizing a probability-weighted expected return method, or PWERM, that weighs various potential liquidity outcomes with each outcome assigned a probability to arrive at the weighted equity value. For each of the possible events, a range of future equity values is estimated, based on the market, income or cost approaches and over a range of possible event dates, all plus or minus a standard deviation for value and timing. The timing of these events is based on discussion with our management. For each future equity value scenario, the rights and preferences of each stockholder class are considered in order to determine the appropriate allocation of value to common shares. The value of each common share is then multiplied by a discount factor derived from the calculated discount rate and the expected timing of the event (plus or minus a standard deviation of time). The value per common share is then multiplied by an estimated probability for each of the possible events based on discussion with our management. The calculated value per common share under each scenario is then discounted for a lack of marketability. A probability-weighted value per share of common stock is then determined. Under the PWERM, the value of our common stock is estimated based upon an analysis of values for our common stock assuming the following various possible future events for the company:

- initial public offering;
- strategic merger or sale;
- dissolution/no value to common stockholders; and
- remaining a private company.

When using the PWERM, a market-comparable approach, an income approach and a cost approach were used to estimate our aggregate enterprise value at each valuation date. The market-comparable approach estimates the fair market value of a company by applying market multiples of publicly-traded firms in the same or similar lines of business to the results and projected results of the company being valued. When choosing the market-comparable companies to be used for the market-comparable approach, we focused on companies operating within the online marketing and lead generation space. The comparable companies remained largely unchanged during the valuation process. The income approach involves applying an appropriate risk-adjusted discount rate to projected debt free cash flows, based on forecasted revenue and costs. The cost approach involves identifying a company's significant tangible assets, estimating the individual current market values of each and then totaling them to derive the value of the business as a whole. We used the cost approach method under an assumption of dissolution.

We also prepared financial forecasts for each valuation report date used in the computation of the enterprise value for both the market-comparable approach and the income approach. The financial forecasts were based on assumed revenue growth rates that took into account our past experience and contemporaneous future expectations. The risks associated with achieving these forecasts were assessed in selecting the appropriate cost of capital, which ranged from 15% to 17%.

We have performed these valuations since December 2003.

As an additional indicator of fair value, we note in the individual valuation discussions below pricing of all sales of our common stock for transactions occurring during the quarter of the respective grant dates. Over the past several years, a number of investors have purchased, or attempted to purchase, shares from employees, former employees and other stockholders. In some instances, we have exercised our right of first refusal with regard to such proposed purchases and, accordingly, purchased the shares for the price proposed by the investors, and in other instances, we have chosen not to exercise our right of first refusal and have permitted the proposed buyers to complete the transactions with the sellers on the terms disclosed to us.

While these transactions were not consummated in a highly liquid market, we do believe that the transactions provide an additional indicator of fair value based on the volume and number of buyers. These transaction prices have indicated, as additional support to our valuation analyses, that we have not historically determined fair market values below the indications of value for transactions in our common stock.

Discussion of specific valuation inputs from July 2008 through November 2009

July 25, 2008. On July 25, 2008, our board of directors determined a fair value of our common stock of $10.28 per share, based on the factors described above as well as a contemporaneous valuation report dated July 17, 2008. The valuation used a risk-adjusted discount of 16%, a non-marketability discount of 23.4% and an estimated time to an initial public offering or a strategic merger or sale of greater than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $9.42 per share for our common stock. We determined to set the fair value per share of our common stock at $10.28 per share as of July 25, 2008, above the $9.42 per share valuation as of July 17, 2008, since these valuations by their nature involve estimates and judgments and, in our opinion, the relatively small difference did not justify reducing the fair market value determination for our common stock. During the three months ended September 30, 2008, we exercised our right of first refusal to repurchase 115,275 shares of common stock at an average price of $8.47, with a low price of $8.00 and a high price of $8.60. During this same period, we chose not to exercise our right of first refusal for transactions totaling 30,000 shares of common stock at an average price of $8.75, with a low price of $8.50 and a high price of $9.00.

October 2, 2008. On October 2, 2008, our board of directors determined a fair value of our common stock of $10.28 per share, based on the factors described above as well as a contemporaneous valuation report dated September 24, 2008. The valuation used a risk-adjusted discount of 16%, a non-marketability discount of 26.8%, an estimated time to an initial public offering of greater than 12 months and an estimated time to a strategic merger or sale of less than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $9.94 per share for our common stock. We determined to set the fair value per share of our common stock at $10.28 per share as of October 2, 2008, above the $9.94 per share valuation as of September 24, 2008, since these valuations by their nature involve estimates and judgments and, in our opinion, the relatively small difference did not justify reducing the fair market value determination for our common stock. During the three months ended December 31, 2009, we exercised our right of first refusal to repurchase 8,000 shares of common stock at a price of $8.50. During this same period, we chose not to exercise our right of first refusal for transactions totaling 57,000 shares of common stock at a price of $8.50.

January 28, 2009. On January 28, 2008, our board of directors determined a fair value of our common stock of $9.01 per share, based on the factors described above as well as a contemporaneous valuation report dated December 31, 2008. The valuation used a risk-adjusted discount of 15%, a non-marketability discount of 25%, an estimated time to an initial public offering of 12 months and an estimated time to a strategic merger or sale of more than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $9.01 per share for our common stock. During the three months ended March 30, 2009, we exercised our right of first refusal to repurchase 40,000 shares of common stock at an average price of $7.31, with a low price of $6.25 and a high price of $8.00. During this same period, there were no transactions in our stock in which we chose not to exercise our right of first refusal.

April 29, 2009. On April 29, 2009, our board of directors determined a fair value of our common stock of $9.01 per share, based on the factors described above as well as a contemporaneous valuation report dated March 31, 2009. The valuation used a risk-adjusted discount of 15%, a non-marketability discount of 20%, an estimated time to an initial public offering of more than 12 months and an estimated time to a strategic merger or sale of more than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $8.29 per share for our common stock. We determined to set the fair value per share of our common stock at $9.01 per share as of April 29, 2009, above the $8.29 per share valuation as of March 31, 2009, since these valuations by their nature involve estimates and judgments and, in our opinion, the relatively small difference did not justify reducing the fair market value determination for our common stock. During the three months ended June 30, 2009, we did not exercise our right of first refusal to repurchase any common stock. During this same period, we chose not to exercise our right of first refusal for transactions totaling 30,000 shares of common stock at a price of $8.00.

August 7, 2009. On August 7, 2009, our board of directors determined a fair value of our common stock of $9.01 per share, based on the factors described above as well as a contemporaneous valuation report dated June 30, 2009. The valuation used a risk-adjusted discount of 15%, a non-marketability discount of 20%, an estimated time to an initial public offering of more than 12 months and an estimated time to a strategic merger or sale of more than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $9.00 per share for our common stock. During the three months ended September 30, 2009, we exercised our right of first refusal to repurchase 71,895 shares of common stock at an average price of $8.03, with a low price of $7.00 and a high price of $8.80. During this same period, we chose not to exercise our right of first refusal for transactions totaling 144,583 shares of common stock at an average price of $8.09, with a low price of $8.00 and a high price of $8.50.

Prior to the issuance of our financial statements for the three month period ended September 30, 2009 in connection with the initial filing of our registration statement on Form S-1, we decided to revise our estimate of fair value of our common stock as of August 7, 2009. In reassessing the estimate of fair value of our common stock, we considered the preliminary estimated valuation range communicated by our underwriters as well as the results of our contemporaneous valuation performed on November 17, 2009, immediately prior to the initial filing of our registration statement on Form S-1. The revised fair value as of August 7, 2009 was derived based on a linear increase of our valuation between April 29, 2008 (date of our last fair value determination prior to issuance of our audited financial statements) and November 17, 2009 (date of our initial filing of our registration statement on Form S-1). We also compared the results of the calculation described above with an estimate of fair value as of August 7, 2009 based on the estimated fair value at November 17, 2009 adjusted for the increase of the NASDAQ composite index between these two dates, and noted no material differences. As a result of reassessing the fair value of our common stock, we expect to record additional compensation expense, excluding the effect of forfeitures, of $8.1 million, of which $0.4 million was recorded in our financial statements for the three months ended September 30, 2009.

October 6, 2009. On October 6, 2009, our board of directors determined a fair value of our common stock of $11.08 per share, based on the factors described above as well as a contemporaneous valuation report dated September 15, 2009. The valuation used a risk-adjusted discount of 15%, a non-marketability discount of 15%, an estimated time to an initial public offering of less than 9 months and an estimated time to a strategic merger or sale of more than 12 months. The expected outcomes were weighted 50% toward an initial public offering, 30% towards a strategic merger or sale, 18% towards remaining a private company and 2% towards a liquidation scenario. This valuation indicated a fair value of $11.08 per share for our common stock. Consistent with our August 7, 2009 grant, we reassessed the fair value of our common stock as of October 6, 2009. Given the relatively immaterial number of shares issued, we derived the revised estimate of fair value as of October 6, 2009 assuming a linear increase of our valuation between April 29, 2009 and November 17, 2009. We expect to record compensation expense associated with the October 6, 2009 grants of $997,000 through the end of fiscal year 2010.

Significant events occurring between the October 6, 2009 and November 17, 2009 grants. Subsequent to the October 6, 2009 board of directors meeting, we initiated a process to evaluate underwriters for a potential initial public offering. On November 2, 2009, our board of directors approved management's recommendation of an underwriting group and its recommendation to attempt an initial public offering on an accelerated time line. On November 5, 2009, management, the underwriters, Qatalyst Partners, our independent registered public accounting firm and external legal counsel for the company and the underwriters held an "organizational" meeting to formally begin the initial public offering process and the process of underwriter "due diligence."

November 17, 2009. On November 17, 2009, our board of directors determined a fair value of our common stock of $19.00 per share, based on a contemporaneous valuation report dated October 31, 2009 and the preliminary estimated valuation range communicated by our underwriters. The valuation used a risk-adjusted discount of 15%, a non-marketability discount of 5%, an estimated time to an initial public offering of less than 4 months and an estimated time to a strategic merger or sale of more than 12 months. The expected outcomes were weighted 80% toward an initial public offering, 10% towards a strategic merger or sale and 10% towards remaining a private company. This valuation indicated a fair value of $17.87 per share for our common stock. We determined the fair value per share of our common stock to be $19.00 as of November 17, 2009, which was higher than the $17.87 per share value indicated by our valuation analysis as of October 31, 2009, based upon preliminary indications of potential pricing ranges for our initial public offering. We expect to record compensation expense associated with the November 17, 2009 grants of $3.4 million through the end of fiscal year 2010.

Based on an estimated initial public offering price of $18.00 per share, the fair value of the options outstanding at December 31, 2009 was $139 million, of which $75 million related to vested options and $64 million related to unvested options.

Recoverability of Intangible Assets, Including Goodwill

Intangible assets consist primarily of content, domain names, customer and publisher relationships, non-compete agreements, and other intangible assets. Intangible assets acquired in a business combination are measured at fair value at the date of acquisition. We amortize all intangible assets on a straight line basis over their expected lives. As of June 30, 2009 and September 30, 2009, we had $106.7 million and $119.5 million of goodwill, respectively, and $34.0 million and $36.6 million of other intangible assets, respectively, with estimable useful lives on our consolidated balance sheets.

We review our indefinite-lived intangible assets for impairment at least annually or as indicators of impairment exist based on comparing the fair value of the asset to the carrying value of the asset. Goodwill is currently our only indefinite-lived intangible asset. We perform our annual goodwill impairment test in the fourth quarter for each of our DMS and DSS reporting units. Our goodwill impairment test requires the use of fair-value techniques, which are inherently subjective.

We performed our goodwill impairment test on our DMS reporting unit by comparing the fair value of the business enterprise as adjusted for the value of the DSS reporting unit to its carrying value. The business enterprise value as a whole calculated on April 20, 2009 for our goodwill impairment test in the fourth quarter of 2009 differs from the implied market capitalization based on the fair value of an individual share of our common stock used for granting stock options as March 31, 2009, as described below under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Estimates — Stock-Based Compensation,” because the business enterprise value is the estimated value that would be received for the sale of the company as a whole in an orderly transaction between market participants, whereas the estimated value used to determine the fair value of an individual share of common stock was determined on the basis of a non-marketable minority share of a non-public company. The calculation of the non-marketable minority interest of an individual share takes into consideration interest bearing debt, the fair value of stock options issued, shares outstanding and a marketability discount on common stock that is not freely tradable in a public market. Fair value of our DSS reporting unit was estimated in April 2009 using the income approach. Under the income approach, we calculated the fair value of our DSS reporting unit based on the present value of estimated future cash flows.

The valuation of goodwill could be affected if actual results differ substantially from our estimates. Circumstances that could affect the valuation of goodwill include, among other things, a significant change in our business climate and buying habits of our subscriber base along with increased costs to provide systems and technologies required to support our content and search capabilities. Based on our analysis in the fourth quarter of 2009, no impairment of goodwill was indicated. We have determined that a 10% change in our cash flow assumptions or a marginal change in our discount rate as of the date of our most recent goodwill impairment test would not have changed the outcome of the test.

We evaluate the recoverability of our long-lived assets in accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, or SFAS 144. SFAS 144 requires recognition of impairment of long-lived assets in the event that the net book value of such assets exceeds the future undiscounted net cash flows attributable to such assets. In accordance with SFAS 144, we recognize impairment, if any, in the period of identification to the extent the carrying amount of an asset exceeds the fair value of such asset. Based on our analysis, no impairment was recorded in fiscal year 2009.

Results of Operations

The following table sets forth our consolidated statement of operations for the periods indicated:

	Fiscal Year Ended June 30,						Three Months Ended September 30,			
	2007		2008		2009		2008		2009	
					(In thousands)					
Net revenue	$ 167,370	100.0%	$ 192,030	100.0%	$ 260,527	100.0%	$ 63,678	100.0%	$ 78,552	100.0%
Cost of revenue(1)	108,945	65.1	130,869	68.2	181,593	69.7	45,281	71.1	55,047	70.1
Gross profit	58,425	34.9	61,161	31.8	78,934	30.3	18,397	28.9	23,505	29.9
Operating expenses:(1)										
Product development	14,094	8.4	14,051	7.3	14,887	5.7	3,757	5.9	4,470	5.7
Sales and marketing	8,487	5.1	12,409	6.5	16,154	6.2	4,259	6.7	3,625	4.6
General and administrative	11,440	6.8	13,371	7.0	13,172	5.1	3,736	5.9	3,441	4.4
Operating income	24,404	14.6	21,330	11.1	34,721	13.3	6,645	10.4	11,969	15.2
Interest income	1,905	1.1	1,482	0.8	245	0.1	90	0.1	9	—
Interest expense	(732)	(0.4)	(1,214)	(0.6)	(3,544)	(1.4)	(763)	(1.2)	(748)	(1.0)
Other income (expense), net	(139)	(0.1)	145	0.1	(239)	(0.1)	51	0.1	120	0.2
Income before income taxes	25,438	15.2	21,743	11.3	31,183	12.0	6,023	9.5	11,350	14.4
Provision for income taxes	(9,828)	(5.9)	(8,876)	(4.6)	(13,909)	(5.3)	(2,719)	(4.3)	(4,837)	(6.2)
Net income	$ 15,610	9.3%	$ 12,867	6.7%	$ 17,274	6.6%	$ 3,304	5.2%	$ 6,513	8.3%

(1) Includes stock-based compensation expense as follows:

Cost of revenue	$ 416	0.2%	$1,112	0.6%	$1,916	0.7%	$470	0.7%	$728	0.9%
Product development	75	0.0	443	0.2	669	0.3	161	0.3	253	0.3
Sales and marketing	226	0.1	581	0.3	1,761	0.7	416	0.7	507	0.6
General and administrative	1,354	0.8	1,086	0.6	1,827	0.7	351	0.6	741	0.9

Three Months Ended September 30, 2008 and 2009

Net Revenue

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	2008-2009 % Change
	(In thousands)		
Net revenue	$63,678	$78,552	23%
Cost of revenue	45,281	55,047	22%

Net revenue increased $14.9 million, or 23%, from the three months ended September 30, 2008 to the three months ended September 30, 2009. Substantially all of this increase was attributable to an increase in revenue from our financial services client vertical. Financial services client vertical net revenue increased from $15.2 million in the three months ended September 30, 2008 to $31.0 million in the corresponding 2009 period, an increase of $15.8 million, or 104%. The increase in financial services client vertical revenue was driven by lead and click volume increases at relatively steady prices.

Cost of Revenue

Cost of revenue increased $9.8 million, or 22%, from the three months ended September 30, 2008 to the three months ended September 30, 2009. The increase in cost of revenue was driven by a $9.3 million increase in media costs due to lead and click volume increases. Gross margin, which is the difference between net revenue and cost of revenue as a percentage of net revenue, increased from 28.9% for the three months ended September 30, 2008 to 29.9% for the three months ended September 30, 2009. The increase in gross margin is attributable to revenue growth of 23% from the three months ended September 30, 2008 to the three months ended September 30, 2009 in conjunction with a moderate compensation expense increase of only 2% for the same period due to a reduction in workforce in the third quarter of fiscal year 2009.

Operating Expenses

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	2008-2009% Change
	(In thousands)		
Product development	$ 3,757	$ 4,470	19%
Sales and marketing	4,259	3,625	(15)%
General and administrative	3,736	3,441	(8)%
Operating expenses	$ 11,752	$ 11,536	(2)%

Product Development Expenses

Product development expenses increased $713,000, or 19%, from the three months ended September 30, 2008 to the three months ended September 30, 2009. The increase is attributable to increased performance bonuses and compensation expense of $552,000 from the three months ended September 30, 2008 to the three months ended September 30, 2009 and, to a lesser extent, increased stock-based compensation expense of $92,000 and professional services fees of $89,000 associated with the development of our technology platforms.

Sales and Marketing Expenses

Sales and marketing expenses declined $634,000, or 15%, from the three months ended September 30, 2008 to the three months ended September 30, 2009. The decline is due to a 23% decrease in our sales and marketing headcount and related compensation expenses of $769,000, partially offset by increased stock-based compensation expense of $91,000. The decline in headcount and related compensation expense is driven by a reduction in workforce in the third quarter of fiscal year 2009.

General and Administrative Expenses

General and administrative expenses decreased $295,000, or 8%, from the three months ended September 30, 2008 to the three months ended September 30, 2009. The decline is driven by a decrease in our legal expenses of $633,000 attributable to the settlement of an ongoing legal matter in the fourth quarter of fiscal year 2009, partially offset by increased stock-based compensation expense of $390,000.

Interest and Other Income (Expense), Net

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009	2008-2009% Change
	(In thousands)		
Interest income	$ 90	$ 9	(90)%
Interest expense	(763)	(748)	(2)%
Other income (expense), net	51	120	135%
	$ (622)	$ (619)	—

Interest and other income (expense), net was flat from the three months ended September 30, 2008, to the three months ended September 2009. The decrease in interest income is due to a decline in our invested cash balances. Other income (expense), net increased $69,000, or 135%, from the three months ended September 30, 2008 to the three months ended September 30, 2009 due to the weakening of the U.S. dollar against the Canadian dollar.

Provision for Taxes

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2009
	(In thousands)	
Provision for taxes	$2,719	$4,837
Effective tax rate	45.1%	42.6%

The decline in our effective tax rate from the three months ended September 30, 2008 to the three months ended September 30, 2009 was impacted by decreased state income tax expense in jurisdictions in which we no longer had a physical presence, the unavailability of research and development tax credits during the three months ended September 30, 2008 and, to a lesser extent, increased tax deductions associated with employee stock option disqualifying dispositions. The decline was offset by increased non-deductible stock-based compensation expense.

Comparison of Fiscal Years Ended June 30, 2007, 2008 and 2009

Net Revenue

	Fiscal Year Ended June 30, 2007	2008	2009	2007-2008 % Change	2008-2009 % Change
		(In thousands)			
Net revenue	$167,370	$192,030	$260,527	15%	36%
Cost of revenue	108,945	130,869	181,593	20%	39%

Net revenue increased $68.5 million, or 36%, from fiscal year 2008 to fiscal year 2009, attributable primarily to an increase in our financial services and education client verticals, offset in part by a decline in our DSS business. Financial services client vertical net revenue increased from $21.9 million in fiscal year 2008 to $79.7 million in fiscal year 2009, an increase of $57.8 million, or 264%. Revenue growth in our financial services client vertical was driven by lead and click volume increases at relatively steady prices and the full effect of the acquisition of SureHits in the fourth quarter of fiscal year 2008. Our education client vertical net revenue increased from $142.2 million in fiscal year 2008 to $151.4 million in fiscal year 2009, an increase of $9.1 million, or 6%, half due to lead volume increases and half due to pricing increases. Our other client verticals' net revenue increased from $24.3 million in fiscal year 2008 to $26.3 million in fiscal year 2009, an increase of $2.0 million, or 8%, due primarily to the full effect of the acquisition of the assets of Vendorseek L.L.C., within our B2B client vertical in the fourth quarter of fiscal year 2008. The revenue increase in our other client verticals was partially offset by declines in our home services client vertical due to both a challenging economic environment and lack of available consumer credit.

Net revenue increased $24.7 million, or 15%, from fiscal year 2007 to fiscal year 2008, attributable primarily to increases in our education, financial services and other client verticals, partially offset by declines in our DSS business. Education client vertical net revenue increased from $131.0 million to $142.2 million, an increase of $11.2 million, or 9%, due to lead volume increases at relatively steady prices. Financial services client vertical net revenue increased from $12.2 million to $21.9 million, an increase of $9.7 million, or 80%. Revenue growth in our financial services client vertical was driven by the acquisition of SureHits in the fourth quarter of fiscal year 2008. Net revenue from our other client verticals increased from $16.6 million in fiscal year 2007 to $24.3 million in fiscal year 2008, an increase of $7.7 million, or 46%, due to a $6.0 million increase in our home services client vertical primarily resulting from the acquisition of ReliableRemodeler in the third quarter of fiscal year 2008 and, to a lesser extent, organic growth.

Cost of Revenue

Cost of revenue increased $50.7 million, or 39%, from fiscal year 2008 to fiscal year 2009, driven by a $43.3 million increase in media costs due to lead and click volume increases and, to a lesser extent, increased amortization of acquisition-related intangible assets of $4.2 million resulting from acquisitions in fiscal years 2008 and 2009. Our gross margin declined from 31.8% in fiscal year 2008 to 30.3% in fiscal year 2009 due primarily to the acquisition of SureHits, which is characterized by lower gross margins.

Cost of revenue increased $21.9 million, or 20%, from fiscal year 2007 to fiscal year 2008, driven by a $14.0 million increase in media costs due to lead volume increases and, to a lesser extent, increased personnel costs of $2.7 million due to an 11% increase in average headcount and related compensation expense increases, as well as increased amortization of acquisition-related intangible assets resulting from acquisitions in fiscal year 2008. Gross margin declined from 34.9% in fiscal year 2007 to 31.8% in fiscal year 2008 due to increases in both the above mentioned headcount and related compensation expense (including stock-based compensation expense), as well as increases in fixed costs, and increased amortization of acquired intangible assets associated with acquisitions during fiscal year 2008.

Operating Expenses

	Fiscal Year Ended June 30, 2007	2008 (In thousands)	2009	2007-2008 % Change	2008-2009 % Change
Product development	$ 14,094	$ 14,051	$ 14,887	—	6%
Sales and marketing	8,487	12,409	16,154	46%	30%
General and administrative	11,440	13,371	13,172	17%	(1)%
Operating expenses	$ 34,021	$ 39,831	$ 44,213	17%	11%

Product Development Expenses

Product development expenses increased $836,000, or 6%, from fiscal year 2008 to fiscal year 2009, due to increased management performance bonuses and increased stock-based compensation expense. The increased management performance bonuses were paid in connection with our achievement of specified financial metrics during fiscal year 2009 that were not achieved in the corresponding prior year period, as well as an increase in the number of individuals eligible for such bonuses. The increase in product development expenses was partially offset by a reduction in workforce in the third quarter of fiscal year 2009. Product development expenses remained flat from fiscal year 2007 to fiscal year 2008.

Sales and Marketing Expenses

Sales and marketing expenses increased $3.7 million, or 30%, from fiscal year 2008 to fiscal year 2009, due to increased stock-based compensation expense of $1.2 million, increased personnel costs of $888,000, increased consulting fees of $340,000, increased advertising and marketing expenses associated with marketing campaigns of $331,000 and increased depreciation and amortization of $193,000. The increase in personnel costs was due to an 18% increase in average headcount and related compensation expenses driven by the acquisition of ReliableRemodeler in the third quarter of fiscal year 2008. Increased consulting, advertising and marketing expenses was due to overall increases in sales and marketing activities associated with the increased volume of business in fiscal year 2009 as compared to the prior year period. The increase was partially offset by a reduction in workforce in the third quarter of fiscal year 2009.

Sales and marketing expenses increased $3.9 million, or 46%, from fiscal year 2007 to fiscal year 2008, due to increased personnel costs of $3.9 million driven by a 47% increase in average headcount and a one-time payout of a management retention bonus in the second quarter of fiscal year 2008, and, to a lesser extent, increased stock-based compensation expense. The increase in personnel costs was driven by the acquisition of ReliableRemodeler in the third quarter of fiscal year 2008.

General and Administrative Expenses

General and administrative expenses remained relatively flat in fiscal year 2009 compared to fiscal year 2008. The slight decline consisted of a decrease in legal expenses of $987,000, partially offset by an increase in stock-based compensation expense of $741,000. The decline in legal expenses is attributable to a decrease in expenses related to an ongoing legal matter which was settled prior to the fourth quarter of fiscal year 2009. In connection with the settlement, we paid a one-time, non-refundable fee of $850,000. We recognized an intangible asset of $226,000 related to the estimated fair value of the license and expensed the remaining $624,000 as a settlement expense.

General and administrative expenses increased $1.9 million, or 17%, from fiscal year 2007 to fiscal year 2008. The increase was driven by increased legal fees of $973,000 associated with the legal matter discussed above, increased personnel costs of $1.2 million due to a 6% increase in average headcount and a one-time payout of management retention bonuses in the second quarter of fiscal year 2008.

Interest and Other Income (Expense), Net

	Fiscal Year Ended June 30,			2007-2008	2008-2009
	2007	2008 (In thousands)	2009	% Change	% Change
Interest income	$ 1,905	$ 1,482	$ 245	(22)%	(83)%
Interest expense	(732)	(1,214)	(3,544)	66%	192%
Other income (expense), net	(139)	145	(239)	(204)%	(265)%
Interest and other income (expense), net	$ 1,034	$ 413	$ (3,538)	(60)%	(957)%

Interest and other income (expense), net declined $4.0 million from fiscal year 2008 to fiscal year 2009 due to increased interest expense, lowered interest income and foreign currency losses. The increase in interest expense is due to an increase in non-cash imputed interest on acquisition-related notes payable and a draw down on our credit facilities. Decreased interest income is due to a decline in our invested cash balances. The decline in other income (expense), net was due to foreign currency losses driven by weakening of the Canadian dollar against the U.S. dollar.

Interest and other income (expense), net declined $621,000 from fiscal year 2007 to fiscal year 2008 due to increased non-cash imputed interest expense associated with an increase in acquisition-related notes payable and the draw down on our credit facilities, reduced interest income due to lower average investment balances and declining average interest rates. The increase in other income (expense), net relates to a change in the functional currency of one of our subsidiaries and the resulting reclassification of an unrealized currency translation gain from other comprehensive income to other income (expense), net.

Provision for Taxes

	Fiscal Year Ended June 30,		
	2007	2008 (In thousands)	2009
Provision for taxes	$9,828	$8,876	$13,909
Effective tax rate	38.6%	40.8%	44.6%

The increase in our effective tax rate from fiscal year 2008 to fiscal year 2009 was impacted by increased state income tax expense in connection with our acquisitions of businesses in various jurisdictions within the U.S. in which we did not previously have a presence and, to a lesser extent, increased foreign income taxes and non-deductible stock-based compensation expense. The increase in our effective tax rate was partially offset by increased research and development tax credits recorded in connection with the “Emergency Economic Stabilization Act of 2008,” or the Act. On October 3, 2008, the Act, which contains the “Tax Extenders and Alternative Minimum Tax Relief Act of 2008” was signed into law. Under the Act, the research credit was retroactively extended for amounts paid or incurred after December 31, 2007 and before January 1, 2010.

The increase in our effective tax rate from fiscal year 2007 to fiscal year 2008 was due to increased non-deductible stock-based compensation expense and a decline in federal research and development tax credits in fiscal year 2008 due to the expiration of research and development credit laws in December 31, 2007.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated statements of operations data for fiscal year 2008, fiscal year 2009 and the first quarter of fiscal year 2010. We have prepared the statements of operations for each of these quarters on the same basis as the audited consolidated financial statements included elsewhere in this prospectus and, in the opinion of the management, each statement of operation includes all adjustments, consisting solely of normal recurring adjustments, necessary for the fair statement of the results of operations for these periods. This information should be read in conjunction with the audited consolidated financial statements and related notes included elsewhere in this prospectus. These quarterly operating results are not necessarily indicative of our operating results for any future period.

	Three Months Ended								
	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	June 30, 2009	Sept. 30, 2009
	(In thousands)								
Net revenue	$ 44,383	$ 40,806	$ 49,739	$ 57,102	$ 63,678	$ 59,235	$ 69,813	$ 67,801	$ 78,552
Cost of revenue	30,551	28,623	32,840	38,855	45,281	42,969	46,780	46,563	55,047
Gross profit	13,832	12,183	16,899	18,247	18,397	16,266	23,033	21,238	23,505
Operating expenses:									
Product development	3,696	3,524	3,355	3,476	3,757	3,723	3,512	3,895	4,470
Sales and marketing	1,952	4,122	2,948	3,387	4,259	4,164	3,594	4,137	3,625
General and administrative	3,542	3,217	3,242	3,370	3,736	3,171	2,865	3,400	3,441
Operating income	4,642	1,320	7,354	8,014	6,645	5,208	13,062	9,806	11,969
Interest income	546	489	282	165	90	87	44	24	9
Interest expense	(164)	(143)	(242)	(665)	(763)	(1,107)	(879)	(795)	(748)
Other income (expense), net	(13)	10	74	74	51	(291)	(16)	17	120
Income before income taxes	5,011	1,676	7,468	7,588	6,023	3,897	12,211	9,052	11,350
Provision for taxes	(2,123)	(750)	(2,799)	(3,204)	(2,719)	(1,547)	(5,818)	(3,825)	(4,837)
Net income	$ 2,888	$ 926	$ 4,669	$ 4,384	$ 3,304	$ 2,350	$ 6,393	$ 5,227	$ 6,513
Other data:									
Adjusted EBITDA	$ 8,420	$ 4,424	$ 10,335	$ 13,100	$ 12,157	$ 10,956	$ 18,571	$ 15,188	$ 18,150

Quarterly Revenue Trends

Our quarterly net revenue decreased $3.6 million, or 8%, from $44.4 million for the three months ended September 30, 2007 to $40.8 million for the three months ended December 31, 2007. For these respective periods, our education client vertical revenue decreased by $1.9 million due to seasonality; our financial services client vertical revenue decreased by $501,000; our other client verticals revenue decreased by $1.2 million due to a decrease in revenue from our home services client vertical; and our DSS business revenue was flat.

Our quarterly net revenue increased $8.9 million, or 22%, from $40.8 million for the three months ended December 31, 2007 to $49.7 million for the three months ended March 31, 2008. For these respective periods, our education client vertical revenue increased by $4.4 million due to seasonality; our financial services client vertical revenue increased by $1.1 million due to organic growth; our other client verticals revenue increased by $3.5 million due to growth in our home services client vertical as a result of the acquisition of Reliable Remodeler and organic growth; and our DSS business revenue was flat.

Our quarterly net revenue increased $7.4 million, or 15%, from $49.7 million for the three months ended March 31, 2008 to $57.1 million for the three months ended June 30, 2008. For these respective periods, our education client vertical revenue decreased by $193,000; our financial services client vertical revenue increased by $6.4 million due to the acquisition of SureHits and organic growth; our other client verticals revenue increased by $1.2 million due to growth in our home services client vertical as a result of the acquisition of ReliableRemodeler; and our DSS business revenue was flat.

Our quarterly net revenue increased $6.6 million, or 12%, from $57.1 million for the three months ended June 30, 2008 to $63.7 million for the three months ended September 30, 2008. For these respective periods, our education client vertical revenue increased by $2.2 million due to organic growth; our financial services client vertical revenue increased by $4.5 million due to organic growth; our other client verticals revenue was flat and our DSS business revenue decreased by $228,000.

Our quarterly net revenue decreased $4.4 million, or 7%, from $63.7 million for the three months ended September 30, 2008 to $59.2 million for the three months ended December 31, 2008. For these respective periods, our education client vertical revenue decreased by $5.3 million due to seasonality; our financial services client vertical revenue increased by $2.8 million due to organic growth; our other client verticals revenue decreased by $2.2 million due to a decline in our home services client vertical as a result of difficult economic conditions; and our DSS business revenues increase by $262,000.

Our quarterly net revenue increased $10.6 million, or 18%, from $59.2 million for the three months ended December 31, 2008 to $69.8 million for the three months ended March 31, 2009. For these respective periods, our education client vertical revenue increased by $4.5 million due to seasonality; our financial services client vertical revenue increased by $6.6 million due to organic growth; our other client verticals revenue decreased by $482,000; and our DSS business revenue was flat.

Our quarterly net revenue decreased $2.0 million, or 3%, from $69.8 the three months ended March 31, 2009 to $67.8 million the three months ended June 30, 2009. For these respective periods, our education client vertical revenue increased by $860,000; our financial services client vertical revenue decreased by $2.6 million due to decreased marketing spend by one of our clients; our other client verticals revenue was flat and our DSS business revenue decreased by $299,000.

Our quarterly net revenue increased $10.8 million, or 16%, from $67.8 million for the three months ended June 30, 2009 to $78.6 million for the three months ended September 30, 2009. For these respective periods, our education client vertical revenue increased by $938,000; our financial services client vertical revenue increased by $9.0 million due to organic growth; our other client verticals revenue increased by $987,000; and our DSS business revenue decreased by $194,000.

Adjusted EBITDA

Our use of Adjusted EBITDA. We include Adjusted EBITDA in this prospectus because (i) we seek to manage our business to a consistent level of Adjusted EBITDA as a percentage of net revenue, (ii) it is a key basis upon which our management assesses our operating performance, (iii) it is one of the primary metrics investors use in evaluating Internet marketing companies, (iv) it is a factor in the evaluation of the performance of our management in determining compensation, and (v) it is an element of certain maintenance covenants under our debt agreements. We define Adjusted EBITDA as net income less interest and other income plus interest and other expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain. Restructuring charges have not been expensed and have not been adjusted for in our Adjusted EBITDA.

We use Adjusted EBITDA as a key performance measure because we believe it facilitates operating performance comparisons from period to period by excluding potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or fluctuations in permanent differences or discrete quarterly items) and the impact of depreciation and amortization expense on definite-lived intangible assets. Because Adjusted EBITDA facilitates internal comparisons of our historical operating performance on a more consistent basis, we also use Adjusted EBITDA for business planning purposes, to incentivize and compensate our management personnel and in evaluating acquisition opportunities.

In addition, we believe Adjusted EBITDA and similar measures are widely used by investors, securities analysts, ratings agencies and other interested parties in our industry as a measure of financial performance and debt-service capabilities. Our use of Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures for capital equipment or other contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect cash capital expenditure requirements for such replacements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not consider the potentially dilutive impact of issuing equity-based compensation to our management team and employees;
- Adjusted EBITDA does not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our indebtedness;
- Adjusted EBITDA does not reflect certain tax payments that may represent a reduction in cash available to us; and
- other companies, including companies in our industry, may calculate Adjusted EBITDA measures differently, which reduces their usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. When evaluating our performance, you should consider Adjusted EBITDA alongside other financial performance measures, including various cash flow metrics, net loss and our other GAAP results.

The following table presents a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure, for each of the periods indicated:

	Three Months Ended,								
	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	Mar. 31, 2009	June 30, 2009	Sept. 30, 2009
	(In thousands)								
Net income	$ 2,888	$ 926	$ 4,669	$ 4,384	$ 3,304	$ 2,350	$ 6,393	$ 5,227	$ 6,513
Interest and other income (expense), net	(369)	(356)	(114)	426	622	1,311	851	754	619
Provision for taxes	2,123	750	2,799	3,204	2,719	1,547	5,818	3,825	4,837
Depreciation and amortization	2,577	2,501	2,500	4,149	4,114	4,237	4,035	3,592	3,952
Stock based compensation expense	1,201	603	481	937	1,398	1,511	1,474	1,790	2,229
Adjusted EBITDA	$ 8,420	$ 4,424	$ 10,335	$ 13,100	$ 12,157	$ 10,956	$ 18,571	$ 15,188	$ 18,150

Adjusted EBITDA quarterly trends. We seek to manage our business to a consistent level of Adjusted EBITDA as a percentage of net revenue. We do so on a fiscal year basis by varying our operations to balance revenue growth and costs throughout the fiscal year. We do not seek to manage our business to a consistent level of Adjusted EBITDA on a quarterly basis. For fiscal years 2003 to 2009, Adjusted EBITDA as a percentage of revenue was 22%, 20%, 22%, 23%, 22%, 19% and 22%, respectively.

For quarterly periods from September 30, 2007 to September 30, 2009, Adjusted EBITDA as a percentage of revenue was 19%, 11%, 21%, 23%, 19%, 18%, 27%, 22%, and 23%, respectively. In general, Adjusted EBITDA as a percentage of revenue tends to be seasonally weaker in the quarters ending September 30 and, particularly, December 31 and stronger in quarters ending March 31 and June 30. For the three months ended December 31, 2007, Adjusted EBITDA as a percentage of revenue was 11%. This was due to typical seasonal weakness and a one-time management tenure bonus. For the three months ended March 31, 2009, Adjusted EBITDA as a percentage of revenue was 27%. This was due to a reduction in work force undertaken at the beginning of that period based on concerns held by our management team regarding the deteriorating economic climate. The economic climate did not have a negative effect on us in a fashion that impacted our revenue growth, and our reduced cost basis resulting from our work force reduction, combined with our revenue growth, resulted in an Adjusted EBITDA margin for the period that exceeded our historical quarterly Adjusted EBITDA margin performance. We manage our business to a desired Adjusted EBITDA margin level on a fiscal year basis, not on a quarterly basis, and investors should expect our Adjusted EBITDA margins to vary from quarter to quarter.

Liquidity and Capital Resources

Our primary operating cash requirements include the payment of media costs, personnel costs, costs of information technology systems and office facilities.

Since our inception, we have financed our operations and acquisitions primarily through cash flow from operations, private placements of our convertible preferred stock and borrowing under our bank credit facilities and seller notes. We have generated approximately $138.3 million in cash flows from operations and have received a total of approximately $37.4 million from private share placements and an additional $5.4 million from the exercise of stock options to purchase shares of our common stock. Our principal sources of liquidity as of September 30, 2009, consisted of cash and cash equivalents of $28.1 million and our revolving credit facility which had $57.3 million available for borrowing as of such date.

Net Cash Provided by or Used in Operating Activities

Net cash used in operating activities was $0.3 million in the three months ended September 30, 2008 and net cash provided by operating activities was $11.8 million in the three months ended September 30, 2009 and $25.2 million, $24.8 million and $32.6 million in fiscal years 2007, 2008 and 2009, respectively. Our net cash provided by or used in operating activities is primarily a result of our net income adjusted by non-cash expenses such as depreciation and amortization, stock-based compensation expense, provision for sales returns and changes in working capital components, and is influenced by the timing of cash collections from our clients and cash payments for purchases of media and other expenses.

Net cash provided by operating activities in the three months ended September 30, 2009, was driven by net income of $6.5 million, non-cash depreciation, amortization and stock-based compensation expense of $6.2 million and an increase in accrued liabilities of $4.2 million, moderated by an increase in accounts receivable of $5.8 million. The increase in accrued liabilities is due to timing of payments and the overall growth of our business. The increase in accounts receivable is attributable to increased revenue, as well as timing of receipts.

Net cash used in operating activities in the three months ended September 30, 2008 was impacted by an increase in accounts receivable of $8.6 million, and to a lesser extent, a decline in accrued liabilities of $1.9 million. The decline was offset by net income of $3.3 million and non-cash depreciation, amortization and stock-based compensation expense of $5.5 million. The increase in accounts receivable is attributable to increased revenue and timing of receipts. The decline in accrued liabilities is due to timing of payments.

Net cash provided by operating activities in fiscal 2009 was due to net income of $17.3 million, non-cash depreciation, amortization and stock-based compensation expense of $22.2 million, moderated by an increase in accounts receivable of $9.0 million and increased deferred tax assets of $4.1 million. The increase in accounts receivable is due to increased revenue of 36% associated with the growth of our business, as well as due to timing of receipts. The increase in deferred tax assets is due to temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities.

Net cash provided by operating activities in fiscal 2008 was due to net income of $12.9 million, non-cash depreciation, amortization and stock-based compensation expense of $14.9 million and increased accounts payable and accrued liabilities of $3.0 million, moderated by an increase in deferred tax assets of $3.8 million and excess tax benefits from exercise of stock options of $1.7 million. The increase in accounts payable and accrued liabilities is due to timing of payments. The increase in deferred tax assets is due to temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities. The increase in excess tax benefits is attributable to exercises of stock options resulting in tax deductions in excess of recorded stock-based compensation expense.

Net cash provided by operating activities in fiscal 2007 was largely due to net income of $15.6 million and non-cash depreciation, amortization and stock-based compensation expense of $11.7 million.

Net Cash Used in Investing Activities

Our investing activities include acquisitions of media websites and businesses; purchases, sales and maturities of marketable securities; capital expenditures; and capitalized internal development costs. Net cash used in investing activities was $11.2 million and $12.5 million in the three months ended September 30, 2008 and 2009, respectively, and was $26.4 million, $49.2 million and $27.3 million in fiscal years 2007, 2008 and 2009, respectively. Capital expenditures and internal software development costs totaled $0.9 million and $0.8 million in the three months ended September 30, 2008 and 2009, respectively, and $3.5 million, $3.6 million and $2.4 million in fiscal years 2007, 2008 and 2009, respectively.

Cash used in investing activities in the three months ended September 30, 2009 was impacted by the acquisition of Payler Corp. D/B/A HSH Associates Financial Publishers, or HSH, a New Jersey-based online company providing comprehensive mortgage rate information for an initial $6.0 million cash payment, as well as by purchases of the operations of 12 other website publishing businesses for an aggregate of approximately $4.6 million in cash payments.

Cash used in investing activities in fiscal year 2009 was impacted by the acquisition of U.S. Citizens for Fair Credit Card Terms, Inc, or CardRatings, for an initial cash payment of $10.4 million, as well as purchases of the operations of 33 other website publishing businesses for an aggregate of approximately $14.6 million in cash payments. Cash used in investing activities in fiscal year 2008 was driven by the acquisitions of SureHits, ReliableRemodeler and Vendorseek amounting to total cash payments of $54.7 million, as well as purchases of the operations of 20 website publishing businesses for an aggregate of approximately $9.5 million in cash payments. Cash used in investing activities in fiscal year 2008 was partially offset by proceeds from sales and maturities of marketable securities, net of purchases of marketable securities, of $17.5 million. Cash used in investing activities in fiscal year 2007 was driven by purchases of the operations of 32 website publishing businesses for an aggregate of approximately $11.8 million in cash payments, as well as purchases of marketable securities, net of proceeds from sales and maturities or marketable securities, of $11.0 million.

Net Cash Provided by or Used in Financing Activities

Cash provided by financing activities was $3.6 million and $6.9 million in the three months ended September 30, 2009 and 2008, respectively. Cash provided by financing activities in the three months ended September 30, 2009 was due to proceeds from a draw down of our revolving credit facility of $6.5 million, partially offset by $3.3 million in principal payments on acquisition-related notes payable and our term loan, as well as repurchases of our common stock.

Cash used in financing activities was $5.0 million and $2.8 million in fiscal years 2009 and 2007, respectively, and cash provided by financing activities was $22.8 million in fiscal year 2008. Cash used in financing activities in fiscal year 2009 was due to principal payments on acquisition-related notes payable and our term loan of $13.1 million and stock repurchases of $1.3 million, partially offset by proceeds from a draw down of our revolving credit facility of $8.6 million. Cash provided by financing activities in fiscal year 2008 was driven by proceeds from our term loan of $29.0 million and proceeds from issuance of common stock as a result of stock option exercises of $2.6 million, partially offset by $5.6 million in stock repurchases and principal payments on acquisition-related notes payable of $4.9 million. Cash used in financing activities in fiscal year 2007 was driven by principal payments on acquisition-related notes payable of $3.9 million, partially offset by proceeds from issuance of common stock as a result of stock option exercises of $0.7 million.

Capital Resources

We believe that our cash and cash equivalents, funds generated from our operations and available amounts under our credit facilities, together with the net proceeds of this offering, will be sufficient to meet our working capital and non-acquisition related capital expenditure requirements for at least the next

12 months. In order to expand our business or acquire additional complementary businesses or technologies, we may need to raise additional funds through equity or debt financings. If required, additional financing may not be available on terms that are favorable to us, if at all. If we raise additional funds through the issuance of equity or convertible debt securities, the percentage ownership of our stockholders will be reduced and these securities might have rights, preferences and privileges senior to those of our current stockholders. No assurance can be given that additional financing will be available or that, if available, such financing can be obtained on terms favorable to our stockholders and us.

During the last three years, inflation and changing prices have not had a material effect on our business and we do not expect that inflation or changing prices will materially affect our business in the foreseeable future.

Off-Balance Sheet Arrangements

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purpose.

Contractual Obligations

The following table summarizes our contractual obligations at June 30, 2009 and the effect such obligations are expected to have on our liquidity and cash flow in future periods.

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
			(In thousands)		
Debt	$ 34,757	$ 3,000	$ 11,250	$ 20,507	$ —
Notes payable	25,069	10,214	12,005	2,850	—
Operating lease obligations	1,368	1,104	264	—	—
	$ 61,194	$ 14,318	$ 23,519	$ 23,357	$ —

In connection with the acquisition of SureHits, we also may be required to make certain earn-out payments in the aggregate amount of $13.5 million, payable in increments in the amount of $4.5 million annually on January 1 of 2010, 2011 and 2012, contingent upon the achievement of specified financial targets. In November 2009, we acquired the website assets of the Internet.com division of WebMediaBrands, Inc. for $16.0 million in cash and a $2.0 million non-interest bearing, unsecured promissory note.

In August 2006, we entered into a loan and security agreement which makes available a $30 million revolving credit facility from a financial institution. In January 2008, we signed an amendment to this loan and security agreement, expanding the revolving credit availability to $60 million.

In September 2008, we replaced our existing revolving credit facility of $60 million with credit facilities totaling $100 million and in November 2009, we extended that capacity to $130 million. As of September 30, 2009, the facilities consisted of a $30 million five-year term loan, with principal amortization of 10%, 10%, 20%, 25% and 35% annually, and a $100 million revolving credit facility. We may repay the remaining balance of the term loan and some or all of our revolving credit facility from the proceeds of this offering. Borrowings under the credit facilities are collateralized by our assets and interest is payable quarterly at specified margins above either LIBOR or the Prime Rate. As of September 30, 2009, the interest rate varied dependent upon the ratio of funded debt to adjusted EBITDA and ranged from LIBOR + 1.875% to 2.625% or Prime + 0.75% to 1.25% for the revolving credit facility and from LIBOR + 2.25% to 3.0% or Prime + 0.75% to 1.25% for the term loan. Adjusted EBITDA, as defined in our bank credit facility, is substantially similar to our measure of Adjusted EBITDA set forth under “Prospectus Summary — Summary Consolidated Financial Data.” As of September 30, 2009, $27.8 million was outstanding under the term loan and $12.8 million was outstanding under the revolving credit facility. The credit facilities expire in September 2013. Under the loan and revolving credit facility agreement, we are required to maintain certain minimum financial ratios computed as follows:

- Quick ratio: ratio of (a) the sum of unrestricted cash and cash equivalents and trade receivables less than 90 days from invoice date to (b) current liabilities and face amount of any letters of credit less the current portion of deferred revenue.
- Fixed charge coverage: ratio of (a) trailing 12 months of adjusted EBITDA to (b) the sum of capital expenditures, net cash interest expense, cash taxes, cash dividends and trailing 12 months payments of indebtedness. Payment of unsecured indebtedness is excluded to the degree that sufficient unused revolving credit facility exists such that the relevant debt payment could have been made from the credit facility.
- Funded debt to adjusted EBITDA: ratio of (a) the sum of all obligations owing to lending institutions, the face amount of any letters of credit, indebtedness owing in connection with seller notes and indebtedness owing in connection with capital lease obligations to (b) trailing 12-month adjusted EBITDA.

We were in compliance with these minimum financial ratios as of June 30, 2008 and 2009 and as of September 30, 2009.

In January 2010, we replaced our existing credit facility with a credit facility with a total borrowing capacity of $175.0 million. The new facility consists of a $35.0 million four-year term loan, with principal amortization of 10%, 15%, 35% and 40% annually, and a $140.0 million four-year revolving credit facility. We are not required to repay any portion of this new facility from the proceeds of this offering.

The operating lease obligations reflected in the table above primarily include our corporate office leases.

The notes payable reflected in the table above consist of non-interest-bearing, unsecured promissory notes issued in connection with acquisitions.

Guarantees

We have agreements whereby we indemnify our officers and directors for certain events or occurrences while the officer or director is, or was serving, at our request in such capacity. The term of the indemnification period is for the officer or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited; however, we have a director and officer insurance policy that limits our exposure and enables us to recover a portion of any future amounts paid. As a result of our insurance policy coverage, we believe the estimated fair value of these indemnification agreements is minimal. Accordingly, we have not recorded any liabilities for these agreements.

In the ordinary course of our business, we enter into standard indemnification provisions in our agreements with our clients. Pursuant to these provisions, we indemnify our clients for losses suffered or incurred in connection with certain third-party claims that our product infringed any United States patent, copyright or other intellectual property rights. With respect to our DSS products, we also indemnify our clients for losses incurred in connection with third-party claims that the items and content we provide infringe upon the intellectual property rights of any third party. In some cases we are also obligated to either secure the rights to use, replace or modify the items and content, and, in the event that we are unable to achieve the foregoing, the client is entitled to terminate the agreement and receive a refund of certain payments made to us. Each of these agreements contain general limitations on our liability.

The potential amount of future payments to defend lawsuits or settle indemnified claims under these indemnification provisions may be unlimited; however, we believe the estimated fair value of these indemnity provisions is minimal, and accordingly, we have not recorded any liabilities for these agreements.

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board, or FASB, issued a new accounting standard that changes the accounting for business combinations, including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition-related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. The new standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of the new standard did not have a material impact on our consolidated financial statements, but is likely to have a material impact on how we account for any future business combinations into which we may enter.

In May 2009, the FASB issued a new accounting standard that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, the new standard sets forth (1) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (2) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. We applied the requirement of this standard effective June 30, 2009 and included additional disclosures in the notes to our consolidated financial statements.

In June 2009, the FASB issued a new accounting standard that provides for a codification of accounting standards to be the authoritative source of generally accepted accounting principles in the United States. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. We adopted the provisions of the authoritative accounting guidance for the interim reporting period ended September 30, 2009. The adoption did not have a material effect on our consolidated results of operations or financial condition.

In October 2009, the FASB issued a new accounting standard that changes the accounting for arrangements with multiple deliverables. Specifically, the new standard requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. In addition, the new standard eliminates the use of the residual method of allocation and requires the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables. In October 2009, the FASB also issued a new accounting standard that changes revenue recognition for tangible products containing software and hardware elements. Specifically, if certain requirements are met, revenue arrangements that contain tangible products with software elements that are essential to the functionality of the products are scoped out of the existing software revenue recognition accounting guidance and will be accounted for under the multiple-element arrangements revenue recognition guidance discussed above. Both standards will be effective for us in the first quarter of fiscal year 2011. Early adoption is permitted. We do not anticipate the adoption of these standards to have a material impact on our consolidated financial statements.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Currency Exchange Risk

To date, our international client agreements have been denominated solely in U.S. dollars, and accordingly, we have not been exposed to foreign currency exchange rate fluctuations related to client agreements, and do not currently engage in foreign currency hedging transactions. However, as the local accounts for our India and Canada operations are maintained in the local currency of India and Canada, we are subject to foreign currency exchange rate fluctuations associated with remeasurement to U.S. dollars. A hypothetical change of 10% in foreign currency exchange rates would not have a material impact on our consolidated financial condition or results of operations.

Interest Rate Risk

We had cash, cash equivalents and short-term investments totaling $28.1 million, $25.2 million and $27.3 million at September 30, 2009, June 30, 2009 and June 30, 2008, respectively. These amounts were invested primarily in money market funds, short-term deposits and marketable securities with original maturities of less than three months. The unrestricted cash, cash equivalents and short-term investments are held for working capital purposes and short-term acquisitions financing. We do not enter into investments for trading or speculative purposes. We believe that we do not have any material exposure to changes in the fair value as a result of changes in interest rates due to the short-term nature of our cash equivalents and short-term investments. Declines in interest rates, however, would reduce future investment income.

As of September 30, 2009, we had outstanding a credit facility consisting of a term loan, with principal amortization of 10%, 10%, 20%, 25% and 35% annually, and a $100 million revolving credit facility. As of September 30, 2009, we had $27.8 million outstanding on our term loan and $12.8 million outstanding on our revolving credit facility. Interest on the credit facility is payable quarterly at specified margins above either LIBOR or the Prime Rate. The interest rate varies dependent upon the ratio of funded debt to adjusted EBITDA and ranges from LIBOR + 1.875% to 2.625% or Prime + 0.75% to 1.25% for the revolving credit facility and from LIBOR + 2.25% to 3.0% or Prime + 0.75% to 1.25% for the term loan. A hypothetical change of 1% in the interest rate on our credit facility would lead to higher interest expense, but we do not believe it would materially affect our overall consolidated financial condition or results of operations.

In January 2010, we replaced our existing credit facility with a credit facility with a total borrowing capacity of $175.0 million. The new facility consists of a $35.0 million four-year term loan, with principal amortization of 10%, 15%, 35% and 40% annually, and a $140.0 million four-year revolving credit facility. Interest on borrowings under the new credit facility is payable quarterly at specified margins above either LIBOR or the Prime Rate. The interest rate varies dependent upon the ratio of funded debt to adjusted EBITDA and ranges from LIBOR + 2.125% to 2.875% or Prime + 1.00% to 1.50% for the revolving credit facility and from LIBOR + 2.50% to 3.25% or Prime + 1.00% to 1.50% for the term loan. The interest rates on the new credit facility are higher than on the previous credit facility. Our exposure to interest rate risk under the new credit facility will depend on the extent to which we utilize such facility. If our borrowings under the new facility are comparable to our borrowings under the previous credit facility, we do not believe our exposure to interest rate risk will be materially different.

BUSINESS

Our Company

QuinStreet is a leader in vertical marketing and media on the Internet. We have built a strong set of capabilities to engage Internet visitors with targeted media and to connect our marketing clients with their potential customers online. We focus on serving clients in large, information-intensive industry verticals where relevant, targeted media and offerings help visitors make informed choices, find the products that match their needs, and thus become qualified customer prospects for our clients. Our current primary client verticals are the education and financial services industries. We also have a presence in the home services, business-to-business, or B2B, and healthcare industries.

We generate revenue by delivering measurable online marketing results to our clients. These results are typically in the form of qualified leads or clicks, the outcomes of customer prospects submitting requests for information on, or to be contacted regarding, client products, or their clicking on or through to specific client offers. These qualified leads or clicks are generated from our marketing activities on our websites or on third-party websites with whom we have relationships. Clients primarily pay us for leads that they can convert into customers, typically in a call center or through other offline customer acquisition processes, or for clicks from our websites that they can convert into applications or customers on their websites. We are predominantly paid on a negotiated or market-driven “per lead” or “per click” basis. Media costs to generate qualified leads or clicks are borne by us as a cost of providing our services.

Founded in 1999, we have been a pioneer in the development and application of measurable marketing on the Internet. Clients pay us for the actual opt-in actions by prospects or customers that result from our marketing activities on their behalf, versus traditional impression-based advertising and marketing models in which an advertiser pays for more general exposure to an advertisement. We have been particularly focused on developing and delivering measurable marketing results in the search engine “ecosystem”, the entry point of the Internet for most of the visitors we convert into qualified leads or clicks for our clients. We own or partner with vertical content websites that attract Internet visitors from organic search engine rankings due to the quality and relevancy of their content to search engine users. We also acquire targeted visitors for our websites through the purchase of pay-per-click, or PPC, advertisements on search engines. We complement search engine companies by building websites with content and offerings that are relevant and responsive to their searchers, and by increasing the value of the PPC search advertising they sell by matching visitors with offerings and converting them into customer prospects for our clients.

Market Opportunity

Our clients are shifting more of their marketing budgets from traditional media channels such as direct mail, television, radio, and newspapers to the Internet because of increasing usage of the Internet by their potential customers. We believe that direct marketing is the most applicable and relevant marketing segment to us because it is targeted and measurable. According to the July 2009 research report, “Consumer Behavior Online: A 2009 Deep Dive,” by Forrester Research, Americans spend 33% of their time with media on the Internet, but online direct marketing was forecasted to represent only 16% of the $149 billion in total annual U.S. direct marketing spending in 2009, as reported by the Direct Marketing Association. The Internet is an effective direct marketing medium due to its targeting and measurability characteristics. If direct marketing budgets shift to the Internet in proportion to Americans’ share of time spent with media on the Internet — from 16% to 33% of the $149 billion in total spending — that could represent an increased market opportunity of $25 billion. In addition, as traditional media categories such as television and radio shift from analog to digital formats, they can become channels for the targeted and measurable marketing techniques and capabilities we have developed for the Internet, thus expanding our addressable market opportunity. Further future market potential will also come from international markets.

Change in marketing strategy and approach

We believe that marketing approaches are changing as budgets shift from offline, analog advertising media to digital advertising media such as Internet marketing. These changing approaches are fundamental, and require a shift to fundamentally new competencies, including:

From qualitative, impression-driven marketing to analytic, data-driven marketing

We believe that the growth in Internet marketing is enabling a more data-driven approach to advertising. The measurability of online marketing allows marketers to collect a significant amount of detailed data on the performance of their marketing campaigns, including the effectiveness of ad format and placement and user responses. This data can then be analyzed and used to improve marketing campaign performance and cost-effectiveness on substantially shorter cycle times than with traditional offline media.

From account management-based client relationships to results-based client relationships

We believe that marketers are becoming increasingly focused on strategies that deliver specific, measurable results. For example, marketers are attempting to better understand how their marketing spending produces measurable objectives such as meeting their target marketing cost per new customer. As marketers adopt more results-based approaches, the basis of client relationships with their marketing services providers is shifting from being more account management-based to being more results-oriented.

From marketing messages pushed on audiences to marketing messages pulled by self-directed audiences

Traditional marketing messages such as television and radio advertisements are broadcast to a broad audience. The Internet is enabling more self-directed and targeted marketing. For example, when Internet visitors click on PPC search advertisements, they are expressing an interest in and proactively engaging with information about a product or service related to that advertisement. The growth of self-directed marketing, primarily through online channels, allows marketers to present more targeted and potentially more relevant marketing messages to potential customers who have taken the first step in the buying process, which can in turn increase the effectiveness of marketers' spending.

From marketing spending focused on large media buys to marketing spending optimized for fragmented media

We believe that media is becoming increasingly fragmented and that marketing strategies are changing to adapt to this trend. There are millions of Internet websites, tens of thousands of which have significant numbers of visitors. While this fragmentation can create challenges for marketers, it also allows for improved audience segmentation and the delivery of highly targeted marketing messages, but new technologies and approaches are necessary to effectively manage marketing given the increasing complexity resulting from more media fragmentation.

Increasing complexity of online marketing

Online marketing is a dynamic and increasingly complex advertising medium. There are numerous online channels for marketers to reach potential customers, including search engines, Internet portals, vertical content websites, affiliate networks, display and contextual ad networks, email, video advertising, and social media. We refer to these and other marketing channels as media. Each of these channels may involve multiple ad formats and different pricing models, amplifying the complexity of online marketing. We believe that this complexity increases the demand for our vertical marketing and media services due to our capabilities and to our experience managing and optimizing online marketing programs across multiple channels. Also marketers and agencies often lack our ability to aggregate offerings from multiple clients in the same industry vertical, an approach that allows us to cover a wide selection of visitor segments and provide more potential matches to Internet visitor needs. This approach can allow us to convert more Internet visitors into qualified leads or clicks from targeted media sources, giving us an advantage when buying or monetizing that media.

Our Business Model

We deliver cost-effective marketing results to our clients, predictably and scalably, most typically in the form of a qualified lead or click. These leads or clicks can then convert into a customer or sale for the client at a rate that results in an acceptable marketing cost to them. We get paid by clients primarily when we deliver qualified leads or clicks as defined in our agreements. Because we bear the costs of media, our programs must deliver a value to our clients and a media yield, or our ability to generate an acceptable margin on our media costs, that provides a sound financial outcome for us. Our general process is:

- We own or access targeted media.
- We run advertisements or other forms of marketing messages and programs in that media to create visitor responses or clicks through to client offerings.
- We match these responses or clicks to client offerings or brands that meet visitor interests or needs, converting visitors into qualified leads or clicks.
- We optimize client matches and media yield such that we achieve desired results for clients and a sound financial outcome for us.

Media cost, or the cost to attract targeted Internet visitors, is the largest cost input to producing the measurable marketing results we deliver to clients. Balancing our clients' cost and conversion objectives, or the rate at which the leads or clicks that we deliver to them convert into customers, with our media costs and yield objectives, represents the primary challenge in our business model. We have been able to effectively balance these competing demands by focusing on our media sources and capabilities, conversion optimization, and our mix of offerings and client coverage. We also seek to mitigate media cost risk by working with third-party website publishers predominantly on a revenue-share basis; media purchased on a non-revenue-share basis has represented a small minority of our media costs and of the Internet visitors we convert into qualified leads or clicks for clients.

Media and Internet visitor mix

We are a client-driven organization. We seek to be one of the largest providers of measurable marketing results on the Internet in the client industry verticals we serve by meeting the needs of clients for results, reliability and volume. Meeting those client needs requires that we maintain a diversified and flexible mix of Internet visitor sources due to the dynamic nature of online media. Our media mix changes with changes in Internet visitor usage patterns. We adapt to those changes on an ongoing basis, and also proactively adjust our mix of vertical media sources to respond to client or vertical-specific circumstances and to achieve our financial objectives. Our financial objectives are to achieve consistent, sustainable financial performance, but can differ by client or industry vertical, depending on factors such as our need to invest in the development of media sources, marketing programs, or client relationships. Generally, our Internet visitor sources include:

- websites owned and operated by us, with content and offerings that are relevant to our clients' target customers;
- visitors acquired from PPC advertisements purchased on major search engines and sent to our websites;
- revenue sharing agreements with third-party websites with whom we have a relationship and whose content is relevant to our clients' target customers;
- email lists owned by third parties and warranted to us by their owners to comply with the CAN-SPAM Act;
- email lists owned by us, and generated on an opt-in basis from Internet visitors to our websites; and
- display ads run through online advertising networks or directly with major websites or portals.

Conversion optimization

Once we acquire targeted Internet visitors from any of our numerous online media sources, we seek to convert that media into qualified leads or clicks at a rate that balances client results with our media costs or yield objectives. We start by defining the segments and interests of Internet visitors in our verticals, and by providing them with the information and product offerings on our websites and in our marketing programs that best meet their needs. Achieving acceptable client results and media yield then requires ongoing testing, measuring, analysis, feedback, and adaptation of the key components of our Internet marketing programs. These components include the marketing or advertising messaging, content mix, visitor navigation path, mix and coverage of client offerings presented, and point-of-sale conversion messaging — the content that is presented to an Internet visitor immediately prior to converting that individual into a lead or click for our clients. This data complexity is managed by us with technology, data reporting, marketing processes, and personnel. We believe that our scale and ten-year track record give us an advantage, as managing this complexity often implies a steep experience-based learning curve.

Offerings and client coverage

The Internet is a self-directed medium. Internet visitors choose the websites they visit and their online navigation paths, and always have the option of clicking away to a different website or web page. Having offerings or clients that match the interests or needs of website visitors is key to providing results and adequate media yield. Our vertical focus allows us to continuously revise and improve this matching process, to better understand the various segments of visitors and client offerings available to be matched, and to ensure that we enable Internet visitors to find what they seek.

Our Competitive Advantages

Vertical focus and expertise

We focus our efforts on large, attractive market verticals, and on building our depth of media and coverage of clients and client offerings within them. We have been a pioneer in developing vertical marketing and media on the Internet, and in providing measureable marketing results to clients. We focus on clients who are moving their marketing spending to measurable online formats and on information-intensive verticals with large underlying market opportunities and high product or customer lifetime values. This focus allows us to utilize targeted media, in-depth industry and client knowledge, and customer segmentation and breadth of client offerings, or coverage, to deliver results for our clients and greater media yield.

Measurable marketing experience and expertise

We have substantial experience at designing and deploying marketing programs that allow Internet visitors to find the information or product offerings they seek, and that can deliver economically attractive, measurable results to our clients, cost-effectively for us. Such results require frequent testing and balancing of numerous variables, including Internet visitor sources, mix of content and of client and product offerings, visitor navigation paths, prospect qualification, and advertising creative design, among others. The complexity of executing these marketing campaigns is challenging. Due to our scale and ten-year track record, we have successfully executed thousands of Internet marketing programs, and we have gained significant experience managing and optimizing this complexity to meet our clients' volume, quality and cost objectives.

Targeted media

Targeted media attracts Internet visitors who are relatively narrowly focused demographically or in their interests. Targeted media can deliver better measurable marketing results for our clients, at lower media costs for us, due to higher rates of conversion of Internet visitors into leads or clicks for targeted offerings and, often, due to less competition from display advertisers. We have significant experience at creating, identifying, monetizing, and managing targeted media on the Internet. Many of the targeted media sources for our marketing programs are proprietary or more defensible because of our direct ownership of websites in our verticals, our acquisition of targeted Internet visitors directly from search engines to our websites, and our exclusive or long-term relationships with media properties or sources owned by others. Examples of websites that we own and operate include WorldWideLearn.com, ArmyStudyGuide.com and Chef2Chef.com in our education client vertical; CardRatings.com, MoneyRates.com and Insure.com in our financial services client vertical; AllAboutLawns.com and OldHouseWeb.com in our home services client vertical; and ElderCarelink.com in our healthcare client vertical.

Proprietary technology

We have developed a core technology platform and a common set of applications for managing and optimizing measurable marketing programs across multiple verticals at scale. The primary objectives and effects of our technologies are to achieve higher media yield, deliver better results for our clients, and more efficiently and effectively manage our scale and complexity. We continuously strive to develop technologies that allow us to better match Internet visitors in our verticals to the information, clients or product offerings they seek at scale. In so doing, our technologies can allow us to simultaneously improve visitor satisfaction, increase our media yield, and achieve higher rates of conversions of leads or clicks for our clients — a virtuous cycle of increased value for Internet visitors and our clients and competitive advantage for us. Some of the key applications in our technology platform are:

- an ad server for tracking the placement and performance of content, creative messaging, and offerings on our websites and on those of publishers with whom we work;
- database-driven applications for dynamically matching content, offers or brands to Internet visitors' expressed needs or interests;
- a platform for measuring and managing the performance of tens of thousands of PPC search engine advertising campaigns;
- dashboards or reporting tools for displaying operating and financial metrics for thousands of ongoing marketing campaigns; and,
- a compliance tool capable of cataloging and filtering content from the thousands of websites on which our marketing programs appear to ensure adherence to client branding guidelines and to regulatory requirements.

Approximately one-third of our employees are engineers, focused on building, maintaining and operating our technology platform.

Client relationships

We believe we are a reliable source of measurably effective marketing results for our clients. We endeavor to work collaboratively and in a data-driven way with clients to improve our results for them. Our client retention rate is high. We experienced no attrition among clients that individually accounted for over $100,000 in monthly revenue to us for the one-year period ended September 30, 2009. Those clients represented 75% of our revenue over that time period. In addition, most of our revenue growth comes from existing clients; 88% of our year-over-year revenue growth in the quarter ended September 30, 2009 came from incremental revenue from existing clients, defined as clients we had worked with for at least one year. We believe our high client retention and per client growth rates are due to:

- our close, often direct, relationships with most of our large clients;
- our ability to deliver measurable and attractive return on investment, or ROI, on clients' marketing spending;
- our ownership of, or exclusive access to large amounts of, targeted media inventory and associated Internet visitors in the industry verticals on which we focus; and,
- our ability to consistently and reliably deliver large quantities of qualified leads or clicks.

We believe that our high client retention rates, combined with our depth and breadth of online media in our primary client verticals, indicate that we are becoming an important marketing channel partner for our clients to reach their prospective customers.

Client-driven online marketing approach

We focus on providing measurable Internet marketing and media services to our clients in a way that protects and enhances their brands and their relationships with prospective customers. The Internet marketing programs we execute are designed to adhere to strict client branding and regulatory guidelines, and are designed to match our clients' brands and offers with expressed customer interest. We have contractual arrangements with third-party website publishers to ensure that they follow our clients' brand guidelines, and we utilize our proprietary technologies and trained personnel to help ensure compliance. In addition, we believe that providing relevant, helpful content and client offers that match an Internet visitor's self-selected interest in a product or service, such as requesting information about an education program or financial product, makes that visitor more likely to convert into a customer for our clients.

We do not engage in online marketing practices such as spyware or deceptive promotions that do not provide value to Internet visitors and that can undermine our clients' brands. A small minority of our Internet visitors reach our websites or client offerings through advertisements in emails. We employ practices to ensure that we comply with the CAN-SPAM Act governing unsolicited commercial email.

Acquisition strategy and success

We have successfully acquired vertical marketing and media companies on the Internet, including vertical website businesses, marketing services companies, and technologies. We believe we can integrate and generate value from acquisitions due to our scale, breadth of capabilities, and common technology platform.

- Our ability to monetize Internet media, coupled with client demand for our services, provides us with a particular advantage in acquiring targeted online media properties in the verticals on which we focus.
- Our capabilities in online media can allow us to generate a greater volume of leads or clicks, and therefore create more value, than other owners of marketing services companies that have aggregated client budgets or relationships.
- We can often apply technologies across our business volume to create more value than previous owners of the technology.

Scale

We are one of the largest Internet vertical marketing and media companies in the world. Our scale allows us to better meet the needs of large clients for reliability, volume and quality of service. It allows us to invest more in technologies that improve media yield, client results and our operating efficiency. We are also able to invest more in other forms of research and development, including determining and developing new types of vertical media, new approaches to engaging website visitors, and new segments of Internet visitors and client budgets, all of which can lead to advantages in media costs, effectiveness in delivering client results, and then to more growth and greater scale.

Our Strategy

Our goal is to be one of the largest and most successful marketing and media companies on the Internet, and eventually in other digitized media forms. We believe that we are in the early stages of a very large and long-term business opportunity. Our strategy for pursuing this opportunity includes the following key components:

- *Focus on generating sustainable revenues by providing measurable value to our clients.*
- *Build QuinStreet and our industry sustainably by behaving ethically in all we do and by providing quality content and website experiences to Internet visitors.*

- *Remain vertically focused, choosing to grow through depth, expertise and coverage in our current industry verticals; enter new verticals selectively over time, organically and through acquisitions.*
- *Build a world class organization, with best-in-class capabilities for delivering measurable marketing results to clients and high yields or returns on media costs.*
- *Develop and evolve the best technologies and platform for managing vertical marketing and media on the Internet; focus on technologies that enhance media yield, improve client results and achieve scale efficiencies.*
- *Build, buy and partner with vertical content websites that provide the most relevant and highest quality visitor experiences in the client and media verticals we serve.*
- *Be a client-driven organization; develop a broad set of media sources and capabilities to reliably meet client needs.*

Our Culture

Our values are the foundation of our successful business culture. They represent the standards we strive to achieve and the organization we continuously seek to become. These have been our guiding principles since our founding in 1999. Our values are:

1. ***Performance.*** We understand our business objectives and apply a "whatever it takes" approach to meeting them. We are driven to achieve. We are committed to our own personal and professional development and to that of our colleagues.
2. ***High Standards.*** We hold each other and ourselves to the highest standards of performance, professionalism and personal behavior. We act with the highest of ethical standards. We tolerate and forgive mistakes, but not patterns.
3. ***Teamwork.*** We deal with one another openly, honestly and non-hierarchically in an atmosphere of mutual trust and respect and in pursuit of common stretch goals. We have an obligation to dissent in an effort to reach the best answers. We smooth the way for effective, dynamic team discussions by demonstrating care and concern for each individual in all of our interactions. We support decisions, once made.
4. ***Customer Empathy.*** We strive every day to better understand and anticipate the needs of our customers, including our website visitors, clients and publishers. We leverage our unique insights into higher customer loyalty and competitive advantage.
5. ***Prioritization.*** We always work on what is most important to achieving Company objectives first. If we do not know, we ask or discuss competing demands.
6. ***Urgency.*** We know our goals and measure our progress toward them daily.
7. ***Progress.*** We are pioneers. We make decisions based on facts and analysis, as well as intuition, but we expect to make mistakes in the pursuit of rapid progress. We learn from mistakes on short cycle times and iterate our way to success.
8. ***Innovation and Flexibility.*** We prize creativity. We embrace new ideas and approaches as opportunities to improve our performance or work environment. We resist pride of authorship; it limits progress. We actively benchmark and work to understand and employ best practices.
9. ***Recognition.*** We are a meritocracy. Advancement and recognition are earned through contribution and performance. We celebrate each other's victories and efforts.
10. ***Fun.*** We believe that work, done well, can and should be fun. We strive to create an upbeat, supportive environment and try not to take ourselves too seriously. We do not tolerate negativism, pessimism or nay saying...we don't have time.

Clients

In fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2009, our top 20 clients accounted for 76%, 70%, 68% and 70% of net revenue, respectively. Our largest client, DeVry Inc., accounted for 22%, 23%, 19% and 13% of net revenue in these periods, respectively. Since our service was first offered in 2001, we have developed a broad client base with many multi-year relationships. We enter into Internet marketing contracts with our clients, most of which are cancelable with little or no prior notice. In addition, these contracts do not contain penalty provisions for cancellation before the end of the contract term.

Sales and Marketing

We have an internal sales team that consists of employees focused on signing new clients and account managers who maintain and seek to increase our business with existing clients. Our sales people and account managers are each focused on a particular client business vertical so that they develop an expertise in the marketing needs of our clients in that particular vertical.

Our marketing programs include attendance at trade shows and conferences and limited advertising.

Technology and Infrastructure

We have developed a suite of technologies to manage, improve and measure the results of the marketing programs we offer our clients. We use a combination of proprietary and third-party software as well as hardware from established technology vendors. We use specialized software for client management, building and managing websites, acquiring and managing media, managing our third-party publishers, and the matching of Internet visitors to our marketing clients. We have invested significantly in these technologies and plan to continue to do so to meet the demands of our clients and Internet visitors, to increase the scalability of our operations, and enhance management information systems and analytics in our operations. Our development teams work closely with our marketing and operating teams to develop applications and systems that can be used across our business. For the fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2009, we spent $14.1 million, $14.1 million, $14.9 million and $4.5 million, respectively, on product development.

Our primary data center is at a third-party co-location center in San Francisco, California. All of the critical components of the system are redundant and we have a backup data center in Las Vegas, Nevada. We have implemented these backup systems and redundancies to minimize the risk associated with earthquakes, fire, power loss, telecommunications failure, and other events beyond our control.

Intellectual Property

We rely on a combination of trade secret, trademark, copyright and patent laws in the United States and other jurisdictions together with confidentiality agreements and technical measures to protect the confidentiality of our proprietary rights. We currently have one patent application pending in the United States and no issued patents. We rely much more heavily on trade secret protection than patent protection. To protect our trade secrets, we control access to our proprietary systems and technology and enter into confidentiality and invention assignment agreements with our employees and consultants and confidentiality agreements with other third parties. QuinStreet is a registered trademark in the United States and other jurisdictions. We also have registered and unregistered trademarks for the names of many of our websites and we own the domain registrations for our many website domains.

We cannot guarantee that our intellectual property rights will provide competitive advantages to us; our ability to assert our intellectual property rights against potential competitors or to settle current or future disputes will not be limited by our agreements with third parties; our intellectual property rights will be enforced in jurisdictions where competition may be intense or where legal protection may be weak; any of the trade secrets, trademarks, copyrights, patents or other intellectual property rights that we presently employ in our business will not lapse or be invalidated, circumvented, challenged, or abandoned; competitors will not design around our protected systems and technology; or that we will not lose the ability to assert our intellectual property rights against others.

Our Competitors

Our primary competition falls into two categories: advertising and direct marketing services agencies and online marketing and media companies. We compete for business on the basis of a number of factors including return on marketing expenditures, price, access to targeted media, ability to deliver large volumes or precise types of customer prospects, and reliability.

Advertising and direct marketing services agencies

Online and offline advertising and direct marketing services agencies control the majority of the large client marketing spending for which we primarily compete. So, while they are sometimes our competitors, agencies are also often our clients. We compete with agencies to attract marketing budget or spending from offline forms to the Internet or, once designated to be spent online, to be spent with us versus the agency or by the agency with others. When spending online, agencies spend with QuinStreet and with portals, other websites and ad networks.

Online marketing and media companies

We compete with other Internet marketing and media companies, in many forms, for online marketing budgets. Most of these competitors compete with us in one vertical. Examples include BankRate in the financial services vertical and Monster Worldwide in the education vertical. Some of our competition also comes from agencies or clients spending directly with larger websites or portals, including Google, Yahoo!, MSN, and AOL.

Government Regulation

Advertising and promotional information presented to visitors on our websites and our other marketing activities are subject to federal and state consumer protection laws that regulate unfair and deceptive practices. There are a variety of state and federal restrictions on the marketing activities conducted by telephone, the mail or by email, or over the internet, including the Telemarketing Sales Rule, state telemarketing laws, federal and state privacy laws, the CAN-SPAM Act, and the Federal Trade Commission Act and its accompanying regulations and guidelines. In addition, some of our clients operate in regulated industries, particularly in our financial services, education and medical verticals. For example, the U.S. Real Estate Settlement Procedures Act, or RESPA, regulates the payments that may be made to mortgage brokers. While we do not engage in the activities of a traditional mortgage broker, we are licensed as a mortgage broker in 25 states for our online marketing activities. In our education vertical, our clients are subject to the U.S. Higher Education Act, which, among other things, prohibits incentive compensation in recruiting students. The U.S. Department of Education is currently engaged in a negotiated rulemaking process in which it has suggested repealing all existing safe harbors regarding incentive compensation in recruiting, including the Internet safe harbor. While we believe that our fee per lead model does not constitute incentive compensation for purposes of the Higher Education Act, the results of the negotiated rulemaking could impact how we are paid for leads by clients in our education vertical and could also impact our education clients and their marketing practices. In our medical vertical, our medical device and supplies clients are subject to state and federal anti-kickback statutes that prohibit payment for referrals. While we believe our matching of prospective customers with our clients and the manner in which we are paid for these activities complies with these and other applicable regulations, these rules and regulations in many cases were not developed with online marketing in mind and their applicability is not always clear. The rules and regulations are complex and may be subject to different interpretations by courts or other governmental authorities. We might unintentionally violate such laws, such laws may be modified and new laws may be enacted in the future. Any such developments (or developments stemming from enactment or modification of other laws) or the failure to anticipate accurately the application or interpretation of these laws could create liability to us, result in adverse publicity and negatively affect our businesses.

Employees

As of December 31, 2009, we had 568 employees, which included 162 employees in product development and engineering, 80 in sales and marketing, 52 in general and administration and 274 in operations. None of our employees is represented by a labor union.

Facilities

Our principal executive offices are located in a leased facility in Foster City, California, consisting of approximately 53,877 square feet of office space under a lease that expires in October 2010. This facility accommodates our principal engineering, sales, marketing, operations and finance and administrative activities. As of December 31, 2009, we also lease buildings in Arkansas, Colorado, Connecticut, Massachusetts, Nevada, New Jersey, New York, North Carolina, Oklahoma, Oregon, India, Singapore and the United Kingdom. These facilities total approximately 56,587 square feet. We believe that our current facilities are sufficient for our current needs. We intend to add new facilities and expand our existing facilities as we add employees and expand our markets, and we believe that suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

Legal Proceedings

From time to time, we may become involved in legal proceedings and claims arising in the ordinary course of our business. We are not currently a party to any material litigation.

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MANAGEMENT

Officers and Directors

Our officers and directors and their respective ages and positions as of December 31, 2009 were as follows:

Name	Age	Position
Douglas Valenti	50	Chief Executive Officer and Chairman
Bronwyn Syiek	45	President and Chief Operating Officer
Kenneth Hahn	43	Chief Financial Officer
Tom Cheli	38	Executive Vice President
Scott Mackley	37	Executive Vice President
Nina Bhanap	36	Chief Technology Officer
Daniel Caul	44	General Counsel
Christopher Mancini	37	Senior Vice President
Patrick Quigley	34	Senior Vice President
Timothy Stevens	43	Senior Vice President
William Bradley(1)	66	Director
John G. McDonald(2)	72	Director
Gregory Sands(1)(2)	43	Director
James Simons(1)(3)	46	Director
Glenn Solomon(3)	40	Director
Dana Stalder(2)(3)	41	Director

(1) Member of the nominating and corporate governance committee.

(2) Member of the compensation committee.

(3) Member of the audit committee.

Officers

Douglas Valenti has served as our Chief Executive Officer since July 1999 and as our Chairman and Chief Executive Officer since March 2004. Prior to QuinStreet, Mr. Valenti served as a partner at Rosewood Capital, a venture capital firm, for five years; at McKinsey & Company as a strategy consultant and engagement manager for three years; at Procter & Gamble in various management roles for three years; and for the U.S. Navy as a nuclear submarine officer for five years. He holds a Bachelors degree in Industrial Engineering from the Georgia Institute of Technology, where he graduated with highest honors and was named the Georgia Tech Outstanding Senior in 1982, and an M.B.A. from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar.

Bronwyn Syiek has served as our President and Chief Operating Officer since February 2007, as our Chief Operating Officer from April 2004 to February 2007, as Senior Vice President from September 2000 to April 2004, as Vice President from her start date in March 2000 to September 2000 and as a consultant to us from July 1999 to March 2000. Prior to joining us, Ms. Syiek served as Director of Business Development and member of the Executive Committee at De La Rue Plc, a banknote printing and security product company, for three years. She previously served as a strategy consultant and engagement manager at McKinsey & Company for four years and held various investment management and banking positions with Lloyds Bank and Charterhouse Bank. She holds an M.A. in Natural Sciences from Cambridge University in the United Kingdom.

Kenneth Hahn has served as our Chief Financial Officer since September 2006. Prior to joining us, Mr. Hahn served as Chief Financial Officer of Borland Software Corporation, a public software company, from September 2002 to July 2006. Previously, Mr. Hahn served in various roles, including Chief Financial Officer, of Extensity, Inc., a public software company, for five years; as a strategy consultant at the Boston Consulting Group for three years; and as an audit manager at Price Waterhouse, a public accounting firm, for five years. He holds a B.A. in Business from California State University Fullerton, summa cum laude, and an M.B.A. from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar. Mr. Hahn is also a Certified Public Accountant (inactive), licensed in the state of California.

Tom Cheli has served as our Executive Vice President since February 2007, as Senior Vice President from December 2004 to February 2007, as Vice President of Sales from January 2001 to December 2004 and as Director of Sales from February 2000 to January 2001. Prior to joining us, Mr. Cheli served as Director of Inside Sales and Sales Operations at Collagen Aesthetics Corporation, an aesthetic biomedical device company, and as Regional Sales Manager at Akorn Ophthalmics, Inc., a specialty pharmaceutical company. He holds a B.A. in Sports Medicine from the University of the Pacific.

Scott Mackley has served as our Executive Vice President since February 2007, as Senior Vice President from December 2004 to February 2007, as Vice President from June 2003 to December 2004, as Senior Director from February 2002 to June 2003, as Director from October 2000 to February 2002 and as Senior Manager, Network Management from May 2000 to October 2000. Prior to joining us, Mr. Mackley served at Salomon Brothers and Salomon Smith Barney, in various roles in their Equity Trading unit and Investment Banking and Equity Capital Markets divisions over four years. He holds a B.A. in Economics from Washington and Lee University.

Nina Bhanap has served as our Chief Technology Officer since July 2009, as our Senior Vice President of Engineering from November 2006 to July 2009, as Vice President of Product Development from January 2004 to November 2006, as Senior Director from January 2003 to January 2004 and as Director of Product Management from October 2001 to January 2003. Prior to joining us, Ms. Bhanap served as Head of Fixed Income Sales Technology for Europe at Morgan Stanley for five years and as a senior associate at Booz Allen Hamilton for one year. She holds a B.S. in Computer Science with Honors from Imperial College, University of London, and an M.B.A. from the London Business School.

Daniel Caul has served as our General Counsel since January 2008. Prior to joining us, Mr. Caul served as General Counsel for the Search and Media division of IAC/InterActiveCorp, an Internet search and advertising company, from September 2006 to January 2008, and prior to the acquisition by IAC/InterActiveCorp, he was Assistant General Counsel of Ask Jeeves, Inc. from February 2003 to September 2006. Previously, Mr. Caul was an attorney with Howard, Rice, Nemerovsky, Canady, Falk and Rabkin, a corporate law firm, for four years and served as a U.S. District Court clerk. He holds a B.A. in Political Science from Vanderbilt University, summa cum laude, and a J.D. from the Harvard Law School, magna cum laude. Mr. Caul was also a Fulbright Scholar.

Christopher Mancini has served as our Senior Vice President since October 2007, as Vice President from January 2006 to October 2007, as Senior Director from July 2004 to January 2006, as Director from December 2003 to July 2004 and as Senior Sales Manager from November 2000 to February 2003. Prior to joining us, Mr. Mancini served in various sales and operational roles at Eli Lilly & Company, NeuroScience Division, for six years. He holds a B.S. from the Duquesne University School of Pharmacy.

Patrick Quigley has served as our Senior Vice President since November 2007. Prior to rejoining us, Mr. Quigley served at BEA Systems, a software company, from June 2002 to November 2007, as Vice President of Strategic Sales and Operations from February 2007 to November 2007, Vice President of Sales Operations from February 2005 to February 2007, and Director of Solutions Marketing from October 2003 to February of 2005. Mr. Quigley initially joined QuinStreet in July 1999 and served in various positions for two years; previously, he served as a consultant at McKinsey & Company for two years. He holds a B.S. in Engineering, summa cum laude, from Duke University. He holds an M.B.A. with Honors from The Wharton School at the University of Pennsylvania.

Timothy Stevens has served as our Senior Vice President since October 2008. Prior to joining us, Mr. Stevens served as President and CEO of Doppelganger, Inc., an online social entertainment studio, from

January 2007 to October 2008. Prior to Doppelganger, Mr. Stevens served as General Counsel for Borland Software Corporation, a software company, from October 2003 to June 2006. Previously, he served in various executive management roles, including most recently as Senior Vice President of Corporate Development, at Inktomi Corporation, an Internet infrastructure company, during his six year tenure. Previously, Mr. Stevens was an attorney with Wilson Sonsini Goodrich & Rosati, a corporate law firm, for six years. He holds a B.S. in both Finance and Management from the University of Oregon, summa cum laude, and a J.D. from the University of California at Davis, Order of the Coif.

Board of Directors

William Bradley has served as a member of our board of directors since August 2004. Former Senator Bradley is a Managing Director of Allen & Company LLC, an investment bank, which he joined in November 2000. From April 2001 to June 2004, Former Senator Bradley also served as chief outside advisor to the nonprofit practice of McKinsey & Company. Former Senator Bradley served in the U.S. Senate from 1979 to 1997, representing the state of New Jersey, and previously was a professional basketball player with the New York Knicks from 1967 to 1977. Former Senator Bradley also serves on the boards of directors of Seagate Technology, Starbucks Coffee Company and Willis Group Holdings. Former Senator Bradley received a B.A. in American History from Princeton University and an M.A. in American History from Oxford University, where he was a Rhodes Scholar.

John G. (Jack) McDonald has served as a member of our board of directors since September 2004. Professor McDonald is the Stanford Investors Professor in the Stanford Graduate School of Business, where he has been a faculty member since 1968, specializing in investment management, entrepreneurial finance, principal investing, venture capital, and private equity investing. Professor McDonald also serves on the boards of directors of Varian, Inc., Plum Creek Timber Company, Scholastic Corporation, iStar Financial, Inc., and nine mutual funds managed by Capital Research and Management Company. He holds a B.A. in Engineering, an M.B.A., and a Ph.D. in Business and Finance from Stanford University. He is a retired officer in the U.S. Army and was a Fulbright Scholar.

Gregory Sands has served as a member of our board of directors since July 1999. Since September 1998, Mr. Sands has been a Managing Director at Sutter Hill Ventures, a venture capital firm. Previously, Mr. Sands held various operational roles at Netscape Communications Corporation and was a management consultant with Mercer Management Consulting. Mr. Sands also serves on the boards of several privately-held companies. He holds a B.A. in Government from Harvard College and an M.B.A. from the Stanford Graduate School of Business.

James Simons has served as a member of our board of directors since July 1999. Mr. Simons is a Managing Director of Split Rock Partners, a venture capital firm, which he founded in June 2004. Prior to founding Split Rock Partners, Mr. Simons served as General Partner of St. Paul Venture Capital, a venture capital firm, from November 1996 to June 2004. Previously, Mr. Simons was a partner at Marquette Venture Partners and held banking positions at Trammell Crow Company and First Boston Corporation. Mr. Simons also serves on the boards of several privately-held companies. He holds a B.A. in Economics and History from Stanford University and an M.S. in Management from the J.L. Kellogg Graduate School of Management, Northwestern University.

Glenn Solomon has served as a member of our board of directors since May 2007. Since March 2006, Mr. Solomon has been a Managing Director of GGV Capital (formerly Granite Global Ventures), a venture capital firm. Prior to joining GGV Capital, Mr. Solomon served as a General Partner at Partech International, a venture capital firm, from September 1997. Previously, Mr. Solomon served in various financial roles at Goldman Sachs and at SPO Partners. Mr. Solomon also serves on the board of a privately-held company. He earned a B.A. in Public Policy from Stanford University, where he graduated with Distinction, and an M.B.A. from the Stanford Graduate School of Business, where he was an Arjay Miller Scholar.

Dana Stalder has served as a member of our board of directors since May 2003. Since August 2008, Mr. Stalder has been a General Partner of Matrix Partners, a venture capital firm. Prior to joining Matrix Partners, Mr. Stalder served in various executive roles, including Senior Vice President at eBay, Inc., an online marketplace company, from December 2001 to August 2008. Previously, he was the Chief Financial Officer and Vice President of Business Development of Respond.com, Vice President of Finance and Operations at Netscape Communication Corporation and an associate and manager at Ernst & Young LLP. Mr. Stalder also serves on the boards of several privately-held companies. He holds a B.A. in Commerce from Santa Clara University.

Board Composition

Independent Directors

Upon the completion of this offering, our board of directors will consist of seven members. In November 2009, our board of directors undertook a review of the independence of each director and considered whether any director has a material relationship with us that could compromise his ability to exercise independent judgment in carrying out his responsibilities. As a result of this review, our board of directors determined that all of our directors, other than Mr. Valenti, qualify as "independent" directors in accordance with the listing requirements and rules and regulations of The NASDAQ Global Market, constituting a majority of independent directors of our board of directors. Mr. Valenti is not considered independent because he is an employee of QuinStreet.

Classified Board

Immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- Class I directors will be Messrs. Simons and Stalder, and their terms will expire at the annual general meeting of stockholders to be held in 2011;
- Class II directors will be Professor McDonald and Mr. Sands, and their terms will expire at the annual general meeting of stockholders to be held in 2012; and
- Class III directors will be Former Senator Bradley and Messrs. Solomon and Valenti, and their terms will expire at the annual general meeting of stockholders to be held in 2013.

The authorized number of directors may be changed only by resolution of the board of directors. This classification of the board of directors into three classes with staggered three-year terms may have the effect of delaying or preventing changes in our control or management.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. Our board of directors may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below.

Audit Committee

Our audit committee currently consists of Messrs. Simons, Solomon and Stalder. Messrs. Solomon and Stalder each satisfy the independence requirements under the NASDAQ listing standards and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, or the Exchange Act. We anticipate that, following the completion of this offering, Mr. Simons will resign from our audit committee and Professor McDonald will replace Mr. Simons on the committee. The chair of our audit committee is Mr. Stalder, whom our board of directors has determined is an "audit committee financial expert" within the meaning of the Securities and Exchange Commission, or SEC, regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with audit committee requirements. In arriving at this determination, the board has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector. The functions of this committee include:

- reviewing and pre-approving the engagement of our independent registered public accounting firm to perform audit services and any permissible non-audit services;
- evaluating the performance of our independent registered public accounting firm and deciding whether to retain their services;
- reviewing our annual and quarterly financial statements and reports and discussing the statements and reports with our independent registered public accounting firm and management, including a review of disclosures under "Management Discussion and Analysis of Financial Condition and Results of Operations";
- providing oversight with respect to related party transactions;
- reviewing, with our independent registered public accounting firm and management, significant issues that may arise regarding accounting principles and financial statement presentation, as well as matters concerning the scope, adequacy and effectiveness of our financial controls;
- reviewing reports from management and auditors regarding our procedures to monitor and ensure compliance with our legal and regulatory responsibilities, our code of business conduct and ethics and our compliance with legal and regulatory requirements; and
- establishing procedures for the receipt, retention and treatment of complaints received by us regarding financial controls, accounting or auditing matters.

Compensation Committee

Our compensation committee consists of Professor McDonald and Messrs. Sands and Stalder, each of whom our board of directors has determined to be independent under the NASDAQ listing standards, to be a "non-employee director" as defined in Rule 16b-3 promulgated under the Exchange Act and to be an "outside director" as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, or Section 162(m). The chair of our compensation committee is Professor McDonald. The functions of this committee include:

- determining the compensation and other terms of employment of our chief executive officer and our other executive officers and reviewing and approving corporate performance goals and objectives relevant to such compensation;
- reviewing and approving the compensation of our directors;
- evaluating and recommending to our board of directors the equity incentive plans, compensation plans and similar programs advisable for us, as well as modification or termination of existing plans and programs;
- establishing policies with respect to equity compensation arrangements; and
- reviewing with management our disclosures under the caption "Compensation Discussion and Analysis" and recommending to the full board its inclusion in our periodic reports to be filed with the SEC.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Former Senator Bradley and Messrs. Sands and Simons, each of whom our board of directors has determined is independent under the

NASDAQ listing standards. The chair of our nominating and corporate governance committee is Former Senator Bradley. The functions of this committee include:

- reviewing periodically director performance on our board of directors and its committees and performance of management, and recommending to our board of directors and management areas of improvement;
- interviewing, evaluating, nominating and recommending individuals for membership on our board of directors;
- evaluating nominations by stockholders of candidates for election to our board of directors and establishing policies and procedures for such nominations;
- reviewing with our chief executive officer plans for succession to the offices of chief executive officer or any other executive officer, as it sees fit; and
- reviewing and recommending to our board of directors changes with respect to corporate governance practices and policies.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics. The Code of Business Conduct and Ethics applies to all of our employees, officers (including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions), agents and representatives, including directors and consultants. Upon the effectiveness of the registration statement of which this prospectus forms a part, the full text of our Code of Business Conduct and Ethics will be posted on our website at www.quinstreet.com. We intend to disclose future amendments to certain provisions of our Code of Business Conduct and Ethics, or waivers of such provisions, applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions or our directors on our website identified above. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus.

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently or has been at any time one of our officers or employees. None of our executive officers currently serves, or has served during the last completed fiscal year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or compensation committee.

Summary of Non-Employee Director Compensation

In January 2010, our compensation committee adopted a compensation policy that, effective upon the closing of this offering, will be applicable to all of our non-employee directors. This compensation policy provides that each such non-employee director will receive the following compensation for board services:

- $25,000 per year for service as a board member;
- $15,000 per year for service as a chairperson of the audit committee, compensation committee or nominating and corporate governance committee;
- $2,000 for each in-person board meeting and $1,000 for each telephonic board meeting;
- $1,500 for each in-person committee meeting; and
- $1,000 for each telephonic committee meeting.

In addition, the non-employee director compensation plan provides that non-employee directors will be granted an option to purchase 20,000 shares of our common stock under the Non-Employee Directors' Stock Award Plan in connection with their initial election or appointment to our board of directors. These initial grants will vest monthly over a period of four years. The plan also provides that non-employee directors will receive an annual grant of an option to purchase 20,000 shares of our common stock. These grants will vest monthly over a period of one year.

We have reimbursed and will continue to reimburse our non-employee directors for their travel, lodging and other reasonable expenses incurred in attending meetings of our board of directors and committees of the board of directors.

Additionally, certain of our non-employee directors were granted an option to purchase 50,000 shares of our common stock under our stock option plans in connection with their initial election to serve on our board of directors. We have also awarded certain existing non-employee directors an option to purchase 25,000 shares of our common stock annually.

The following table sets forth information regarding compensation earned by or paid to certain of our non-employee directors during the fiscal year ended June 30, 2009. Messrs. Sands, Simons and Solomon were not compensated for their services as directors in the fiscal year ended June 30, 2009.

Name	Fees Earned or Paid in Cash	Option Awards ($)(1)	Total ($)
William Bradley	$58,000	$129,528	$187,528
John G. McDonald	$58,000	$129,528	$187,528
Dana Stalder	$58,000	$129,528	$187,528

(1) Amount reflects the total compensation expense for the fiscal year ended June 30, 2009 calculated in accordance with stock-based compensation expense guidance. The valuation assumptions used in determining such amounts are described in Note 10 to our consolidated financial statements included in this prospectus.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This section discusses the policies and decisions with respect to the compensation of our executive officers who are named in the "Fiscal Year 2009 Summary Compensation Table" and the most important factors relevant to an analysis of these policies and decisions. These "named executive officers" for fiscal year 2009 are:

- Douglas Valenti, Chief Executive Officer, or CEO;
- Bronwyn Syiek, President and Chief Operating Officer;
- Kenneth Hahn, Chief Financial Officer, or CFO;
- Tom Cheli, Executive Vice President; and
- Scott Mackley, Executive Vice President.

Overview of Program Objectives

We recognize that our success is in large part dependent on our ability to attract and retain talented employees. We endeavor to create and maintain compensation programs based on performance, teamwork and rapid progress and to align the interests of our executives and stockholders. The principles and objectives of our compensation and benefits programs for our employees generally, and for our executive officers specifically, are to:

- attract, motivate and retain highly-talented individuals who are incented to achieve our strategic goals;
- closely align compensation with our business and financial objectives and the long-term interests of our stockholders;
- motivate and reward individuals whose skills and performance promote our continued success; and
- offer total compensation that is competitive and fair.

The compensation of our executives consists of the following principal components:

- base salary;
- performance-based cash bonuses;
- equity incentive awards;
- employee benefits and perquisites; and
- change in control benefits.

Each component has a role in meeting the above objectives. While we offer competitive base salaries and performance-based cash bonuses, we believe that equity incentive awards are a critical compensation component for Internet and other emerging companies. We believe that stock options and other stock-based compensation provide long-term incentives that align the interests of employees and executives alike with the long-term interests of stockholders.

We strive to achieve an appropriate mix between cash compensation and equity incentive awards to meet our objectives. We do not apply any formal or informal policies or guidelines for allocating compensation between current and long-term compensation, between cash and equity compensation or among different forms of equity compensation. As a result, the allocation between cash and equity varies between executive officers and does not control compensation decisions. The mix of compensation components is designed to reward short-term results and motivate long-term performance through a combination of cash and awards. We believe the most important indicator of whether our compensation objectives are being met is our ability to motivate our executive officers to deliver superior performance and retain them to continue their careers with us on a cost-effective basis.

The compensation levels of the executive officers reflect to a significant degree the varying roles and responsibilities of such executives, as well as the length of time those executives have been with us.

Our compensation committee determines the appropriate level for overall executive officer compensation and the separate components based on (i) a review of publicly available compensation data at a limited number of publicly-traded companies in the Internet marketing and media sector, (ii) compensation survey data for Internet companies with comparable revenues, (iii) our understanding of the market based on the experience of our executives and members of our compensation committee and (iv) internal equity, length of service, skill level and other factors we may deem appropriate.

Our compensation-setting process and each of the principal components of our executive compensation program is discussed in more detail below.

Compensation-Setting Process

Historically, the compensation of our executive officers was largely determined on an individual basis, as the result of arm's-length negotiations between the company and an individual upon joining us and has been based on a variety of factors including, in addition to the factors described above, our financial condition and available resources, our need for that particular position to be filled, our CEO's and the compensation committee's evaluation of the competitive market based on the experience of the members of our compensation committee with other companies, the length of service of an individual and the compensation levels of our other executive officers, each as of the time of the applicable compensation decision. In subsequent years, our CEO, and, with respect to our CEO, our compensation committee, reviewed the performance of each executive officer, on an annual basis, and based on this review and the factors described above, set the executive compensation package for him or her for the coming year. This review has generally occurred near the end of each of our fiscal years.

Role of Compensation Committee and CEO

The compensation committee of our board of directors is responsible for the executive compensation programs for our executive officers and reports to the full board of directors on its discussions, decisions and other actions. Our CEO makes recommendations to the compensation committee, attends committee meetings (except for sessions discussing his compensation) and has been and will continue to be heavily involved in the determination of compensation for our executive officers. Typically, our CEO makes recommendations to the compensation committee regarding short- and long-term compensation for our executives based on company results, an individual executive's contribution toward these results, performance toward goal achievement, a review of market data as described below and input from our Employee Benefits and Compliance department. Our CEO does not make a recommendation as to his short- and long-term compensation.

The compensation committee then reviews the CEO's recommendations and other data and approves each executive officer's total compensation, as well as each individual compensation component. The compensation committee's decisions regarding executive compensation are based on the compensation committee's assessment of the performance of our company and each individual executive, a review of market data as described below and other factors, such as prevailing industry trends.

Competitive Positioning

We believe it is important when making compensation-related decisions to be informed as to current practices of similarly situated companies. Our CEO, with assistance from our CFO, has historically selected a group of companies that provide Internet media and marketing services that are broadly similar to our company, or peer group, as a reference point for market practice with respect to executive base salary and bonuses in formulating his recommendation and to assist the compensation committee in its consideration of executive compensation. The companies included in this reference group for fiscal year 2009 were TechTarget, Bankrate, Internet Brands, TheStreet.com, ValueClick and Marchex.

In addition, in fiscal year 2009 the CEO and the compensation committee reviewed summary cash compensation data from Salary.com for positions comparable to those of the executive officers at Internet companies with revenues between $200,000,000 and $500,000,000 in the San Francisco Bay Area because such companies are in our industry, in our geographic location and have comparable revenues.

While the compensation committee does not believe that compensation peer group benchmarking is appropriate as a stand-alone tool for setting compensation due to the unique aspects of our business, the compensation committee finds that evaluating this information is an important part of its decision-making process and exercises its discretion in determining the nature and extent of its use.

Compensation Advisors

In November 2009, we engaged Compensia, a national consulting firm providing executive compensation advisory services, as a compensation consultant to help evaluate our compensation philosophy and provide guidance in administering our executive compensation program in the future. We expect that Compensia will assist our compensation committee in developing a revised peer group to reference for compensation purposes, though it has not yet done so. Our compensation committee plans to direct Compensia to provide market data on a peer group of companies in the Internet marketing and media sector and other sectors, as appropriate, on an annual basis, and management and the compensation committee intends to review this information and other information obtained by the members of our compensation committee in light of the compensation we offer to help ensure that our compensation program is competitive and fair. The compensation committee will conduct an annual review process of all compensation components to ensure consistency with compensation philosophy and as part of its responsibilities in administering our executive compensation program.

The compensation committee is authorized to retain the services of third-party executive compensation specialists from time to time, as the committee sees fit, in connection with the establishment of cash and equity compensation and related policies.

Compensation Components

Base Salaries

In general, base salaries for our executive officers are initially established through arm's-length negotiation at the time of hire, taking into account such executive's qualifications, experience and prior salary and prevailing market compensation for similar roles in comparable companies. The initial base salaries of our executive officers have then been reviewed annually by our compensation committee, with significant input from our CEO, to determine whether any adjustment is warranted. Base salaries are also reviewed in the case of promotions or other significant changes in responsibility.

In considering a base salary adjustment, the compensation committee considers the company's overall performance, the scope of an executive's sustained performance, individual contribution, responsibilities and prior experience. The compensation committee may also take into account the executive officer's current salary, equity ownership and the amounts paid to an executive officer's peers inside our company. In the past, we have also drawn upon the experience of members of our compensation committee with other companies and a review of the competitive market.

In May 2008, the compensation committee reviewed the base salaries of our executives, including our named executive officers, for fiscal year 2009. Consistent with its prior practice, the committee reviewed salary data for a reference group of publicly-traded vertical Internet marketing and media companies. The reference group consisted of TechTarget, Bankrate, Internet Brands, TheStreet.com, ValueClick, CNET and Marchex. In addition, the compensation committee reviewed summary cash compensation data from Salary.com for positions comparable to those of the executive officers at Internet companies with revenues between $200,000,000 and $500,000,000 in the San Francisco Bay Area. The committee determined, based upon our CEO's recommendation, that although the analysis supported an average increase of eight percent in base salaries that base salaries for our named executive officers be increased by five percent (with the exception of Mr. Hahn whose base salary increased by 4.8%) in an effort to shift more cash compensation to bonus, and that base salaries for our other executive officers be increased by five percent, on average.

In May 2009, the compensation committee reviewed the base salaries of our executive officers, including our named executive officers, for fiscal year 2010. Consistent with its prior practice, the committee reviewed salary data for a reference group of publicly-traded vertical Internet marketing and media companies. The reference group consisted of TechTarget, eHealth, Bankrate, Omniture, WebMD, ValueClick and comScore. In addition, the compensation committee reviewed summary cash compensation data from Salary.com for positions comparable to those of the executive officers at Internet companies with revenues between $200,000,000 and $500,000,000 in the San Francisco Bay Area. The committee determined, based upon our CEO's recommendation, that although the analysis supported an average increase of eight percent in base salaries that base salaries for our named executive officers be increased by five percent in a continued effort to shift a larger percentage of cash compensation to bonus, and that base salaries for our other executive officers be increased by five percent, on average.

The actual base salaries paid to our named executive officers in fiscal year 2009 are set forth in the "Fiscal Year 2009 Summary Compensation Table."

Performance-Based Cash Bonuses

Annual performance-based cash bonuses are intended to motivate our executives, including our named executive officers, to achieve short-term goals while making rapid progress towards our longer-term objectives. These bonuses are designed to reward both company and individual performance. In July 2008, the compensation committee approved our 2009 Bonus Plan, including target bonus opportunities, performance criteria and target goals. The compensation committee determined the actual bonus awards for fiscal year 2009 performance in July 2009.

Each executive officer's target bonus opportunity under the 2009 Bonus Plan was expressed as a percentage of his or her base salary, with individual target award opportunities ranging from 29% to 67% of base salary. The revenue targets for payout under the 2009 Bonus Plan were 21% higher than fiscal year 2008 and were set at an amount the compensation committee reasonably believed to be attainable. An actual bonus award could be less than or greater than the target bonus opportunity, depending on an individual executive officer's actual performance, as determined through performance reviews and approved by the compensation committee.

To determine actual bonus awards under the 2009 Bonus Plan, the compensation committee first reviewed overall company financial results for fiscal year 2009 and our CEO's recommendations for bonuses based on both company and individual performance. In the case of the CEO's bonus award, the compensation committee evaluated CEO performance and determined his bonus. Payout of the bonuses was dependent on achievement against our plan for revenue growth and Adjusted EBITDA, which we define as net income less interest income plus interest expense, provision for taxes, depreciation expense, amortization expense, stock-based compensation expense and foreign-exchange (loss) gain, and, where applicable, the individual executives' achievement against that plan for revenue growth and Adjusted EBITDA and against strategic objectives. Those strategic objectives were (i) revenue growth, (ii) Adjusted EBIDTA margin, (iii) the assessed sustainability of the revenue growth, and (iv) developing future growth potential and diversification of our revenue streams. Our named executive officers were paid the following amounts pursuant to the 2009 Bonus

Plan: Mr. Valenti, $248,340; Ms. Syiek, $181,840; Mr. Cheli, $131,040; Mr. Mackley, $187,200; and Mr. Hahn, $113,000.

In addition to the 2009 Bonus Plan, in July 2008 the compensation committee also approved the 2009 Incremental Bonus Plan for our executive officers, including our named executive officers. According to the 2009 Incremental Bonus Plan, the target is a dollar amount based on 20% Adjusted EBITDA based on our revenue projections. The 2009 Incremental Bonus Plan paid out to the senior management team 15% of any Adjusted EBITDA in excess of our target, which represented 20% Adjusted EBITDA margin for the year based on projections reviewed by our board of directors in July 2008. The 2009 Incremental Bonus Plan allocated the following amounts to executive officers based on their role and tenure at the company: Mr. Valenti: 2.25%; Ms. Syiek: 2.25%; Mr. Cheli: 1.75%; Mr. Mackley: 1.75%; and Mr. Hahn: 1.00%. As we exceeded our Adjusted EBITDA margin target, the compensation committee approved the payout of incremental bonuses for fiscal year 2009 consistent with these criteria. The total bonus payout under the 2009 Incremental Bonus Plan was $919,350. Our named executive officers were paid the following amounts pursuant to the 2009 Incremental Bonus Plan: Mr. Valenti, $137,903; Ms. Syiek, $137,903; Mr. Cheli, $107,258; Mr. Mackley, $107,258; and Mr. Hahn, $61,290.

The actual cash bonuses paid to our named executive officers in fiscal year 2009 are set forth in the “Fiscal Year 2009 Summary Compensation Table.”

In July 2009, the compensation committee approved the 2010 Bonus Plan. Under the plan, each executive officer’s target bonus for 2010 is expressed as a percentage of his or her base salary, with individual target award opportunities ranging from 32% to 72% of base salary. Payout of regular bonuses for 2010 will be dependent on achievement against our plan for revenue growth and Adjusted EBITDA and, where applicable, the individual executives’ achievement against that plan for revenue growth and Adjusted EBITDA and against strategic objectives. Those strategic objectives are (i) revenue growth, (ii) Adjusted EBIDTA margin, (iii) the assessed sustainability of the revenue growth, and (iv) developing future growth potential and diversification of our revenue streams.

In July 2009, the compensation committee also approved the 2010 Incremental Bonus Plan with modifications from prior years. The 2010 Incremental Bonus Plan will pay out to the senior management team 15% of any Adjusted EBITDA in excess of our target, which represents 20% Adjusted EBITDA margin performance for fiscal year 2010 on 20% revenue growth over fiscal year 2009 net revenue. The incremental bonus plan allocates differing amounts to executives based on their role and tenure at the company and range between 1% of any Adjusted EBITDA over the 20% margin target and 2.15% of such excess. In the event we achieve the targeted Adjusted EBITDA in actual dollar amount but such amount is less than 20% of net revenue, the compensation committee retains the discretion to award a bonus to our CEO, and our CEO retains the discretion to award bonuses to other officers, based on the amount by which Adjusted EBITDA exceeded the target in absolute dollars.

In January 2010, the compensation committee approved our Annual Incentive Plan, which will first become effective for fiscal year 2011. Under the Annual Incentive Plan, the compensation committee may award bonuses to our employees, including our executive offices, according to bonus targets and criteria set by the compensation committee in accordance with the Annual Incentive Plan. No bonus targets or criteria for bonuses for fiscal year 2011 have been set. The Annual Incentive Plan is designed to provide incentive compensation that is not subject to the deductibility limitation of Section 162(m) of the Internal Revenue Code of 1986.

Long-Term Equity Incentive Awards

The objective of our long-term, equity-based incentive awards is to align the interests of our executives, including our named executive officers, with the interests of our stockholders. Because vesting is based on continued employment, our equity-based incentive awards also encourage the retention of our executive officers through the vesting period of the awards. To reward and retain our executive officers in a manner that best aligns employees’ interests with stockholders’ interests, we use stock options as the primary incentive vehicles for long-term compensation. We believe that stock options are an effective tool for meeting our compensation goal of increasing long-term stockholder value because the value of stock options is closely tied to our future performance. Because our executive officers are able to profit from stock options only if our stock price increases relative to the stock option's exercise price, we believe stock options provide meaningful incentives to them to achieve increases in the value of our stock over time. Following the completion of this offering, we expect our compensation committee to continue to oversee our long-term equity incentive program.

We grant stock options both at the time of initial hire and then through annual additional or "refresher" grants for key employees and employees approaching full vesting of prior grants. To date, there has been no set program for the award of refresher grants, and our board of directors retains discretion to make stock option awards to employees at any time, including in connection with the promotion of an employee, to reward an employee, for retention purposes or for other circumstances recommended by management. Refresher grants have generally been made shortly after the end of the fiscal year.

In determining the size of the long-term equity incentive awards to be granted to our executive officers, management and our board of directors take into account a number of factors, such as an executive officer's relative job scope, the value of existing long-term equity incentive awards, individual performance history, prior contributions to us and the size of prior awards. Based upon these factors, our board of directors determines the size of the long-term equity incentive awards at levels it considers appropriate to create a meaningful opportunity for reward predicated on the creation of long-term stockholder value.

The exercise price of each stock option grant is the fair market value of our common stock on the grant date. For fiscal year 2009, the determination of the appropriate fair market value was made by the board of directors. Our board of directors approves option grants at its regular quarterly meetings and determines the fair market value of our common stock at each of these meetings. In the absence of a public trading market, the board considered numerous objective and subjective factors to determine its best estimate of the fair market value of our common stock as of the date of each option grant, including but, not limited to, the following: (i) our performance our growth rate and financial condition at the approximate time of the option grant; (ii) the stock price performance of a peer group; (iii) future financial projections; (iv) third party valuations of our common stock; and (v) the likelihood of achieving a liquidity event for the shares of common stock underlying these stock options, such as an initial public offering or sale of our company, given prevailing market conditions. We do not have any security ownership requirements for our executive officers. We believe these vesting schedules appropriately encourage long-term employment with our company while allowing our executives to realize compensation in line with the value they have created for our stockholders.

As a privately-held company, there has been no market for our common stock. Accordingly, in fiscal year 2009, we had no program, plan or practice pertaining to the timing of stock option grants to executive officers coinciding with the release of material non-public information. The compensation committee intends to adopt a formal policy regarding the timing of grants in connection with this offering.

Consistent with the above criteria, in July 2008, our board approved the grants of equity incentive awards to our executive officers for our fiscal year 2009. With the exception of the award to our CEO, these awards were recommended to the compensation committee by our CEO. In the case of our CEO, the equity incentive award was determined by the compensation committee. In all cases, our CEO and compensation committee considered each executive officer's relative job scope, the value of existing long-term equity incentive awards, individual performance history, prior contributions to us and the size of prior grants in determining the size of the award. The awards were approved by the board of directors in July 2008.

For fiscal year 2010, the same procedure was followed. With the exception of the award to our CEO, executive officers' equity incentive awards were recommended to the compensation committee by our CEO. In the case of our CEO, the equity incentive award was determined by the compensation committee. In all cases, our CEO and compensation committee considered the executive's relative job scope, the value of existing long-term equity incentive awards, individual performance history, prior contributions to us and the size of prior grants in determining the size of the award. The awards were approved by the compensation committee and the board of directors at their respective July 2009 meetings.

The actual equity awards granted to our named executive officers in fiscal year 2009 are set forth in the "Fiscal Year 2009 Summary Compensation Table."

Change in Control Benefits

Our equity incentive plan typically provides for full acceleration of vesting of outstanding stock options in the event of a change in control of our company, if the options are not assumed or substituted for by a successor. In the event stock options are assumed or substituted for, then 25% of the unvested shares subject to each option vest if the executive officer is terminated under circumstances described under "— Potential Payments Upon Termination Following Change in Control" following the change in control.

Perquisites and Other Personal Benefits

We do not view perquisites as a significant element of our executive compensation program currently, but do believe that they can be useful in attracting, motivating and retaining the executive talent for which we compete, and we may consider providing additional perquisites in the future. All future practices regarding perquisites will be approved and subject to periodic review by our compensation committee.

We provide the following benefits to our executive officers, generally on the same basis provided to all of our salaried employees:

- health, dental insurance and vision coverage;
- life insurance;
- an employee stock purchase plan;
- a medical and dependent care flexible spending account;
- short- and long-term disability, accidental death and dismemberment insurance; and
- a Section 401(k) plan.

We believe these benefits are consistent with those of companies with which we compete for executive talent.

Tax Considerations

We anticipate that our compensation committee will consider the potential future effects of Section 162(m) of the Internal Revenue Code on the compensation paid to our executive officers. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding $1.0 million in any taxable year for our CEO and each of the other named executive officers (other than our chief financial officer), unless compensation is performance based. As our common stock is not currently publicly-traded, our compensation committee has not previously taken the deductibility limit imposed by Section 162(m) into consideration in setting compensation. However, we expect that our compensation committee will adopt a policy that, where reasonably practicable, would qualify the variable compensation paid to our executive officers for an exemption from the deductibility limitations of Section 162(m). For example, our Annual Incentive Plan, which will first take effect for fiscal year 2011, is designed to provide incentive compensation that is not subject to the limits of Section 162(m). In approving the amount and form of compensation for our executive officers in the future, our compensation committee will consider all elements of the cost to our company of providing such compensation, including the potential impact of Section 162(m). However, our compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent.

Fiscal Year 2009 Summary Compensation Table

The following table summarizes information regarding the compensation awarded to, earned by or paid to our chief executive officer, our chief financial officer and our other three most highly compensated executive officers during the fiscal year ended June 30, 2009. We refer to these individuals as our named executive officers.

Name and Principal Position	Fiscal Year	Salary ($)	Option Awards ($)(1)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(2)	Total ($)
Douglas Valenti *Chief Executive Officer and Chairman*	2009	$451,500	$299,356	$386,243	$243	$1,137,342
Bronwyn Syiek *President and Chief Operating Officer*	2009	$394,000	$268,883	$319,743	$239	$ 982,865
Tom Cheli *Executive Vice President*	2009	$315,000	$150,059	$238,298	$196	$ 703,553
Scott Mackley *Executive Vice President*	2009	$315,000	$150,059	$294,458	$196	$ 759,713
Kenneth Hahn *Chief Financial Officer*	2009	$330,000	$ 62,478	$174,290	$204	$ 566,972

(1) Amounts shown in this column do not reflect dollar amounts actually received by our named executive officers. Instead, these amounts reflect the dollar amount recognized for financial statement reporting purposes for the referenced fiscal year, in accordance with the provisions of SFAS No. 123(R). Assumptions used in the calculation of these amounts are included in Note 10 to our consolidated financial statements included in this prospectus. As required by SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. Our named executive officers will only realize compensation to the extent the trading price of our common stock is greater than the exercise price of such stock options.

(2) All other compensation represents amounts we pay towards employee life insurance.

Grant of Plan-Based Awards

The following table provides information regarding all grants of plan-based awards that were made to or earned by our named executive officers during fiscal year 2009. Disclosure on a separate line item is provided for each grant of an award made to a named executive officer. The information in this table supplements the dollar value of stock options and other awards set forth in the “Fiscal Year 2009 Summary Compensation Table” by providing additional details about the awards.

The option grants to purchase our common stock set forth in the following table were made under our 2008 Equity Incentive Plan. The exercise price of options granted under the 2008 Equity Incentive Plan is equal to the fair market value of one share of our common stock on the date of grant, except that certain grants made to our CEO were granted with an exercise price equal to 110% of the fair market value of one share of our common stock on the date of grant. Under the 2008 Equity Incentive Plan, the exercise price may be paid in cash or, after the completion of this offering, in our common stock valued at fair market value on the exercise date or through a cashless exercise procedure involving a same-day sale of the purchased shares.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Target ($)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(1)
Douglas Valenti	July 25, 2008		85,000	$10.28	$375,258
	May 30, 2008	$304,500(2)			
	May 30, 2008	$ —(3)			
Bronwyn Syiek	July 25, 2008		125,000	$10.28	$578,163
	May 30, 2008	$238,000(2)			
	May 30, 2008	$ —(3)			
Tom Cheli	July 25, 2008		75,000	$10.28	$346,898
	May 30, 2008	$187,200(2)			
	May 30, 2008	$ —(3)			
Scott Mackley	July 25, 2008		75,000	$10.28	$346,898
	May 30, 2008	$187,200(2)			
	May 30, 2008	$ —(3)			
Kenneth Hahn	July 25, 2008		50,000	$10.28	$231,563
	May 30, 2008	$113,000(2)			
	May 30, 2008	$ —(3)			

(1) Amounts represent the total fair value of stock options granted in fiscal year 2009, calculated in accordance with stock-based compensation expense guidance. See Note 10 to our consolidated financial statements included in this prospectus for a discussion of assumptions made in determining the grant date fair value and compensation expense of our stock options.

(2) Represents the executive's target bonus under our 2009 Bonus Plan as of the date of grant. The plan provides for individual bonus targets ranging from 29% of base salary to 67% of base salary. Payout of the bonuses was dependent on achievement against our plan for revenue growth and Adjusted EBITDA and, where applicable, the individual executives' business unit's achievement against that unit's plan for revenue growth and Adjusted EBITDA, as further described in "Compensation Discussion and Analysis." Actual payments for fiscal year 2009 are set forth in the "Fiscal Year 2009 Summary Compensation Table" above.

(3) Represents the executive's target bonus under our 2009 Incremental Bonus Plan as of the date of grant. The 2009 Incremental Bonus Plan paid out to the senior management team 15% of any Adjusted EBITDA in excess of our target of 20% Adjusted EBITDA margin for the year. The incremental bonus plan allocated differing amounts to executives based on their role and tenure at the company and ranged between 1% of any Adjusted EBITDA over the 20% margin target and 2.25% of such excess.

Outstanding Equity Awards at June 30, 2009

The following table presents information regarding outstanding equity awards held by our named executive officers as of June 30, 2009.

	Option Awards				
Name	**Grant Date**	**Number of Securities Underlying Unexercised Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)(1)**	**Option Exercise Price ($)**	**Option Expiration Date(2)**
Douglas Valenti	July 25, 2008	—	85,000	$10.28	July 24, 2015
	January 31, 2007	99,687	65,313	$10.34	January 30, 2017
Bronwyn Syiek	July 25, 2008	—	125,000	$10.28	July 24, 2015
	May 31, 2007	52,083	47,917	$10.28	May 30, 2014
	May 17, 2006	77,083	22,917	$ 9.01	May 16, 2016
	September 23, 2005	93,750	6,250	$ 7.74	September 22, 2015
	May 20, 2005	185,000	—	$ 6.38	May 19, 2015
	July 28, 2004	150,000	—	$ 4.60	July 27, 2014
	November 19, 2003	100,000	—	$ 4.60	November 18, 2013
	September 11, 2001	150,000	—	$ 0.59	September 10, 2011
	June 28, 2000	45,000	—	$ 0.59	June 27, 2010
Tom Cheli	July 25, 2008	—	75,000	$10.28	July 24, 2015
	May 31, 2007	26,041	23,959	$10.28	May 30, 2014
	May 17, 2006	38,540	11,460	$ 9.01	May 16, 2016
	September 23, 2005	93,750	6,250	$ 7.74	September 22, 2015
	May 20, 2005	80,000	—	$ 6.38	May 19, 2015
	July 28, 2004	100,000	—	$ 4.60	July 27, 2014
	September 26, 2002	150,000	—	$ 1.50	September 25, 2012
	September 19, 2000	1,905	—	$ 0.59	September 18, 2010
Scott Mackley	July 25, 2008	—	75,000	$10.28	July 24, 2015
	May 31, 2007	26,041	23,959	$10.28	May 30, 2014
	May 17, 2006	38,540	11,460	$ 9.01	May 16, 2016
	September 23, 2005	93,750	6,250	$ 7.74	September 22, 2015
	May 20, 2005	80,000	—	$ 6.38	May 19, 2015
	July 28, 2004	120,000	—	$ 4.60	July 27, 2014
	July 22, 2003	100,000	—	$ 2.00	July 21, 2013
	April 4, 2002	42,292	—	$ 0.59	April 3, 2012
	March 15, 2001	6,667	—	$ 0.59	March 14, 2011
	June 28, 2000	8,334	—	$ 0.59	June 27, 2010
Kenneth Hahn	July 25, 2008	—	50,000	$10.28	July 24, 2015
	May 17, 2006	289,062	85,938	$ 9.01	May 16, 2016

(1) Each stock option to our executive officers vests over a four-year period as follows: 25% of the shares underlying the option vest on the first anniversary of the date of the vesting commencement date, which is the date of grant, and the remainder of the shares underlying the option vest in equal monthly installments over the remaining 36 months thereafter. Each option also provides that 25% of the unvested shares subject to such option will vest if the executive is terminated without cause following a change in control.

(2) In fiscal year 2007, our board of directors changed the default term of option grants to seven years.

Stock Option Exercises During Fiscal Year 2009

The following table shows information regarding option exercises by our named executive officers during fiscal year 2009.

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)
Tom Cheli	3,095	$29,991

(1) The aggregate dollar value realized upon exercise of an option represents the difference between the aggregate fair market value of our common stock underlying the option on the date of exercise, which was determined by our board of directors to be approximately $10.28 per share, and the aggregate exercise price of the option.

Pension Benefits

We do not maintain any defined benefit pension plans.

Nonqualified Deferred Compensation

We do not maintain any nonqualified deferred compensation plans.

Potential Payments Upon Termination Following Change in Control

The following table sets forth quantitative estimates of the option acceleration benefits (25% of the unvested portion) that would have been received by the named executive officers pursuant to their option agreements if, within six months following a change in control, their employment had been terminated by us without cause or resigns for good reason (which includes actions by us to materially reduce the officer’s duties, salary or benefits, or relocate the officer’s business office to more than 50 miles away). These estimates assume the change in control transaction and termination both occurred on June 30, 2009.

Name	Value of Accelerated Equity Awards ($) (1)
Douglas Valenti	$ —
Bronwyn Syiek	$1,984
Tom Cheli	$1,984
Scott Mackley	$1,984
Kenneth Hahn	$ —

(1) The aggregate dollar value realized in connection the acceleration of the equity awards represents the difference between the aggregate fair market value of our common stock underlying the accelerated options as of June 30, 2009, which was determined by our board of directors to be approximately $9.01 per share, and the aggregate exercise price of the accelerated options.

Offer Letter Agreements

We have also entered into offer letter agreements with each of our named executive officers, other than our CEO, in connection with their commencement of employment with us. These offer letter agreements typically include the executive officer’s initial base salary and stock option grant along with vesting provisions with respect to that initial stock option grant. The offer letters do not provide for severance. The offer letters require arbitration of certain disputes between the executive and us. With the exception of the arbitration provisions, we have no outstanding obligations under these agreements.

Proprietary Information and Inventions Agreements

Each of our named executive officers has entered into a standard form agreement with respect to proprietary information and inventions. Among other things, this agreement obligates each named executive officer to refrain from disclosing any of our proprietary information received during the course of employment and, with some exceptions, to assign to us any inventions conceived or developed during the course of employment.

Employee Benefit Plans

2008 Equity Incentive Plan

Our board of directors adopted and our stockholders approved the 2008 Equity Incentive Plan, as amended, or 2008 Plan, in January 2008, as a restatement and replacement of our prior 1999 Equity Incentive Plan originally adopted on July 1, 1999. The 2008 Plan provides for the grant of incentive stock options, nonstatutory stock options and restricted stock purchase awards. As of December 31, 2009, 3,382,316 shares of common stock had been issued upon the exercise of options granted under the 2008 Plan, options to purchase 11,504,767 shares of common stock were outstanding at a weighted average exercise price of $9.3429 per share and 587,717 shares remained available for future grant under the 2008 Plan. Upon the execution and delivery of the underwriting agreement for this offering, no further option or other stock award grants will be made under the 2008 Plan.

Administration. Our board of directors administers the 2008 Plan. Our board of directors, however, may delegate this authority to a committee of two or more board members. The board of directors or a committee of the board of directors has the authority to construe, interpret, amend and modify the 2008 Plan, as well as to determine the terms of an option and a restricted stock purchase award. Our board of directors may amend or modify the 2008 Plan at any time. However, no amendment or modification shall adversely affect the rights and obligations with respect to outstanding stock awards unless the holder consents to that amendment or modification.

Eligibility. The 2008 Plan permits us to grant stock options and restricted stock purchase awards to our employees, directors and consultants. A stock option may be an incentive stock option within the meaning of Section 422 of the Code or a nonstatutory stock option.

Stock Option Provisions Generally. In general, the duration of a stock option granted under the 2008 Plan cannot exceed 10 years. The exercise price of an incentive stock option cannot be less than 100% of the fair market value of the common stock on the date of grant. The exercise price of a nonstatutory stock option cannot be less than 85% of the fair market value of the common stock on the date of grant. An incentive stock option may be transferred only on death, but a nonstatutory stock option may be transferred as permitted in an individual stock option agreement. Stock option agreements may provide that the stock options may be early exercised subject to our right of repurchase of unvested shares. In addition, our board of directors may reprice any outstanding option or, with the permission of the optionholder, may cancel any outstanding option and grant a substitute option.

Incentive stock options may be granted only to our employees. The aggregate fair market value, determined at the time of grant, of shares of our common stock with respect to which incentive stock options are exercisable for the first time by an optionholder during any calendar year under all of our stock plans may not exceed $100,000. An incentive stock option granted to a person who at the time of grant owns or is deemed to own more than 10% of the total combined voting power of all classes of our outstanding stock or any of our affiliates must have a term of no more than five years and an exercise price that is at least 110% of fair market value at the time of grant.

Restricted Stock Purchase Awards Generally. Restricted stock purchase awards may be granted in consideration for cash, check or past or future services actually rendered to us or our affiliates. Common stock acquired under such awards may, but need not, be subject to forfeiture in accordance with a vesting schedule. The purchase price for restricted stock purchase awards may not be less than 110% of the fair market value in the case of awards granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of our outstanding stock or any of our affiliates.

Effect on Stock Awards of Certain Corporate Transactions. If we dissolve or liquidate, then outstanding stock options and restricted stock purchase awards under the 2008 Plan will terminate immediately prior to such dissolution or liquidation. In the event of an asset sale or merger, the surviving or acquiring corporation may assume outstanding stock awards, or may substitute substantially equivalent awards that preserve the spread existing at the time of the transaction for outstanding stock options. If the surviving or acquiring corporation elects not to assume or substitute for outstanding stock awards, then the stock awards will terminate upon the consummation of the transaction. The plan administrator may provide for additional vesting of outstanding awards, either at the time of grant or at any time while the award remains outstanding.

Other Provisions. If there is a transaction or event which changes our stock that does not involve our receipt of consideration, such as a merger, consolidation, reorganization, stock dividend or stock split, our board of directors will appropriately adjust the class and the maximum number of shares subject to the 2008 Plan and to outstanding stock awards to prevent the dilution or endangerment of benefits thereunder.

2010 Equity Incentive Plan

Our board of directors adopted the 2010 Equity Incentive Plan, or 2010 Incentive Plan, in November 2009 and we expect our stockholders will approve the 2010 Incentive Plan prior to the closing of this offering. The 2010 Incentive Plan will become effective immediately upon the execution and delivery of the underwriting agreement for this offering. The 2010 Incentive Plan will terminate on November 16, 2019, unless sooner terminated by our board of directors.

Stock Awards. The 2010 Incentive Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards, and other forms of equity compensation, or collectively, stock awards, all of which may be granted to employees, including officers, non-employee directors and consultants. In addition, the 2010 Incentive Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other awards may be granted to employees, including officers, non-employee directors and consultants.

Share Reserve. Following this offering, the aggregate number of shares of our common stock that may be issued initially pursuant to stock awards under the 2010 Incentive Plan is the number of shares reserved for future issuance under the 2008 Plan at the time of the execution and delivery of the underwriting agreement for this offering, plus any shares subject to outstanding stock awards granted under the 2008 Plan that expire or terminate for any reason prior to their exercise or settlement. The number of shares of our common stock reserved for issuance will automatically increase on July 1st of each year, from July 1, 2010 through July 1, 2019, by five percent of the total number of shares of our common stock outstanding on the last day of the preceding fiscal year, unless our board of directors determines that the share increase shall be a lesser number. The maximum number of shares that may be issued pursuant to the exercise of incentive stock options under the 2010 Incentive Plan is 30,000,000.

If a stock award granted under the 2010 Incentive Plan expires or otherwise terminates without being exercised in full, or is settled in cash, the shares of our common stock not acquired pursuant to the stock award again become available for subsequent issuance under the 2010 Incentive Plan. In addition, the following types of shares under the 2010 Incentive Plan may become available for the grant of new stock awards under the 2010 Incentive Plan (a) shares that are forfeited to or repurchased by us prior to becoming fully vested, (b) shares withheld to satisfy income or employment withholding taxes, (c) shares used to pay the exercise price of an option in a net exercise arrangement and (d) shares tendered to us to pay the exercise price of an option. Shares issued under the 2010 Incentive Plan may be previously unissued shares or reacquired shares bought on the open market. As of the date hereof, none of our common stock have been issued under the 2010 Incentive Plan.

Administration. Our board of directors has delegated its authority to administer the 2010 Incentive Plan to our compensation committee. Subject to the terms of the 2010 Incentive Plan, our board of directors or an authorized committee, referred to as the plan administrator, determines recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting and the fair market value applicable to a stock award. Subject to the limitations set forth below, the plan administrator will also determine the exercise price of options granted, the consideration to be paid for restricted stock awards and the strike price of stock appreciation rights.

The compensation committee has the authority to reprice any outstanding stock award under the 2010 Incentive Plan. The compensation committee may also cancel and re-grant any outstanding stock award with the consent of any affected participant.

Stock Options. Incentive and nonstatutory stock options are granted pursuant to incentive and nonstatutory stock option agreements adopted by the plan administrator. The plan administrator determines the exercise price for a stock option, within the terms and conditions of the 2010 Incentive Plan, provided that the exercise price of a stock option generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Options granted under the 2010 Incentive Plan vest at the rate specified by the plan administrator.

The plan administrator determines the term of stock options granted under the 2010 Incentive Plan, up to a maximum of 10 years, except in the case of certain incentive stock options, as described below. Unless the terms of an optionee’s stock option agreement provide otherwise, if an optionee’s relationship with us, or any of our affiliates, ceases for any reason other than disability or death, the optionee may exercise any vested options for a period of three months following the cessation of service. If an optionee’s service relationship with us, or any of our affiliates, ceases due to disability or death, or an optionee dies within a certain period following cessation of service, the optionee or a beneficiary may generally exercise any vested options for a period of 12 months in the event of disability and 18 months in the event of death. The option term may be extended in the event that exercise of the option following termination of service is prohibited by applicable securities laws. In no event, however, may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the plan administrator and may include (a) cash, check, bank draft or money order, (b) a broker-assisted cashless exercise, (c) the tender of shares of common stock previously owned by the optionee, (d) a net exercise of the option and (e) other legal consideration approved by the plan administrator.

Unless the plan administrator provides otherwise, options generally are not transferable except by will, the laws of descent and distribution, or pursuant to a domestic relations order. An optionee may designate a beneficiary, however, who may exercise the option following the optionee’s death.

Tax Limitations on Incentive Stock Options. Incentive stock options may be granted only to our employees. The aggregate fair market value, determined at the time of grant, of our common stock with respect to incentive stock options that are exercisable for the first time by an optionee during any calendar year under all of our stock plans may not exceed $100,000. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (a) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (b) the term of the incentive stock option does not exceed five years from the date of grant.

Restricted Stock Awards. Restricted stock awards are granted pursuant to restricted stock award agreements adopted by the plan administrator. Restricted stock awards may be granted in consideration for (a) cash, check, bank draft or money order, (b) past or future services rendered to us or our affiliates, or (c) any other form of legal consideration. Common stock acquired under a restricted stock award may, but need not, be subject to a share repurchase option in our favor in accordance with a vesting schedule to be determined by the plan administrator. Rights to acquire shares under a restricted stock award may be transferred only upon such terms and conditions as set by the plan administrator.

Restricted Stock Unit Awards. Restricted stock unit awards are granted pursuant to restricted stock unit award agreements adopted by the plan administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the plan administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, restricted stock units that have not vested will be forfeited upon the participant's cessation of continuous service for any reason.

Stock Appreciation Rights. Stock appreciation rights are granted pursuant to stock appreciation rights agreements adopted by the plan administrator. The plan administrator determines the strike price for a stock appreciation right which generally cannot be less than 100% of the fair market value of our common stock on the date of grant. Upon the exercise of a stock appreciation right, we will pay the participant an amount equal to the product of (a) the excess of the per share fair market value of our common stock on the date of exercise over the strike price, multiplied by (b) the number of common stock with respect to which the stock appreciation right is exercised. A stock appreciation right granted under the 2010 Incentive Plan vests at the rate specified in the stock appreciation right agreement as determined by the plan administrator.

The plan administrator determines the term of stock appreciation rights granted under the 2010 Incentive Plan, up to a maximum of 10 years. If a participant's service relationship ceases with us, or any of our affiliates, then the participant, or the participant's beneficiary, may exercise any vested stock appreciation right for three months (or such longer or shorter period specified in the stock appreciation right agreement) after the date such service relationship ends or the expiration of the term set forth in the award agreement. In no event, however, may a stock appreciation right be exercised beyond the expiration of its term.

Performance Awards. The 2010 Incentive Plan permits the grant of performance-based stock and cash awards that may qualify as performance-based compensation that is not subject to the $1,000,000 limitation on the income tax deductibility of compensation paid per covered executive officer imposed by Section 162(m). To assure that the compensation attributable to performance-based stock awards will so qualify, our compensation committee can structure such awards so that stock will be issued or paid pursuant to such award only upon the achievement of certain pre-established performance goals during a designated performance period.

Other Stock Awards. The plan administrator may grant other awards based in whole or in part by reference to our common stock. The plan administrator will set the number of shares under the award and all other terms and conditions of such awards.

Grants to Non-Employee Directors. Under the 2010 Incentive Plan, our compensation committee may grant nonstatutory stock options to non-employee members of our board of directors over their period of service on our board of directors.

Changes to Capital Structure. In the event that there is a specified type of change in our capital structure, such as a stock split, appropriate adjustments will be made to (a) the number of shares reserved under the 2010 Incentive Plan, (b) the maximum number of shares by which the share reserve may increase automatically each year, (c) the class and maximum number of shares that may be issued upon the exercise of incentive stock options and (d) the number of shares and exercise price or strike price, if applicable, of all outstanding stock awards.

Corporate Transactions. In the event of certain significant corporate transactions, then our board of directors has the discretion to take any of the following actions with respect to stock awards:

- arrange for the assumption, continuation, or substitution of a stock award by a surviving or acquiring entity or parent company;
- arrange for the assignment of any reacquisition right held by us to the surviving or acquiring entity;
- accelerate the vesting of a stock award and provide for its termination prior to the effective time of the corporate transaction;

- arrange for the lapse of any reacquisition or repurchase rights held by us;
- cancel or arrange for the cancellation of the stock award in exchange for such cash consideration, if any, as our board may deem appropriate; or
- provide for the surrender of a stock award in exchange for a payment equal to the excess of (a) the value of the property that the optionee would have received upon exercise of the stock award over (b) the exercise price otherwise payable in connection with the stock award.

Our board of directors is not obligated to treat all stock awards, even those that are of the same type, in the same manner.

Changes in Control. Our board of directors has the discretion to provide that a stock award under the 2010 Incentive Plan will immediately vest as to all or any portion of the shares subject to the stock award (a) immediately upon the occurrence of certain specified change in control transactions, whether or not such stock award is assumed, continued or substituted by a surviving or acquiring entity in the transaction or (b) in the event a participant's service with us or a successor entity is terminated actually or constructively within a designated period following the occurrence of certain specified change in control transactions. Stock awards held by participants under the 2010 Incentive Plan will not vest automatically on such an accelerated basis unless specifically provided by the participant's applicable award agreement.

2010 Non-Employee Directors' Stock Award Plan

Our board of directors adopted the Non-Employee Directors' Stock Award Plan, or Directors' Plan, in November 2009 and we expect our stockholders will approve our Directors' Plan prior to the completion of this offering. The Directors' Plan will become effective immediately upon the execution and delivery of the underwriting agreement for this offering. The Directors' Plan will terminate at the discretion of our board of directors. The Directors' Plan provides for the automatic grant of nonstatutory stock options to purchase shares of our common stock to our non-employee directors. The Directors' Plan also provides for the discretionary grant of restricted stock units.

Share Reserve. An aggregate of 300,000 shares of our common stock are reserved for issuance under the Directors' Plan. This amount will be increased annually on July 1, from 2010 until 2019, by the sum of 200,000 shares and the aggregate number of shares of our common stock subject to awards granted under the Directors' Plan during the immediately preceding fiscal year. However, our board of directors will have the authority to designate a lesser number of shares by which the share reserve will be increased.

Shares of our common stock subject to stock awards that have expired or otherwise terminated under the Directors' Plan without having been exercised in full shall again become available for grant under the Directors' Plan. Shares of our common stock issued under the Directors' Plan may be previously unissued shares or reacquired shares bought on the market or otherwise. If the exercise of any stock option granted under the Directors' Plan is satisfied by tendering shares of our common stock held by the participant, then the number of shares tendered shall again become available for the grant of awards under the Directors' Plan. In addition, any shares reacquired to satisfy income or employment withholding taxes shall again become available for the grant of awards under the Directors' Plan.

Administration. Our board of directors has delegated its authority to administer the Directors' Plan to our compensation committee.

Stock Options. Stock options will be granted pursuant to stock option agreements. The exercise price of the options granted under the Directors' Plan will be equal to 100% of the fair market value of our common stock on the date of grant. Initial grants vest in equal monthly installments over three years after the date of grant and annual grants vest in equal monthly installments over 12 months after the date of grant.

In general, the term of stock options granted under the Directors' Plan may not exceed seven years. Unless the terms of an option holder's stock option agreement provides otherwise, if an optionholder's service relationship with us, or any affiliate of ours, ceases due to death or disability, then the optionholder or his or her beneficiary may exercise any vested options for a period of 12 months in the event of disability and

18 months in the event of death. If an optionholder's service with us, or any affiliate, ceases for any other reason, the optionholder may exercise the vested options for up to six months following cessation of service.

Acceptable consideration for the purchase of our common stock issued under the Directors' Plan may include cash, a "net" exercise, common stock previously owned by the optionholder or a program developed under Regulation T as promulgated by the Federal Reserve Board.

Generally, an optionholder may not transfer a stock option other than by will or the laws of descent and distribution. However, an optionholder may transfer an option under certain circumstances with our written consent if a Form S-8 registration statement is available for the exercise of the option and the subsequent resale of the shares. In addition, an optionholder may designate a beneficiary who may exercise the option following the optionholder's death.

Non-discretionary Grants

- *Initial Grant.* Any person who becomes a non-employee director after the completion of this offering will automatically receive an initial grant of an option to purchase 20,000 shares of our common stock upon his or her election or appointment, subject to adjustment by our board of directors from time to time. These options will vest in equal monthly installments over four years. These initial grants may also be issued in the form of restricted stock awards if so determined by our board of directors.
- *Annual Grant.* In addition, any person who is a non-employee director on the date of each annual meeting of our stockholders automatically will be granted, on the annual meeting date, beginning with our 2010 annual meeting, an option to purchase 20,000 shares of our common stock, or the annual grant, subject to adjustment by our board of directors from time to time. These options will vest in equal monthly installments over 12 months. These annual grants may also be issued in the form of restricted stock unit awards if so determined by our board of directors.

Discretionary Grants

In addition to the non-discretionary grants noted above, our board of directors may grant stock awards to one or more non-employee directors in such numbers and subject to such other provisions as it shall determine. These awards may be in the form of stock options or restricted stock awards and shall vest pursuant to vesting schedules to be determined by our board of directors in its sole discretion.

Changes to Capital Structure. In the event there is a specified type of change in our capital structure not involving the receipt of consideration by us, such as a stock split or stock dividend, the number of shares reserved under the Directors' Plan, the maximum number of shares by which the share reserve may increase automatically each year, the number of shares subject to the initial and annual grants and the number of shares and exercise price of all outstanding stock options will be appropriately adjusted.

Change in Control Transactions. In the event of certain change in control transactions, the vesting of options held by non-employee directors whose service is terminated generally will be accelerated in full.

Plan Amendments. Our board of directors will have the authority to amend or terminate the Directors' Plan. However, no amendment or termination of the directors' plan will adversely affect any rights under awards already granted to a participant unless agreed to by the affected participant. We will obtain stockholder approval of any amendment to the Directors' Plan that is required by applicable law.

401(k) Plan

We maintain a defined contribution employee retirement plan, or 401(k) plan, for our employees. Our executive officers are also eligible to participate in the 401(k) plan on the same basis as our other employees. The 401(k) plan is intended to qualify as a tax-qualified plan under Section 401(k) of the Code. The plan provides that each participant may contribute up to the statutory limit, which is $16,500 for calendar year 2009. Participants that are 50 years or older can also make "catch-up" contributions, which in calendar year 2009 may be up to an additional $5,500 above the statutory limit. The plan permits us to make discretionary contributions and matching contributions, subject to established limits and a vesting schedule. In fiscal year 2009, we did not make any discretionary or matching contributions on behalf of our named executive officers.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, contains provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by the Delaware General Corporation Law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for:

- any breach of the director’s duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

Our amended and restated bylaws to be in effect upon completion of this offering require us to indemnify our directors and executive officers to the maximum extent not prohibited by the Delaware General Corporation Law or any other applicable law and allow us to indemnify other officers, employees and other agents as set forth in the Delaware General Corporation Law or any other applicable law.

We have entered, and intend to continue to enter, into separate indemnification agreements with our directors and executive officers, in addition to the indemnification provided for in our amended and restated bylaws. These agreements, among other things, require us to indemnify our directors and executive officers for certain expenses, including attorneys’ fees, judgments, penalties fines and settlement amounts actually and reasonably incurred by a director or executive officer in any action or proceeding arising out of their services as one of our directors or executive officers, or any of our subsidiaries or any other company or enterprise to which the person provides services at our request, including liability arising out of negligence or active or passive wrongdoing by the officer or director. We believe that these charter provisions and indemnification agreements are necessary to attract and retain qualified persons as directors and officers. We also maintain directors’ and officers’ liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors and officers for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. Further, a stockholder’s investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and officers as required by these indemnification provisions.

At present, there is no pending litigation or proceeding involving any of our directors or executive officers as to which indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, executive officers or persons controlling us, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions, during our last three fiscal years, to which we have been a party in which the amount involved exceeded $120,000 and in which any of our executive officers, directors or beneficial holders of more than 5% of our capital stock had or will have a direct or indirect material interest, other than compensation arrangements which are described under the section of this prospectus entitled “Management — Compensation Discussion and Analysis.”

Repurchases of Securities

The following table summarizes shares of our common stock we repurchased from certain of our executive officers since July 1, 2006. We have not repurchased shares of common stock from any of our directors or holders of more than 5% of our capital stock since July 1, 2006.

Executive Officers	Shares Repurchased
Bronwyn Syiek	198,480
Tom Cheli	150,000
Scott Mackley	50,000
Price per share	$ 10.28
Date of repurchase	10/18/07

We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions were comparable to terms available or the amounts that would be paid or received, as applicable, in arm’s-length transactions.

Second Amended and Restated Investor Rights Agreement

We have entered into an investor rights agreement with the purchasers of our outstanding convertible preferred stock, including entities with which certain of our directors are affiliated. As of December 31, 2009, the holders of 21,176,533 shares of our common stock, including the common stock issuable upon the conversion of our preferred stock, are entitled to rights with respect to the registration of their shares following this offering under the Securities Act. For a description of these registration rights, see “Description of Capital Stock — Registration Rights.”

In addition, the election of the members of our board of directors is governed by certain provisions contained in our investor rights agreement. The holders of a majority of our Series A preferred stock, voting as a separate series, have designated Gregory Sands and James Simons for election to our board of directors. The holders of a majority of our Series B preferred stock, voting as a separate series, have designated Glenn Solomon for election to our board of directors. The holders of a majority of our common stock and preferred stock, voting together as a class on as-converted basis, have designated Douglas Valenti, William Bradley, John McDonald and Dana Stalder. Upon the closing of this offering, the board election voting provisions contained in the investor rights agreement will terminate and none of our stockholders will have any special rights regarding the election or designation of members of our board of directors.

Offer Letters and Proprietary Information and Inventions Agreements

We have entered into at-will offer letters and proprietary information and inventions agreements with our executive officers. For more information regarding these agreements, see “Executive Compensation — Offer Letter Agreements” and “Executive Compensation — Proprietary Information and Inventions Agreements.”

Other Transactions

Katrina Boydon serves as our Vice President of Content and Compliance and is the sister of Bronwyn Syiek, our President and Chief Operating Officer. Ms. Boydon’s fiscal year 2010 base salary is $192,938 per year, and she has a fiscal year 2010 target bonus of $67,170. In fiscal years 2007, 2008 and 2009, Ms. Boydon received a base salary of $149,000 (later increased to $158,000), $169,000 (later increased to $175,000) and

$183,750 per year, respectively, and a bonus payout of $46,000, $45,000 and $51,381, respectively. In fiscal years 2007, 2008, 2009 and 2010, Ms. Boydon was granted options to purchase an aggregate of 64,000, 20,000, 30,000 and 45,000 shares of our common stock, respectively.

Rian Valenti serves as a client sales and development associate and is the son of Douglas Valenti, our Chief Executive Officer and Chairman. Mr. Rian Valenti's fiscal year 2010 base salary is $54,000 per year, and he has a fiscal year 2010 commission opportunity of $45,000. Mr. Rian Valenti joined us in fiscal year 2009 with a base salary of $52,000. In fiscal year 2009, Mr. Rian Valenti received an aggregate of $2,000 in commissions. In fiscal year 2009, Mr. Rian Valenti was granted an option to purchase an aggregate of 1,500 shares of our common stock.

We had a preferred publisher agreement with Remilon LLC, an online publishing entity, one of whose primary owners is Ben Wilson, the brother-in-law of Tom Cheli, our Executive Vice President. We have been advised that Mr. Wilson owns one third of the equity interests of Remilon. Under the preferred publisher agreement, we paid commissions for qualified leads generated from links on Remilon's website. We paid commissions to Remilon for fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2009 of $3,109,000, $3,070,000, $4,204,000 and $1,366,000, respectively. Based solely on our understanding of Mr. Wilson's ownership interest in Remilon, and without regard to the amount of profit or loss and any contractual arrangements among the owners of Remilon, Mr. Wilson's interest in the commissions paid to Remilon for fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2009 was approximately $1,036,333, $1,023,333, $1,401,333 and $455,333, respectively. We believe these commissions were comparable to those that would be payable in arms-length dealings with an unrelated third party. This contract expired in October 2009.

We have granted stock options to our executive officers and certain of our directors. For a description of these options, see "Executive Compensation — Outstanding Equity Awards at June 30, 2009." Each stock option issued to our executive officers provides that 25% of the unvested shares subject to such option will vest if the executive is terminated without cause following a change in control.

We have entered into indemnification agreements with each of our directors and executive officers. These indemnification agreements require us to indemnify each of our directors and executive officers to the fullest extent permitted by Delaware law. See "Management — Limitation of Liability and Indemnification."

Policies and Procedures for Transactions with Related Persons

Our board of directors has adopted a written related person transaction policy, which sets forth the policies and procedures for the review and approval or ratification of related person transactions. This policy covers any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we were or are to be a participant, the amount involved exceeds $60,000 and a related person had or will have a direct or indirect material interest. While the policy covers related party transactions in which the amount involved exceeds $60,000, only related party transactions in which the amount involved exceeds $120,000 will be required to be disclosed in applicable filings as required by the Securities Act, Exchange Act and related rules. Our board of directors intends to set the $60,000 threshold for approval of related party transactions in the policy at an amount lower than that which is required to be disclosed under the Securities Act, Exchange Act and related rules because we believe it is appropriate for our audit committee to review transactions or potential transactions in which the amount involved exceeds $60,000, as opposed to $120,000. Pursuant to this policy, our audit committee will (i) review the relevant facts and circumstances of each related party transaction, including if the transaction is on terms comparable to those that could be obtained in arm's-length dealings with an unrelated third-party and the extent of the related party's interest in the transaction and (ii) take into account the conflicts of interest and corporate opportunity provisions of our code of business conduct and ethics. Management will present to our audit committee each proposed related party transaction, including all relevant facts and circumstances relating thereto, and will update the audit committee as to any material changes to any related party transaction.

All related party transactions may only be consummated if our audit committee has approved or ratified such transaction in accordance with the guidelines set forth in the policy. Certain types of transactions are not subject to the policy, including: (i) compensation arrangements approved by our Compensation Committee; (ii) transactions in the ordinary course of business where the related party's interest arises only (a) from his or her position as an employee (other than a position as an executive officer, partner, principal or similar control position) of another entity that is party to the transaction or (b) from an equity interest of less than 5% in another entity that is party to the transaction; and (iii) transactions in the ordinary course of business where the interest of the related party arises solely from the ownership of a class of equity securities in our company where all holders of such class of equity securities will receive the same benefit on a pro rata basis. No director may participate in the approval of a related party transaction for which he or she is a related party.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of December 31, 2009, and as adjusted to reflect the sale of 10,000,000 shares of common stock in this offering, for:

- each of our named executive officers;
- each of our directors;
- all of our current officers and directors as a group; and
- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock.

The percentage ownership information shown in the table is based upon 34,912,597 shares of common stock outstanding as of December 31, 2009 and assuming the conversion of all outstanding shares of our preferred stock as of December 31, 2009. The table shows the percentage ownership following the issuance of 10,000,000 shares of common stock in this offering. The percentage ownership information assumes no exercise of the underwriters' over-allotment option.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In addition, the rules include common stock issuable pursuant to the exercise of stock options that are either immediately exercisable or exercisable on or before March 1, 2010, which is 60 days after December 31, 2009. These shares are deemed to be outstanding and beneficially owned by the person holding those options for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o QuinStreet, Inc., 1051 East Hillsdale Blvd., Foster City, California 94404.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Shares Beneficially Owned	
		Before the Offering	After the Offering
5% Stockholders:			
Douglas Valenti(1)	6,393,475	18.2%	14.2%
Entities affiliated with Split Rock Partners(2) 10400 Viking Drive. Suite 550 Minneapolis, MN 55344	5,682,951	16.3%	12.7%
Entities affiliated with Sutter Hill Ventures(3) 755 Page Mill Road, Suite A-200 Palo Alto, CA 94304-1005	3,655,681	10.5%	8.1%
Entities affiliated with GGV Capital(4) 2494 Sand Hill Road, Suite 100 Menlo Park, CA 94025	2,666,975	7.6%	5.9%
W Capital Partners II, L.P.(5). One East 52nd Street, 5th Floor New York, NY 10022	2,376,228	6.8%	5.3%
Entities affiliated with Catterton Partners(6) 599 West Putnam Avenue Greenwich, CT 06830	2,033,899	5.8%	4.5%
Entities affiliated with Partech International(7) 50 California Street, #3200 San Francisco, CA 94111	1,913,620	5.5%	4.3%
Directors and Named Executive Officers:			
Douglas Valenti(1)	6,393,475	18.2%	14.2%
Bronwyn Syiek(8)	858,502	2.4%	1.9%
Kenneth Hahn(9)	321,353	*	*
Tom Cheli(10)	479,269	1.4%	1.1%
Scott Mackley(11)	610,935	1.7%	1.3%
William Bradley(12)	204,000	*	*
John McDonald(13)	214,000	*	*
Gregory Sands(14)	3,779,990	10.8%	8.4%
James Simons(15)	5,707,951	16.3%	12.7%
Glenn Solomon(16)	2,691,975	7.7%	6.0%
Dana Stalder(17)	228,900	*	*
All officers and directors as a group (16 persons)(18)	22,279,444	57.6%	45.8%

* Represents beneficial ownership of less than one percent (1%) of the outstanding common stock.

(1) Includes 3,985,738 shares held by The Valenti Living Trust of which Mr. Valenti and his wife, Terri Valenti, are co-trustees, 2,240,000 shares held by DJ & TL Valenti Investments, LP, of which The Valenti Living Trust is the general partner, and 6,905 shares held by Mr. Valenti and his immediate family members. Each of Mr. Valenti and Terri Valenti have voting and investment power with respect to the shares held by The Valenti Living Trust and share beneficial ownership in such shares. Each of Mr. Valenti and Terri Valenti also have voting and investment power with respect to the shares held by DJ and TL Valenti Investments, LP, through their control as co-trustees of the general partner, The Valenti Living Trust. Also includes stock options exercisable for 160,832 shares of our common stock within 60 days of December 31, 2009.

(2) Consists of 5,561,627 shares held by SPVC V, LLC and 121,324 shares held by SPVC Affiliates Fund I, LLC. Split Rock Partners, LLC, together with Vestbridge Partners, LLC, is the manager of SPVC V, LLC and SPVC Affiliates Fund I, LLC, however, voting and investment power are delegated solely to Split Rock Partners, LLC. Michael Gorman, James Simons, David Stassen and Allan Will, as managing directors of Split Rock Partners, LLC, share voting and investment power with respect to the shares held

by SPVC V, LLC and SPVC Affiliates Fund I, LLC and disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(3) Consists of 3,509,543 shares held by Sutter Hill Ventures, LP, 104,764 shares held by Sutter Hill Entrepreneurs Fund (QP), LP and 41,374 shares held by Sutter Hill Entrepreneurs Fund (AI), LP. Gregory Sands, David L. Anderson, G. Leonard Baker, Jr., Jeffrey W. Bird, Tench Coxe, James C. Gaither, Andrew T. Sheehan, Michael L. Speiser, David E. Sweet, James N. White and William H. Younger, Jr. share voting and investment power over these shares and disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(4) Consists of 1,493,068 shares held by Granite Global Ventures III L.P., 1,114,187 shares held by Granite Global Ventures II L.P., 36,401 shares held by GGV III Entrepreneurs Fund L.P. and 23,319 shares held by GGV II Entrepreneurs Fund L.P. Granite Global Ventures III L.L.C. is the General Partner of Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. Mr. Solomon, Mr. Ng, Mr. Nada, Mr. Bonham, Mr. Foo, Ms. Lee, Mr. Zhan and Ms. Jin share voting and investment authority over the shares held by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P., and disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein. Granite Global Ventures II L.L.C. is the General Partner of Granite Global Ventures II L.P. and GGV II Entrepreneurs Fund L.P. Mr. Solomon, Mr. Ng, Mr. Nada, Mr. Bonham, Mr. Foo and Ms. Lee share voting and investement power over the shares held by Granite Global Ventures II L.P. and GGV Entrepreneurs Fund L.P., and disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(5) The sole general partner of W Capital Partners II, L.P. is WCP GP II, L.P. and the sole general partner of WCP GP II, L.P. is WCP GP II, LLC. The managing members of WCP GP II, LLC exercise voting and investment power over securities held by W Capital Partners II, L.P. The managing members of WCP GP II, LLC are Stephen Wertheimer, David Wachter and Robert Migliorino, each of whom disclaims beneficial ownership of the securities held by W Capital Partners II, L.P., except to the extent of any pecuniary interest therein.

(6) Consists of 904,937 shares held by Catterton Partners IV, L.P., 762,885 shares held by Catterton Partners IV Offshore, L.P., 317,263 shares held by Catterton Partners IV-A, L.P., 26,695 shares held by Catterton Partners IV Special Purpose, L.P. and 22,119 shares held by Catterton Partners IV-B, L.P. Catterton Managing Partner IV, L.L.C. is the general partner of Catterton Partners IV, L.P., Catterton Partners IV-A, L.P. and Catterton Partners IV-B, L.P. and the managing general partner of Catterton Partners IV Special Purpose, L.P. and Catterton Partners IV Offshore, L.P. CP4 Principals, L.L.C. is the Managing Member of Catterton Managing Partner IV, L.L.C. CP4 Principals is managed by a managing board. The members of the managing board are J. Michael Chu and Scott A. Dahnke. These individuals disclaim beneficial ownership of such shares except to the extent of any pecuniary interest therein.

(7) Consists of 642,226 shares held by Partech International Growth II LLC, 513,783 shares held by Partech International Growth III LLC, 385,866 shares held by Partech U.S. Partners IV LLC, 128,446 shares held by Partech International Growth I LLC, 205,513 shares held by AXA Growth Capital II L.P., 25,689 shares held by Double Black Diamond II LLC and 12,097 shares held by PAR SF II LLC. Vincent Worms has sole voting and investment authority over all such shares. Mr. Worms disclaims beneficial ownership of all such shares except to the extent of any pecuniary interest therein.

(8) Includes 4,760 shares held in a trust for the benefit of Ms. Syiek's stepdaughter for which Ms. Syiek is the custodian. Also includes stock options exercisable for 817,976 shares of our common stock within 60 days of December 31, 2009.

(9) Represents stock options exercisable for shares of our common stock within 60 days of December 31, 2009.

(10) Includes stock options exercisable for 472,279 shares of our common stock within 60 days of December 31, 2009.

(11) Includes stock options exercisable for 568,228 shares of our common stock within 60 days of December 31, 2009.

(12) Includes stock options exercisable for 200,000 shares of our common stock within 60 days of December 31, 2009.

(13) Includes 14,000 shares held in a family trust of which Mr. McDonald is a trustee. Also, includes stock options exercisable for 200,000 shares of our common stock within 60 days of December 31, 2009.

(14) Includes 77,612 shares held in family trusts for which Mr. Sands and his spouse are trustees, 6,785 shares held in a charitable remainder unitrust for which Mr. Sands is the trustee and 14,912 shares held in irrevocable trusts for the benefit of Mr. Sands' minor children. Also includes 3,509,543 shares held by Sutter Hill Ventures, LP, 104,764 shares held by Sutter Hill Entrepreneurs Fund (QP), LP and 41,374 shares held by Sutter Hill Entrepreneurs Fund (AI), LP. Mr. Sands is a Managing Director of Sutter Hill Ventures. Mr. Sands disclaims beneficial ownership of the shares held by Sutter Hill Ventures except to the extent of his proportionate pecuniary interest therein. Also includes stock options exercisable for 25,000 shares of our common stock within 60 days of December 31, 2009.

(15) Includes 5,561,627 shares held by SPVC V, LLC and 121,324 shares held by SPVC Affiliates Fund I, LLC. Mr. Simons is a Managing Director of Split Rock Partners LLC, the manager of SPVC V, LLC and SPVC Affiliates Fund I, LLC. Mr. Simons, together with Mr. Gorman, Mr. Stassen and Mr. Will share voting and investment power with respect to the shares held by SPVC V, LLC and SPVC Affiliates Fund I, LLC. Mr. Simons disclaims beneficial ownership of these shares except to the extent of his proportionate pecuniary interest therein. Also includes stock options exercisable for 25,000 shares of our common stock within 60 days of December 31, 2009.

(16) Includes 1,493,068 shares held by Granite Global Ventures III L.P., 1,114,187 shares held by Granite Global Ventures II L.P., 36,401 shares held by GGV III Entrepreneurs Fund L.P. and 23,319 shares held by GGV II Entrepreneurs Fund L.P. Mr. Solomon is a Managing Director of Granite Global Ventures III L.L.C., the General Partner of Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. He is also a Managing Director of Granite Global Ventures II, L.L.C., the General Partner of Granite Global Ventures II L.P. and GGV II Entrepreneurs Fund L.P. Mr. Solomon, Mr. Ng, Mr. Nada, Mr. Bonham, Mr. Foo, Ms. Lee, Mr. Zhuo and Ms. Jin share voting and investment authority over the shares held by Granite Global Ventures III L.P. and GGV III Entrepreneurs Fund L.P. Mr. Solomon, Mr. Ng, Mr. Nada, Mr. Bonham, Mr. Foo and Ms. Lee share voting and investment authority over the shares held by Granite Global Ventures II L.P. and GGV II Entrepreneurs Fund L.P. Mr. Solomon disclaims beneficial ownership of these shares except to the extent of his proportionate pecuniary interest therein. Does not include a maximum of 34,257 shares held by entities affiliated with Partech International. Mr. Solomon was associated with Partech International prior to joining GGV Capital. These shares represent Mr. Solomon's maximum pecuniary interest in the shares held by entities affiliated with Partech International. Mr. Solomon has no voting or investment authority over these shares. Also includes stock options exercisable for 25,000 shares of our common stock within 60 days of December 31, 2009.

(17) Includes 3,900 shares held in a family trust for which Mr. Stalder is the trustee. Also includes stock options exercisable for 225,000 shares of our common stock within 60 days of December 31, 2009.

(18) Includes stock options exercisable for an aggregate of 3,753,768 shares of our common stock within 60 days of December 31, 2009 that are held by our directors and officers as a group.

DESCRIPTION OF CAPITAL STOCK

General

Upon the completion of this offering, our amended and restated certificate of incorporation will authorize us to issue up to 100,000,000 shares of common stock, $0.001 par value per share, and 5,000,000 shares of preferred stock, $0.001 par value per share. The following information reflects the filing of our amended and restated certificate of incorporation and the conversion of all outstanding shares of our preferred stock into shares of common stock immediately prior to the completion of this offering.

As of December 31, 2009, there were outstanding:

- 34,912,597 shares of common stock held by approximately 304 stockholders of record; and
- 11,504,767 shares of common stock issuable upon the exercise of outstanding stock options pursuant to our 2008 Equity Incentive Plan and having a weighted average exercise price of $9.3429 per share.

All of our issued and outstanding shares of common stock and convertible preferred stock are duly authorized, validly issued, fully paid and non-assessable. Our shares of common stock are not redeemable and, following the closing of this offering, will not have preemptive rights.

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries and are qualified by reference to the amended and restated certificate of incorporation and the amended and restated bylaws that will be in effect upon the completion of this offering. Copies of these documents will be filed with the SEC as exhibits to our registration statement, of which this prospectus forms a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will occur upon the closing of this offering.

Common Stock

Dividend Rights. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our board of directors out of legally available funds.

Voting Rights. Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Our stockholders do not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting shares are able to elect all of the directors.

Liquidation. In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then outstanding shares of preferred stock.

Rights and Preferences. Holders of our common stock have no preemptive, conversion, subscription or other rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate in the future.

Preferred Stock

Upon the completion of this offering, our board of directors will have the authority, without further action by our stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of common stock. The issuance of our preferred stock could adversely affect the voting power of holders of common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change of control of our company or other corporate action. Upon the completion of this offering, no shares of preferred stock will be outstanding, and we have no present plan to issue any shares of preferred stock.

Registration Rights

Demand Registration Rights. After 180 days following the completion of this offering (subject to extension under certain circumstances), the holders of approximately 21,176,533 shares of our common stock will be entitled to certain demand registration rights. At any time, the holders of a majority of such shares can, on not more than one occasion in any 12-month period, request that we register all or a portion of their shares. If we are eligible to register such demand registration on Form S-3, the request for registration must cover that at least that number of shares with an anticipated gross aggregate offering price of at least $1,000,000. If we are able to register the sale of shares pursuant to these demand rights on Form S-1 but not Form S-3, the request for registration must either cover at least 20% of the unregistered common shares issued upon conversion of or otherwise in exchange for former preferred shares or cover at least that number of shares with an anticipated gross aggregate offering price of at least $5,000,000. If we determine that it would be seriously detrimental to our stockholders to effect such a demand registration and it is essential to defer such registration, we have the right to defer such registration, not more than once in any one-year period, for a period of up to 120 days.

Piggyback Registration Rights. After the completion of this offering, in the event that we propose to register any of our securities under the Securities Act, either for our own account or for the account of other security holders, the holders of approximately 21,176,533 shares of our common stock will be entitled to certain “piggyback” registration rights allowing the holder to include their shares in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a registration related to employee benefit plans or corporate reorganizations, the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares in the registration.

Other Terms. We will pay the registration expenses of the holders of the shares registered pursuant to the demand and piggyback registrations described above. In an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions, to limit the number of shares such holders may include.

The demand and piggyback registration rights described above will expire, with respect to any particular stockholder, the earlier of three years after our initial public offering or when that stockholder can sell all of its shares under Rule 144 of the Securities Act during any three-month period and such stockholder owns less than two percent of our outstanding stock. None of the demand or piggyback registration rights described above are applicable to this offering.

Anti-Takeover Provisions

Certificate of Incorporation and Bylaws to be in Effect Upon the Completion of this Offering. Our amended and restated certificate of incorporation to be in effect upon the completion of this offering will provide for our board of directors to be divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the shares of common stock outstanding will be able to elect all of our directors. Our amended and restated certificate of incorporation and amended and restated bylaws to be effective upon the completion of this offering will also provide that all stockholder actions must be effected at a duly called meeting of stockholders and not by a consent in writing, and that only our board of directors, chairman of the board, chief executive officer or the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors may call a special meeting of stockholders.

The foregoing provisions will make it more difficult for our existing stockholders to replace our board of directors, as well as for another party to obtain control of us by replacing our board of directors. Since our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of deterring hostile takeovers or delaying changes in our control or management. As a consequence, these provisions also may inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts.

Section 203 of the Delaware General Corporation Law. Upon the completion of this offering, we will be subject to Section 203 of the Delaware General Corporation Law, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least $66^2/_3$% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines business combination to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loss, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

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Contractual Obligations

Under our credit facility, most change of control transactions will require repayment of all indebtedness under the credit facility.

Limitations of Liability and Indemnification

See "Executive Compensation — Limitation of Liability and Indemnification."

NASDAQ Global Market Listing

We have applied to have our common stock approved for listing on The NASDAQ Global Market under the symbol "QNST".

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is expected to be BNY Mellon Shareowner Services after the completion of this offering.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately prior to this offering, there has been no public market for our common stock. Future sales of substantial amounts of shares of our common stock in the public market could adversely affect prevailing market prices. Furthermore, since only a limited number of shares will be available for sale shortly after this offering because of contractual and legal restrictions on resale described below, sales of substantial amounts of common stock in the public market after the restrictions lapse could adversely affect the prevailing market price for our common stock, as well as our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of December 31, 2009, upon the completion of this offering, 44,912,597 shares of our common stock will be outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of options. All 10,000,000 shares of common stock sold in this offering will be freely tradable unless held by one of our affiliates, as that term is defined in Rule 144 under the Securities Act.

The remaining 34,912,597 shares of our common stock outstanding after this offering are restricted securities as such term is defined in Rule 144 under the Securities Act or are subject to lock-up agreements as described below. Following the expiration of the lock-up period, restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rule 144 or 701 promulgated under the Securities Act, described in greater detail below. The 34,912,597 shares will generally become available for sale in the public market as follows:

- substantially all of such shares will be subject to lock-up agreements and will not be eligible for immediate sale upon the completion of this offering;
- all such restricted shares will be eligible for sale under Rule 144 or Rule 701 upon expiration of lock-up agreements at least 180 days after the date of this offering, provided that certain shares held by affiliates will be subject to the volume limitations described below.

Rule 144

In general, a person who has beneficially owned restricted shares of our common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) we are subject to and compliant with the Exchange Act periodic reporting requirements for at least 90 days before the sale. In addition, under Rule 144, any person who is not an affiliate of ours, has not been an affiliate of ours during the preceding three months and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the closing of this offering without regard to whether current public information about us is available. Persons who have beneficially owned restricted shares of our common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 449,125 shares immediately after this offering, assuming no exercise of the underwriters' over-allotment option, based on the number of shares of common stock outstanding as of December 31, 2009; or
- the average weekly trading volume of our common stock on The NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale;

provided, in each case, that we are subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

Rule 701

Rule 701 under the Securities Act, as in effect on the date of this prospectus, permits resales of shares in reliance upon Rule 144 but without compliance with certain restrictions of Rule 144, including the holding period requirement. Most of our employees, executive officers, directors or consultants who purchased shares under a written compensatory plan or contract may be entitled to rely on the resale provisions of Rule 701, but all holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling their shares. However, substantially all Rule 701 shares are subject to lock-up agreements as described below and under "Underwriting" and will become eligible for sale at the expiration of those agreements.

Lock-Up Agreements

We, along with our officers and directors and most of our other stockholders and optionholders, have agreed that, subject to certain exceptions we and they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of each of Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc., for a period of 180 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or announce material news or a material event relating to us or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then, in either case, the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the announcement of the material news or event, as applicable, unless each of Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc. waives, in writing, such an extension.

Registration Rights

After 180 days following the completion of this offering (subject to extension in certain circumstances), the holders of 21,176,533 shares of common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up arrangement described above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act (except for shares held by affiliates) immediately upon the effectiveness of this registration. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. See "Description of Capital Stock — Registration Rights." None of the registration rights described above are applicable to this offering.

Equity Incentive Plans

We intend to file with the SEC a registration statement under the Securities Act covering the shares of our common stock reserved for issuance under our 2008 Equity Incentive Plan, our 2010 Equity Incentive Plan and our 2010 Non-Employee Directors' Stock Award Plan. The registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to the 180-day lock-up arrangement described above, if applicable.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common stock to a non-U.S. holder that acquires our common stock pursuant to this offering. For the purpose of this discussion, a non-U.S. holder is any beneficial owner of our common stock that, for U.S. federal income tax purposes, is not a partnership or U.S. person. For purposes of this discussion, the term U.S. person means:

- an individual who is a citizen or resident of the U.S.;
- a corporation or other entity taxable as a corporation created or organized under the laws of the U.S. or any political subdivision thereof;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (y) which has in effect a valid election to be treated a U.S. person.

If a partnership (or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Accordingly, we urge partnerships that hold our common stock and partners in such partnerships to consult their tax advisors.

This discussion assumes that a non-U.S. holder will hold our common stock issued pursuant to this offering as a capital asset (generally, property held for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant in light of a non-U.S. holder's special tax status or special tax situations. Certain former citizens or residents of the U.S., life insurance companies, tax-exempt organizations, dealers in securities or currency, banks or other financial institutions and investors that hold common stock as part of a hedge, straddle, conversion transaction, synthetic security or other integrated investment are among those categories of potential investors that are subject to special rules not covered in this discussion. This discussion does not address any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction. Furthermore, the following discussion is based on current provisions of the Code and Treasury Regulations and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. Accordingly, we urge each non-U.S. holder to consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax consequences of acquiring, holding and disposing of shares of our common stock.

Dividends

We have not paid any dividends on our common stock and we do not plan to pay any dividends in the foreseeable future. However, if we do pay dividends on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those dividends exceed our current and accumulated earnings and profits, the dividends will constitute a return of capital and will first reduce a holder's adjusted tax basis in the common stock, but not below zero, and then will be treated as gain from the sale of the common stock.

Dividends paid (out of earnings and profits) to a non-U.S. holder of common stock generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable tax treaty. To receive a reduced rate of withholding under a tax treaty, a non-U.S. holder must provide us with an IRS Form W-8BEN or other appropriate version of Form W-8 certifying qualification for the reduced rate.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder (and, if required by an applicable tax treaty, that are attributable to a U.S. permanent establishment) generally are not subject to withholding tax, provided certain certifications are met. Such effectively connected dividends, net of certain deductions and credits, are taxed at the graduated U.S. federal income tax rates applicable to U.S. persons. To claim an exemption from withholding because the dividends are effectively connected within a U.S. trade or business of the non-U.S. holder, the non-U.S. holder must provide a properly executed IRS Form W-8ECI, or such successor form as the IRS designates prior to the payment of dividends. In addition to the graduated tax described above, dividends that are effectively connected with a U.S. trade or business of a corporate non-U.S. holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

A non-U.S. holder of common stock may obtain a refund or credit of any excess amounts withheld if an appropriate claim for refund is timely filed with the IRS.

Gain on Disposition of Common Stock

Subject to the discussion below under "Backup Withholding and Information Reporting," a non-U.S. holder generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with a U.S. trade or business of the non-U.S. holder, and, if an applicable tax treaty so requires, is attributable to a U.S. permanent establishment maintained by such non-U.S. holder;
- the non-U.S. holder is an individual who is present in the U.S. for a period or periods aggregating 183 days or more during the calendar year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a "U.S. real property holding corporation" for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding the disposition or the holder's holding period for our common stock. We believe that we are not currently, and that we will not become, a "U.S. real property holding corporation" for U.S. federal income tax purposes.

Unless an applicable tax treaty provides otherwise, gain described in the first bullet point above will be subject to U.S. federal income tax on a net basis at the graduated U.S. federal income tax rate applicable to U.S. persons and, in the case of non-U.S. corporate holders, a "branch profits tax" may also apply. Gain described in the second bullet point above (which may be offset by certain U.S. source capital losses) will be subject to a flat 30% U.S. federal income tax or such lower rate as may be specified by an applicable tax treaty.

If we were to become a U.S. real property holding corporation at any time during the applicable period described in the third bullet point above, any gain recognized on a disposition of our common stock by a non-U.S. holder would be subject to U.S. federal income tax at the graduated U.S. federal income tax rates applicable to U.S. persons if either (i) the non-U.S. holder owned (directly, indirectly or constructively) more than 5% of our common stock during such applicable period or (ii) our common stock were not "regularly traded on an established securities market" (within the meaning of Section 897(c)(3) of the Code) at any time during the calendar year of the disposition. We believe that our stock will be treated as so traded.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid, the name and address of the recipient, and the amount, if any, of tax withheld. A similar report is sent to the non-U.S. holder. Pursuant to tax treaties or other agreements, the IRS may make its reports available to tax authorities in the recipient's country of residence.

Payments of dividends made to a non-U.S. holder may be subject to backup withholding (currently at a rate of 28%), and the proceeds from the disposition of our common stock may be subject to backup withholding and information reporting, unless the non-U.S. holder establishes an exemption, for example, by properly certifying its non-U.S. status on a Form W-8BEN or another appropriate version of Form W-8. Notwithstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the beneficial owner is a U.S. person.

Backup withholding is not an additional tax. Rather, the U.S. income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is timely furnished to the IRS.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated , 2010, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc. are acting as representatives, the following respective numbers of shares of common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
J.P. Morgan Securities Inc.	
Total	10,000,000

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

We have granted to the underwriters a 30-day option to purchase up to 1,500,000 additional shares at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock. If any shares are purchased pursuant to this option, the underwriters will purchase such shares in approximately the same proportion as set forth in the table above.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we will pay:

	Per Share		Total	
	Without Over-Allotment	With Over-Allotment	Without Over-Allotment	With Over-Allotment
Underwriting discounts and commissions payable by us	$	$	$	$
Expenses payable by us	$	$	$	$

Qatalyst Partners LP is acting as our financial advisor in connection with the offering. Qatalyst's services consist of (i) analyzing our business, condition and financial position, (ii) preparing and implementing a plan for identifying and selecting appropriate participants in the underwriting syndicate, (iii) evaluating proposals that were received from potential underwriters, (iv) negotiating on our behalf the key terms of any contractual arrangements with members of the underwriting syndicate, and (v) determining various offering logistics. Qatalyst is not acting as an underwriter and will not sell or offer to sell any securities and will not identify, solicit or engage directly with potential investors. In addition, Qatalyst will not underwrite or purchase any of the offered securities or otherwise participate in any such undertaking.

The underwriters have agreed to reimburse us for a portion of our out-of-pocket expenses in connection with the offering in the amount of $, representing the fees we have agreed to pay Qatalyst for acting as our financial advisor. In addition, we have agreed to reimburse Qatalyst for its out of pocket expenses in an amount not to exceed $50,000.

The underwriters have informed us that they do not expect sales to accounts over which the underwriters have discretionary authority to exceed 5% of the shares of common stock being offered.

We, along with our officers and directors and most of our other stockholders and optionholders, have agreed that, subject to certain exceptions we and they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of each of the representatives for a period of 180 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the “lock-up” period, we release earnings results or announce material news or a material event relating to us or (2) prior to the expiration of the “lock-up” period, we announce that we will release earnings results during the 16-day period beginning on the last day of the “lock-up” period, then in either case the expiration of the “lock-up” will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the announcement of the material news or event, as applicable, unless each of the representatives waives, in writing, such an extension.

We have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

We have applied to list the shares of common stock on The NASDAQ Global Market under the symbol “QNST”.

Certain of the underwriters and their respective affiliates may have from time to time performed and may in the future perform various financial advisory, commercial banking and investment banking services for us in the ordinary course of business, for which they received or will receive customary fees. In addition, affiliates of the representatives are lenders under our bank credit facility.

Prior to the offering, there has been no market for our common stock. The initial public offering price will be determined by negotiation between us and the underwriters and will not necessarily reflect the market price of the common stock following the offering. The principal factors that will be considered in determining the initial public offering price will include:

- the information presented in this prospectus and otherwise available to the underwriters;
- the history of and the prospects for the industry in which we compete;
- the ability of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the recent market prices of, and the demand for, publicly-traded common stock of generally comparable companies; and
- the general condition of the securities markets at the time of the offering.

We offer no assurances that the initial public offering price will correspond to the price at which our common stock will trade in the public market subsequent to the offering or that an active trading market for the common stock will develop and continue after the offering.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions, penalty bids and passive market making in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase

in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.

- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.
- In passive market making, market makers in the common stock who are underwriters or prospective underwriters may, subject to limitations, make bids for or purchases of our common stock until the time, if any, at which a stabilizing bid is made.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on The NASDAQ Global Market or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering, and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make Internet distributions on the same basis as other allocations.

Selling Restrictions

Notice to Prospective Investors in the European Economic Area / United Kingdom

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each referred to as a Relevant Member State, from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State with effect from and including the Relevant Implementation Date:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) by the underwriters to fewer than 100 natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive) subject to obtaining the prior consent of the underwriter representatives for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall result in a requirement for the publication by us or any underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

Any person making or intending to make any offer within the European Economic Area of the shares which are the subject of the offering contemplated in this prospectus should only do so in circumstances in which no obligation arises for us or any of the book-running managers to produce a prospectus for such offer. Neither we nor the book-running managers have authorised, nor do we or they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and the buyer's representation below, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Buyer's Representation

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares which are the subject of the offering contemplated by this prospectus under, the offers contemplated in this prospectus will be deemed to have represented, warranted and agreed to and with each underwriter and us that:

(a) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(b) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the underwriter representatives has been given to the offer or resale; or (ii) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

Notice to Prospective Investors in Switzerland

This document, as well as any other material relating to the shares which are the subject of the offering contemplated by this prospectus, do not constitute an issue prospectus pursuant to Article 652a and/or 1156 of the Swiss Code of Obligations. The shares will not be listed on the SIX Swiss Exchange and, therefore, the documents relating to the shares, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The shares are being offered in Switzerland by way of a private placement, i.e., to a small number of selected investors only, without any public offer and only to investors who do not purchase shares with the intention to distribute them to the public. The investors will be individually approached by us from time to time. This document, as well as any other material relating to the shares, is personal and confidential and does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in (or from) Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document, you should consult an authorised financial adviser.

LEGAL MATTERS

Certain legal matters with respect to the legality of the issuance of the shares of common stock offered by us by this prospectus will be passed upon for us by Cooley Godward Kronish LLP, San Francisco, California. GC&H Investments LLC, an investment fund affiliated with Cooley Godward Kronish LLP, owns shares of our convertible preferred stock, which will convert into an aggregate of 36,671 shares of our common stock upon the completion of this offering. The underwriters are being represented by Davis Polk & Wardwell LLP, Menlo Park, California, in connection with the offering.

EXPERTS

The consolidated financial statements as of June 30, 2008 and 2009, and for each of the three years in the period ended June 30, 2009, included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act of 1933, as amended, with respect to this offering of our common stock. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some items of which are contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock offered by this prospectus, we refer you to the registration statement, including the exhibits and the consolidated financial statements and notes filed as a part of the registration statement. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance, we refer you to the copy of the contract or other document filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

The exhibits to the registration statement should be referenced for the complete contents of these contracts and documents. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

Upon the closing of this offering, we will be subject to the information reporting requirements of the Securities Act and we will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for inspection and copying at the public reference room and website of the SEC referred to above. We also maintain a website at www.quinstreet.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained in, or that can be accessed through, our website is not part of this prospectus.

QUINSTREET, INC.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
of QuinStreet, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of convertible preferred stock, stockholders' equity and comprehensive income, and of cash flows present fairly, in all material respects, the financial position of QuinStreet, Inc. and its subsidiaries at June 30, 2008 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2009 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the accompanying financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related financial statements. These financial statements and financial statements schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial statement schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 of the consolidated financial statements, the Company changed the manner in which it accounts for uncertainty in income taxes in 2007.

/s/ PricewaterhouseCoopers LLP
San Jose, California

November 19, 2009, except for Note 14
to the financial statements,
as to which the date is
January 14, 2010

QUINSTREET, INC.

Consolidated Balance Sheets
(In thousands, except share and per share data)

	June 30, 2008	June 30, 2009	September 30, 2009 (Unaudited)	Pro Forma Stockholders' Equity at September 30, 2009 (Unaudited)
Assets				
Current assets				
Cash and cash equivalents	$ 24,953	$ 25,182	$ 28,095	
Marketable securities	2,302	—	—	
Accounts receivable, net	25,281	33,283	39,015	
Deferred tax assets	2,738	5,543	5,542	
Prepaid expenses and other assets	1,713	1,228	1,471	
Total current assets	56,987	65,236	74,123	
Property and equipment, net	5,725	4,741	4,666	
Goodwill	80,468	106,744	119,455	
Other intangible assets, net	34,826	33,990	36,571	
Deferred tax assets, noncurrent	247	1,525	—	
Other assets, noncurrent	1,493	642	595	
Total assets	$ 179,746	$ 212,878	$ 235,410	
Liabilities, Convertible Preferred Stock and Stockholders' Equity				
Current liabilities				
Accounts payable	$ 10,042	$ 13,408	$ 14,252	
Accrued liabilities	19,571	21,794	26,024	
Deferred revenue	863	718	723	
Debt	9,489	12,890	13,182	
Total current liabilities	39,965	48,810	54,181	
Deferred revenue, noncurrent	1,394	820	721	
Debt, noncurrent	42,165	44,350	52,995	
Other liabilities, noncurrent	2,508	2,309	2,387	
Total liabilities	86,032	96,289	110,284	
Commitments and contingencies (See Note 12)				
Convertible preferred stock: $0.001 par value; 35,500,000 shares authorized; 21,176,533 shares issued and outstanding at June 30, 2008 and 2009 and September 30, 2009; liquidation value of $69,564 and $70,333 at June 30, 2009 and September 30, 2009, respectively; no shares issued and outstanding pro forma	43,403	43,403	43,403	$ —
Stockholders' equity:				
Common stock: $0.001 par value; 50,500,000 shares authorized; 15,243,284, 15,413,000 and 15,624,890 shares issued, and 13,308,907, 13,315,348 and 13,455,343 shares outstanding at June 30, 2008 and 2009 and September 30, 2009, respectively; 36,801,423 shares issued pro forma and 34,631,876 shares outstanding pro forma	15	15	16	37
Additional paid-in capital	13,683	20,634	23,252	66,634
Treasury stock, at cost (1,934,377, 2,097,652, 2,169,547 shares at June 30, 2008 and 2009 and September 30, 2009, respectively)	(5,727)	(7,064)	(7,641)	(7,641)
Accumulated other comprehensive income	34	21	3	3
Retained earnings	42,306	59,580	66,093	66,093
Total stockholders' equity	50,311	73,186	81,723	$ 125,126
Total liabilities, convertible preferred stock and stockholders' equity	$ 179,746	$ 212,878	$ 235,410	

The accompanying notes are an integral part of these consolidated financial statements.

QUINSTREET, INC.

Consolidated Statements of Operations
(In thousands, except per share data)

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2009	Three Months Ended September 30, 2008 (Unaudited)	Three Months Ended September 30, 2009 (Unaudited)
Net revenue	$ 167,370	$ 192,030	$ 260,527	$ 63,678	$ 78,552
Cost of revenue(1)	108,945	130,869	181,593	45,281	55,047
Gross profit	58,425	61,161	78,934	18,397	23,505
Operating expenses:(1)					
Product development	14,094	14,051	14,887	3,757	4,470
Sales and marketing	8,487	12,409	16,154	4,259	3,625
General and administrative	11,440	13,371	13,172	3,736	3,441
Operating income	24,404	21,330	34,721	6,645	11,969
Interest income	1,905	1,482	245	90	9
Interest expense	(732)	(1,214)	(3,544)	(763)	(748)
Other income (expense), net	(139)	145	(239)	51	120
Income before income taxes	25,438	21,743	31,183	6,023	11,350
Provision for taxes	(9,828)	(8,876)	(13,909)	(2,719)	(4,837)
Net income	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
Net income attributable to common stockholders					
Basic	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Diluted	$ 5,166	$ 4,026	$ 5,798	$ 1,035	$ 2,395
Net income per share attributable to common stockholders					
Basic	$ 0.36	$ 0.28	$ 0.41	$ 0.07	$ 0.16
Diluted	$ 0.34	$ 0.26	$ 0.39	$ 0.07	$ 0.16
Weighted average shares used in computing net income per share attributable to common stockholders					
Basic	12,789	13,104	13,294	13,279	13,405
Diluted	15,263	15,325	14,971	15,131	15,381
Pro forma net income per share attributable to common stockholders (unaudited)					
Basic			$ 0.50		$ 0.19
Diluted			$ 0.48		$ 0.18
Pro forma weighted average shares used in computing net income per share attributable to common stockholders (unaudited)					
Basic			34,471		34,582
Diluted			36,148		36,558

(1) Cost of revenue and operating expenses for the years ended June 30, 2007, 2008 and 2009, and for the three months ended September 30, 2008 and 2009 (unaudited), include stock-based compensation expense as follows:

	2007	2008	2009	2008	2009
Cost of revenue	$ 416	$ 1,112	$ 1,916	$ 470	$ 728
Product development	75	443	669	161	253
Sales and marketing	226	581	1,761	416	507
General and administrative	1,354	1,086	1,827	351	741

The accompanying notes are an integral part of these consolidated financial statements.

QUINSTREET, INC.

Consolidated Statements of Convertible Preferred Stock, Stockholders' Equity and Comprehensive Income
(In thousands, except share and per share data)

	Convertible Preferred Shares		Common Shares		Treasury Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity	Comprehensive Income
	Shares	Amount	Shares	Amount	Shares	Amount					
Balance at June 30, 2006	21,176,533	$ 43,286	13,969,057	$ 14	(1,375,647)	$ (121)	$ 2,855	$ (49)	$ 15,651	$ 18,350	
Issuance of common shares upon exercise of stock options	—	—	381,030	—	—	—	714	—	—	714	
Stock options issued in connection with business combination	—	—	—	—	—	—	125	—		125	
Stock-based compensation	—	—	—	—	—	—	2,071	—	—	2,071	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	415	—	—	415	
Accretion of convertible preferred stock	—	117	—	—	—	—	—	—	(117)	(117)	
Comprehensive income:											
Net income	—	—	—	—	—	—	—	—	15,610	15,610	$ 15,610
Unrealized gain on investments	—	—	—	—	—	—	—	1	—	1	1
Currency translation adjustments	—	—	—	—	—	—	—	143	—	143	143
Comprehensive income	—	—	—	—	—	—	—	—	—	—	$ 15,754
Balance at June 30, 2007	21,176,533	$ 43,403	14,350,087	$ 14	(1,375,647)	$ (121)	$ 6,180	$ 95	$ 31,144	$ 37,312	
Issuance of common shares upon exercise of stock options	—	—	893,197	1	—	—	2,574	—	—	2,575	
Stock-based compensation	—	—	—	—	—	—	3,222	—	—	3,222	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	1,707	—	—	1,707	
Repurchase of common shares	—	—	—	—	(558,730)	(5,606)	—	—	—	(5,606)	
Cumulative effect of adoption of FIN 48	—	—	—	—	—	—	—	—	(1,705)	(1,705)	
Comprehensive income:											
Net income	—	—	—	—	—	—	—	—	12,867	12,867	$ 12,867
Unrealized gain on investments	—	—	—	—	—	—	—	10	—	10	10
Currency translation adjustments	—	—	—	—	—	—	—	(71)	—	(71)	(71)
Comprehensive income	—	—	—	—	—	—	—	—	—	—	$ 12,806
Balance at June 30, 2008	21,176,533	$ 43,403	15,243,284	$ 15	(1,934,377)	$ (5,727)	$ 13,683	$ 34	$ 42,306	$ 50,311	
Issuance of common shares upon exercise of stock options	—	—	169,716	—	—	—	304	—	—	304	
Stock-based compensation	—	—	—	—	—	—	6,173	—	—	6,173	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	474	—	—	474	
Repurchase of common shares	—	—	—	—	(163,275)	(1,337)	—	—	—	(1,337)	
Comprehensive income:											
Net income	—	—	—	—	—	—	—	—	17,274	17,274	$ 17,274
Unrealized gain on investments	—	—	—	—	—	—	—	(10)	—	(10)	(10)
Currency translation adjustments	—	—	—	—	—	—	—	(3)	—	(3)	(3)
Comprehensive income	—	—	—	—	—	—	—	—	—	—	$ 17,261
Balance at June 30, 2009	21,176,533	$ 43,403	15,413,000	$ 15	(2,097,652)	$ (7,064)	$ 20,634	$ 21	$ 59,580	$ 73,186	
Issuance of common shares upon exercise of stock options	—	—	211,890	1	—	—	295	—	—	296	
Stock-based compensation	—	—	—	—	—	—	2,229	—	—	2,229	
Excess tax benefits from exercise of stock options	—	—	—	—	—	—	94	—	—	94	
Repurchase of common shares	—	—	—	—	(71,895)	(577)	—	—	—	(577)	
Comprehensive income:											
Net income	—	—	—	—	—	—	—	—	6,513	6,513	$ 6,513
Currency translation adjustments	—	—	—	—	—	—	—	(18)	—	(18)	(18)
Comprehensive income	—	—	—	—	—	—	—	—	—	—	$ 6,495
Balance at September 30, 2009 (unaudited)	21,176,533	$ 43,403	15,624,890	$ 16	(2,169,547)	$ (7,641)	$ 23,252	$ 3	$ 66,093	$ 81,723	

The accompanying notes are an integral part of these consolidated financial statements.

QUINSTREET, INC.

Consolidated Statements of Cash Flows
(In thousands)

	Fiscal Years Ended June 30,			Three Months Ended September 30, (Unaudited)	
	2007	2008	2009	2008	2009
Cash flows from operating activities					
Net income	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	9,637	11,727	15,978	4,114	3,952
Net realized (gain) loss on disposal of property and equipment	8	(35)	—	(81)	(5)
Provision for doubtful accounts receivable	426	106	10	22	(36)
Provision for sales returns	356	1,040	1,463	953	252
Stock-based compensation	2,071	3,222	6,173	1,398	2,229
Excess tax benefits from exercise of stock options	(415)	(1,707)	(474)	(559)	(94)
Accretion of acquisition-related notes payable	421	404	563	154	107
Changes in assets and liabilities, net of effects of acquisitions:					
Accounts receivable	(472)	(921)	(9,042)	(8,577)	(5,849)
Prepaid expenses and other assets	(656)	(228)	485	(925)	(236)
Other assets, noncurrent	17	(555)	(710)	99	44
Deferred tax assets	82	(3,772)	(4,081)	6	—
Accounts payable	3,440	(4,977)	3,359	1,905	843
Accrued liabilities	(831)	8,020	2,491	(1,864)	4,229
Deferred revenue	(2,893)	(954)	(720)	(135)	(116)
Deferred tax liabilities	(1,497)	—	—	—	—
Other liabilities, noncurrent	(107)	514	(199)	(75)	(25)
Net cash provided by (used in) operating activities	25,197	24,751	32,570	(261)	11,808
Cash flows from investing activities					
Restricted cash	(33)	(23)	711	715	3
Proceeds from sales of property and equipment	2	44	—	—	44
Capital expenditures	(2,030)	(2,177)	(1,347)	(504)	(443)
Business acquisitions, net of notes payable and cash acquired	(11,856)	(63,244)	(27,932)	(12,430)	(11,763)
Internal software development costs	(1,493)	(1,378)	(1,060)	(346)	(316)
Purchases of marketable securities	(40,860)	(11,642)	—	—	—
Proceeds from sales and maturities of marketable securities	29,905	29,172	2,302	1,383	—
Net cash used in investing activities	(26,365)	(49,248)	(27,326)	(11,182)	(12,475)
Cash flows from financing activities					
Proceeds from bank debt	—	29,000	8,607	8,500	6,500
Principal payments on bank debt	—	—	(3,500)	—	(750)
Principal payments on acquisition-related notes payable	(3,932)	(4,920)	(9,560)	(1,362)	(1,963)
Excess tax benefits from exercise of stock options	415	1,707	474	559	94
Repurchases of common stock	—	(5,606)	(1,337)	(982)	(577)
Proceeds from exercise of common stock options	714	2,575	304	173	296
Net cash (used in) provided by financing activities	(2,803)	22,756	(5,012)	6,888	3,600
Effect of exchange rate changes on cash and cash equivalents	143	(71)	(3)	1	(20)
Net increase (decrease) in cash and cash equivalents	(3,828)	(1,812)	229	(4,554)	2,913
Cash and cash equivalents at beginning of period	30,593	26,765	24,953	24,953	25,182
Cash and cash equivalents at end of period	$ 26,765	$ 24,953	$ 25,182	$ 20,399	$ 28,095
Supplemental disclosure of cash flow information					
Cash paid for interest	348	1,193	2,269	282	770
Cash paid for taxes	10,376	8,473	20,354	2,873	814
Supplemental disclosure of noncash investing and financing activities					
Accretion of convertible preferred stock	117	—	—	—	—
Stock options issued in connection with business acquisitions	125	—	—	—	—
Notes payable issued in connection with business acquisitions	4,047	16,910	8,151	4,705	6,347

The accompanying notes are an integral part of these consolidated financial statements.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share and per share data)

1. The Company

QuinStreet, Inc. (the "Company") is an online media and marketing company incorporated in California on April 16, 1999. The Company provides vertically oriented customer acquisition programs for its clients. The Company also provides hosted solutions for direct selling companies. The corporate headquarters are located in Foster City, California, with offices in Arkansas, Colorado, Massachusetts, Nevada, New Jersey, North Carolina, Oklahoma, Oregon, India and the United Kingdom.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Unaudited Interim Financial Information

The accompanying consolidated balance sheet as of September 30, 2009, the consolidated statements of operations and of cash flows for the three months ended September 30, 2008 and 2009 and of convertible preferred stock, stockholders' equity and comprehensive income for the three months ended September 30, 2009 are unaudited. The unaudited interim financial statements have been prepared on the same basis as the annual financial statements and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial condition and results of operations and cash flows for the three months ended September 30, 2008 and 2009. The financial data and other information disclosed in these notes to the consolidated financial statements related to the three months ended September 30, 2008 and 2009 are unaudited. The results of operations for the three months ended September 30, 2009 are not necessarily indicative of the results to be expected for fiscal year 2010 or for any other interim period or for any other future year.

Pro Forma Statement of Stockholders' Equity (unaudited)

Upon the consummation of a qualifying initial public offering, all of the outstanding shares of convertible preferred stock automatically convert into common stock. The September 30, 2009 unaudited pro forma balance sheet data has been prepared assuming the conversion of the convertible preferred stock outstanding into 21,176,533 shares of common stock.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The Company derives its revenue from two sources: Direct Marketing Services ("DMS") and Direct Selling Services ("DSS"). DMS revenue, which constituted 95%, 98% and 99% of fiscal years 2007, 2008 and 2009 respectively, is derived primarily from fees which are earned through the delivery of qualified leads or clicks. The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is reasonably assured. Delivery is deemed to have

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

occurred at the time a qualified lead or click is delivered to the customer provided that no significant obligations remain.

From time to time, the Company may agree to credit certain leads or clicks if they fail to meet the contractual or other guidelines of a particular client. The Company has established a sales reserve based on historical experience. To date, such credits have been immaterial and within management's expectations.

For a portion of its revenue, the Company has agreements with providers of online media or traffic ("Publishers") used in the generation of leads or clicks. The Company receives a fee from its clients and pays a fee to Publishers either on a cost per lead, cost per click or cost per thousand impressions basis. The Company is the primary obligor in the transaction. As a result, the fees paid by the Company's clients are recognized as revenue and the fees paid to its Publishers are included in cost of revenue.

DSS revenue, which constituted 5%, 2% and 1% of fiscal years 2007, 2008 and 2009 revenue, respectively, is comprised of (i) set-up and professional services fees and (ii) usage and hosting fees. Set-up and professional service fees that do not provide stand-alone value to a client are recognized over the contractual term of the agreement or the expected client relationship period, whichever is longer, effective when the application reaches the "go-live" date. The Company defines the "go-live" date as the date when the application enters into a production environment or all essential functionalities have been delivered. Usage and hosting fees are recognized on a monthly basis as earned.

Deferred revenue consists of billings or payments received in advance of reaching all the above revenue recognition criteria.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. Cash and cash equivalents are deposited with financial institutions that management believes are creditworthy. The deposits exceed federally insured amounts. To date, the Company has not experienced any losses of its deposits of cash and cash equivalents.

The Company's accounts receivable are derived from clients located principally in the United States, and to a lesser extent, Europe and Canada. The Company performs ongoing credit evaluation of its clients, does not require collateral, and maintains allowances for potential credit losses on client accounts when deemed necessary. To date, such losses have been within management's expectations.

Clients over 10% of total revenue, all of which were from our DMS segment, were as follows:

	Fiscal Year Ended June 30,			Three Months Ended September 30, (Unaudited)	
	2007	2008	2009	2008	2009
Client A	22%	23%	19%	20%	13%
Client B	15%	12%	6%	8%	6%
Client C	13%	11%	8%	9%	6%

Fair Value of Financial Instruments

The Company's financial instruments consist principally of cash and cash equivalents, accounts receivable, accounts payable, acquisition-related notes payable, term loan and revolving credit facility. The fair value of the Company's cash equivalents is determined based on quoted prices in active markets for identical assets. The recorded values of the Company's accounts receivable and accounts payable approximate their current fair values due to the relatively short-term nature of these accounts. The fair value of acquisition-related notes payable approximates their recorded amounts at June 30, 2009 as the interest rates on similar financing arrangements available to the Company at June 30, 2009 approximates the interest rates implied when these acquisition-related notes payable were originally issued and recorded. The Company believes that the fair values of the term loan and revolving credit facility, as of June 30, 2009, approximate their recorded amounts as the interest rates on these instruments are variable and are primarily based on market rate interest.

(In thousands, except share and per share data)

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less at the date of purchase are classified as cash equivalents. Cash equivalents consist primarily of money market funds and time deposits with original maturities of three months or less. Cash equivalents amounted to $9,395 and $17,091 at June 30, 2008 and 2009, respectively, and $8,813 at September 30, 2009 (unaudited).

Marketable Securities

Highly liquid investments with maturities greater than three months at the date of purchase are classified as marketable securities. The Company's marketable securities have been classified and accounted for as available-for-sale. Management determines the appropriate classification of its investments at the time of purchase and reevaluates the available-for-sale designation as of each balance sheet date. These investments are carried at fair value, with unrealized gains and losses, net of tax, and are reported as a component of stockholders' equity. The cost of securities sold is based upon the specific identification method. The Company did not have any marketable securities at June 30, 2009 and at September 30, 2009 (unaudited). At June 30, 2008, marketable securities consisted of corporate bonds from three issuers with a fair value of $2,302.

Restricted Cash

At June 30, 2008 and 2009, the Company had $731 and $20, respectively, of cash restricted from withdrawal and held by a bank in certificate of deposits as collateral for a credit facility.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization, and are depreciated on a straight-line basis over the estimated useful lives of the assets.

Computer equipment	3 years
Software	3 years
Furniture and fixtures	3 to 5 years
Leasehold improvements	the shorter of the lease term or the estimated useful lives of the improvements

Internal Software Development Costs

The Company incurs costs to develop software for internal use. The Company expenses all costs that relate to the planning and post-implementation phases of development as product development expense. Costs incurred in the development phase are capitalized and amortized over the product's estimated useful life if the product is expected to have a useful life beyond six months. Costs associated with repair or maintenance of existing sites or the developments of website content are included in cost of revenue in the accompanying statements of operations. The Company's policy is to amortize capitalized internal software development costs on a product-by-product basis using the straight-line method over the estimated economic life of the application, which is generally two years. The Company capitalized $1,493, $1,378 and $1,060 in fiscal years

2007, 2008 and 2009, respectively. Amortization of internal software development costs is reflected in cost of revenue.

Goodwill

Goodwill is tested for impairment at the reporting unit level on an annual basis and whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Significant judgments required to estimate the fair value of reporting units include estimating future cash flows, and determining appropriate discount rates, growth rates and other assumptions. Changes in these estimates and assumptions could materially affect the determination of fair value for each reporting unit which could trigger impairment.

The Company determined that DMS and DSS constitute two separate reporting units. The Company completed its annual goodwill impairment reviews at June 30, 2007, 2008 and 2009 and concluded that goodwill was not impaired.

Long-Lived Assets

The Company evaluates long-lived assets, such as property and equipment and purchased intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. The Company assesses the fair value of the assets based on the undiscounted future cash flow the assets are expected to generate and recognizes an impairment loss when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset, if any, are less than the carrying value of the asset. When the Company identifies an impairment, it reduces the carrying amount of the asset to its estimated fair value based on a discounted cash flow approach or, when available and appropriate, to comparable market values. There were no impairments recorded in fiscal years 2007, 2008 and 2009 related to the Company's long-lived assets.

Advertising Costs

The Company expenses advertising costs as they are incurred. Advertising expenses for fiscal years 2007, 2008 and 2009 were $54, $67 and $185, respectively.

Income Taxes

The Company accounts for income taxes using an asset and liability approach to record deferred taxes. The Company's deferred income tax assets represent temporary differences between the financial statement carrying amount and the tax basis of existing assets and liabilities that will result in deductible amounts in future years, including net operating loss carry forwards. Based on estimates, the carrying value of the Company's net deferred tax assets assumes that it is more likely than not that the Company will be able to generate sufficient future taxable income in certain tax jurisdictions. The Company's judgments regarding future profitability may change due to future market conditions, changes in U.S. or international tax laws and other factors.

On July 1, 2007, the Company adopted the authoritative accounting guidance prescribing a threshold and measurement attribute for the financial recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also provides for de-recognition of tax benefits, classification on the balance sheet, interest and penalties, accounting in interim periods, disclosure and transition. The guidance utilizes a two-step approach for evaluating uncertain tax positions. Step one, Recognition, requires a company to determine if the weight of available evidence indicates that a tax position is more likely than not to be sustained upon audit, including resolution of related appeals or litigation processes, if any. If a tax position is not considered "more likely than not" to be sustained then no benefits of the position are to be recognized. Step two, Measurement, is based on the largest amount of benefit, which is more likely than not to be realized on ultimate settlement.

Foreign Currency Translation

The functional currency for the majority of the Company's foreign subsidiaries is the U.S. dollar. For those subsidiaries, assets and liabilities denominated in foreign currency are remeasured into U.S. dollars at current exchange rates for monetary assets and liabilities and historical exchange rates for nonmonetary assets and liabilities. Net revenue, cost of revenue and expenses are generally remeasured at average exchange rates in effect during each period. Gains and losses from foreign currency remeasurement are included in net earnings. Certain foreign subsidiaries designate the local currency as their functional currency. For those subsidiaries, the assets and liabilities are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Income and expense items are translated at average exchange rates for the period. The foreign currency translation adjustments are included in accumulated other comprehensive income (loss) as a separate component of stockholders' equity.

Foreign currency transaction gains or losses are recorded in other income (expense), net. Foreign currency transaction losses were $97 for fiscal year 2007. Foreign currency transaction gains were $101 for fiscal year 2008. Foreign currency transaction losses were $254 for fiscal year 2009.

Comprehensive Income

Comprehensive income consists of two components, net income and other comprehensive income (loss). Other comprehensive income (loss) refers to revenue, expenses, gains, and losses that under U.S. generally accepted accounting principles are recorded as an element of stockholders' equity but are excluded from net income. The Company's other comprehensive income (loss) consists of foreign currency translation adjustments from those subsidiaries not using the U.S. dollar as their functional currency and unrealized gains and losses on marketable securities categorized as available-for-sale. The Company has disclosed comprehensive income as a component of stockholders' equity.

Loss Contingencies

The Company is subject to the possibility of various loss contingencies arising in the ordinary course of business. Management considers the likelihood of loss or impairment of an asset or the incurrence of a liability, as well as its ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Company regularly evaluates current information available to its management to determine whether such accruals should be adjusted and whether new accruals are required.

From time to time, the Company is involved in disputes, litigation and other legal actions. The Company records a charge equal to at least the minimum estimated liability for a loss contingency only when both of the following conditions are met: (i) information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements, and (ii) the range of loss can be reasonably estimated. The actual liability in any such matters may be materially different from the Company's estimates, which could result in the need to adjust the liability and record additional expenses.

Stock-Based Compensation

The Company records stock-based compensation expense for employee stock options granted or modified on or after July 1, 2006 based on estimated fair values for these stock options. The Company continues to account for stock options granted to employees prior to July 1, 2006 based on the intrinsic value of those stock options.

Fair values of share-based payment awards are determined on the date of grant using an option-pricing model. The Company has selected the Black-Scholes option pricing model to estimate the fair value of its stock options awards to employees. In applying the Black-Scholes option pricing model, the Company's determination of fair value of the share-based payment award on the date of grant is affected by the Company's estimated fair value of common shares, as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the stock options and the employees' actual and projected stock option exercise and pre-vesting employment termination behaviors.

For awards with graded vesting, the Company recognizes stock-based compensation expense over the requisite service period using the straight-line method, based on awards ultimately expected to vest. The Company estimates future forfeitures at the date of grant and revises the estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

See Note 10 for further information.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its chief executive officer. The Company's chief executive officer reviews financial information presented on a consolidated basis, accompanied by information about operating segments, including net sales and operating income before depreciation, amortization and stock-based compensation expense.

The Company determined its operating segments to be DMS, which derives substantially all of its revenue from fees earned through the delivery of qualified leads and paid clicks, and DSS, which derives substantially all of its revenue from the sale of direct selling services through a hosted solution. The Company's reportable operating segments consist of DMS and DSS. The accounting policies of the two reportable operating segments are the same as those described in Note 1, Summary of Significant Accounting Policies.

The Company evaluates the performance of its operating segments based on net sales and operating income before depreciation, amortization and stock-based compensation expense.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

The Company does not allocate most of its assets, as well as its depreciation and amortization expense, stock-based compensation expense, interest income, interest expense and income tax expense by segment. Accordingly, the Company does not report such information.

Summarized information by segment was as follows:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
				(Unaudited)	
Net revenue by segment:					
DMS	$ 159,744	$ 188,429	$ 257,420	$ 62,994	78,157
DSS	7,626	3,601	3,107	684	395
Total net revenue	$ 167,370	$ 192,030	$ 260,527	$ 63,678	$ 78,552
Segment operating income before depreciation, amortization and stock-based compensation expense:					
DMS	31,611	34,740	55,251	11,922	18,002
DSS	4,501	1,539	1,621	235	148
Total segment operating income before depreciation, amortization and stock-based compensation expense	36,112	36,279	56,872	12,157	18,150
Depreciation and amortization	(9,637)	(11,727)	(15,978)	(4,114)	(3,952)
Stock-based compensation expense	(2,071)	(3,222)	(6,173)	(1,398)	(2,229)
Operating income	$ 24,404	$ 21,330	$ 34,721	$ 6,645	$ 11,969

The following tables set forth net revenue and long-lived assets by geographic area:

	Fiscal Year Ended June 30,			Three Months Ended September 30,	
	2007	2008	2009	2008	2009
				(Unaudited)	
Net revenue:					
North America	$ 167,141	$ 191,654	$ 260,206	$ 63,630	$ 78,475
Europe	229	376	321	48	77
Total net revenue	$ 167,370	$ 192,030	$ 260,527	$ 63,678	$ 78,552

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

	June 30, 2008	June 30, 2009	September 30, 2009 (Unaudited)
Assets:			
North America	$ 177,854	$ 211,337	$ 233,902
Europe	1,224	927	806
Asia/Pacific	668	614	702
Total assets	$ 179,746	$ 212,878	$ 235,410
Long-lived assets:			
North America	$ 5,451	$ 4,485	$ 4,412
Europe	22	35	—
Asia/Pacific	252	221	254
Total long-lived assets	$ 5,725	$ 4,741	$ 4,666

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued a new accounting standard that changes the accounting for business combinations, including the measurement of acquirer shares issued in consideration for a business combination, the recognition of contingent consideration, the accounting for pre-acquisition gain and loss contingencies, the recognition of capitalized in-process research and development, the accounting for acquisition-related restructuring cost accruals, the treatment of acquisition-related transaction costs and the recognition of changes in the acquirer's income tax valuation allowance. The new standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The adoption of the new standard did not have a material impact on the Company's consolidated financial statements, but is likely to have a material impact on how the Company accounts for any future business combinations into which the Company may enter.

In May 2009, the FASB issued a new accounting standard that establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. In particular, the new standard sets forth (i) the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; (ii) the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and (3) the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. The Company applied the requirement of this standard effective June 30, 2009 and included additional disclosures in the notes to the Company's consolidated financial statements.

In June 2009, the FASB issued a new accounting standard that provides for a codification of accounting standards to be the authoritative source of generally accepted accounting principles in the United States. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. The Company adopted the provisions of the authoritative accounting guidance for the interim reporting period ended September 30, 2009. The adoption did not have a material effect on the Company's consolidated results of operations or financial condition.

In October 2009, the FASB issued a new accounting standard that changes the accounting for arrangements with multiple deliverables. Specifically, the new standard requires an entity to allocate arrangement consideration at the inception of an arrangement to all of its deliverables based on their relative selling prices. In addition, the new standard eliminates the use of the residual method of allocation and requires the relative-selling-price method in all circumstances in which an entity recognizes revenue for an arrangement with multiple deliverables. In October 2009, the FASB also issued a new accounting standard that changes revenue recognition for tangible products containing software and hardware elements. Specifically, if certain requirements are met, revenue arrangements that contain tangible products with software elements that are essential to the functionality of the products are scoped out of the existing software revenue recognition accounting guidance and will be accounted for under the multiple-element arrangements revenue recognition guidance discussed above. Both standards will be effective for the Company in the first quarter of fiscal year 2011. Early adoption is permitted. The Company does not anticipate the adoption of these standards to have a material impact on its consolidated financial statements.

3. Revision of prior period financial statements

Stock-Based Compensation

The Company licenses software from a third-party to automate the administration of its employee equity programs and calculate its stock-based compensation expense. During the first quarter of fiscal year 2010, the Company noted that the version of the software it used incorrectly calculated stock-based compensation expense by continuing to apply a weighted average forfeiture rate to the vested portion of stock option awards until the grant's final vest date, rather than reflecting actual forfeitures as awards vested. The net effect of the error was an understatement of stock-based compensation expense of approximately $133, $492 and $538 in fiscal years 2007, 2008 and 2009, respectively.

Cash Flow Presentation

The Company determined in the first quarter of fiscal year 2010 that in its statement of cash flows for fiscal year 2008, it had improperly reflected an increase in liabilities resulting from the recording of a deferred tax liability in connection with an acquisition in operating activities instead of investing activities.

The Company assessed the materiality of these errors on prior period financial statements in accordance with the SEC's Staff Accounting Bulletin No. 99 ("SAB 99"), and concluded that the errors were not material to any prior annual or interim periods but the cumulative error would be material to the three months ended September 30, 2010, if the entire correction was recorded in the current period. Accordingly, the Company has revised certain prior amounts and balances in its financial statements in fiscal years 2007, 2008 and 2009 to allow for the correct recording of these amounts in accordance with the SEC's Staff Accounting Bulletin No. 108, Considering the Effects of Prior Year Misstatements When Quantifying Misstatements in Current Year Financial Statement.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

The following tables summarize the effect of the correction of the immaterial errors on the Company's financial statements for fiscal years 2007, 2008 and 2009:

	Fiscal Year Ended June 30,					
	2007		2008		2009	
	As Reported	As Revised	As Reported	As Revised	As Reported	As Revised
Consolidated statements of operations:						
Cost of revenue	$117,905	$108,945	$130,610	$130,869	$181,370	$181,593
Gross profit	49,465	58,425	61,420	61,161	79,157	78,934
Operating income	24,537	24,404	21,822	21,330	35,259	34,721
Net income	15,733	15,610	13,228	12,867	17,914	17,274
Net income per share						
Basic	$ 0.37	$ 0.36	$ 0.29	$ 0.28	$ 0.42	$ 0.41
Diluted	$ 0.34	$ 0.34	$ 0.27	$ 0.26	$ 0.40	$ 0.39
Consolidated balance sheets at year end:						
Retained earnings	$ 31,267	$ 31,144	$ 44,495	$ 42,306	$ 62,409	$ 59,580
Consolidated statements of cash flows:						
Net cash provided by operating activities	$ 25,197	$ 25,197	$ 28,599	$ 24,751	$ 32,570	$ 32,570
Net cash used in investing activities	(26,365)	(26,365)	(53,096)	(49,248)	(27,326)	(27,326)
Net cash (used in) provided by financing activities	(2,803)	(2,803)	22,756	22,756	(5,012)	(5,012)

4. Net income attributable to common stockholders and pro forma net income per share

Basic and diluted net income per share attributable to common stockholders are presented in conformity with the two-class method required for participating securities. Holders of Series A, Series B and Series C convertible preferred stock are each entitled to receive 8% per annum non-cumulative dividends, payable prior and in preference to any dividends on any other shares of the Company's capital stock. In the event a dividend is paid on common stock, Series A, Series B and Series C convertible preferred stockholders are entitled to a proportionate share of any such dividend as if they were holders of common shares (on an as-if converted basis).

Under the two-class method, basic net income per share attributable to common stockholders is computed by dividing the net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period Series A, Series B and Series C convertible preferred stock non-cumulative dividends, between common stock and Series A, Series B and Series C convertible preferred stockholders. Diluted net income per share attributable to common stockholders is computed by using the weighted average number of common shares outstanding, including potential dilutive shares of common stock assuming the dilutive effect of outstanding stock options using the treasury stock method.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

Pro forma basic and diluted net income per share were computed to give effect to the conversion of the Series A, Series B and Series C convertible preferred stock using the as-if converted method into common stock as though the conversion had occurred as of July 1, 2008 or the original date of issuance or later.

The following table presents the calculation of basic and diluted net income per share attributable to common stockholders and pro forma basic and diluted net income per share:

	Fiscal Year Ended June 30, 2007	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2009	Three Months Ended September 30, 2008 (Unaudited)	Three Months Ended September 30, 2009 (Unaudited)
Numerator:					
Basic:					
Net income	$ 15,610	$ 12,867	$ 17,274	$ 3,304	$ 6,513
8% non-cumulative dividends on convertible preferred stock	(3,276)	(3,276)	(3,276)	(819)	(819)
Undistributed earnings allocated to convertible preferred stock	(7,690)	(5,925)	(8,599)	(1,527)	(3,487)
Net income attributable to common stockholders — basic	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Diluted:					
Net income applicable to common stockholders — basic	$ 4,644	$ 3,666	$ 5,399	$ 958	$ 2,207
Undistributed earnings re-allocated to common stock	522	360	399	77	188
Net income attributable to common stockholders — diluted	$ 5,166	$ 4,026	$ 5,798	$ 1,035	$ 2,395
Denominator:					
Basic:					
Weighted average common shares used in computing basic net income per share	12,789	13,104	13,294	13,279	13,405
Diluted:					
Weighted average common shares used in computing basic net income per share	12,789	13,104	13,294	13,279	13,405
Add weighted average effect of dilutive securities:					
Stock options	2,474	2,221	1,677	1,852	1,976
Weighted average common shares used in computing diluted net income per share	15,263	15,325	14,971	15,131	15,381
Net income per common share:					
Basic	$ 0.36	$ 0.28	$ 0.41	$ 0.07	$ 0.16
Diluted	$ 0.34	$ 0.26	$ 0.39	$ 0.07	$ 0.16
Shares used in computing pro forma net income per share:					
Basic:					
Basic weighted average common shares from above			13,294		13,405
Add assumed conversion of convertible preferred stock			21,177		21,177
Shares used in computing pro forma basic net income per share			34,471		34,582
Diluted:					
Diluted weighted average common shares from above			14,971		15,381
Add conversion of Series A, Series B, and Series C convertible preferred stock excluded under the two class method			21,177		21,177
Share used in computing pro forma diluted net income per share			36,148		36,558
Pro forma net income per share:					
Basic			$ 0.50		$ 0.19
Diluted			$ 0.48		$ 0.18

(In thousands, except share and per share data)

5. Balance Sheet Components

Marketable Securities

The Company's investments in marketable securities designated as available-for-sale consist of the following:

	June 30, 2008			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Carrying Value
Corporate debt securities	$ 2,296	$ 6	$ —	$ 2,302
Total marketable securities	$ 2,296	$ 6	$ —	$ 2,302

The Company recognized proceeds of $29,172 and $2,302 from the sale and maturities of its investments in marketable securities for fiscal years 2008 and 2009, respectively. The Company did not realize any gains or losses from sales of its investments in marketable securities for fiscal years 2007, 2008 and 2009.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. A hierarchy for inputs used in measuring fair value has been defined to minimize the use of unobservable inputs by requiring the use of observable market data when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on active market data. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy prioritizes the inputs into three broad levels:

Level 1 — Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.

Level 3 — Inputs are unobservable inputs based on the Company's assumptions.

All cash equivalents at June 30, 2009 and September 30, 2009 (unaudited) are considered Level 1.

Accounts Receivable, Net

Accounts receivable, net balances consisted of the following:

	Level 1		
	June 30,		September 30,
	2008	2009	2009
			(Unaudited)
Accounts receivable	$ 27,443	$ 36,792	$ 42,736
Less: Allowance for doubtful accounts	(622)	(506)	(466)
Less: Allowance for sales reserve	(1,540)	(3,003)	(3,255)
	$ 25,281	$ 33,283	$ 39,015

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

Property and Equipment, Net

Property and equipment, net balances are comprised of the following:

	June 30, 2008	June 30, 2009	September 30, 2009 (Unaudited)
Computer equipment	$ 9,670	$ 10,295	$ 10,414
Software	4,512	4,955	5,015
Furniture and fixtures	1,802	1,992	1,865
Leasehold improvements	579	694	700
Internal software development costs	12,396	13,456	13,773
	28,959	31,392	31,767
Less: Accumulated depreciation and amortization	(23,234)	(26,651)	(27,101)
	$ 5,725	$ 4,741	$ 4,666

Depreciation expense was $3,135, $2,400 and $2,742 for fiscal years 2007, 2008 and 2009, respectively; and $549 and $503 for the three months ended September 30, 2008 and 2009 (unaudited), respectively. Amortization expense related to internal software development costs was $1,965, $1,816 and $1,500 for fiscal years 2007, 2008 and 2009, respectively, and $482 and $294 for the three months ended September 30, 2008 and 2009 (unaudited), respectively.

Intangible Assets, Net

Intangible assets excluding goodwill, net balances consisted of the following:

	June 30, 2008			June 30, 2009			September 30, 2009		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization (Unaudited)	Net Carrying Amount
Customer/publisher relationships	$ 18,789	$ (2,046)	$ 16,743	$ 22,982	$ (6,299)	$ 16,683	$ 24,311	$ (7,462)	$ 16,849
Content	15,467	(6,530)	8,937	18,145	(10,546)	7,599	21,250	(11,648)	9,602
Website/trade/domain names	6,216	(2,446)	3,770	9,187	(2,988)	6,199	10,407	(3,366)	7,041
Acquired technology and other	9,286	(3,910)	5,376	10,034	(6,525)	3,509	10,116	(7,037)	3,079
	$ 49,758	$ (14,932)	$ 34,826	$ 60,348	$ (26,358)	$ 33,990	$ 66,084	$ (29,513)	$ 36,571

Amortization of intangible assets was $4,537, $7,511 and $11,736 for fiscal years 2007, 2008 and 2009, respectively; and $3,083 and $3,155 for the three months ended September 30, 2008 and 2009 (unaudited), respectively.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

Amortization expense for the Company's acquisition-related intangible assets as of June 30, 2009 for each of the next five years is as follows:

Fiscal Year Ending June 30,	
2010	$ 12,137
2011	9,402
2012	6,553
2013	4,057
2014	921
Thereafter	920
	$ 33,990

Goodwill

The changes in the carrying amount of goodwill for fiscal years 2007, 2008 and 2009 and for the three months ended September 30, 2009 were as follows (in thousands):

	DMS	DSS	Total
Balance at June 30, 2007	$ 23,320	$ 1,231	$ 24,551
Additions	55,917	—	55,917
Balance at June 30, 2008	79,237	1,231	80,468
Additions	26,276	—	26,276
Balance at June 30, 2009	105,513	1,231	106,744
Additions (unaudited)	12,711	—	12,711
Balance at September 30, 2009 (unaudited)	$ 118,224	$ 1,231	$ 119,455

In fiscal years 2007, 2008 and 2009, and for three months ended September 30, 2009 (unaudited), the additions to goodwill relate to the Company's acquisitions as described in Note 6, and primarily reflect the value of the synergies expected to be generated from combining the Company's technology and know-how with the acquired entities' access to online visitors.

Accrued expenses and other current liabilities

	June 30,		September 30,
	2008	2009	2009 (Unaudited)
Accrued media costs	$ 7,943	$ 12,920	$ 15,545
Accrued compensation and related expenses	5,286	6,457	3,431
Accrued taxes payable	3,090	430	4,708
Accrued professional service and other business expenses	3,252	1,987	2,340
Total accrued expenses and other current liabilities	$ 19,571	$ 21,794	$ 26,024

(In thousands, except share and per share data)

6. Acquisitions

Acquisition of Payler Corp D/B/A HSH Associates Financial Publishers ("HSH") (unaudited)

On September 14, 2009, the Company acquired 100% of the outstanding shares of HSH, a New Jersey-based online marketing business, in exchange for $6,000 in cash paid upon closing of the acquisition and the issuance of $4,000 in non-interest-bearing promissory notes payable in five installments over the next five years. The results of HSH's acquired operations have been included in the consolidated financial statements since the acquisition date. The Company acquired HSH for its capacity to generate online visitors in the financial services market. The total purchase price recorded was as follows:

	Amount
Cash	$ 6,000
Fair value of debt (net of $241 of imputed interest)	3,759
	$ 9,759

The acquisition was accounted for as a purchase business combination. The Company allocated the purchase price to tangible assets acquired, liabilities assumed and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The goodwill is not deductible for tax purposes. The following table summarizes the allocation of the purchase price and the estimated useful lives of the identifiable intangible assets acquired as of the date of the acquisition:

	Estimated Fair Value	Estimated Useful Life
Tangible assets acquired	$ 50	
Liabilities assumed	(1,684)	
Advertiser relationships	1,200	3 years
Trade name	800	6 years
Content	1,300	6 years
Goodwill	8,093	Indefinite
	$ 9,759	

Acquisition of U.S. Citizens for Fair Credit Card Terms, Inc. ("CardRatings")

On August 5, 2008, the Company acquired 100% of the outstanding shares of CardRatings, an Arkansas-based online marketing company, in exchange for $10,000 in cash paid upon closing of the acquisition and the issuance of $5,000 in non-interest-bearing promissory notes payable in five installments over the next five years, secured by the assets acquired. The Company paid $372 in working capital adjustment following the closing of the acquisition. The results of CardRatings' acquired operations have been included in the consolidated financial statements since the acquisition date. The Company acquired CardRatings for its capacity to generate online visitors in the financial services market. The total purchase price recorded was as follows:

(In thousands, except share and per share data)

	Amount
Cash	$ 10,372
Fair value of debt (net of $722 of imputed interest)	4,278
Acquisition-related costs	20
	$ 14,670

The acquisition was accounted for as a purchase business combination. The Company allocated the purchase price to tangible assets acquired, liabilities assumed and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The goodwill is entirely deductible for tax purposes. The following table summarizes the allocation of the purchase price and the estimated useful lives of the identifiable intangible assets acquired as of the date of the acquisition:

	Estimated Fair Value	Estimated Useful Life
Tangible assets acquired	$ 834	
Liabilities assumed	(206)	
Advertiser relationships	2,325	7 years
Trade name	776	5 years
Noncompete agreements	124	3 years
Content	140	2 years
Goodwill	10,677	Indefinite
	$ 14,670	

Acquisition of Cyberspace Communications Corporation ("SureHits")

On April 9, 2008, the Company acquired 100% of the outstanding shares of SureHits, an Oklahoma-based online marketing company, in exchange for $26,519 in cash paid upon closing of the acquisition and $1,913 payable in two equal installments over the next year related to employee change-in-control provisions. Additionally, the sellers have the potential to earn up to an additional $18,000 over the subsequent 45 months, such earn-out amounts being contingent upon the achievement of specified financial targets. The results of SureHits' operations have been included in the consolidated financial statements since the acquisition date. The Company acquired SureHits to broaden its media access and client base in the financial services market. The total purchase price recorded was as follows:

	Amount
Cash	$ 26,519
Fair value of debt (net of $72 of imputed interest)	1,841
Acquisition-related costs	212
	$ 28,572

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

The acquisition was accounted for as a purchase business combination. The Company allocated the purchase price to tangible assets acquired, liabilities assumed and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The goodwill is entirely deductible for tax purposes. The following table summarizes the allocation of the purchase price and the estimated useful lives of the identifiable intangible assets acquired as of the date of the acquisition:

	Estimated Fair Value	Estimated Useful Life
Tangible assets acquired	$ 4,006	
Liabilities assumed	(2,998)	
Advertiser relationships	7,692	3-5 years
Acquired technology	2,482	3 years
Publisher relationships	391	2 years
Trade name	199	5 years
Noncompete agreements	176	3 years
Goodwill	16,624	Indefinite
	$ 28,572	

In fiscal year 2009, the Company paid $4,500 in earnout payments upon the achievement of the specified financial targets. The earnout payments were recorded as goodwill.

Acquisition of ReliableRemodeler.com, Inc. ("ReliableRemodeler")

On February 7, 2008, the Company acquired 100% of the outstanding shares of ReliableRemodeler, an Oregon-based online company specializing in home renovation and contractor referrals, in exchange for $17,500 in cash paid upon closing of the acquisition, $2,000 of which was placed in escrow, and the issuance of $8,000 in non-interest-bearing, unsecured promissory notes payable in three installments over the next four years. The results of ReliableRemodeler's acquired operations have been included in the consolidated financial statements since the acquisition date. The Company acquired ReliableRemodeler to broaden its media access and client base in the home services market. The total purchase price recorded was as follows:

	Amount
Cash	$ 17,500
Fair value of debt (net of $1,277 of imputed interest)	6,723
Acquisition-related costs	54
	$ 24,277

(In thousands, except share and per share data)

The acquisition was accounted for as a purchase business combination. The Company allocated the purchase price to tangible assets acquired, liabilities assumed and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The goodwill is not deductible for tax purposes. The following table summarizes the allocation of the purchase price and the estimated useful lives of the identifiable intangible assets acquired as of the date of the acquisition:

	Estimated Fair Value	Estimated Useful Life
Tangible assets acquired	$ 859	
Liabilities assumed	(987)	
Deferred tax liabilities	(3,849)	
Customer relationships	7,476	5 years
Acquired technology	1,124	5 years
Trade name and domain name	814	5 years
Content	183	4 years
Goodwill	18,657	Indefinite
	$ 24,277	

Acquisition of Vendorseek L.L.C. ("Vendorseek")

On May 15, 2008, the Company acquired the assets of Vendorseek, a New Jersey-based provider of online matching services for businesses that connect Internet visitors with vendors, in exchange for $10,665 in cash paid upon closing of the acquisition and the issuance of $3,750 in interest-bearing, unsecured promissory notes payable in three installments over the next three years at an annual interest rate of 1.64%. The results of Vendorseek's operations have been included in the consolidated financial statements since the acquisition date. The Company acquired Vendorseek to broaden its media access and client base in the business-to-business market. The total purchase price recorded was as follows:

	Amount
Cash	$ 10,665
Fair value of debt (net of $346 of imputed interest)	3,404
Acquisition-related costs	128
	$ 14,197

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

The acquisition was accounted for as a purchase business combination. The Company allocated the purchase price to tangible assets acquired, liabilities assumed and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The goodwill is entirely deductible for tax purposes. The following table summarizes the allocation of the purchase price and the estimated useful lives of the identifiable intangible assets acquired as of the date of the acquisition:

	Estimated Fair Value	Estimated Useful Life
Tangible assets acquired	$ 413	
Liabilities assumed	(221)	
Customer relationships	156	2 years
Publisher relationships	899	5 years
Acquired technology	639	3 years
Trade name and domain name	252	5 years
Noncompete agreements	88	3 years
Goodwill	11,971	Indefinite
	$ 14,197	

Other Acquisitions

During the three months ended September 30, 2009 (unaudited), in addition to the acquisition of HSH, the Company acquired operations from 12 other online publishing businesses in exchange for $4,468 in cash paid upon closing of the acquisitions and $2,680 payable in the form of non-interest-bearing, unsecured promissory notes payable over a period of time ranging from one to five years. The aggregate purchase price recorded was as follows:

	Amount
Cash	$ 4,468
Fair value of debt (net of $92 of imputed interest)	2,588
	$ 7,056

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

The acquisitions were accounted for as purchase business combinations. In each of the acquisitions, the Company allocated the purchase price to identifiable intangible assets acquired based on their estimated fair values and liabilities assumed, if any. The excess of the purchase price over the aggregate fair values of the identifiable intangible assets was recorded as goodwill. Goodwill deductible for tax purposes is $3,734. The following table summarizes the allocation of the purchase prices of these other acquisitions during the three months ended September 30, 2009 (unaudited) and the estimated useful life of the identifiable intangible assets acquired as of the respective dates of these acquisitions:

	Estimated Fair Value	Estimated Useful Life
Assets assumed	$ 1	
Content	1,059	1-6 years
Customer/publisher relationships	129	1-7 years
Domain names	420	5 years
Noncompete agreements	83	2-3 years
Acquired technology	746	3 years
Goodwill	4,618	Indefinite
	$ 7,056	

During fiscal year 2009, in addition to the acquisition of CardRatings, the Company acquired operations from 33 other online publishing businesses in exchange for $14,606 in cash paid upon closing of the acquisitions and $4,268 payable primarily in the form of non-interest-bearing, unsecured promissory notes payable over a period of time ranging from one to five years. The aggregate purchase price recorded was as follows:

	Amount
Cash	$ 14,606
Fair value of debt (net of $395 of imputed interest)	3,873
Acquisition-related costs	134
	$ 18,613

The acquisitions were accounted for as purchase business combinations. In each of the acquisitions, the Company allocated the purchase price to identifiable intangible assets acquired based on their estimated fair values and liabilities assumed, if any. No tangible assets were acquired. The excess of the purchase price over the aggregate fair values of the identifiable intangible assets was recorded as goodwill. The goodwill is entirely deductible for tax purposes. The following table summarizes the allocation of the purchase prices of these other fiscal year 2009 acquisitions and the estimated useful life of the identifiable intangible assets acquired as of the respective dates of these acquisitions:

(In thousands, except share and per share data)

	Estimated Fair Value	Estimated Useful Life
Liabilities assumed	$ (22)	
Content	2,538	1-6 years
Customer/publisher relationships	1,952	1-7 years
Domain names	2,418	5 years
Noncompete agreements	236	5 years
Acquired technology	392	3 years
Goodwill	11,099	Indefinite
	$ 18,613	

During the fiscal year 2008, in addition to the acquisitions of SureHits, ReliableRemodeler and Vendorseek, the Company acquired operations from 20 other online publishing entities in exchange for $9,471 in cash paid upon closing of the acquisitions and $5,354 payable primarily in the form of non-interest-bearing promissory notes payable over a period of time ranging from one to three years, the majority of which are secured by the assets acquired. The aggregate purchase price recorded was as follows:

	Amount
Cash	$ 9,471
Fair value of debt (net of $412 of imputed interest)	4,942
Acquisition-related costs	84
	$ 14,497

The acquisitions were accounted for as purchase business combinations. In each of the acquisitions, the Company allocated the purchase price to identifiable intangible assets acquired based on their estimated fair values and liabilities assumed, if any. No tangible assets were acquired nor were any liabilities assumed. The excess of the purchase price over the aggregate fair values of the identifiable intangible assets was recorded as goodwill. The goodwill is entirely deductible for tax purposes. The following table summarizes the allocation of the purchase prices of these other fiscal year 2008 acquisitions and the estimated useful lives of the identifiable intangible assets acquired as of the respective dates of these acquisitions:

	Estimated Fair Value	Estimated Useful Life
Content	$ 3,281	2-5 years
Customer/advertiser/publisher relationships	918	2-5 years
Domain names	1,364	5 years
Noncompete agreements	269	2-3.5 years
Goodwill	8,665	Indefinite
	$ 14,497	

Pro Forma Financial Information (unaudited)

The unaudited pro forma financial information in the table below summarizes the combined results of operations for the Company and other companies that were acquired since the beginning of fiscal year 2009 (which were collectively significant for purposes of unaudited pro forma financial information disclosure) as though the companies were combined as of the beginning of fiscal year 2008. The pro forma financial information for all periods presented also includes the business combination accounting effects resulting from these acquisitions including amortization charges from acquired intangible assets and the related tax effects as though the aforementioned companies were combined as of the beginning of fiscal year 2008. The pro forma financial information as presented below is for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisitions had taken place at the beginning of fiscal year 2008.

(In thousands, except share and per share data)

The unaudited pro forma financial information was as follows for fiscal years 2008 and 2009:

	Fiscal Year Ended June 30,		Three Months Ended September 30,	
	2008	2009	2008	2009
		(Unaudited)		
Net revenue	$198,478	$263,397	$63,877	$78,718
Net income	10,232	15,111	2,919	6,220
Basic earnings per share	$ 0.20	$ 0.34	$ 0.06	$ 0.16
Diluted earnings per share	$ 0.19	$ 0.33	$ 0.06	$ 0.15

7. Debt

Promissory Notes

During fiscal years 2008 and 2009 and the three months ended September 30, 2009 (unaudited), the Company issued total promissory notes for the acquisition of businesses of $16,910, $8,151 and $6,347, respectively, net of imputed interest amounts of $2,107, $1,117 and $333, respectively. Other than for one acquisition in fiscal year 2008 in which $3,750 in promissory notes were issued at an annual interest rate of 1.64%, all of the promissory notes are non-interest-bearing. Interest was imputed such that the notes carry an interest rate commensurate with that available to the Company in the market for similar debt instruments. Accretion of notes payable of $421, $404 and $563 was recorded during the fiscal years 2007, 2008 and 2009, respectively. Certain of the promissory notes are secured by the assets acquired in respect to which the notes were issued.

Term Loan and Revolving Credit Facility

In August 2006, the Company signed a loan and security agreement that made available a $30,000 revolving credit facility from a financial institution. In January 2008, the Company signed an amendment to this loan and security agreement, expanding the revolving credit availability to $60,000.

In September 2008, the Company replaced its existing revolving credit facility of $60,000 with credit facilities totaling $100,000. The new facilities consist of a $30,000 five-year term loan, with principal amortization of 10%, 10%, 20%, 25% and 35% annually, and a $70,000 revolving credit facility. Borrowings under the credit facilities are collateralized by the Company's assets and interest is payable quarterly at specified margins above either LIBOR or the Prime Rate. The interest rate varies dependent upon the ratio of funded debt to adjusted EBITDA and ranges from LIBOR + 1.875% to 2.625% or Prime + 0.75% to 1.25% for the revolving credit facility and from LIBOR + 2.25% to 3.0% or Prime + 0.75% to 1.25% for the term loan. The revolver also requires a quarterly facility fee of $66. As of June 30, 2009, $28,500 was outstanding under the term loan and $6,257 was outstanding under the revolving credit facility. The credit facilities expire in September 2013. The loan and revolving credit facility agreement restricts the Company's ability to raise additional debt financing and pay dividends. In addition, the Company is required to maintain financial ratios computed as follows:

(In thousands, except share and per share data)

1. Quick ratio: ratio of (i) the sum of unrestricted cash and cash equivalents and trade receivables less than 90 days from invoice date to (ii) current liabilities and face amount of any letters of credit less the current portion of deferred revenue.

2. Fixed charge coverage: ratio of (i) trailing 12 months of adjusted EBITDA to (ii) the sum of capital expenditures, net cash interest expense, cash taxes, cash dividends and trailing twelve months payments of indebtedness. Payment of unsecured indebtedness is excluded to the degree that sufficient unused revolving credit facility exists such that the relevant debt payment could have been made from the credit facility.

3. Funded debt to adjusted EBITDA: ratio of (i) the sum of all obligations owed to lending institutions, the face amount of any letters of credit, indebtedness owed in connection with acquisition-related notes and indebtedness owed in connection with capital lease obligations to (ii) trailing 12-month adjusted EBITDA.

The Company was in compliance with the financial ratios as of June 30, 2009 and September 30, 2009 (unaudited).

Debt Maturities

The maturities of debt at June 30, 2009 were as follows:

Year Ending June 30,	Notes Payable	Term Loan and Revolving Credit Facility
2010	$ 10,214	$ 3,000
2011	8,215	4,500
2012	3,790	6,750
2013	1,330	9,000
2014	1,520	11,507
	25,069	34,757
Less: imputed interest and unamortized discounts	(1,850)	(736)
Less: current portion	(10,085)	(2,805)
Noncurrent portion of debt	$ 13,134	$ 31,216

Letters of Credit

The Company has a $500 letter of credit agreement with a financial institution that is used as collateral for fidelity bonds placed with an insurance company. The letter of credit automatically renews annually in September without amendment unless cancelled by the financial institution within 30 days of the annual expiration date.

The Company also has a $223 letter of credit agreement with a financial institution that is used as collateral for the Company's corporate headquarters' operating lease. The letter of credit automatically renews annually in December without amendment unless cancelled by the financial institution within 30 days of the annual expiration date.

(In thousands, except share and per share data)

8. Convertible Preferred Stock

Convertible preferred shares at June 30, 2008 and 2009 and at September 30, 2009 (unaudited) consisted of the following:

Series	Shares Authorized	Shares Outstanding	Liquidation Amount	Proceeds Net of Issuance Costs
A	11,000,000	10,735,512	$ 16,577	$ 9,047
B	10,200,000	9,941,021	51,256	28,563
C	500,000	500,000	2,500	570
Undesignated	13,800,000	—	—	—
	35,500,000	21,176,533	$ 70,333	$ 38,180

The holders of convertible preferred stock have various rights and preferences as follows:

Voting

Each share of Series A and B convertible preferred stock has voting rights equal to the number of shares of common stock into which it is convertible and votes together as one class with the common stock. The Series C convertible preferred stock is non-voting.

Dividends

Holders of Series A, B and C convertible preferred stock are entitled to receive noncumulative dividends at the per annum rate of 8% of original issue price or $0.136, $0.236 and $0.40 per share, respectively, when and if declared by the Board of Directors. The holders of Series A, B and C convertible preferred stock are also entitled to participate in dividends on shares of common stock, when and if declared by the Board of Directors, based on the number of shares of common stock held on an as-if converted basis. No dividends on convertible preferred stock or common stock have been declared by the Board from inception through September 30, 2009.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the convertible preferred stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made in respect to the common stock, as follows:

- For Series A and B convertible preferred stock, an amount equal to the sum of (i) the original issue price of the respective shares of preferred stock plus (ii) an amount equal to 8% per annum of the original issue price of the respective shares of preferred stock less (iii) any such dividends, if declared and paid, to and through the date of full payment.
- For Series C convertible preferred stock, an amount equal to the sum of (i) the original issue price of the shares of preferred stock plus (ii) any declared and unpaid dividends.

Such liquidation payments shall be tendered to the holders of the respective preferred shares with respect to such liquidation, dissolution or winding up, and these respective holders shall not be entitled to any further payment.

In the event of any merger, acquisition or consolidation of the Company that results in the exchange of outstanding shares of the Company for securities or other consideration (a “Merger Transaction”), before any payment of any amount shall be made in respect of the Series A convertible preferred stock and the common stock, the holders of Series B and Series C convertible preferred stock then outstanding shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders as follows:

- For Series B convertible preferred stock, an amount equal to 1.75 times the original issue price of the shares of preferred stock, or $5.16 per share, plus any declared and unpaid dividends.
- For Series C convertible preferred stock, an amount equal to the original issue price of $5.00 per share plus any declared and unpaid dividends.

The holders of Series A convertible preferred stock then outstanding shall then be entitled to be paid out of the assets of the Company available for distribution to its stockholders, before any payment shall be made in respect of the common stock, an amount equal to the sum of (i) the Series A original issue price of $1.70 per share plus (ii) an amount equal to 8% of the Series A original issue price per annum (iii) less any unpaid dividends, if declared and paid, to and through the date of full payment. Such liquidation payments shall be tendered to the holders of the respective preferred stock, effective upon the closing of such Merger Transaction, and these respective holders shall not be entitled to any further payment.

If, upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or Merger Transaction the assets to be distributed to the holders of any series of preferred stock shall be insufficient to permit the payment to such stockholders of the full preferential amounts aforesaid, then all of the assets of the Company shall be distributed ratably to the holders of such series on the basis of the full liquidation preference payable with respect to such series as if such liquidation preference was paid in full.

These liquidation features cause the convertible preferred stock to be classified as mezzanine capital rather than as a component of stockholders' equity.

Conversion

Each share of Series A, B and C convertible preferred stock is convertible, at the option of the holder, into the number of fully paid and nonassessable shares of common stock that results from dividing the conversion price per share in effect for the preferred stock at the time of conversion into the per share conversion value of such shares subject to adjustment for dilution. Conversion is automatic if at any time the Company completes a qualified initial public offering consisting of gross proceeds to the Company in excess of $25 million and a public offering price equal to or exceeding $5.90 per share or if the holders of a majority of the outstanding shares of Series A, B and C preferred stock give consent in writing to the conversion into common stock.

At December 31, 2009, the effective conversion ratio was one-to-one for Series A, B and C convertible preferred stock.

Redemption

The redemption rights for the Series A, Series B and Series C convertible preferred stock have expired. As a result, the Company recorded no accretion for fiscal years 2008 or 2009 or the three months ended September 30, 2009.

(In thousands, except share and per share data)

9. Common Shares

The Company's Articles of Incorporation, as amended, authorize the Company to issue 50,500,000 common shares. The Company had reserved common stock for the following:

	Shares
Stock option plans	10,891,100
Conversion of Series A convertible preferred stock	10,735,512
Conversion of Series B convertible preferred stock	9,941,021
Conversion of Series C convertible preferred stock	500,000
	32,067,633

10. Equity Benefit Plans

Stock-Based Compensation

For fiscal years 2007, 2008 and 2009, the Company recorded stock-based compensation expense of $2,071, $3,222 and $6,173, respectively, resulting in the recognition of related excess tax benefits $415, $1,707 and $474, respectively. For the three months ended September 30, 2008 and 2009, the Company recorded stock-based compensation expense of $1,398 and $2,229, respectively (unaudited), resulting in the recognition of $559 and $94 in related excess tax benefits, respectively.

The Company includes as part of cash flows from financing activities the gross benefit of tax deductions related to stock-based compensation in excess of the grant date fair value of the related stock-based awards for the options exercised during fiscal years 2008 and 2009. These amounts are shown as a reduction of cash flows from operating activities and correspondingly an increase to cash flows from financing activities.

Equity Stock Incentive Plan

On January 2008, the Company adopted the 2008 Equity Incentive Plan (the "2008 Plan"). The 2008 Plan amended and restated the Company's 1999 Equity Incentive Plan (the "1999 Plan"). All outstanding stock awards granted before the adoption of the amendment and restatement of the 1999 Plan continue to be governed by the terms of the 1999 Plan. All stock awards granted after January 2008 are governed by the 2008 Plan.

The Company's 2008 Plan permits the grant of stock options or restricted stock awards to its employees, non-employee directors, and consultants. Under the 2008 Plan, the Company may issue incentive stock options ("ISOs") only to its employees. Non-qualified stock options ("NQSOs") and restricted stock awards may be issued to employees, non-employee directors, and consultants. ISOs and NQSOs are generally granted to employees with an exercise price equal to the market price of the Company's common stock at the date of grant, as determined by the Company's Board of Directors.

The absence of an active market for the Company's common stock required the Company's Board of Directors, with input from management, to estimate the fair value of the common stock for purposes of granting options and for determining stock-based compensation expense for the periods presented. In response to these requirements, the Company's Board of Directors estimated the fair value of the common stock at each meeting at which options were granted based on factors such as the price of the most recent convertible preferred stock sales to investors, the preferences held by the convertible preferred stock in favor of common stock, the valuations of comparable companies, the hiring of key personnel, the status of the Company's development and sales efforts, revenue growth and additional objectives, and subjective factors relating to the Company's business. The Company has historically granted options with an exercise price not less than the fair value of the underlying common stock as determined at the time of grant by the Company's Board of Directors.

While, consistent with the previous practice, the Company had performed a contemporaneous valuation at the time of the August 7, 2009 grant, it decided to reassess that valuation for financial reporting purposes in light of the new facts and circumstances of which it became aware prior to the issuance of the September 30, 2009 quarterly results of operations, namely, the acceleration of the Company's IPO plans and additional data on expected valuation ranges for the IPO. Based on the reassessment, management concluded that the fair value of common stock for financial reporting purposes on August 7, 2009 (the date of grant for options to purchase 1,875,050 shares with exercise prices of $9.01 per share and an option to purchase 87,705 shares with an exercise price of $9.91 per share) was $13.93.

To date, the Company has not granted any restricted stock awards. Stock options generally have a contractual term of seven years and generally vest over four years of continuous service, with 25 percent of the stock options vesting on the first anniversary of the date of grant and the remaining 75 percent vesting in equal monthly installments over the 36-month period thereafter. NQSOs granted to non-employee directors generally vest immediately on the date of grant. The vesting periods, based on continuous service, for NQSOs granted to consultants have varied.

The Company's 1999 Plan, which has expired, permitted the grant of stock options or restricted stock awards to its employees, non-employee directors, and consultants. Under the 1999 Plan, the Company issued ISOs only to its employees. NQSOs were issued to employees, non-employee directors, and consultants. ISOs were generally granted to employees with an exercise price equal to the market price of the Company's common stock at the date of grant, as determined by the Company's Board of Directors. The Company had the ability, if it chose, to grant NQSOs with an exercise price equal to 85 percent of the market price of the Company's common stock at the date of grant but did not do so. Stock options granted prior to May 31, 2007 generally have a contractual term of ten years and stock options granted after May 31, 2007 generally expire seven years after the date of grant. Stock options granted to employees generally vest over four years of continuous service, with 25 percent of the stock options vesting on the one-year anniversary of the date of grant and the remaining 75 percent vesting in equal monthly installments over the 36-month period thereafter. NQSOs granted to non-employee directors vested immediately on the date of grant. The vesting period, based on continuous service, for NQSOs granted to consultants have varied.

The Company expects to satisfy the exercise of vested stock options by issuing new shares that are available for issuance under both the 1999 and 2008 Plans. As of June 30, 2009, the Company has reserved a maximum of 16,654,100 shares of common stock for issuance under the 2008 and 1999 Plans, of which shares available for issuance totaled 1,739,677.

(In thousands, except share and per share data)

Valuation Assumptions

For the years ended June 30, 2007, 2008 and 2009 and three months ended September 30, 2008 and 2009, the fair value of each stock option award to employees was estimated on the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	Year Ended June 30,			Three Months Ended September 30, (Unaudited)	
	2007	2008	2009	2008	2009
Expected term (in years)	4.6 - 6.1	4.6	4.6	4.6	4.6
Weighted-average stock price volatility	48%	52%	62%	61%	73%
Expected dividend yield	—	—	—	—	—
Risk-free interest rate	4.6% - 4.9%	2.8% - 4.5%	1.8% - 3.1%	3.1%	2.5%

As the Company has limited historical option exercise data, the expected term of the stock options granted to employees under the Plan was calculated based on the simplified method as permitted by Staff Accounting Bulletin (“SAB”) No. 107, Share-Based Payment. Under the simplified method, the expected term is equal to the average of an option’s weighted-average vesting period and its contractual term. Pursuant to SAB 110, the Company is permitted to continue using the simplified method until sufficient information regarding exercise behavior, such as historical exercise data or exercise information from external sources, becomes available. The Company estimates the expected volatility of its common stock on the date of grant based on the average volatilities of similar publicly-traded entities. The Company has no history or expectation of paying cash dividends on its common stock. The risk-free interest rate is based on the U.S. Treasury yield for a term consistent with the expected life of the options in effect at the time of grant.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

Stock Option Award Activity

A summary of stock option activity under the Plans for fiscal years 2008 and 2009 and the three months ended September 30, 2009 follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Outstanding at June 30, 2007	8,279,468	$ 6.48	
Options granted	1,315,400	10.28	
Options exercised	(893,197)	2.88	
Options forfeited	(784,959)	9.16	
Options expired	(122,301)	7.93	
Outstanding at June 30, 2008	7,794,411	$ 7.24	6.25
Options granted	2,575,100	10.03	
Options exercised	(169,716)	1.79	
Options forfeited	(656,610)	9.98	
Options expired	(391,762)	8.50	
Outstanding at June 30, 2009	9,151,423	$ 7.87	5.43
Vested and expected-to-vest at June 30, 2009(1)	8,282,043	$ 7.65	5.38
Vested and exercisable at June 30, 2009	5,428,414	$ 6.41	5.12
Outstanding at June 30, 2009	9,151,423	$ 7.87	
Options granted	1,962,755	9.05	
Options exercised	(211,890)	1.46	
Options forfeited	(193,409)	10.05	
Options expired	(54,583)	8.93	
Outstanding at September 30, 2009	10,654,296	$ 8.17	5.62

(1) The expected-to-vest options are the result of applying the pre-vesting forfeiture assumption to total outstanding options.

The weighted average grant date fair value of stock options granted was $4.76, $4.76, $5.28, $5.37 and $5.30 during fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2008 and 2009 (unaudited), respectively. The total intrinsic value of all options exercised during fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2008 and 2009 (unaudited) was $2,840, $6,606, $1,365, $481 and $1,600, respectively. Cash received from stock option exercises for fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2008 and 2009 (unaudited) were $714, $2,575, $304, $173 and $296, respectively. The actual tax benefit realized from stock options exercised during fiscal years 2007, 2008 and 2009 and the three months ended September 30, 2008 and 2009 (unaudited) was $366, $1,734, $544, $255 and $571, respectively.

As of June 30, 2009 and September 30, 2009 (unaudited), there was $18,993 and $34,758 of total unrecognized compensation cost related to unvested stock options which is expected to be recognized over a weighted average period of 2.43 years and 2.76 years, respectively.

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

Stock Repurchases

In fiscal year 2008, the Company repurchased 558,730 shares of its outstanding common stock at a total cost of $5,606 and an average cost of $10.03 per share. In fiscal year 2009, the Company repurchased, in aggregate, 163,275 shares of its outstanding common stock at a total cost of $1,337 and an average cost of $8.19 per share. In the three months ended September 30, 2009 (unaudited), the Company repurchased 71,895 shares of its outstanding common stock at a total cost of $577, and an average cost of $8.03 per share. Share repurchases were accounted for as a reduction in additional paid-in capital.

401(k) Savings Plan

The Company sponsors a 401(k) defined contribution plan covering all U.S. employees. Contributions made by the Company are determined annually by the Board of Directors. There were no employer contributions under this plan for the fiscal years June 30, 2007, 2008 and 2009 or the three months ended September 30, 2009.

11. Income Taxes

The components of our income before income taxes were as follows:

	Fiscal Year Ended June 30,		
	2007	2008	2009
US	$ 23,914	$ 20,299	$ 30,806
Foreign	1,524	1,444	377
	$ 25,438	$ 21,743	$ 31,183

The components of the provision for income taxes are as follows:

	Fiscal Year Ended June 30,		
	2007	2008	2009
Current			
Federal	$ 9,043	$ 9,856	$ 14,018
State	1,914	2,437	3,808
Foreign	475	355	164
	$ 11,432	$ 12,648	$ 17,990
Deferred			
Federal	$ (1,484)	$ (3,074)	$ (4,109)
State	(120)	(698)	94
Foreign	—	—	(66)
	(1,604)	(3,772)	(4,081)
	$ 9,828	$ 8,876	$ 13,909

QUINSTREET, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(In thousands, except share and per share data)

A reconciliation between the statutory federal income tax and the Company's effective tax rates as a percentage of income before income taxes is as follows:

	Fiscal Year Ended June 30,		
	2007	2008	2009
Federal tax rate	35.0%	35.0%	35.0%
States taxes, net of federal benefit	4.6%	5.1%	8.2%
Other	(1.0)%	0.7%	1.4%
Effective income tax rate	38.6%	40.8%	44.6%

The components of the current and long-term deferred tax assets, net consist of the following:

	Fiscal Year Ended June 30,	
	2008	2009
Current:		
Net operating loss	$ 163	$ 143
Deferred revenue	550	178
Reserves and accruals	1,362	3,155
Stock options	—	685
Other	663	1,382
Total current deferred tax assets	$ 2,738	$ 5,543
Noncurrent:		
Intangible assets	$ (1,433)	$ (460)
Net operating loss	143	156
Fixed assets	229	(74)
Stock options	1,436	2,055
Foreign	15	4
Total noncurrent deferred tax assets	390	1,681
Valuation allowance	(143)	(156)
Noncurrent deferred tax assets, net	$ 247	$ 1,525
Total deferred tax assets, net	$ 2,985	$ 7,068

Management periodically evaluates the realizability of the deferred tax assets and recognizes the tax benefit only as reassessment demonstrates that they are realizable. At such time, if it is determined that it is more likely than not that the deferred tax assets are realizable, the valuation allowance will be adjusted. As of June 30, 2009, management believes the U.S. deferred tax assets were realizable. Therefore, no valuation allowance in the U.S. was deemed necessary. The valuation allowance increased by $13 in fiscal year 2009 related to higher foreign deferred tax assets.

The Company's Japanese subsidiary had net operating loss carryforwards of $370 that will begin to expire in 2011. Deferred tax assets related to those net operating loss carryforwards were fully reserved as of June 30, 2009.

United States federal income taxes have not been provided for the $377 of undistributed earnings of the Company's foreign subsidiaries as of June 30, 2009. The Company's present intention is to not permanently reinvest the undistributed earnings of its Canadian subsidiary offshore. The Company would be subject to additional United States taxes if these earnings were repatriated. Determination of the amount of unrecognized deferred income tax liability related to these earnings is not material to the financial statements.

(In thousands, except share and per share data)

Effective July 1, 2007, the Company adopted the accounting guidance on uncertainties in income taxes. The cumulative effect of adoption to the opening balance of retained earnings account was $1,705. A reconciliation of the beginning and ending amounts of unrecognized tax benefits since the adoption of accounting guidance on uncertainty in income taxes is as follows:

	Fiscal Year Ended June 30, 2008	Fiscal Year Ended June 30, 2009
Balance as of July 1	$ 2,383	$ 2,248
Gross increases — current period tax positions	193	868
Gross decreases — current period tax positions	(328)	(293)
Reductions as a result of lapsed statute of limitations	—	(206)
Balance as of June 30	$ 2,248	$ 2,617

The Company's policy is to include interest and penalties related to unrecognized tax benefits within the Company's provision for income taxes. Upon adoption, the Company had accrued $75 for interest and penalties related to unrecognized tax benefits. As of June 30, 2009, the Company has accrued $442 for interest and penalties related to the unrecognized tax benefits. The balance of unrecognized tax benefits and the related interest and penalties is recorded as a noncurrent liability on the Company's consolidated balance sheet.

As of June 30, 2009, unrecognized tax benefits of $2,617, if recognized, would affect the Company's effective tax rate. The Company does not anticipate that the amount of existing unrecognized tax benefits will significantly increase or decrease within the next 12 months.

With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S., income tax examinations by tax authorities for years before 2004. The Internal Revenue Service ("IRS") commenced an examination of the Company's U.S. income tax return for its fiscal year ended June 30, 2007 that is expected to be completed during the second quarter of fiscal year 2010. In addition, ReliableRemodeler, a wholly-owned subsidiary that was acquired by the Company, is under audit by the IRS for tax year 2006. The audit is currently in progress with no estimated completion date. The Company has also been contacted for a state income tax audit for fiscal years 2007 and 2008. The audit is expected to commence during the fourth quarter of fiscal year 2010. The Company believes it is entitled to partial or full indemnification for losses attributable to such audit under the ReliableRemodeler acquisition agreement. The Company files income tax returns in the United States, various U.S. states and certain foreign jurisdictions. As of June 30, 2009, the tax years 2005 through 2009 remain open in the U.S., the tax years 2004 through 2009 remain open in the various state jurisdictions, and the tax years 2003 through 2009 remain open in the various foreign jurisdictions.

12. Commitments and Contingencies

Leases

The Company leases office space and equipment under non-cancelable operating leases with various expiration dates through September 2012. Rent expense for the fiscal years 2007, 2008 and 2009 was $1,691, $2,151 and $2,550, respectively, and $614 and $663 for the three months ended September 30, 2008 and 2009 respectively. The terms of the facility leases generally provide for rental payments on a graduated scale. The

(In thousands, except share and per share data)

Company recognizes rent expense on a straight-line basis over the lease period and has accrued for rent expense incurred but not paid.

Future annual minimum lease payments under all noncancelable operating leases as of June 30, 2009, are as follows:

Year Ending June 30,	Operating Leases
2010	$ 1,104
2011	242
2012	22
	$ 1,368

The lease for the Company’s corporate headquarters expires in October 2010. The Company is presently considering renewing this lease or seeking a lease for an alternate property.

Guarantor Arrangements

The Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Company’s request in such capacity. The term of the indemnification period is for the officer or director’s lifetime. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company has a director and officer insurance policy that limits its exposure and enables the Company to recover a portion of any future amounts paid. As a result of its insurance policy coverage, the Company believes the estimated fair value of these indemnification agreements is minimal. Accordingly, the Company had no liabilities recorded for these agreements as of June 30, 2008 and 2009.

In the ordinary course of its business, the Company enters into standard indemnification provisions in its agreements with its customers. Pursuant to these provisions, the Company indemnifies its customers for losses suffered or incurred in connection with third-party claims that a Company product infringed upon any United States patent, copyright or other intellectual property rights. Where applicable, the Company generally limits such infringement indemnities to those claims directed solely to its products and not in combination with other software or products. With respect to its DSS products, the Company also generally reserves the right to resolve such claims by designing a non-infringing alternative or by obtaining a license on reasonable terms, and failing that, to terminate its relationship with the customer. Subject to these limitations, the term of such indemnity provisions is generally coterminous with the corresponding agreements.

The potential amount of future payments to defend lawsuits or settle indemnified claims under these indemnification provisions is unlimited; however, the Company believes the estimated fair value of these indemnity provisions is minimal, and accordingly, the Company had no liabilities recorded for these agreements as of June 30, 2008 and 2009.

During fiscal year 2009, the Company settled an indemnity obligation with respect to one ongoing litigation matter. See discussion below for further details.

Litigation

In August 2005, the Company was notified by one of its clients that epicRealm Licensing, LLC (“epicRealm LLC”), a non-operating patent holding company, had filed a lawsuit against such client in the United States District Court for the Eastern District of Texas alleging that certain web-based services provided by the Company and others to such client infringed patents held by epicRealm LLC.

In August 2006, the Company filed suit against epicRealm Licensing LP ("epicRealm LP") in the United States District Court for the District of Delaware seeking to invalidate certain patents owned by epicRealm LP. In April 2007, epicRealm LP filed counterclaims against the Company alleging patent infringement. Parallel Networks, LLC was later substituted for epicRealm LP as the patent holder and party-in-interest.

In April 2009, the Company entered into a settlement and license agreement ("Agreement") with Parallel Networks pertaining to the patents in question ("Licensed Patents"). Under the terms of the Agreement, Parallel Networks granted the Company a perpetual, royalty-free, non-sublicensable and generally non-transferable, worldwide right and license under the Licensed Patents: (i) to use any product technology or service covered by or which embodies any one or more claims of the Licensed Patents (as defined in the Agreement); and (ii) to practice any method covered by any one or more claims of the Licensed Patents in connection with the activities in clause (i). Additionally, Parallel Networks covenants not to sue the Company.

The Company paid Parallel Networks a one-time, non-refundable fee of $850. The Company recognized an intangible asset of $226 related to the estimated fair value of the license and expensed the remaining $624 as a settlement expense.

13. Related Party Transactions

Katrina Boydon serves as the Company's Vice President of Content and Compliance and is the sister of Bronwyn Syiek, the Company's President and Chief Operating Officer. Ms. Boydon's fiscal year 2010 base salary is $193 per year, and she has a fiscal year 2010 target bonus of $67. In fiscal years 2007, 2008 and 2009, Ms. Boydon received a base salary of $149 (later increased to $158), $169 (later increased to $175) and $184 per year, respectively, and a bonus payout of $46, $45 and $51, respectively. In fiscal years 2007, 2008, 2009 and 2010, Ms. Boydon was granted options to purchase an aggregate of 64,000, 20,000, 30,000 and 45,000 shares of the Company's common stock, respectively.

Rian Valenti serves as a client sales and development associate and is the son of Doug Valenti, the Company's Chief Executive Officer and Chairman. Mr. Rian Valenti's fiscal year 2010 base salary is $54 per year, and he has a fiscal year 2010 commission opportunity of $45. Mr. Rian Valenti joined us in fiscal year 2009 with a base salary of $52. In fiscal year 2009, Mr. Rian Valenti received an aggregate of $2 in commissions. In fiscal year 2009, Mr. Rian Valenti was granted an option to purchase an aggregate of 1,500 shares of the Company's common stock.

The Company has a preferred publisher agreement with Remilon, an online publishing entity, one of whose primary owners is the brother-in-law of one of the Company's Executive Vice Presidents. Under the preferred publisher agreement, the Company pays commissions for qualified leads generated from links on Remilon's website. The Company paid commissions to Remilon for the fiscal years June 30, 2007, 2008 and 2009 and the three months ended September 30, 2008 and 2009 of $3,109, $3,070, $4,204, $997 and $1,366, respectively. Amounts payable to Remilon at June 30, 2008 and 2009 and September 30, 2009 were $489, $721 and $811, respectively. This contract expired in October 2009.

14. Subsequent Events

The Company has evaluated subsequent events through January 14, 2010. For the reissuance of these financial statements, the Company has evaluated subsequent events through January 25, 2010 (unaudited).

Option Grants

On October 6, 2009, the Company issued options to purchase 220,660 shares of common stock with an exercise price of $11.08 per share. While, consistent with the previous practice, the Company had performed a contemporaneous valuation at the time of the grant, in November 2009, it decided to reassess that valuation for financial reporting purposes in light of the Company's acceleration of its plans for a proposed IPO and additional data on expected valuation ranges for the IPO. Based on the reassessment, management concluded that the fair market value of the Company's common stock at October 6, 2009 for financial reporting purposes was $16.88. The Company will recognize stock compensation expense for the October 2009 option grants accordingly.

On November 17, 2009, the Company issued options to purchase an additional 1,080,500 shares of common stock with an exercise price of $19.00 per share, based on a contemporaneous management valuation and the expected valuation ranges for this offering at such time.

Acquisitions after September 30, 2009

In October 2009, the Company acquired the website business of Insure.com, an Illinois-based online marketing company, in exchange for $15 million in cash paid upon closing of the acquisition and a $1 million non-interest-bearing, unsecured promissory note. The note is payable in one annual installment. In November 2009, the Company acquired the website assets of the Internet.com division of WebMediaBrands, Inc. for $16.0 million in cash and a $2.0 million non-interest-bearing, unsecured promissory note.

2010 Equity Incentive Plan

In November 2009, the Company's board of directors adopted the 2010 Equity Incentive Plan (the "2010 Incentive Plan"), and the Company expects that its stockholders will approve the 2010 Incentive Plan prior to the closing of this offering. The 2010 Incentive Plan will become effective immediately upon the signing of the underwriting agreement for this offering. The 2010 Incentive Plan provides for the grant of incentive stock options, nonstatutory stock options, restricted stock awards, restricted stock unit awards, stock appreciation rights, performance-based stock awards and other forms of equity compensation. In addition, the 2010 Incentive Plan provides for the grant of performance cash awards. Incentive stock options may be granted only to employees. All other awards may be granted to employees, including officers, nonemployee directors and consultants.

2010 Non-Employee Directors' Stock Award Plan

In November 2009, the Company's board of directors adopted the 2010 Non-Employee Directors' Stock Award Plan (the "Directors' Plan") and the Company expects that its stockholders will approve the Directors' Plan prior to the completion of this offering. The Directors' Plan will become effective immediately upon the signing of the underwriting agreement for this offering. The Directors' Plan provides for the automatic grant of nonstatutory stock options to purchase shares of our common stock to our non-employee directors. The Directors' Plan also provides for the discretionary grant of restricted stock units.

Debt

On November 18, 2009, the Company entered into an amendment of its existing credit facility pursuant to which the Company's lenders agreed to increase the maximum amount available under the Company's revolving credit facility from $70.0 million to $100.0 million.

In January 2010, the Company replaced its existing credit facility with a credit facility with a total borrowing capacity of $175.0 million. The new facility consists of a $35.0 million four-year term loan, with principal amortization of 10%, 15%, 35% and 40% annually, and a $140.0 million four-year revolving credit facility.

Borrowings under the credit facility are collateralized by the Company's assets and interest is payable quarterly at specified margins above either LIBOR or the Prime Rate. The interest rate varies dependent upon the ratio of funded debt to adjusted EBITDA and ranges from LIBOR + 2.125% to 2.875% or Prime + 1.00% to 1.50% for the revolving credit facility and from LIBOR + 2.50% to 3.25% or Prime + 1.00% to 1.50% for the term loan. The revolver also requires a quarterly facility fee of $131,000. The credit facility expires in January 2014. The loan and revolving credit facility agreement restricts the Company's ability to raise additional debt financing and pay dividends. In addition, the Company is required to maintain financial ratios computed as follows:

1. Quick ratio: ratio of (i) the sum of unrestricted cash and cash equivalents and trade receivables less than 90 days from invoice date to (ii) current liabilities and face amount of any letters of credit less the current portion of deferred revenue.

2. Fixed charge coverage: ratio of (i) trailing 12 months of Adjusted EBITDA to (ii) the sum of capital expenditures, net cash interest expense, cash taxes, cash dividends and trailing twelve months payments of indebtedness. Payment of unsecured indebtedness is excluded to the degree that sufficient unused revolving credit facility exists such that the relevant debt payment could have been made from the credit facility.

3. Funded debt to Adjusted EBITDA: ratio of (i) the sum of all obligations owed to lending institutions, the face amount of any letters of credit, indebtedness owed in connection with acquisition related notes and indebtedness owed in connection with capital lease obligations to (ii) trailing 12-month Adjusted EBITDA.

Reincorporation in Delaware

In December 2009, the Company reincorporated in Delaware and, in connection therewith, increased its authorized number of shares of common and preferred stock 50,500,000 and 35,500,000, respectively, and established the par value of each share of common and preferred stock to be $0.001. In connection with the reincorporation, the previously outstanding 5,367,756 shares of Series A convertible preferred stock were converted on a two-for-one basis into 10,735,512 shares of Series A convertible preferred stock of the reincorporated company. Conversion and liquidation rights of Series A convertible preferred stock were adjusted consistent with the conversion. In connection with the reincorporation, common stock and additional paid-in capital amounts in these financial statements have been adjusted to reflect the par value of common stock shares. All share information included in these financial statements, including Notes 8 and 9, has been adjusted to reflect this reincorporation and the increase of the number of Series A convertible preferred stock.

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10,000,000 Shares

QuinStreet, Inc.

Common Stock

QUINSTREET

PROSPECTUS

Credit Suisse | **BofA Merrill Lynch** | **J.P. Morgan**

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. *Other Expenses of Issuance and Distribution*

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable in connection with the sale and distribution of the shares being registered. All amounts are estimated except the SEC registration fee, the FINRA filing fee and the NASDAQ filing fee. The fees payable to Qatalyst Partners LP are based on an assumed public offering price of $18.00 per share, which is the midpoint of the range listed on the cover page of the prospectus which is a part of this registration statement, and exclude additional fees that may be payable upon exercise of the underwriters' over-allotment option. Except as otherwise noted, all the expenses below will be paid by QuinStreet.

Item	Amount
SEC Registration fee	$ 13,950
FINRA filing fee	25,500
NASDAQ listing fee	125,000
Advisory fees payable to Qatalyst Partners LP(1)	2,520,000
Legal fees and expenses	900,000
Accounting fees and expenses	975,000
Printing and engraving expenses	200,000
Transfer agent and registrar fees and expenses	25,000
Blue Sky fees and expenses	20,000
Miscellaneous fees and expenses	50,000
Total	$ 4,854,450

(1) Assuming an initial public offering price per share of $18.00. An additional amount of $378,000 will be payable to Qatalyst Partners LP if the underwriters exercise in full their option to purchase an aggregate of 1,500,000 shares to cover over-allotments. The underwriters have agreed to reimburse us for the expenses payable to Qatalyst.

ITEM 14. *Indemnification of Directors and Officers.*

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended. Our amended and restated certificate of incorporation to be in effect upon the completion of this offering eliminates the liability of our directors for monetary damages to the fullest extent permitted under the Delaware General Corporation Law. Our amended and restated bylaws to be in effect upon completion of this offering require us to indemnify our directors and executive officers to the maximum extent not prohibited by the Delaware General Corporation Law or any other applicable law and allow us to indemnify other officers, employees and other agents as set forth in the Delaware General Corporation Law or any other applicable law.

We have entered into indemnification agreements with our directors and executive officers, whereby we have agreed to indemnify our directors and executive officers to the fullest extent permitted by law, including indemnification against expenses and liabilities incurred in legal proceedings to which the director or officer was, or is threatened to be made, a party by reason of the fact that such director or officer is or was a director, officer, employee or agent of QuinStreet, provided that such director or officer acted in good faith and in a manner that the director or officer reasonably believed to be in, or not opposed to, the best interest of QuinStreet. At present, there is no pending litigation or proceeding involving a director or officer of

QuinStreet regarding which indemnification is sought, nor are we aware of any threatened litigation that may result in claims for indemnification.

We maintain insurance policies that indemnify our directors and officers against various liabilities arising under the Securities Act of 1933 and the Securities Exchange Act of 1934 that might be incurred by any director or officer in his or her capacity as such.

The underwriters are obligated, under certain circumstances, pursuant to the underwriting agreement to be filed as Exhibit 1.1 hereto, to indemnify us, our officers and directors against liabilities under the Securities Act of 1933, as amended.

ITEM 15. ***Recent Sales of Unregistered Securities.***

Since July 1, 2006, we have not sold any unregistered securities other than the grant of stock options to purchase an aggregate of 9,522,299 shares of common stock to employees, consultants and directors pursuant to our 2008 Equity Incentive Plan, having exercise prices ranging from $9.01 to $19.00 per share. During such period, options to purchase 1,992,042 shares have been exercised for cash consideration in the aggregate amount of $5,050,753.

The offers, sales and issuances of the securities described in this Item 15 were deemed to be exempt from registration under the Securities Act under either (1) Rule 701 promulgated under the Securities Act as offers and sale of securities pursuant to certain compensatory benefit plans and contracts relating to compensation in compliance with Rule 701 or (2) Section 4(2) or 3(b) of the Securities Act as transactions by an issuer not involving any public offering. The recipients of securities in the transactions exempt under Section 4(2) of the Securities Act represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the stock certificates and instruments issued in such transactions.

ITEM 16. ***Exhibits and Financial Statement Schedules.***

(a) Exhibits.

Exhibit No.	Description of Exhibit
1.1	Form of Underwriting Agreement.
3.1†	Amended and Restated Certificate of Incorporation of QuinStreet, Inc., as currently in effect.
3.2†	Form of Amended and Restated Certificate of Incorporation of QuinStreet, Inc., to be in effect upon completion of the offering.
3.3†	Amended and Restated Bylaws of QuinStreet, Inc., as currently in effect.
3.4†	Form of Amended and Restated Bylaws of QuinStreet, Inc., to be in effect upon completion of the offering.
4.1†	Form of QuinStreet, Inc.'s Common Stock Certificate.
4.2†	Second Amended and Restated Investor Rights Agreement, by and between QuinStreet, Inc., Douglas Valenti and the investors listed on Schedule 1 thereto, dated May 28, 2003.
5.1	Form of Opinion of Cooley Godward Kronish LLP.
10.1†+	QuinStreet, Inc. 2008 Equity Incentive Plan.
10.2†+	Forms of Option Agreement and Option Grant Notice under 2008 Equity Incentive Plan (for non-executive officer employees).
10.3†+	Forms of Option Agreement and Option Grant Notice under 2008 Equity Incentive Plan (for executive officers).
10.4†+	Forms of Option Agreement and Option Grant Notice under 2008 Equity Incentive Plan (for non-employee directors).
10.5†+	QuinStreet, Inc. 2010 Equity Incentive Plan.
10.6†+	Forms of Option Agreement and Option Grant Notice under 2010 Equity Incentive Plan (for non-executive officer employees).

Exhibit No.	Description of Exhibit
10.7†+	Forms of Option Agreement and Option Grant Notice under 2010 Equity Incentive Plan (for executive officers).
10.8†+	QuinStreet, Inc. 2010 Non-Employee Directors' Stock Award Plan.
10.9†+	Form of Option Agreement and Option Grant Notice for Initial Grants under the 2010 Non-Employee Directors' Stock Award Plan.
10.10†+	Form of Option Agreement and Option Grant Notice for Annual Grants under the 2010 Non-Employee Directors' Stock Award Plan.
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10.12†+	Annual Incentive Plan.
10.13†	Amended and Restated Revolving Credit and Term Loan Agreement, by and among QuinStreet, Inc., the lenders thereto and Comerica Bank as Administrative Agent, dated as of January 13, 2010.
10.14†	Security Agreement, by and among QuinStreet, Inc., certain subsidiaries of QuinStreet, Inc. and Comerica Bank as Administrative Agent, dated as of September 29, 2008.
10.15†#	QuinStreet Merchant Agreement, dated as of July 3, 2001, by and between QuinStreet, Inc. and DeVry, Inc.
10.16†#	Letter Agreement, dated as of December 2, 2003, by and between QuinStreet, Inc. and DeVry, Inc.
10.17†#	Letter Agreement by and between QuinStreet, Inc. and DeVry, Inc.
10.18†#	Letter Agreement, dated as of October 5, 2007, by and between QuinStreet, Inc. and DeVry, Inc.
10.19+	Form of Indemnification Agreement made by and between QuinStreet, Inc. and each of its directors and executive officers.
10.20	Office Lease Agreement, dated as of June 2, 2003, by and between QuinStreet, Inc. and CA-Parkside Towers Limited Partnership, as amended.
21.1†	List of subsidiaries.
23.1	Consent of Cooley Godward Kronish LLP (included in Exhibit 5.1).
23.2	Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm.
24.1†	Power of Attorney.

† Previously filed.

+ Indicates management contract or compensatory plan.

We have requested confidential treatment for portions of this exhibit.

(b) Financial Statement Schedules.

The following schedule is filed as part of this registration statement.

Schedule II — Valuation and Qualifying Accounts

Allowance for doubtful accounts and sales credits	Schedule II: Valuation and Qualifying Accounts Balance at the Beginning of the Year	Charged to Expenses/ Against the Revenue	Write-offs Net of Receivables	Balance at the End of the Year
Fiscal year 2007	$ 474	$ 781	$(161)	$1,094
Fiscal year 2008	$1,094	$1,217	$(150)	$2,161
Fiscal year 2009	$2,161	$1,463	$(115)	$3,509

Note: Additions to the allowance for doubtful accounts are charged to expense. Additions to the allowance for sales credits are charged against revenues.

All other schedules are omitted because the information called for is not required or is shown either in the financial statements or the notes thereto.

ITEM 17. ***Undertakings***

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the Underwriting Agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, we have duly caused this Amendment No. 3 to the Registration Statement on Form S-1 to be signed on our behalf by the undersigned, thereunto duly authorized, in the City of Foster City, State of California, on the 25th day of January, 2010.

QUINSTREET, INC.

By: /s/ Douglas Valenti
Douglas Valenti
Chief Executive Officer and Chairman

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 3 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Douglas Valenti Douglas Valenti	Chief Executive Officer and Chairman (*Principal Executive Officer*)	January 25, 2010
/s/ Kenneth Hahn Kenneth Hahn	Chief Financial Officer (*Principal Financial and Accounting Officer*)	January 25, 2010
* William Bradley	Director	January 25, 2010
* John G. McDonald	Director	January 25, 2010
* Gregory Sands	Director	January 25, 2010
* James Simons	Director	January 25, 2010
* Glenn Solomon	Director	January 25, 2010
* Dana Stalder	Director	January 25, 2010

*By: /s/ Kenneth Hahn
Kenneth Hahn
Attorney-in-fact

EXHIBIT INDEX

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23.1	Consent of Cooley Godward Kronish LLP (included in Exhibit 5.1).
23.2	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
24.1†	Power of Attorney.

† Previously filed.

\+ Indicates management contract or compensatory plan.

We have requested confidential treatment for portions of this exhibit.

[Number of Shares]

QUINSTREET, INC.

Common Stock

UNDERWRITING AGREEMENT

__________ __, 2010

Credit Suisse Securities (USA) LLC
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
J.P. Morgan Securities Inc.,
As Representatives of the Several Underwriters,
c/o Credit Suisse Securities (USA) LLC,
Eleven Madison Avenue,
New York, N.Y. 10010-3629

Dear Sirs:

1. *Introductory*. QuinStreet, Inc., a Delaware corporation ("**Company**"), agrees with the several Underwriters named in Schedule A hereto ("**Underwriters**") to issue and sell to the several Underwriters shares ("**Firm Securities**") of its common stock, $0.001 par value per share ("**Securities**"), and also proposes to issue and sell to the Underwriters, at the option of the Underwriters, an aggregate of not more than additional shares ("**Optional Securities**") of its Securities as set forth below. The Firm Securities and the Optional Securities are herein collectively called the "**Offered Securities**".

2. *Representations and Warranties of the Company*. The Company represents and warrants to, and agrees with, the several Underwriters that:

(a) *Filing and Effectiveness of Registration Statement; Certain Defined Terms*. The Company has filed with the Commission a registration statement on Form S-1 (No. 333-163228) covering the registration of the Offered Securities under the Act, including a related preliminary prospectus or prospectuses. At any particular time, this initial registration statement, in the form then on file with the Commission, including all information contained in the registration statement (if any) pursuant to Rule 462(b) under the Act ("**Rule 462(b)**") and then deemed to be a part of the initial registration statement, and all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Initial Registration Statement**". The Company may also have filed, or may file with the Commission, a Rule 462(b) registration statement covering the registration of Offered Securities. At any particular time, this Rule 462(b) registration statement, in the form then on file with the Commission, including the contents of the Initial Registration Statement incorporated by reference therein and including all 430A Information and all 430C Information, that in any case has not then been superseded or modified, shall be referred to as the "**Additional Registration Statement**".

As of the time of execution and delivery of this Agreement, the Initial Registration Statement has been declared effective under the Act and is not proposed to be amended. Any Additional Registration Statement has or will become effective upon filing with the Commission pursuant to Rule 462(b) and is not proposed to be amended. The Offered Securities all have been or will be duly registered under the Act pursuant to the Initial Registration Statement and, if applicable, the Additional Registration Statement.

For purposes of this Agreement:

"**430A Information**", with respect to any registration statement, means information included in a prospectus and retroactively deemed to be a part of such registration statement pursuant to Rule 430A(b).

"**430C Information**", with respect to any registration statement, means information included in a prospectus then deemed to be a part of such registration statement pursuant to Rule 430C.

"**Act**" means the Securities Act of 1933, as amended.

"**Applicable Time**" means :00 [a/p]m (Eastern time) on the date of this Agreement.

"**Closing Date"** has the meaning defined in Section 3 hereof.

"**Commission**" means the Securities and Exchange Commission.

"**Effective Time**" with respect to the Initial Registration Statement or, if filed prior to the execution and delivery of this Agreement, the Additional Registration Statement means the date and time as of which such Registration Statement was declared effective by the Commission or has become effective upon filing pursuant to Rule 462(c). If an Additional Registration Statement has not been filed prior to the execution and delivery of this Agreement but the Company has advised the Representatives that it proposes to file one, "**Effective Time**" with respect to such Additional Registration Statement means the date and time as of which such Registration Statement is filed and becomes effective pursuant to Rule 462(b).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Final Prospectus**" means the Statutory Prospectus that discloses the public offering price, other 430A Information and other final terms of the Offered Securities and otherwise satisfies Section 10(a) of the Act.

"**General Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors, as evidenced by its being so specified in Schedule B to this Agreement.

"**Issuer Free Writing Prospectus**" means any "issuer free writing prospectus," as defined in Rule 433, relating to the Offered Securities in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"**Limited Use Issuer Free Writing Prospectus**" means any Issuer Free Writing Prospectus that is not a General Use Issuer Free Writing Prospectus.

The Initial Registration Statement and the Additional Registration Statement are referred to collectively as the "**Registration Statements**" and individually as a "**Registration Statement**". A "**Registration Statement**" with reference to a particular time means the Initial Registration Statement and any Additional Registration Statement as of such time. A "**Registration Statement**" without reference to a time means such Registration Statement as of its Effective Time. For purposes of the foregoing definitions, 430A Information with respect to a Registration Statement shall be considered to be included in such Registration Statement as of the time specified in Rule 430A.

“**Rules and Regulations**” means the rules and regulations of the Commission.

“**Securities Laws**” means, collectively, the Sarbanes-Oxley Act of 2002 (“**Sarbanes-Oxley**”), the Act, the Exchange Act, the Rules and Regulations, the auditing principles, rules, standards and practices applicable to auditors of “issuers” (as defined in Sarbanes-Oxley) promulgated or approved by the Public Company Accounting Oversight Board and, as applicable, the rules of the New York Stock Exchange and the NASDAQ Stock Market (“**Exchange Rules**”).

“**Statutory Prospectus**” with reference to a particular time means the prospectus included in a Registration Statement immediately prior to that time, including any information incorporated by reference therein and any 430A Information or 430C Information with respect to such Registration Statement. For purposes of the foregoing definition, 430A Information shall be considered to be included in the Statutory Prospectus as of the actual time that form of prospectus is filed with the Commission pursuant to Rule 424(b) or Rule 462(c) and not retroactively.

Unless otherwise specified, a reference to a “rule” is to the indicated rule under the Act.

(b) *Compliance with Securities Act Requirements*. (i) (A) At their respective Effective Times, (B) on the date of this Agreement and (C) on each Closing Date, each of the Initial Registration Statement and the Additional Registration Statement (if any) conformed and will conform in all material respects to the requirements of the Act and the Rules and Regulations and did not and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (ii) on its date, at the time of filing of the Final Prospectus pursuant to Rule 424(b) or (if no such filing is required) at the Effective Time of the Additional Registration Statement in which the Final Prospectus is included, and on each Closing Date, the Final Prospectus will conform in all material respects to the requirements of the Act and the Rules and Regulations and will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any such document based upon written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information is that described as such in Section 8(b) hereof.

(c) *Ineligible Issuer Status*. (i) At the time of the initial filing of the Initial Registration Statement and (ii) at the date of this Agreement, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, including (x) the Company or any subsidiary in the preceding three years not having been convicted of a felony or misdemeanor or having been made the subject of a judicial or administrative decree or order as described in Rule 405 and (y) the Company in the preceding three years not having been the subject of a bankruptcy petition or insolvency or similar proceeding, not having had a registration statement be the subject of a proceeding under Section 8 of the Act and not being the subject of a proceeding under Section 8A of the Act in connection with the offering of the Offered Securities, all as described in Rule 405.

(d) *General Disclosure Package*. As of the Applicable Time, neither (i) the General Use Issuer Free Writing Prospectus(es) issued at or prior to the Applicable Time, the preliminary prospectus, dated __________ ___, 2010 (which is the most recent Statutory Prospectus distributed to prospective investors generally) and the other information, if any, stated in Schedule B to this Agreement to be included in the General Disclosure Package, all considered together (collectively, the “**General Disclosure Package**”), nor (ii) any individual Limited Use Issuer Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Statutory Prospectus or any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the

Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(e) *Issuer Free Writing Prospectuses*. Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Offered Securities or until any earlier date that the Company notified or notifies the Representatives as described in the next sentence, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information then contained in the Registration Statement. If at any time following issuance of an Issuer Free Writing Prospectus and through the period when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information then contained in the Registration Statement or as a result of which such Issuer Free Writing Prospectus, if republished immediately following such event or development, would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, (i) the Company has promptly notified or will promptly notify the Representatives and (ii) the Company has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The first sentence of this paragraph does not apply to statements in or omissions from any Issuer Free Writing Prospectus made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 8(b) hereof.

(f) *Good Standing of the Company*. The Company has been duly incorporated and is existing as a corporation and in good standing under the laws of the State of Delaware, with the requisite power and authority to own its properties and conduct its business as described in the General Disclosure Package; and the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where any such failure to be so duly qualified or in good standing would not, individually or in the aggregate, reasonably be expected to result in a material adverse effect on the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries, taken as a whole ("**Material Adverse Effect**").

(g) *Subsidiaries*. Each subsidiary of the Company has been duly incorporated and is existing and in good standing under the laws of the jurisdiction of its incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the General Disclosure Package, and each subsidiary of the Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where any such failure to be so duly qualified or in good standing would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; all of the issued and outstanding capital stock of each subsidiary of the Company has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock of each subsidiary owned by the Company, directly or through subsidiaries, is owned free from liens, encumbrances and defects that would affect the value thereof or interfere with the operation of such subsidiaries or the Company's exercise of ownership rights (including voting rights and ability to transfer such capital stock) with regard thereto.

(h) *Offered Securities*. The Offered Securities and all other outstanding shares of capital stock of the Company have been duly authorized; the authorized equity capitalization of the Company is as set forth in the General Disclosure Package; all outstanding shares of capital stock of the Company are validly issued, fully paid and nonassessable and conform in all material respects to the information in the General Disclosure Package; when the Offered Securities have been delivered and paid for in accordance with this Agreement on each Closing Date, such Offered Securities will have been, validly issued, fully paid and nonassessable, will conform in all material respects to the information in the General Disclosure Package and to the description of such Offered Securities contained in the Final Prospectus; the stockholders of the Company have no preemptive rights with respect to the Offered Securities; and none of the outstanding shares of capital stock of the Company have been issued in violation of any preemptive or similar rights of any security holder.

(i) *No Finder's Fee*. Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person that would give rise to a valid claim against the Company or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with the offering of the Offered Securities contemplated hereby.

(j) *Registration Rights*. Except as disclosed in the General Disclosure Package, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to a Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Act (collectively, "**registration rights**"), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Lock-Up Period referred to in Section 5 hereof.

(k) *Listing*. The Offered Securities have been approved for listing on The NASDAQ Global Market, subject to notice of issuance.

(l) *Absence of Further Requirements*. No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required for the consummation of the transactions contemplated by this Agreement in connection with the offering, issuance and sale of the Offered Securities by the Company, except such as have been obtained, or made and such as may be required under state securities laws.

(m) *Title to Property*. Except as disclosed in the General Disclosure Package or as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, the Company and its subsidiaries have good and marketable title to all real properties and all other properties and assets owned by them, in each case free from liens, charges, encumbrances and defects that would affect the value thereof or interfere with the use made thereof by them and, except as disclosed in the General Disclosure Package, the Company and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them.

(n) *Absence of Defaults and Conflicts Resulting from Transaction*. The execution, delivery and performance of this Agreement, and the issuance and sale of the Offered Securities will not result in a breach or violation of any of the terms and provisions of, constitute a default or (except as described below) a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon, any property or assets of the Company or any of its subsidiaries pursuant to (i) the charter or by-laws of the Company or any of its subsidiaries, (ii) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or (iii) any of their properties, or any agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties of the Company or any of its subsidiaries is subject, except with respect to (iii) above the requirement under Company's credit agreement to use a portion of the net proceeds of the offering and sale of the Offered Securities contemplated hereby to repay the outstanding balance of the Company's term loan as disclosed in the General Disclosure Package, and except with respect to (ii) and (iii) above only for which such breaches, violations, defaults, liens, charges or encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; a "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries .

(o) *Absence of Existing Defaults and Conflicts*. Neither the Company nor any of its subsidiaries is in violation of its respective charter or by-laws or in default (or with the giving of notice or lapse of time would be in default) under any existing obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument to which any of them is a party or by which any of them is bound or to which any of the properties of any of them is subject, except such defaults that would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(p) *Authorization of Agreement*. This Agreement has been duly authorized, executed and delivered by the Company.

(q) *Possession of Licenses and Permits*. The Company and its subsidiaries possess, and are in compliance with the terms of, all certificates, authorizations, franchises, licenses and permits ("**Licenses**") necessary to the conduct of the business conducted by them, except where the failure to so possess or be in compliance would not reasonably be expected to have a Material Adverse Effect, and have not received any notice of proceedings relating to the revocation or modification of any Licenses that, if determined adversely to the Company or any of its subsidiaries, would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(r) *Absence of Labor Dispute*. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent that would reasonably be expected to have a Material Adverse Effect.

(s) *Possession of Intellectual Property*. The Company and its subsidiaries own, possess or can acquire on reasonable terms such trademarks, trade names, patent rights, copyrights, domain names, licenses, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property Rights**") as are necessary to the conduct of the business conducted by them, except where such failure to own, possess or acquire such Intellectual Property Rights would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as disclosed in the General Disclosure Package, (i) there are no rights of third parties to any of the Intellectual Property Rights owned by the Company or its subsidiaries (other than Intellectual Property Rights licensed or granted by the Company in the ordinary course of its business); (ii) there is no material infringement, misappropriation, breach, default or other violation, or, to the Company's knowledge, the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, (A) by the Company or its subsidiaries of any of the Intellectual Property Rights of third parties or (B) to the Company's knowledge, by third parties of any of the Intellectual Property Rights of the Company or its subsidiaries; (iii) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the Company's or any subsidiary's rights in or to, or the violation of any of the terms of, any of their Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that the Company or any subsidiary infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of others and the Company is unaware of any other fact which would form a reasonable basis for any such claim; and (vi) none of the Intellectual Property Rights used by the Company or its subsidiaries in their businesses has been obtained or is being used by the Company or its subsidiaries in violation of any contractual obligation binding on the Company or any of its subsidiaries or in violation of the rights of any persons, except in each case covered by clauses (i) – (vi) such as would not, if determined adversely to the Company or any of its subsidiaries, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(t) *Environmental Laws*. Except as disclosed in the General Disclosure Package, neither the Company nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "**environmental laws**"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would individually or in the aggregate reasonably be expected to have a Material Adverse Effect; and the Company is not aware of any pending investigation which could reasonably be expected to lead to such a claim.

(u) *Accurate Disclosure*. The statements in the General Disclosure Package and the Final Prospectus under the headings "Description of Capital Stock," "Material U.S. Federal Income Tax Consequences for Non-U.S. Holders", Part II-Item 14 and Part II-Item 15, insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate and fair summaries of such legal matters, agreements, documents or proceedings and present the information required to be shown.

(v) *Absence of Manipulation*. The Company has not taken, directly or indirectly, any action that is designed to or that has constituted or that would reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities.

(w) *Statistical and Market-Related Data*. Any third-party statistical and market-related data included in a Registration Statement, a Statutory Prospectus or the General Disclosure Package are based on or derived from sources that the Company believes to be reliable and accurate.

(x) *Internal Controls and Compliance with the Sarbanes-Oxley Act*. From and after the date of the initial filing of the Registration Statement and except as set forth in the General Disclosure Package, the Company, its subsidiaries and the composition of the Company's Board of Directors (the "**Board**") and committees thereof are in compliance in all material respects with Sarbanes-Oxley and all applicable Exchange Rules. The Company maintains a system of internal controls, including, but not limited to, disclosure controls and procedures and internal controls over accounting matters and financial reporting (collectively, "**Internal Controls**") that comply with the Securities Laws and are sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. General Accepted Accounting Principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Internal Controls are, or upon consummation of the offering of the Offered Securities will be, overseen by the Audit Committee (the "**Audit Committee**") of the Board in accordance with Exchange Rules. The Company has not publicly disclosed or reported to the Audit Committee or the Board, and within the next 135 days the Company does not reasonably expect to publicly disclose or report to the Audit Committee or the Board, a significant deficiency, material weakness, change in Internal Controls or fraud involving management or other employees who have a significant role in Internal Controls (each, an "**Internal Control Event**"), any violation of, or failure to comply with, the Securities Laws, or any matter which, if determined adversely, would have a Material Adverse Effect.

(y) *Independent Accountants*. PricewaterhouseCoopers LLP, whose report on the consolidated financial statements and supporting schedules of the Company and its subsidiaries is included in the Registration Statement and the General Disclosure Package, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Act.

(z) *No Undisclosed Relationships*. No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of its subsidiaries, on the other, that is required by the Act to be described in the Registration Statement and the Statutory Prospectus and that is not so described in such documents and in the General Disclosure Package.

(aa) *Litigation*. Except as disclosed in the General Disclosure Package, there are no pending actions, suits or proceedings (including any inquiries made to the Company or, to the Company's knowledge, investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Company, any of its subsidiaries or any of their respective properties that, if determined adversely to the Company or any of its subsidiaries, would individually or in the aggregate reasonably be expected to have a Material Adverse Effect, or would materially and adversely affect the ability of the Company to perform its obligations under this Agreement, or which are otherwise material in the context of the sale of the Offered Securities; and no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are, to the Company's knowledge, threatened or contemplated.

(bb) *Financial Statements*. The financial statements included in each Registration Statement and the General Disclosure Package present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates shown and their results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with the generally accepted accounting principles in the United States applied on a consistent basis and the schedules included in each Registration Statement present fairly in all material respects the information required to be stated therein.

(cc) *No Material Adverse Change in Business*. Except as disclosed in the General Disclosure Package, since the end of the period covered by the latest audited financial statements included in the General Disclosure Package (i) there has been no change, nor any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries, taken as a whole, that is material and adverse, and (ii) except as disclosed in or contemplated by the General Disclosure

Package, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock and (iii) except as disclosed in or contemplated by the General Disclosure Package, there has been no change in the terms or number of outstanding shares of capital stock (other than changes in the number of shares of capital stock attributable to the issuance of shares of common stock of the Company upon exercise of stock options and warrants described as outstanding in, and the grant of options and awards under existing equity incentive plans described in, the General Disclosure Package) and no material adverse change in the short-term indebtedness, long-term indebtedness, net current assets or net assets, of the Company and its subsidiaries, taken as a whole.

(dd) *Investment Company Act*. The Company is not and, after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in the General Disclosure Package, will not be an "investment company" as defined in the Investment Company Act of 1940 (the "**Investment Company Act**").

(ee) *Ratings*. No "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) (i) has imposed (or has informed the Company that it is considering imposing) any condition (financial or otherwise) on the Company's retaining any rating assigned to the Company or any securities of the Company or (ii) has indicated to the Company that it is considering any of the actions described in Section 7(c)(ii) hereof.

(ff) *International Compliance*. Each of the Company and its subsidiaries and, to the knowledge of the Company, any of their respective officers, directors, agents, or employees, has not violated, and its participation in the offering of the Offered Securities contemplated hereby will not violate, and it has adopted a code of conduct designed to ensure continued compliance with each of the following laws, to the extent applicable to the Company: (a) anti-bribery laws, including but not limited to, any applicable law, rule, or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed December 17, 1997, including the U.S. Foreign Corrupt Practices Act of 1977 or any other law, rule or regulation of similar purpose and scope, (b) anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code section 1956 and 1957, the Patriot Act, the Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any orders or licenses issued thereunder or (c) laws and regulations imposing U.S. economic sanctions measures, including, but not limited to, the International Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act, and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any Executive Order, directive, or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder.

(gg) *Payment of Taxes*. The Company and its subsidiaries have filed all federal, state, local and non-U.S. tax returns that are required to be filed or have requested extensions thereof (except in any case in which the failure so to file would not reasonably be expected to have a Material Adverse Effect); and, except as set forth in the General Disclosure Package, the Company and its subsidiaries have paid all taxes (including any assessments, fines or penalties) required to be paid by them, except for any such taxes, assessments, fines or penalties currently being contested in good faith or as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

(hh) *Insurance*. The Company and its subsidiaries are insured by insurers with appropriately rated claims paying abilities against such losses and risks and in such amounts as the Company has reasonably determined are prudent and customary for the businesses in which they are engaged; to the Company's knowledge, all policies of insurance and fidelity or surety bonds insuring the Company or any of its subsidiaries or their respective businesses, assets, employees, officers and directors are in full force and effect; the Company and its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and there are no pending claims by the Company or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; neither the Company nor any such subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business; and the Company will obtain directors' and officer's insurance in such amounts as the Board of Directors of the Company deems appropriate for the Company.

3. *Purchase, Sale and Delivery of Offered Securities*. On the basis of the representations, warranties and agreements and subject to the terms and conditions set forth herein, the Company agrees to sell to the several Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of $ per share, the respective number of shares of Firm Securities set forth opposite the names of the Underwriters in Schedule A hereto.

The Company will deliver the Firm Securities to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price by the Underwriters in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of QuinStreet, Inc. at the office of Davis Polk & Wardwell LLP, 1600 El Camino Real, Menlo Park, California 94025, at 10:00 A.M., New York time, on , or at such other time not later than seven full business days thereafter as the Representatives and the Company determine, such time being herein referred to as the "**First Closing Date**". For purposes of Rule 15c6-1 under the Securities Exchange Act of 1934, the First Closing Date (if later than the otherwise applicable settlement date) shall be the settlement date for payment of funds and delivery of securities for all the Offered Securities sold pursuant to the offering. The Firm Securities so to be delivered or evidence of their issuance will be made available for checking at the above office of Davis Polk & Wardwell LLP at least 24 hours prior to the First Closing Date.

In addition, upon written notice from the Representatives given to the Company from time to time not more than 30 days subsequent to the date of the Final Prospectus, the Underwriters may purchase all or less than all of the Optional Securities at the purchase price per Security to be paid for the Firm Securities. The Company agrees to sell to the Underwriters the number of shares of Optional Securities specified in such notice and the Underwriters agree, severally and not jointly, to purchase such Optional Securities. Such Optional Securities shall be purchased for the account of each Underwriter in the same proportion as the number of shares of Firm Securities set forth opposite such Underwriter's name bears to the total number of shares of Firm Securities (subject to adjustment by the Representatives to eliminate fractions) and may be purchased by the Underwriters only for the purpose of covering over-allotments made in connection with the sale of the Firm Securities. No Optional Securities shall be sold or delivered unless the Firm Securities previously have been, or simultaneously are, sold and delivered. The right to purchase the Optional Securities or any portion thereof may be exercised from time to time and to the extent not previously exercised may be surrendered and terminated at any time upon notice by the Representatives to the Company.

Each time for the delivery of and payment for the Optional Securities, being herein referred to as an "**Optional Closing Date**", which may be the First Closing Date (the First Closing Date and each Optional Closing Date, if any, being sometimes referred to as a "**Closing Date**"), shall be determined by the Representatives but shall be not later than five full business days after written notice of election to purchase Optional Securities is given. The Company will deliver the Optional Securities being purchased on each Optional Closing Date to or as instructed by the Representatives for the accounts of the several Underwriters in a form reasonably acceptable to the Representatives against payment of the purchase price therefor in Federal (same day) funds by wire transfer to an account at a bank acceptable to the Representatives drawn to the order of QuinStreet, Inc., at the above office of Davis Polk & Wardwell LLP. The Optional Securities being purchased on each Optional Closing Date or evidence of their issuance will be made available for checking at the above office of Davis Polk & Wardwell LLP at a reasonable time in advance of such Optional Closing Date.

4. *Offering by Underwriters*. It is understood that the several Underwriters propose to offer the Offered Securities for sale to the public as set forth in the Final Prospectus.

5. *Certain Agreements of the Company*. The Company agrees with the several Underwriters that:

(a) *Additional Filings*. Unless filed pursuant to Rule 462(c) as part of the Additional Registration Statement in accordance with the next sentence, the Company will file the Final Prospectus, in a form approved by the Representatives, with the Commission pursuant to and in accordance with subparagraph (1) (or, if applicable and if consented to by the Representatives, which consent will not be unreasonably withheld or delayed, subparagraph (4)) of Rule 424(b) not later than the earlier of (A) the second business day following the execution and delivery of this Agreement or (B) the fifteenth business day after the Effective Time of the Initial Registration Statement. The Company will advise the Representatives promptly of any such filing pursuant to Rule 424(b) and provide reasonably satisfactory evidence to the Representatives of such timely filing. If an Additional Registration Statement is necessary to register a portion of the Offered Securities under the Act but the Effective Time thereof has not occurred as of the execution and delivery of this Agreement, the Company will file the Additional Registration Statement or, if filed, will file a post-effective amendment thereto with the Commission pursuant to and in accordance with Rule 462(b) on or prior to 10:00 P.M., New York time, on the date of this Agreement or, if earlier, on or prior to the time the Final Prospectus is finalized and distributed to any Underwriter, or will make such filing at such later date as shall have been consented to by the Representatives.

(b) *Filing of Amendments; Response to Commission Requests*. The Company will promptly advise the Representatives of any proposal to amend or supplement at any time the Initial Registration Statement, any Additional Registration Statement or any Statutory Prospectus and will not effect such amendment or supplementation without the Representatives' consent, which consent will not be unreasonably withheld or delayed; and the Company will also advise the Representatives promptly of (i) the effectiveness of any Additional Registration Statement (if its Effective Time is subsequent to the execution and delivery of this Agreement), (ii) any amendment or supplementation of a Registration Statement or any Statutory Prospectus, (iii) any request by the Commission or its staff for any amendment to any Registration Statement, for any supplement to any Statutory Prospectus or for any additional information, (iv) the institution by the Commission of any stop order proceedings in respect of a Registration Statement or the threatening of any proceeding for that purpose, and (v) the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered Securities in any jurisdiction or the institution or threatening of any proceedings for such purpose. The Company will use its best efforts to prevent the issuance of any such stop order or the suspension of any such qualification and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) *Continued Compliance with Securities Laws*. If, at any time when a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act by any Underwriter or dealer, any event occurs as a result of which the Final Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Registration Statement or supplement the Final Prospectus to comply with the Act, the Company will promptly notify the Representatives of such event and will promptly prepare and file with the Commission and furnish, at its own expense, to the Underwriters and the dealers and any other dealers upon request of the Representatives, an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance. Neither the Representatives' consent to, nor the Underwriters' delivery of, any such amendment or supplement shall constitute a waiver of any of the conditions set forth in Section 7 hereof.

(d) *Rule 158*. As soon as practicable, but not later than the Availability Date (as defined below), the Company will make generally available to its securityholders an earnings statement covering a period of at least 12 months beginning after the Effective Time of the Initial Registration Statement (or, if later, the Effective Time of the Additional Registration Statement) which will satisfy the provisions of Section 11(a) of the Act and Rule 158 under the Act. For the purpose of the preceding sentence, "**Availability Date**" means the day after the end of the fourth fiscal quarter following the fiscal quarter that includes such Effective Time on which the Company is required to file its Form 10-Q for such fiscal quarter except that, if such fourth fiscal quarter is the last quarter of the Company's fiscal year, "**Availability Date**" means the day after the end of such fourth fiscal quarter on which the Company is required to file its Form 10-K.

(e) *Furnishing of Prospectuses*. The Company will furnish to the Representatives copies of each Registration Statement two of which will include all exhibits), each related Statutory Prospectus, and, so long as a prospectus relating to the Offered Securities is (or but for the exemption in Rule 172 would be) required to be delivered under the Act, the Final Prospectus and all amendments and supplements to such documents, in each case in such quantities as the Representatives reasonably request. The Final Prospectus shall be so furnished on or prior to 3:00 P.M., New York time, on the business day following the execution and delivery of this Agreement. All other documents shall be so furnished as soon as available. The Company will pay the expenses of printing and distributing to the Underwriters all such documents.

(f) *Blue Sky Qualifications*. The Company will arrange for the qualification of the Offered Securities for sale under (or obtain exemptions from the application of) the laws of such jurisdictions as the Representatives designate and will continue such qualifications and exemptions in effect so long as required for the distribution of the Offered Securities; provided, however, that that the Company shall not be required to qualify or register as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified, to take any action that would subject it to general service of process in any jurisdiction in which it is not otherwise so subject, or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(g) *Reporting Requirements*. During the period of five years hereafter, the Company will furnish to the Representatives and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to stockholders for such year; and the Company will furnish to the Representatives (i) as soon as available, a copy of each report and any definitive proxy statement of the Company filed with the Commission under the Exchange Act or mailed to stockholders, and (ii) from time to time, such other information concerning the Company as the Representatives may reasonably request. However, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on its Electronic Data Gathering, Analysis and Retrieval system ("**EDGAR**"), it is not required to furnish such reports or statements to the Underwriters.

(h) *Payment of Expenses*. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including but not limited to any filing fees and other expenses (including fees and disbursements of counsel to the Underwriters) incurred in connection with qualification of the Offered Securities for sale under the laws of such jurisdictions as the Representatives reasonably designate and the preparation and printing of memoranda relating thereto, costs and expenses related to the review by the Financial Industry Regulatory Authority of the Offered Securities (including filing fees and the fees and expenses of counsel for the Underwriters relating to such review), costs and expenses relating to investor presentations or any “road show” in connection with the offering and sale of the Offered Securities including, without limitation, any travel expenses of the Company’s officers and employees and any other expenses of the Company including the chartering of airplanes (for the sake of clarity, the Company and the Underwriters shall each bear 50% of the costs associated with each leg of any journey by chartered aircraft used in connection with the roadshow), fees and expenses incident to listing the Offered Securities on the NASDAQ Stock Market, fees and expenses in connection with the registration of the Offered Securities under the Exchange Act, and expenses incurred in distributing preliminary prospectuses and the Final Prospectus (including any amendments and supplements thereto) to the Underwriters and for expenses incurred for preparing, printing and distributing any Issuer Free Writing Prospectuses to investors or prospective investors.

(i) *Use of Proceeds*. The Company will use the net proceeds received in connection with the offering of the Offered Securities contemplated hereby in the manner described in the “Use of Proceeds” section of the General Disclosure Package and, except as disclosed in the General Disclosure Package, the Company does not intend to use any of the proceeds from the sale of the Offered Securities hereunder to repay any outstanding debt owed to any affiliate of any Underwriter.

(j) *Absence of Manipulation*. The Company will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company to facilitate the sale or resale of the Offered Securities; provided, however, that no representation is made with regard to any actions of the Underwriters.

(k) *Restriction on Sale of Securities.* For the period specified below (the “**Lock-Up Period**”), the Company will not, directly or indirectly, take any of the following actions with respect to its Securities or any securities convertible into or exchangeable or exercisable for any of its Securities (collectively, “**Lock-Up Securities**”): (i) offer, sell, issue, contract to sell, pledge or otherwise dispose of Lock-Up Securities, (ii) offer, sell, issue, contract to sell, contract to purchase or grant any option, right or warrant to purchase Lock-Up Securities, (iii) enter into any swap, hedge or any other agreement that transfers, in whole or in part, the economic consequences of ownership of Lock-Up Securities, (iv) establish or increase a put equivalent position or liquidate or decrease a call equivalent position in Lock-Up Securities within the meaning of Section 16 of the Exchange Act or (v) file with the Commission a registration statement under the Act relating to Lock-Up Securities, or publicly disclose the intention to take any such action, without the prior written consent of the Representatives, except the Company may (1) issue and sell Lock-Up Securities pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options, in each case outstanding on the date hereof and described in the General Disclosure Package, (2) grant Lock-Up Securities pursuant to the terms of any of the equity incentive plans described in the General Disclosure Package and in existence on the date hereof (an “**Existing Plan**”), (3) issue Lock-Up Securities upon exercise of Lock-Up Securities issued under an Existing Plan, (4) file with the Commission one or more registration statements on Form S-8 registering the Lock-Up Securities issuable under an Existing Plan and (5) issue any shares of common stock of the Company to one or more counterparties in connection with the consummation of a strategic partnership, joint venture, collaboration or the acquisition or license of any business products or technology; provided that, with respect to subsection (5), (x) the Company will not issue more than that number of shares equal to 5% of the total outstanding shares of common stock of the Company immediately following the completion of the offering of Offered Securities contemplated hereby and (y) prior to the issuance of such shares each recipient of such shares enters into a lock-up agreement that is substantially similar to the lock-up agreements signed by the Company's executive officers and directors pursuant to Section 7(g) hereof.

The initial Lock-Up Period will commence on the date hereof and continue for 180 days after the date hereof or such earlier date that the Representatives consent to in writing; provided, however, that if (1) during the last 17 days of the initial Lock-Up Period, the Company releases earnings results or material news or a material event relating to the Company occurs or (2) prior to the expiration of the initial Lock-Up Period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the initial Lock-Up Period, then in each case the Lock-Up Period will be extended until the expiration of the 18-day period beginning on the date of release of the earnings results or the occurrence of the materials news or material event, as applicable, unless the Representatives waive, in writing, such extension. The Company will provide the Representatives with notice of any announcement described in clause (2) of the preceding sentence that gives rise to an extension of the Lock-Up Period.

6. *Free Writing Prospectuses*. The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Offered Securities that would constitute an Issuer Free Writing Prospectus, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by the Company and the Representatives is hereinafter referred to as a "**Permitted Free Writing Prospectus**." The Company represents that it has treated and agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rules 164 and 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. The Company represents that is has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show.

7. *Conditions of the Obligations of the Underwriters*. The obligations of the several Underwriters to purchase and pay for the Firm Securities on the First Closing Date and the Optional Securities to be purchased on each Optional Closing Date will be subject to the accuracy of the representations and warranties of the Company herein (as though made on such Closing Date), to the accuracy of the statements of Company officers made pursuant to the provisions hereof, to the performance by the Company of its obligations hereunder and to the following additional conditions precedent:

(a) *Accountants' Comfort Letter*. The Representatives shall have received letters, dated, respectively, the date hereof and each Closing Date, of PricewaterhouseCoopers LLP confirming that they are a registered public accounting firm and independent public accountants within the meaning of the Securities Laws and substantially in the form of Schedule C hereto (except that, in any letter dated a Closing Date, the specified date referred to in Schedule C hereto shall be a date no more than three days prior to such Closing Date).

(b) *Effectiveness of Registration Statement*. If the Effective Time of the Additional Registration Statement (if any) is not prior to the execution and delivery of this Agreement, such Effective Time shall have occurred not later than 10:00 P.M., New York time, on the date of this Agreement or, if earlier, the time the Final Prospectus is finalized and distributed to any Underwriter, or shall have occurred at such later time as shall have been consented to by the Representatives. The Final Prospectus shall have been filed with the Commission in accordance with the Rules and Regulations and Section 5(a) hereof. Prior to such Closing Date, no stop order suspending the effectiveness of a Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or, to the knowledge of the Company or the Representatives, shall be contemplated by the Commission.

(c) *No Material Adverse Change*. Subsequent to the execution and delivery of this Agreement, there shall not have occurred (i) any change, or any development or event involving a prospective change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole which, in the judgment of the Representatives, is material and adverse and makes it impractical or inadvisable to market the Offered Securities; (ii) any downgrading in the rating of any debt securities or preferred stock of the Company by any "nationally recognized statistical rating organization" (as defined for purposes of Rule 436(g)), or any public announcement that any such organization has under surveillance or review its rating of any debt securities or preferred stock of the Company (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading, of such rating); (iii) any change in U.S. or international financial, political or economic conditions or currency exchange rates or exchange controls the effect of which is such as to make it, in the judgment of the Representatives, impractical to market or to enforce contracts for the sale of the Offered Securities, whether in the primary market or in respect of dealings in the secondary market; (iv) any suspension or material limitation of trading in securities generally on the New York Stock Exchange or NASDAQ Stock Market, or any setting of minimum or maximum prices for trading on such exchange; (v) any suspension of trading of any securities of the Company on any exchange or in the over-the-counter market; (vi) any banking moratorium declared by any U.S. federal or New York authorities; (vii) any major disruption of settlements of securities, payment, or clearance services in the United States or any other country where such securities are listed or (viii) any attack on, outbreak or escalation of hostilities or act of terrorism involving the United States, any declaration of war by Congress or any other national or international calamity or emergency if, in the judgment of the Representatives, the effect of any such attack, outbreak, escalation, act, declaration, calamity or emergency is such as to make it impractical or inadvisable to market the Offered Securities or to enforce contracts for the sale of the Offered Securities.

(d) *Opinion and Negative Assurance Letter of Counsel for Company*. The Representatives shall have received an opinion and negative assurance letter, each dated such Closing Date, of Cooley Godward Kronish LLP, counsel for the Company, in the forms of Exhibit A-1 and A-2 hereto (with appropriate modification to the date and number of shares for any opinion or negative assurance letter delivered on any Optional Closing Date).

(e) *Opinion of Counsel for CyberSpace Communications Corporation*. The Representatives shall have received an opinion dated such Closing Date, of Oklahoma counsel for the Company, in the form of Exhibit B hereto (with appropriate modification to the date and number of shares for any opinion delivered on any Optional Closing Date).

(f) *Opinion of Counsel for QuinStreet Media, Inc*. The Representatives shall have received an opinion dated such Closing Date, of Nevada counsel for the Company, in the form of Exhibit C hereto (with appropriate modification to the date and number of shares for any opinion delivered on any Optional Closing Date).

(g) *Opinion of Counsel for Underwriters.* The Representatives shall have received from Davis Polk & Wardwell LLP, counsel for the Underwriters, such opinion or opinions, dated such Closing Date, with respect to such matters as the Representatives may require, and the Company shall have furnished to such counsel such documents as they request for the purpose of enabling them to pass upon such matters.

(h) *Officer's Certificate*. The Representatives shall have received a certificate, dated such Closing Date, of an executive officer of the Company and a principal financial or accounting officer of the Company in which such officers shall state that: the representations and warranties of the Company in this Agreement are true and correct; the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to such Closing Date; no stop order suspending the effectiveness of any Registration Statement has been issued and no proceedings for that purpose have been instituted or, to the best of their knowledge and after reasonable investigation, are contemplated by the Commission; the Additional Registration Statement (if any) satisfying the requirements of subparagraphs (1) and (3) of Rule 462(b) was timely filed pursuant to Rule 462(b), including payment of the applicable filing fee in accordance with Rule 111(a) or (b) of Regulation S-T of the Commission; and, subsequent to the date of the most recent financial statements in the General Disclosure Package, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its subsidiaries taken as a whole except as set forth in the General Disclosure Package or as described in such certificate.

(i) *Lock-up Agreements*. On or prior to the date hereof, the Representatives shall have received lockup letters from each of the executive officers and directors of the Company and such other holders of securities of the Company such that lockup letters shall have been received from the holders of at least ___% of the outstanding capital stock of the Company and ___% of the Company's outstanding stock options.

The Company will furnish the Representatives with such conformed copies of such opinions, certificates, letters and documents as the Representatives reasonably request. The Representatives may in their sole discretion waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of an Optional Closing Date or otherwise.

8. *Indemnification and Contribution*. (a) *Indemnification of Underwriters*. The Company will indemnify and hold harmless each Underwriter, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Indemnified Party**"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending against any loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (b) below.

(b) *Indemnification of Company*. Each Underwriter will severally and not jointly indemnify and hold harmless the Company, each of its directors and each of its officers who signs a Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act (each, an "**Underwriter Indemnified Party**"), against any losses, claims, damages or liabilities to which such Underwriter Indemnified Party may become subject, under the Act, the Exchange Act, other Federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of any Registration Statement at any time, any Statutory Prospectus as of any time, the Final Prospectus, or any Issuer Free Writing Prospectus, or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representatives specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Underwriter Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Underwriter consists of the following information in the Final Prospectus furnished on behalf of each Underwriter: (i) the concession and reallowance figures appearing in the fourth paragraph under the caption “Underwriters”; (ii) the sixth paragraph under the caption “Underwriters” regarding sales to accounts over which the Underwriters exercise discretionary authority; (iii) the thirteenth paragraph under the caption “Underwriting” regarding stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids; and (vi) the information contained in the fifteenth paragraph under the caption “Underwriters” regarding electronic distributions.

(c) *Actions against Parties; Notification*. Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided further that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Contribution*. If the indemnification provided for in this Section is unavailable or insufficient to hold harmless an indemnified party under subsection (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in subsection (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering of the Offered Securities contemplated hereby (before deducting expenses) received by the Company bear to the total underwriting discounts and commissions received by the Underwriters. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this subsection (d). Notwithstanding the provisions of this subsection (d), no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint. The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8(d).

9. *Default of Underwriters*. If any Underwriter or Underwriters default in their obligations to purchase Offered Securities hereunder on either the First or any Optional Closing Date and the number of shares of Offered Securities that such defaulting Underwriter or Underwriters agreed but failed to purchase does not exceed 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date, the Representatives may make arrangements satisfactory to the Company for the purchase of such Offered Securities by other persons, including any of the Underwriters, but if no such arrangements are made by such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Offered Securities that such defaulting Underwriters agreed but failed to purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of shares of Offered Securities with respect to which such default or defaults occur exceeds 10% of the total number of shares of Offered Securities that the Underwriters are obligated to purchase on such Closing Date and arrangements satisfactory to the Representatives and the Company for the purchase of such Offered Securities by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company, except as provided in Section 10 (provided that if such default occurs with respect to Optional Securities after the First Closing Date, this Agreement will not terminate as to the Firm Securities or any Optional Securities purchased prior to such termination). As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

10. *Survival of Certain Representations and Obligations*. The respective indemnities, agreements, representations, warranties and other statements of the Company or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter, the Company or any of their respective representatives, officers or directors or any controlling person, and will survive delivery of and payment for the Offered Securities. If the purchase of the Firm Securities by the Underwriters is not consummated for any reason prior to the First Closing Date other than solely because of the termination of this Agreement pursuant to Section 9 hereof, the Company will reimburse the Underwriters for all out-of-pocket expenses (including reasonably documented fees and disbursements of counsel) reasonably incurred by them in connection with the offering of the Offered Securities, and the respective obligations of the Company and the Underwriters pursuant to Section 8 hereof shall remain in effect. In addition, if any Offered Securities have been purchased hereunder, the representations and warranties in Section 2 and all obligations under Section 5 shall also remain in effect.

11. *Notices*. All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed, delivered or telegraphed and confirmed to the Representatives at Credit Suisse Securities (USA) LLC, Eleven Madison Avenue, New York, N.Y. 10010-3629, Attention: LCD-IBD, Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, NY 10036, Attention: Syndicate Department (with a copy to: Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, NY 10036, Attention: ECM Legal) and J.P. Morgan Securities, Inc., 383 Madison Avenue, New York N.Y. 10179, Attn: Equity Syndicate Desk, or, if sent to the Company, will be mailed, delivered or telegraphed and confirmed to it at QuinStreet, Inc., 1051 East Hillsdale Boulevard, 8th Floor, Foster City, CA 94404, Attention: General Counsel; provided, however, that any notice to an Underwriter pursuant to Section 8 will be mailed, delivered or telegraphed and confirmed to such Underwriter.

12. *Successors*. This Agreement will inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and controlling persons referred to in Section 8, and no other person will have any right or obligation hereunder.

13. *Representation of Underwriters*. The Representatives will act for the several Underwriters in connection with this financing, and any action under this Agreement taken by the Representatives jointly will be binding upon all the Underwriters.

14. *Counterparts*. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

15. *Absence of Fiduciary Relationship.* The Company acknowledges and agrees that:

(a) *No Other Relationship*. The Representatives have been retained solely to act as underwriters in connection with the sale of Offered Securities and that no fiduciary, advisory or agency relationship between the Company and the Representatives has been created in respect of any of the transactions contemplated by this Agreement or the Final Prospectus, irrespective of whether the Representatives have advised or is advising the Company on other matters;

(b) *Arms' Length Negotiations*. The price of the Offered Securities set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Representatives and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose*. The Company has been advised that the Representatives and their affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that the Representatives have no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver*. The Company waives, to the fullest extent permitted by law, any claims it may have against the Representatives for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Representatives shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

16. *Applicable Law*. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company hereby submits to the non-exclusive jurisdiction of the Federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in Federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum.

[Signature page follows]

If the foregoing is in accordance with the Representatives' understanding of our agreement, kindly sign and return to the Company one of the counterparts hereof, whereupon it will become a binding agreement between the Company and the several Underwriters in accordance with its terms.

Very truly yours,

QUINSTREET, INC.

By: ______________________________
Name:
Title:

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

CREDIT SUISSE SECURITIES (USA) LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
J.P. MORGAN SECURITIES INC.

Acting on behalf of themselves and as the Representatives of the several Underwriters

By CREDIT SUISSE SECURITIES (USA) LLC

By: ______________________________
Name:
Title:

By MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED

By: ______________________________
Name:
Title:

By J.P. MORGAN SECURITIES INC.

By: ______________________________
Name:
Title:.

Jodie M. Bourdet
(415) 693-2054
jbourdet@cooley.com

January 25, 2010

QuinStreet, Inc.
1051 East Hillsdale Blvd., Suite 800
Foster City, CA 94404

Ladies and Gentlemen:

You have requested our opinion with respect to certain matters in connection with the filing by QuinStreet, Inc., a Delaware corporation (the "***Company***"), of a Registration Statement (No. 333-163228) on Form S-1 (the "***Registration Statement***") with the Securities and Exchange Commission, including a related prospectus filed with the Registration Statement (the "***Prospectus***"), covering an underwritten public offering of up to 11,500,000 shares (the "***Shares***") of the Company's common stock, par value $0.001, including 1,500,000 shares of common stock by the Company that may be sold pursuant to the exercise of an over-allotment option.

In connection with this opinion, we have examined and relied upon (a) the Registration Statement and related Prospectus, (b) the Company's Amended and Restated Certificate of Incorporation and Bylaws, as currently in effect, (c) the Company's Amended and Restated Certificate of Incorporation, filed as Exhibit 3.2 to the Registration Statement and the Company's Amended and Restated Bylaws, filed as Exhibit 3.4 to the Registration Statement, each of which will be in effect upon the closing of the offering contemplated by the Registration Statement, and (d) the originals or copies certified to our satisfaction of such records, documents, certificates, memoranda and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. We have assumed the genuineness and authenticity of all documents submitted to us as originals, and the conformity to originals of all documents where due execution and delivery are a prerequisite to the effectiveness thereof. As to certain factual matters, we have relied upon a certificate of officers of the Company and have not sought to independently verify such matters. Our opinion is expressed only with respect to the general corporation laws of the State of Delaware.

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued in accordance with the Registration Statement and the related Prospectus will be validly issued, fully paid and non-assessable.

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus included in the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

Cooley Godward Kronish LLP

By: /s/ Jodie M. Bourdet
Jodie M. Bourdet

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (the "**Agreement**") is made and entered into as of [_______], 2009 between QuinStreet, Inc., a Delaware corporation (the "**Company**"), and [name] ("**Indemnitee**").

WITNESSETH THAT:

WHEREAS, highly competent persons have become more reluctant to serve corporations as directors or executive officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Bylaws and Certificate of Incorporation of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "**DGCL**"). The Bylaws and Certificate of Incorporation and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the Bylaws and Certificate of Incorporation of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, Indemnitee does not regard the protection available under the Company's Bylaws and Certificate of Incorporation and insurance as adequate in the present circumstances, and may not be willing to serve as a director or executive officer without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified; and

[For Fund Representatives on the Board only:] [WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by [Name of Fund/Sponsor] that Indemnitee and [Name of Fund/Sponsor] intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.]

NOW, THEREFORE, in consideration of Indemnitee's agreement to serve as a director or executive officer from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his or her Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him of her, or on his or her behalf, in connection with such Proceeding or any claim, issue or matter therein, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his or her Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, if applicable law so provides, no indemnification against such Expenses shall be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the Court of Chancery of the State of Delaware shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that

Indemnitee is, by reason of his or her Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he or she shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his or her behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his or her behalf if, by reason of his or her Corporate Status, he or she is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which the Law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness, or is made (or asked to) respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or on his or her behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within 30 days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity

that are as favorable as may be permitted under the DGCL and public policy of the State of Delaware. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the board: (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board of Directors, by the stockholders of the Company. For purposes hereof, disinterested directors are those members of the board of directors of the Company who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board of Directors. Indemnitee may, within 10 days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware or other court of competent jurisdiction for resolution of any objection which shall have been made by the Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise (as hereinafter defined) in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within 60 days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such 60-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided, further, that the foregoing provisions of this Section 6(g) shall not apply if the determination of entitlement to indemnification is to be made by the stockholders pursuant to Section 6(b) of this Agreement and if (A) within 15 days after receipt by the Company of the request for such determination, the Board of Directors or the Disinterested Directors, if appropriate, resolve to submit such determination to the stockholders for their consideration at an annual meeting thereof to be held within 75 days after such receipt and such determination is made thereat, or (B) a special meeting of stockholders is called within 15 days after such receipt for the purpose of making such determination, such meeting is held for such purpose within 60 days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board of Directors or stockholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within 90 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to this Agreement within ten days after receipt by the Company of a written request therefor or (v) payment of indemnification is not made within ten days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in an appropriate court of the State of Delaware, or in any other court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his or her rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his or her behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders, a resolution of directors or otherwise, of the Company. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in the DGCL, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Certificate of Incorporation, Bylaws and this

Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) [For Fund Representatives on the Board only:] [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by [Name of Fund/Sponsor] and certain of its affiliates (collectively, the "**Fund Indemnitors**"). The Company hereby agrees (i) that it is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Certificate of Incorporation or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and, (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 8(c).]

(d) Except as provided in paragraph (c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) Except as provided in paragraph (c) above, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) Except as provided in paragraph (c) above, the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board of Directors of the Company authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise), and for six years after the termination of such period, and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his or her Corporate Status, whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board of Directors of the Company, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any federal, state, local or foreign taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of the fact that Indemnitee is or was an officer or director of the Company, by reason of any action taken by him or of any inaction on his or her part while acting as an officer or director of the Company, or by reason of the fact that he or she is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary of another corporation, partnership, joint venture, trust or other Enterprise; in each case whether or not he or she is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his or her rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee

under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

QuinStreet, Inc.
1051 East Hillsdale Boulevard, 8th Floor
Foster City, CA 94404

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law and Consent to Jurisdiction. This Agreement shall be governed exclusively by and construed according to the laws of the State of Delaware, without regard to its conflict of laws rules. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or inconnection with this Agreement shall be brought only in the Chancery Court of the State of Delaware (the "**Delaware Court**"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on and as of the day and year first above written.

COMPANY

QuinStreet, Inc.

By: ______________________________

Name: ______________________________

Title: ______________________________

INDEMNITEE

Name: ______________________________

Address:

Exhibit 10.20

PARKSIDE TOWERS
FOSTER CITY, CALIFORNIA

OFFICE LEASE AGREEMENT

BETWEEN

CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership
("LANDLORD")

AND

QUINSTREET, INC., a California corporation
("TENANT")

OFFICE LEASE AGREEMENT

THIS OFFICE LEASE AGREEMENT (the **"Lease")** is made and entered into as of the 2nd day of June, 2003, by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord")** and **QUINSTREET, INC., a California corporation ("Tenant").** The following exhibits and attachments are incorporated into and made a part of the Lease: **Exhibit A** (Outline and Location of Premises), **Exhibit B** (Expenses and Taxes), **Exhibit C** (Work Letter), **Exhibit C-1** (Plans), **Exhibit C**-2 (Building Standards), **Exhibit D** (Commencement Letter), **Exhibit E** (Building Rules and Regulations), **Exhibit F** (Additional Provisions), **Exhibit F-1** (Refusal Space), **Exhibit G** (Parking Agreement) and **Exhibit H** (Form of Letter of Credit).

1. Basic Lease Information.

1.01 **"Building"** shall collectively mean the buildings and retail concourse in Foster City, California, located at 1001 East Hillsdale Boulevard (the **"West Tower"),** 1031 A-F East Hillsdale Boulevard (the **"Retail Concourse"),** and 1051 East Hillsdale Boulevard (the **"East Tower"). "Rentable Square Footage of the Building"** is deemed to be **398,460** square feet based upon the combined rentable area of the West Tower, the Retail Concourse and the East Tower.

1.02 **"Premises"** shall mean the area shown on **Exhibit A** to this Lease. The Premises is located on the eighth floor of the East Tower and known as suite 800. If the Premises include one or more floors in their entirety, all corridors and restroom facilities located on such full floor(s) shall be considered part of the Premises. The **"Rentable Square Footage of the Premises"** is deemed to be **35,435** square feet. Landlord and Tenant stipulate and agree that the Rentable Square Footage of the Building and the Rentable Square Footage of the Premises are correct.

1.03 **"Base Rent":**

Months of Term	Annual Rate Per Square Foot	Monthly Base Rent
1 - 12	**$22.80**	**$67,326.50**
13 - 24	**$24.60**	**$72,641.75**
25 - 36	**$26.40**	**$77,957.00**
37 - 48	**$27.60**	**$81,500.50**
49 - 60	**$28.80**	**$85,044.00**
61 - 72	**$30.00**	**$88,587.50**

Notwithstanding anything in this Section of the Lease to the contrary, so long as Tenant is not in default under this Lease, Tenant shall be entitled to an abatement of Base Rent in the amount of $67,326.50 per month for three consecutive full calendar months of the Term, beginning with the first full calendar month of the Term (the **"Base Rent Abatement Period").** The total amount of Base Rent abated during the Base Rent Abatement Period shall equal $201,979.50 (the **"Abated Base Rent").** If Tenant defaults at any time during the Term and fails to cure such default within any applicable cure period under the Lease, all Abated Base Rent shall immediately become due and payable. The payment by Tenant of the Abated Base Rent in the event of a default shall not limit or affect any of Landlord's other rights, pursuant to this Lease or at law or in equity. During the Base Rent Abatement Period, only Base Rent shall be abated, and all Additional Rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.

1.04 **"Tenant's Pro Rata Share": 8.8930%.** For purposes of determining Tenant's Pro Rata Share, and as used throughout **Exhibit B** of this Lease, the "Building" shall mean, collectively, the West Tower, the Retail Concourse and the East Tower, it being understood and agreed that all of the foregoing buildings, collectively, are treated as a single building for purposes of obtaining or providing services or otherwise determining Expenses and/or Taxes. In calculating Tenant's Pro Rata Share of Expenses and/or Taxes with respect to the Premises, the "Rentable Square Footage of the Building" described in Section 1.01 above reflects the combined rentable area in the foregoing buildings, collectively, and "Tenant's Pro Rata Share" with respect to the Premises, as described above, is based upon the foregoing Rentable Square Footage of the Building. However, notwithstanding the foregoing, if one or more buildings are removed from the group of buildings comprising the Building, as described above in this Section, whether as a result of a sale or demolition of the building(s) or otherwise, or if one or more buildings owned by Landlord are added to the group of buildings comprising the Building, as described above in this Section, then the definition of “Building” and the “Rentable Square Footage of the Building”, as described in this Section 1, and “Tenant’s Pro Rata Share” with respect to the Premises, shall be appropriately modified or adjusted to reflect the deletion or addition of such buildings, and, if Tenant’s Pro Rata Share of Expenses and/or Taxes with respect to the Premises is based upon increases in Expenses and/or Taxes over a Base Year, then Expenses and/or Taxes for the Base Year shall be restated on a going forward basis effective as of the date such buildings are deleted or added to the definition of Building as described in this Section.

1.05 **“Base Year”** for Taxes (defined in **Exhibit B):** 2004; **“Base Year”** for Expenses (defined in **Exhibit B):** 2004.

1.06 **“Term”:** A period of 72 months. Subject to Section 3, the Term shall commence on October 15, 2003 (the **“Commencement Date”)** and, unless terminated early in accordance with this Lease, end on October 14, 2009 (the **“Termination Date”**).

1.07 [Intentionally Omitted.]

1.08 **“Security Deposit”:** $177,175.00, as more fully described in Section 6.

1.09 **“Guarantor(s)”:** None.

1.10 **“Broker(s)”:** Wayne Mascia Associates.

1.11 **“Permitted Use”:** General office use.

1.12 **“Notice Address(es)”:**

Landlord:
CA-Parkside Towers Limited Partnership
c/o Equity Office Management, L.L.C.
725 Saginaw Drive
Redwood City, California 94063
Attention: Property Manager

Tenant:
Prior to Commencement Date:
301 Constitution Drive
Menlo Park, CA 94025
Attn: Michael McDonough

Following the Commencement Date:
1051 East Hillsdale Boulevard
Suite 800
Foster City, CA 94404
Attn: Michael McDonough

A copy of any notices to Landlord shall be sent to Equity Office, Two North Riverside Plaza, Suite 2100, Chicago, Illinois, 60606, Attn: San Francisco Regional Counsel.

1.13 **“Business Day(s)”** are Monday through Friday of each week, exclusive of New Year’s Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day **(“Holidays”)**. Landlord may designate additional Holidays that are commonly recognized by other office buildings in the area where the Building is located. **“Building Service Hours”** are 6:00 a.m. to 6:00 p.m. on Business Days.

1.14 **“Landlord Work”** means the work that Landlord is obligated to perform in the Premises pursuant to a separate agreement (the **“Work Letter”**) attached to this Lease as **Exhibit C**.

1.15 **“Property”** means the Building and the parcel(s) of land on which it is located and, at Landlord’s discretion, the parking facilities and other improvements, if any, serving the Building and the parcel(s) of land on which they are located.

2. Lease Grant.

The Premises are hereby leased to Tenant from Landlord, together with the right to use any portions of the Property that are designated by Landlord for the common use of tenants and others (the **“Common Areas”**).

3. Adjustment of Commencement Date; Possession.

3.01 If Landlord is required to perform Landlord Work prior to the Commencement Date: (a) the date set forth in Section 1.06 as the Commencement Date shall instead be defined as the **“Target**

Commencement Date"; (b) the actual Commencement Date shall be the date on which the Landlord Work is Substantially Complete (defined below); and (c) the Termination Date will the last day of the Term as determined based upon the actual Commencement Date. Landlord's failure to Substantially Complete the Landlord Work by the Target Commencement Date shall not be a default by Landlord or otherwise render Landlord liable for damages; provided, however, that if the Commencement Date has not occurred on or before October 16, 2003 (the "Outside Completion Date"), Tenant shall be entitled to a rent abatement following the Commencement Date, in addition to the Abated Base Rent described in Section 1.03, of $2,171.82 for every day in the period beginning on the Outside Completion Date and ending on the Commencement Date. Landlord and Tenant acknowledge and agree that the Outside Completion Date shall be postponed by the number of days the Commencement Date is delayed due to events of Force Majeure. Promptly after the determination of the Commencement Date, Landlord and Tenant shall enter into a commencement letter agreement in the form attached as **Exhibit D**. If the Termination Date does not fall on the last day of a calendar month, Landlord and Tenant may elect to adjust the Termination Date to the last day of the calendar month in which Termination Date occurs by the mutual execution of a commencement letter agreement setting forth such adjusted date. The Landlord Work shall be deemed to be **"Substantially Complete"** on the later of (a) the date that all Landlord Work has been performed, other than any details of construction, mechanical adjustment or any other similar matter, the non-completion of which does not materially interfere with Tenant's use of the Premises, in a good and workmanlike manner and in compliance with the Plans (as defined in the Work Letter and subject to any revisions to the Plans approved by Landlord and Tenant in accordance with the Work Letter), and (b) the date Landlord receives from the appropriate governmental authorities all approvals necessary for the occupancy of the Premises. If Landlord is delayed in the performance of the Landlord Work as a result of the acts or omissions of Tenant, the Tenant Related Parties (defined in Section 13) or their respective contractors or vendors, including, without limitation, changes requested by Tenant to approved plans, Tenant's failure to comply with any of its obligations under this Lease, or the specification of any materials or equipment with long lead times (a **"Tenant Delay"**), the Landlord Work shall be deemed to be Substantially Complete on the date that Landlord could reasonably have been expected to Substantially Complete the Landlord Work absent any Tenant Delay.

3.02 Subject to Landlord's obligation to perform Landlord Work and the Common Area Work, the Premises are accepted by Tenant in "as is" condition and configuration without any representations or warranties by Landlord. By taking possession of the Premises, Tenant agrees that the Premises are in good order and satisfactory condition. Notwithstanding the foregoing, except to the extent caused by Tenant or any Tenant Related Party, as of the Commencement Date, the Building electrical, heating, ventilation and air conditioning, mechanical and plumbing systems serving the Premises and the Common Areas of the Building shall be in good order and satisfactory condition and in compliance with applicable Laws (as defined in Section 5). If the foregoing are not in good working order or compliance as provided above, Landlord shall be responsible for repairing or restoring same, or correcting such violations, at its cost and expense, provided that the foregoing shall not prohibit Landlord from including the cost of routine maintenance and repair of such Building systems in Expenses as otherwise permitted under Section 4.02 hereof. If Tenant takes possession of the Premises before the Commencement Date, such possession shall be subject to the terms and conditions of this Lease and Tenant shall pay Rent (defined in Section 4.01) to Landlord for each day of possession before the Commencement Date. However, except for the reasonable cost of services requested by Tenant (e.g. freight elevator usage), Tenant shall not be required to pay Rent for any days of possession before the Commencement Date during which Tenant, with the approval of Landlord, is in possession of the Premises for the sole purpose of performing improvements or installing furniture, equipment or other personal property. Notwithstanding the foregoing but subject to the terms of this Section 3.02, Landlord grants Tenant the right to enter the Premises, at Tenant's sole risk, thirty (30) days prior to Landlord's then reasonable estimate of the Commencement Date, for the purpose of installing telecommunications and data cabling, fiber optic links, equipment, furnishings and other personalty, and for conducting business operations in the Premises. Landlord may withdraw such permission to enter the Premises prior to the Commencement Date at any time that Landlord reasonably determines that such entry by Tenant is causing a dangerous situation for Landlord, Tenant or their respective contractors or employees, or if Landlord reasonably determines that such entry by Tenant is hampering or otherwise preventing Landlord from proceeding with the completion of Landlord's Work at the earliest possible date.

4. Rent.

4.01 Tenant shall pay Landlord, without any setoff or deduction, unless expressly set forth in this Lease, all Base Rent and Additional Rent due for the Term (collectively referred to as **"Rent"**). **"Additional Rent"** means all sums (exclusive of Base Rent) that Tenant is required to pay Landlord under this Lease. Tenant shall pay and be liable for all rental, sales and use taxes (but excluding income taxes), if any, imposed upon or measured by Rent. Base Rent and recurring monthly charges of Additional Rent shall be due and payable in advance on the first day of each calendar month without notice or demand, provided that the installment of Base Rent for the fourth (subject to Tenant's right to receive Abated Base Rent pursuant to Section 1.03 of this Lease) full calendar month of the Term, and the first monthly installment of Additional Rent for Expenses and Taxes, shall be payable upon the execution of this Lease by Tenant. All other items of Rent shall be due and payable by Tenant on or before 30 days after billing by Landlord. Rent shall be made payable to the entity, and sent to the address, Landlord designates and shall be made by good and sufficient check or by other means acceptable to Landlord. Tenant shall pay Landlord an administration fee equal to 5% of all past due Rent, provided that Tenant shall be entitled to a grace period of 5 days for the first 2 late payments of Rent in a calendar year. In addition, past due Rent shall accrue interest at a rate per annum equal to the Bank of America “prime rate”, as the same may be announced from time to time, plus two percent (2%). Landlord’s acceptance of less than the correct amount of Rent shall be considered a payment on account of the earliest Rent due. Rent for any partial month during the Term shall be prorated. No endorsement or statement on a check or letter accompanying payment shall be considered an accord and satisfaction. Tenant’s covenant to pay Rent is independent of every other covenant in this Lease.

4.02 Tenant shall pay Tenant’s Pro Rata Share of Taxes and Expenses in accordance **Exhibit B** of this Lease.

5. Compliance with Laws; Use.

The Premises shall be used for the Permitted Use and for no other use whatsoever. Tenant shall comply with all statutes, codes, ordinances, orders, rules and regulations of any municipal or governmental entity whether in effect now or later, including the Americans with Disabilities Act **(“Law(s)”),** regarding the operation of Tenant’s business and the use, condition, configuration and occupancy of the Premises. In addition, Tenant shall, at its sole cost and expense, promptly comply with any Laws that relate to the “Base Building” (defined below), but only to the extent such obligations are triggered by Tenant’s use of the Premises, other than for general office use, or Alterations or improvements in the Premises performed or requested by Tenant other than the Landlord Work. **“Base Building”** shall include the structural portions of the Building, the public restrooms and the Building mechanical, electrical and plumbing systems and equipment located in the internal core of the Building on the floor or floors on which the Premises are located. Notwithstanding the foregoing, Landlord, at its sole cost and expense (except to the extent properly included in Expenses), shall be responsible for correcting any violations of Laws with respect to the Premises, provided that Landlord’s obligation shall be limited to violations that arise out of or prior to the Landlord Work. Landlord shall have the right to contest any alleged violation in good faith, including, without limitation, the right to apply for and obtain a waiver or deferment of compliance, the right to assert any and all defenses allowed by Law and the right to appeal any decisions, judgments or rulings to the fullest extent permitted by Law. Landlord, after the exhaustion of any and all rights to appeal or contest, will make all repairs, additions, alterations or improvements necessary to comply with the terms of any final order or judgment. Notwithstanding the foregoing, Tenant, not Landlord, shall be responsible for the correction of any violations that arise out of or in connection with any claims brought under any provision of the Americans with Disabilities Act other than Title III, the specific nature of Tenant’s business in the Premises (other than general office use), the acts or omissions of Tenant, its agents, employees or contractors, Tenant’s arrangement of any furniture, equipment or other property in the Premises, any repairs, alterations, additions or improvements performed by or on behalf of Tenant (other than the Landlord Work) and any design or configuration of the Premises specifically requested by Tenant after being informed that such design or configuration may not be in strict compliance with the ADA. Tenant shall promptly provide Landlord with copies of any notices it receives regarding an alleged violation of Law. Tenant shall comply with the rules and regulations of the Building attached as **Exhibit E** and such other reasonable rules and regulations adopted by Landlord from time to time, including rules and regulations for the performance of Alterations (defined in Section 9).

6. Security Deposit.

The Security Deposit shall be delivered to Landlord upon the execution of this Lease by Tenant and held by Landlord without liability for interest (unless required by Law) as security for the performance of Tenant’s obligations. The Security Deposit is not an advance payment of Rent or a measure of damages. Landlord may use all or a portion of the Security Deposit to satisfy past due Rent or to cure any Default (defined in Section 18) by Tenant. If Landlord uses any portion of the Security Deposit, Tenant shall, within 5 days after demand, restore the Security Deposit to its original amount. Landlord shall return any unapplied portion of the Security Deposit to Tenant within 30 days after the later to occur of the Termination Date or the date Tenant surrenders the Premises to Landlord in compliance with Section 25. In addition to any other deductions Landlord is entitled to make pursuant to the terms hereof, Landlord shall have the right to make a good faith estimate of any unreconciled Expenses and/or Taxes as of the Termination Date and to deduct any anticipated shortfall from the Security Deposit. Landlord may assign the Security Deposit to a successor or transferee and, following the assignment, Landlord shall have no further liability for the return of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from its other accounts. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor Laws now or hereinafter in effect.

The Security Deposit may be in the form of an irrevocable letter of credit (the **“Letter of Credit”),** which Letter of Credit shall: (a) be in the amount of $177,175.00; (b) be issued on the form attached hereto as **Exhibit H;** (c) name Landlord as its beneficiary; and (d) be drawn on an FDIC insured financial institution satisfactory to the Landlord. The Letter of Credit (and any renewals or replacements thereof) shall be for a term of not less than 1 year. Tenant agrees that it shall from time to time, as necessary, whether as a result of a draw on the Letter of Credit by Landlord pursuant to the terms hereof or as a result of the expiration of the Letter of Credit then in effect, renew or replace the original and any subsequent Letter of Credit so that a Letter of Credit, in the amount required hereunder, is in effect until a date which is at least 60 days after the Termination Date of the Lease. If Tenant fails to furnish such renewal or replacement at least 60 days prior to the stated expiration date of the Letter of Credit then held by Landlord, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) as a Security Deposit pursuant to the terms of this Section 6. Any renewal or replacement of the original or any subsequent Letter of Credit shall meet the requirements for the original Letter of Credit as set forth above, except that such replacement or renewal shall be issued by an FDIC insured financial institution satisfactory to the Landlord at the time of the issuance thereof.

If Landlord draws on the Letter of Credit as permitted in this Lease or the Letter of Credit, then, upon demand of Landlord, Tenant shall restore the amount available under the Letter of Credit to its original amount by providing Landlord with an amendment to the Letter of Credit evidencing that the amount available under the Letter of Credit has been restored to its original amount. In the alternative, Tenant may provide Landlord with cash, to be held by Landlord in accordance with this Article, equal to the restoration amount required under the Letter of Credit.

7. Building Services.

7.01 Landlord shall furnish Tenant with the following services: (a) water for use in the Base Building lavatories, and for any fixtures which would normally be found in a general office space for use of all employees therein (for example, without limitation, drinking fountains and fixtures and equipment that may be found in a kitchenette breakroom area, such as a sink, icemaker, dishwasher, and water lines to a refrigerator; collectively, the “Breakroom Fixtures”). Even though same may be located in the Premises, Landlord agrees to be responsible for the maintenance and repair of any fixtures and water lines serving the lavatories on each floor on which the Premises are located, except to the extent caused by any misuse or vandalism of Tenant, its employees, contractors or any other parties in the Premises at the invitation of Tenant. However, Tenant shall be responsible, at Tenant’s cost, for the repair and maintenance of the water line(s) and fixtures within the Premises relating to any Breakroom Fixtures; (b) customary heat and air conditioning in season during Building Service Hours. Tenant shall have the right to receive HVAC service during hours other than Building Service Hours by paying Landlord’s then standard charge for additional HVAC service and providing such prior notice as is reasonably specified by Landlord; (c) standard janitorial service on Business Days; (d) Elevator service, provided that Landlord shall lock off elevator access to the fourth through seventh floors of the Building so long as the same are unoccupied; (e) Electricity in accordance with the terms and conditions in Section 7.02; and (f) a permanent security desk in the lobby of the Building, (g) such other services as Landlord reasonably determines are necessary or appropriate for the Property.

7.02 Electricity used by Tenant in the Premises shall, at Landlord’s option, be paid for by Tenant either: (a) through inclusion in Expenses (except as provided for excess usage); (b) by a separate charge payable by Tenant to Landlord; or (c) by separate charge billed by the applicable utility company and payable directly by Tenant. Without the consent of Landlord, Tenant’s use of electrical service shall not exceed, either in voltage, rated capacity, use beyond Building Service Hours or overall load, that which Landlord reasonably deems to be standard for the Building. For purposes hereof, such standard for the Building is: (i) a design load of 1.6 watts per square foot of net usable floor area for all building standard overhead lighting located within the Premises which requires a voltage of 480/277 volts; and (ii) a connected load of 5 watts per square foot of net usable area for all equipment located and operated within the Premises which requires a voltage of 120/208 volts single phase or less, it being understood that electricity required to operate the base building HVAC system is not included within or deducted from such 5 watts per square foot described in this subsection. Landlord shall have the right to measure electrical usage by commonly accepted methods. If it is determined that Tenant is using excess electricity, Tenant shall pay Landlord for the cost of such excess electrical usage as Additional Rent.

7.03 Landlord’s failure to furnish, or any interruption, diminishment or termination of services due to the application of Laws, the failure of any equipment, the performance of repairs, improvements or alterations, utility interruptions or the occurrence of an event of Force Majeure (defined in Section 26.03) (collectively a **“Service Failure**”) shall not render Landlord liable to Tenant, constitute a constructive eviction of Tenant, give rise to an abatement of Rent, nor relieve Tenant from the obligation to fulfill any covenant or agreement. However, if the Premises, or a material portion of the Premises, are made untenantable for a period in excess of 3 consecutive Business Days as a result of a Service Failure that is reasonably within the control of Landlord to correct, then Tenant, as its sole remedy, shall be entitled to receive an abatement of Rent payable hereunder during the period beginning on the 4th consecutive Business Day of the Service Failure and ending on the day the service has been restored. If the entire

Premises have not been rendered untenantable by the Service Failure, the amount of abatement shall be equitably prorated.

8. Leasehold Improvements.

All improvements in and to the Premises, including any Alterations (collectively, **"Leasehold Improvements")** shall remain upon the Premises at the end of the Term without compensation to Tenant. Landlord, however, by written notice to Tenant at least 30 days prior to the Termination Date, may require Tenant, at its expense, to remove (a) any Cable (defined in Section 9.01) installed by or for the benefit of Tenant, and (b) any Landlord Work or Alterations that, in Landlord's reasonable judgment, are of a nature that would require removal and repair costs that are materially in excess of the removal and repair costs associated with standard office improvements (collectively referred to as **"Required Removables").** Required Removables shall include, without limitation, internal stairways, raised floors, personal baths and showers, vaults, rolling file systems and structural alterations and modifications. The designated Required Removables shall be removed by Tenant before the Termination Date. Tenant shall repair damage caused by the installation or removal of Required Removables. If Tenant fails to perform its obligations in a timely manner, Landlord may perform such work at Tenant's expense. Tenant, at the time it requests approval for a proposed Alteration, may request in writing that Landlord advise Tenant whether the Alteration or any portion of the Alteration is a Required Removable. Within 10 days after receipt of Tenant's request, Landlord shall advise Tenant in writing as to which portions of the Alteration are Required Removables. Notwithstanding anything in the foregoing to the contrary, Tenant shall not be required to remove any portion of the Landlord Work shown on the Plans as of the date of this Lease, as such terms are defined in the Work Letter.

9. Repairs and Alterations.

9.01 Tenant shall periodically inspect the Premises to identify any conditions that are dangerous or in need of maintenance or repair. Tenant shall promptly provide Landlord with notice of any such conditions. Tenant shall, at its sole cost and expense, perform all maintenance and repairs to the Premises that are not Landlord's express responsibility under this Lease, and keep the Premises in good condition and repair, reasonable wear and tear excepted. Tenant's repair and maintenance obligations include, without limitation, repairs to: (a) floor covering; (b) interior partitions; (c) doors; (d) the interior side of demising walls; (e) electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant (collectively, **"Cable");** (f) supplemental air conditioning units, kitchens, including hot water heaters, plumbing, and similar facilities exclusively serving Tenant; and (g) Alterations. To the extent Landlord is not reimbursed by insurance proceeds, Tenant shall reimburse Landlord for the cost of repairing damage to the Building caused by the acts of Tenant, Tenant Related Parties and their respective contractors and vendors. If Tenant fails to make any repairs to the Premises for more than 15 days after notice from Landlord (although notice shall not be required in an emergency), Landlord may make the repairs, and Tenant shall pay the reasonable cost of the repairs, together with an administrative charge in an amount equal to 5% of the cost of the repairs.

9.02 Landlord shall keep and maintain in good repair and working order and perform maintenance upon the: (a) structural elements of the Building; (b) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building in general; (c) Common Areas; (d) roof of the Building; (e) exterior windows of the Building; and (f) elevators serving the Building. Landlord shall promptly make repairs for which Landlord is responsible. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942 of the California Civil Code, or any similar or successor Laws now or hereinafter in effect.

9.03 Tenant shall not make alterations, repairs, additions or improvements or install any Cable (collectively referred to as **"Alterations")** without first obtaining the written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria (a **"Cosmetic Alteration"):** (a) is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting; (b) is not visible from the exterior of the Premises or Building; (c) will not affect the Base Building; and (d) does not require work to be performed inside the walls or above the ceiling of the Premises. Cosmetic Alterations shall be subject to all the other provisions of this Section 9.03. Prior to starting work, Tenant shall furnish Landlord with plans and specifications; names of contractors reasonably acceptable to Landlord (provided that Landlord may designate specific contractors with respect to Base Building); required permits and approvals; evidence of contractor's and subcontractor's insurance in amounts reasonably required by Landlord and naming Landlord as an additional insured; and any security for performance in amounts reasonably required by Landlord. Changes to the plans and specifications must also be submitted to Landlord for its approval. Alterations shall be constructed in a good and workmanlike manner using materials of a quality reasonably approved by Landlord. Tenant shall reimburse Landlord for any sums paid by Landlord for third party examination of Tenant's plans for non-Cosmetic Alterations, in addition, Tenant shall pay Landlord a fee for Landlord's oversight and coordination of any non-Cosmetic Alterations equal to 2% of the cost of the Alterations. Upon completion, Tenant shall furnish "as-built" plans for non-Cosmetic Alterations, completion affidavits and full and final waivers of lien. Landlord’s approval of an Alteration shall not be deemed a representation by Landlord that the Alteration complies with Law.

10. Entry by Landlord.

Landlord may enter the Premises to inspect, show or clean the Premises or to perform or facilitate the performance of repairs, alterations or additions to the Premises or any portion of the Building. Except in emergencies or to provide Building services, Landlord shall provide Tenant with reasonable prior (not less than 24 hours, except for entry during the last 9 months of the Term for purposes of showing the Premises to prospective tenants) verbal notice of entry and shall use reasonable efforts to minimize any interference with Tenant’s use of the Premises. If reasonably necessary, Landlord may temporarily close all or a portion of the Premises to perform repairs, alterations and additions. However, except in emergencies, Landlord will not close the Premises if the work can reasonably be completed on weekends and after Building Service Hours. Entry by Landlord shall not constitute a constructive eviction or entitle Tenant to an abatement or reduction of Rent. Notwithstanding the foregoing, if Landlord temporarily closes the Premises as provided above for a period in excess of 2 consecutive Business Days, Tenant, as its sole remedy, shall be entitled to receive a per diem abatement of Base Rent during the period beginning on the 3rd consecutive Business Day of closure and ending on the date on which the Premises are returned to Tenant in a tenantable condition. Tenant, however, shall not be entitled to an abatement if the repairs, alterations and/or additions to be performed are required as a result of the acts or omissions of Tenant, its agents, employees or contractors, including, without limitation, a default by Tenant in its maintenance and repair obligations under the Lease.

11. Assignment and Subletting.

11.01 Except in connection with a Permitted Transfer (defined in Section 11.04), Tenant shall not assign, sublease, transfer or encumber any interest in this Lease or allow any third party to use any portion of the Premises (collectively or individually, but excluding Permitted Transfers, a **“Transfer”)** without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed if Landlord does not exercise its recapture rights under Section 11.02. If the entity which controls the voting shares/rights of Tenant changes at any time, such change of ownership or control shall constitute a Transfer unless (a) Tenant is an entity whose outstanding stock is listed on a recognized securities exchange or if at least 80% of its voting stock is owned by another entity, the voting stock of which is so listed, or (b) the change of ownership otherwise qualifies as Permitted Transfer under Section 11.04. Tenant hereby waives the provisions of Section 1995.310 of the California Civil Code, or any similar or successor Laws, now or hereinafter in effect, and all other remedies, including, without limitation, any right at law or equity to terminate this Lease, on its own behalf and, to the extent permitted under all applicable Laws, on behalf of the proposed transferee. Any attempted Transfer in violation of this Section is voidable by Landlord. In no event shall any Transfer, including a Permitted Transfer, release or relieve Tenant from any obligation under this Lease.

11.02 Tenant shall provide Landlord with financial statements for the proposed transferee, a fully executed copy of the proposed assignment, sublease or other Transfer documentation and such other information as Landlord may reasonably request. Within 10 Business Days after receipt of the required information and documentation, Landlord shall either: (a) consent to the Transfer by execution of a consent agreement in a form reasonably designated by Landlord; (b) reasonably refuse to consent to the Transfer in writing; or (c) in the event of an assignment of this Lease or subletting of more than 20% of the Rentable Area of the Premises for a proposed sublease term, with or without renewal options relating thereto, set to expire during the last 12 months of the Term of the Lease, recapture the portion of the Premises that Tenant is proposing to Transfer. If Landlord exercises its right to recapture, this Lease shall automatically be amended (or terminated if the entire Premises is being assigned or sublet) to delete the applicable portion of the Premises effective on the proposed effective date of the Transfer. Tenant shall pay Landlord a review fee of $750.00 for Landlord’s review of any Permitted Transfer or requested Transfer.

11.03 Tenant shall pay Landlord 50% of all rent and other consideration which Tenant receives as a result of a Transfer that is in excess of the Rent payable to Landlord for the portion of the Premises and Term covered by the Transfer. Tenant shall pay Landlord for Landlord’s share of the excess within 30 days after Tenant’s receipt of the excess. Tenant may deduct from the excess, on a straight-line basis, all reasonable and customary expenses directly incurred by Tenant attributable to the Transfer. If Tenant is in Default, Landlord may require that all sublease payments be made directly to Landlord, in which case Tenant shall receive a credit against Rent in the amount of Tenant’s share of payments received by Landlord.

11.04 Tenant may assign this Lease to a successor to Tenant by purchase, merger, consolidation or reorganization (an **“Ownership Change”)** or assign this Lease or sublet all or a portion of the Premises to an Affiliate without the consent of Landlord, provided that all of the following conditions are satisfied (a **“Permitted Transfer”):** (a) Tenant is not in Default; (b) in the event of an Ownership Change, Tenant’s successor shall own substantially all of the assets of Tenant and have a net worth which is at least equal to Tenant's net worth as of the day prior to the proposed Ownership Change; (c) the Permitted Use does not allow the Premises to be used for retail purposes; and (d) Tenant shall give Landlord written notice at least 15 Business Days prior to the effective date of the Permitted Transfer (provided that, if prohibited by confidentiality in connection with a proposed purchase, merger, consolidation or reorganization, then Tenant shall give Landlord written notice within 10 days after the effective date of the proposed purchase, merger, consolidation or reorganization). Tenant's notice to Landlord shall include information and documentation evidencing the Permitted Transfer and showing that each of the above conditions has been satisfied. If requested by Landlord, Tenant's successor shall sign a commercially reasonable form of assumption agreement. **"Affiliate"** shall mean an entity controlled by, controlling or under common control with Tenant.

12. Liens.

Tenant shall not permit mechanics' or other liens to be placed upon the Property, Premises or Tenant's leasehold interest in connection with any work or service done or purportedly done by or for the benefit of Tenant or its transferees. Tenant shall give Landlord notice at least 15 days prior to the commencement of any work in the Premises to afford Landlord the opportunity, where applicable, to post and record notices of non-responsibility. Tenant, within 10 days of notice from Landlord, shall fully discharge any lien by settlement, by bonding or by insuring over the lien in the manner prescribed by the applicable lien Law. If Tenant fails to do so, Landlord may bond, insure over or otherwise discharge the lien. Tenant shall reimburse Landlord for any amount paid by Landlord, including, without limitation, reasonable attorneys' fees.

13. Indemnity and Waiver of Claims.

Tenant hereby waives all claims against and releases Landlord and its trustees, members, principals, beneficiaries, partners, officers, directors, employees, Mortgagees (defined in Section 23) and agents (the **"Landlord Related Parties")** from all claims for any injury to or death of persons, damage to property or business loss in any manner related to (a) Force Majeure, (b) acts of third parties, (c) the bursting or leaking of any tank, water closet, drain or other pipe, (d) the inadequacy or failure of any security services, personnel or equipment, or (e) any matter not within the reasonable control of Landlord. Notwithstanding the foregoing, except as provided in Section 15 to the contrary, Tenant shall not be required to waive any claims against Landlord (other than for loss or damage to Tenant's business) where such loss or damage is due to the gross negligence or willful misconduct of Landlord or any Landlord Related Parties, and nothing herein shall be construed as to diminish the repair and maintenance obligations of Landlord contained elsewhere in this Lease. Except to the extent caused by the negligence or willful misconduct of Landlord or any Landlord Related Parties or Landlord's contractors, Tenant shall indemnify, defend and hold Landlord and Landlord Related Parties harmless against and from all liabilities, obligations, damages, penalties, claims, actions, costs, charges and expenses, including, without limitation, reasonable attorneys' fees and other professional fees (if and to the extent permitted by Law) (collectively referred to as **"Losses"),** which may be imposed upon, incurred by or asserted against Landlord or any of the Landlord Related Parties by any third party and arising out of or in connection with any damage or injury occurring in the Premises or any acts or omissions (including violations of Law) of Tenant, the Tenant Related Parties or any of Tenant's transferees, contractors or licensees. Except to the extent caused by the negligence or willful misconduct of Tenant or any Tenant Related Parties, Landlord shall indemnify, defend and hold Tenant, its trustees, members, principals, beneficiaries, partners, officers, directors, employees and agents **("Tenant Related Parties")** harmless against and from all Losses which may be imposed upon, incurred by or asserted against Tenant or any of the Tenant Related Parties by any third party and arising out of or in connection with the acts or omissions (including violations of Law) of Landlord or the Landlord Related Parties.

14. Insurance.

Tenant shall maintain the following insurance **("Tenant's Insurance"):** (a) Commercial General Liability Insurance applicable to the Premises and its appurtenances providing, on an occurrence basis, a minimum combined single limit of $2,000,000.00; (b) Property/Business Interruption Insurance written on an All Risk or Special Perils form, with coverage for broad form water damage including earthquake sprinkler leakage, at replacement cost value and with a replacement cost endorsement covering all of Tenant's business and trade fixtures, equipment, movable partitions, furniture, merchandise and other personal property within the Premises **("Tenant's Property")** and any Leasehold Improvements performed by or for the benefit of Tenant; (c) Workers' Compensation Insurance in amounts required by Law; and (d) Employers Liability Coverage of at least $1,000,000.00 per occurrence. Any company writing Tenant's Insurance shall have an A.M. Best rating of not less than A-VIII. All Commercial General Liability Insurance policies shall name as additional insureds Landlord (or its successors and assignees), the managing agent for the Building (or any successor), EOP Operating Limited Partnership, Equity Office Properties Trust and their respective members, principals, beneficiaries, partners, officers, directors, employees, and agents, and other designees of Landlord and its successors as the interest of such designees shall appear. All policies of Tenant's Insurance shall contain endorsements that the insurer(s) shall give Landlord and its designees at least 30 days' advance written notice of any cancellation, termination, material change or lapse of insurance. Tenant shall provide Landlord with a certificate of insurance evidencing Tenant's Insurance prior to the earlier to occur of the Commencement Date or the date Tenant is provided with possession of the Premises, and thereafter as necessary to assure that Landlord always has current certificates evidencing Tenant's Insurance. So long as the same is available at commercially reasonable rates, Landlord shall maintain so called All Risk property insurance on the Building at replacement cost value as reasonably estimated by Landlord.

15. Subrogation.

Landlord and Tenant hereby waive and shall cause their respective insurance carriers to waive any and all rights of recovery, claims, actions or causes of action against the other for any loss or damage with respect to Tenant's Property, Leasehold Improvements, the Building, the Premises, or any contents thereof, including rights, claims, actions and causes of action based on negligence, which loss or damage is (or would have been, had the insurance required by this Lease been carried) covered by insurance.

16. Casualty Damage.

16.01 If all or any portion of the Premises becomes untenantable by reason of fire or other casualty to the Premises (collectively a **"Casualty"),** Landlord, with reasonable promptness, shall cause a general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required using standard working methods to Substantially Complete the repair and restoration of the Premises and any Common Areas necessary to provide access to the Premises **("Completion Estimate").** If the Completion Estimate indicates that the Premises or any Common Areas necessary to provide access to the Premises cannot be made tenantable within 270 days from the date the repair is started, then either party shall have the right to terminate this Lease upon written notice to the other within 10 days after receipt of the Completion Estimate. In addition, Tenant, by notice to Landlord within 10 days after the date of the Completion Estimate, shall have the right to terminate this Lease if: (1) the Premises have been materially damaged and there is less than 2 years of the Term remaining on the date of the Casualty; and (2) the Completion Estimate indicates that the Premises or any Common Areas necessary to provide access to the Premises cannot be made tenantable within 90 days from the date the repair is started. Tenant, however, shall not have the right to terminate this Lease if the Casualty was caused by the gross negligence or intentional misconduct of Tenant or any Tenant Related Parties, regardless of anything in the foregoing to the contrary. Landlord, by notice to Tenant within 90 days after the date of the Casualty, also shall have the right to terminate this Lease if: (1) the Premises have been materially damaged and there is less than 2 years of the Term remaining on the date of the Casualty; (2) any Mortgagee requires that the insurance proceeds be applied to the payment of the mortgage debt; or (3) a material uninsured loss to the Building occurs.

16.02 If this Lease is not terminated, Landlord shall promptly and diligently, subject to reasonable delays for insurance adjustment or other matters beyond Landlord's reasonable control, restore the Premises and Common Areas. Such restoration shall be to substantially the same condition that existed prior to the Casualty, except for modifications required by Law or any other modifications to the Common Areas deemed desirable by Landlord. Upon notice from Landlord, Tenant shall assign to Landlord (or to any party designated by Landlord) all property insurance proceeds payable to Tenant under Tenant's Insurance with respect to any Leasehold Improvements performed by or for the benefit of Tenant; provided if the estimated cost to repair such Leasehold Improvements exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, the excess cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repairs. Within 15 days of demand, Tenant shall also pay Landlord for any additional excess costs that are determined during the performance of the repairs. Landlord shall not be liable for any inconvenience to Tenant, or injury to Tenant's business resulting in any way from the Casualty or the repair thereof, except to the extent caused by the gross negligence or willful misconduct of Landlord or Landlord's employees or contractors. Provided that Tenant is not in Default, during any period of time that all or a material portion of the Premises is rendered untenantable as a result of a Casualty, the Rent shall abate for the portion of the Premises that is untenantable and not used by Tenant. Notwithstanding the foregoing, if Tenant was entitled to but elected not to exercise its right to terminate the Lease and Landlord does not substantially complete the repair and restoration of the Premises within 60 days after the expiration of the estimated period of time set forth in the Completion Estimate, which period shall be extended to the extent of any Reconstruction Delays, then Tenant may terminate this Lease by written notice to Landlord within 15 days after the expiration of such period, as the same may be extended. For purposes of this Lease, the term "Reconstruction Delays" shall mean: (i) any delays caused by the insurance adjustment process; and (ii) any delays caused by Tenant.

16.03 The provisions of this Lease, including this Section 16, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises or the Property, and any Laws, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any similar or successor Laws now or hereinafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises or the Property.

17. Condemnation.

Either party may terminate this Lease if any material part of the Premises is taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase in lieu thereof (a **"Taking").** Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Building or Property which would have a material adverse effect on Landlord's ability to profitably operate the remainder of the Building. The terminating party shall provide written notice of termination to the other party within 45 days after it first receives notice of the Taking. The termination shall be effective on the date the physical taking occurs. If this Lease is not terminated, Base Rent and Tenant's Pro Rata Share shall be appropriately adjusted to account for any reduction in the square footage of the Building or Premises. All compensation awarded for a Taking shall be the property of Landlord. The right to receive compensation or proceeds are expressly waived by Tenant, however, Tenant may file a separate claim for Tenant's Property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the amount of Landlord's award. If only a part of the Premises is subject to a Taking and this Lease is not terminated, Landlord, with reasonable diligence, will restore the remaining portion of the Premises as nearly as practicable to the condition immediately prior to the Taking. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure, or any similar or successor Laws.

18. Events of Default.

Each of the following occurrences shall be a **"Default"**: (a) Tenant's failure to pay any portion of Rent when due, if the failure continues for 3 days after written notice to Tenant **("Monetary Default")**; (b) Tenant's failure (other than a Monetary Default) to comply with any term, provision, condition or covenant of this Lease, if the failure is not cured within 30 days after written notice to Tenant provided, however, if Tenant's failure to comply cannot reasonably be cured within 30 days, Tenant shall be allowed additional time (not to exceed 90 days) as is reasonably necessary to cure the failure so long as Tenant begins the cure within 30 days and diligently pursues the cure to completion; (c) Tenant or any Guarantor becomes insolvent, makes a transfer in fraud of creditors, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts when due or forfeits or loses its right to conduct business; (d) the leasehold estate is taken by process or operation of Law; or (e) Tenant is in default beyond any notice and cure period under any other lease or agreement with Landlord at the Building or Property. All notices sent under this Section shall be in satisfaction of, and not in addition to, notice required by Law.

19. Remedies.

19.01 Upon the occurrence of any Default under this Lease, whether enumerated in Section 18 or not, Landlord shall have the option to pursue any one or more of the following remedies without any notice (except as expressly prescribed herein) or demand whatsoever (and without limiting the generality of the foregoing, Tenant hereby specifically waives notice and demand for payment of Rent or other obligations, except for those notices specifically required pursuant to the terms of Section 18 or this Section 19, and waives any and all other notices or demand requirements imposed by applicable law):

(a) Terminate this Lease and Tenant's right to possession of the Premises and recover from Tenant an award of damages equal to the sum of the following:

(i) The Worth at the Time of Award of the unpaid Rent which had been earned at the time of termination;

(ii) The Worth at the Time of Award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could have been reasonably avoided;

(iii) The Worth at the Time of Award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could be reasonably avoided;

(iv) Any other amount necessary to compensate Landlord for all the detriment either proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and

(v) All such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable law.

The **"Worth at the Time of Award"** of the amounts referred to in parts (i) and (ii) above, shall be computed by allowing interest at the lesser of a per annum rate equal to: (A) the greatest per annum rate of interest permitted from time to time under applicable law, or (B) the Prime Rate plus 5%. For purposes hereof, the **"Prime Rate"** shall be the per annum interest rate publicly announced as its prime or base rate by a federally insured bank selected by Landlord in the State of California. The **"Worth at the Time of Award"** of the amount referred to in part (iii), above, 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 1%;

(b) Employ the remedy described in California Civil Code § 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations); or

(c) Notwithstanding Landlord's exercise of the remedy described in California Civil Code § 1951.4 in respect of an event or events of default, at such time thereafter as Landlord may elect in writing, to terminate this Lease and Tenant's right to possession of the Premises and recover an award of damages as provided above in Paragraph 19.01 (a).

19.02 The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No waiver by Landlord of any breach hereof shall be effective unless such waiver is in writing and signed by Landlord.

19.03 TENANT HEREBY WAIVES ANY AND ALL RIGHTS CONFERRED BY SECTION 3275 OF THE CIVIL CODE OF CALIFORNIA AND BY SECTIONS 1174 (c) AND 1179 OF THE CODE OF CIVIL PROCEDURE OF CALIFORNIA AND ANY AND ALL OTHER LAWS AND RULES OF LAW FROM TIME TO TIME IN EFFECT DURING THE LEASE TERM PROVIDING THAT TENANT SHALL HAVE ANY RIGHT TO REDEEM, REINSTATE OR RESTORE THIS LEASE FOLLOWING ITS TERMINATION BY REASON OF TENANT'S BREACH. TENANT ALSO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE.

19.04 No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, applicable law or in equity. In addition to other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable law, to injunctive relief, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Landlord at law or in equity. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default.

19.05 If Tenant is in Default of any of its non-monetary obligations under the Lease, Landlord shall have the right to perform such obligations. Tenant shall reimburse Landlord for the cost of such performance upon demand together with an administrative charge equal to 5% of the cost of the work performed by Landlord.

19.06 This Section 19 shall be enforceable to the maximum extent such enforcement is not prohibited by applicable law, and the unenforceability of any portion thereof shall not thereby render unenforceable any other portion.

20. Limitation of Liability.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) SHALL BE LIMITED TO THE LESSER OF (A) THE INTEREST OF LANDLORD IN THE PROPERTY, OR (B) THE EQUITY INTEREST LANDLORD WOULD HAVE IN THE PROPERTY IF THE PROPERTY WERE ENCUMBERED BY THIRD PARTY DEBT IN AN AMOUNT EQUAL TO 70% OF THE VALUE OF THE PROPERTY. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PROPERTY FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD OR ANY LANDLORD RELATED PARTY. NEITHER LANDLORD NOR ANY LANDLORD RELATED PARTY SHALL BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY, AND IN NO EVENT SHALL LANDLORD OR ANY LANDLORD RELATED PARTY BE LIABLE TO TENANT FOR ANY LOST PROFIT, DAMAGE TO OR LOSS OF BUSINESS OR ANY FORM OF SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGE. BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD,

TENANT SHALL GIVE LANDLORD AND THE MORTGAGEE(S) WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES (DEFINED IN SECTION 23 BELOW), NOTICE AND REASONABLE TIME TO CURE THE ALLEGED DEFAULT.

21. [Intentionally Omitted].

22. Holding Over.

If Tenant fails to surrender all or any part of the Premises at the termination of this Lease, occupancy of the Premises after termination shall be that of a tenancy at sufferance. Tenant's occupancy shall be subject to all the terms and provisions of this Lease, and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent and Additional Rent due for the period immediately preceding the holdover. No holdover by Tenant or payment by Tenant after the termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. If Landlord is unable to deliver possession of the Premises to a new tenant or to perform improvements for a new tenant as a result of Tenant's holdover and Tenant fails to vacate the Premises within 15 days after notice from Landlord, Tenant shall be liable for all damages that Landlord suffers from the holdover.

23. Subordination to Mortgages; Estoppel Certificate.

Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises, the Building or the Property, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a **"Mortgage"**). The party having the benefit of a Mortgage shall be referred to as a **"Mortgagee"**. This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination agreement in favor of the Mortgagee. Notwithstanding the foregoing, as a condition precedent to the future subordination of this Lease to a future Mortgage, Landlord shall be required to provide Tenant with a non-disturbance, subordination, and attornment agreement in favor of Tenant from any Mortgagee who comes into existence after the Commencement Date. Such non-disturbance, subordination, and attornment agreement in favor of Tenant shall provide that, so long as Tenant is paying the Rent due under the Lease and is not otherwise in default under the Lease beyond any applicable cure period, its right to possession and the other terms of the Lease shall remain in full force and effect. Such non-disturbance, subordination, and attornment agreement may include other commercially reasonable provisions in favor of the Mortgagee, including, without limitation, additional time on behalf of the Mortgagee to cure defaults of the Landlord and provide that (a) neither Mortgagee nor any successor-in-interest shall be bound by (i) any payment of the Base Rent, Additional Rent, or other sum due under this Lease for more than 1 month in advance or (ii) any amendment or modification of the Lease made without the express written consent of Mortgagee or any successor-in-interest; (b) neither Mortgagee nor any successor-in-interest will be liable for (i) any act or omission or warranties of any prior landlord (including Landlord), (ii) the breach of any warranties or obligations relating to construction of improvements on the Property or any tenant finish work performed or to have been performed by any prior landlord (including Landlord), or (iii) the return of any security deposit, except to the extent such deposits have been received by Mortgagee; and (c) neither Mortgagee nor any successor-in-interest shall be subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord). As an alternative, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. Upon request, Tenant, without charge, shall attorn to any successor to Landlord's interest in this Lease. Landlord and Tenant shall each, within 10 days after receipt of a written request from the other, execute and deliver a commercially reasonable estoppel certificate to those parties as are reasonably requested by the other (including a Mortgagee or prospective purchaser). Without limitation, such estoppel certificate may include a certification as to the status of this Lease, the existence of any defaults and the amount of Rent that is due and payable. Landlord hereby represents and warrants that there is no Mortgagee as of the date of this Lease.

24. Notice.

All demands, approvals, consents or notices (collectively referred to as a **"notice")** shall be in writing and delivered by hand or sent by registered or certified mail with return receipt requested or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in Section 1. Each notice shall be deemed to have been received on the earlier to occur of actual delivery or the date on which delivery is refused, or, if Tenant has vacated the Premises or any other Notice Address of Tenant without providing a new Notice Address, 3 days after notice is deposited in the U.S. mail or with a courier service in the manner described above. Either party may, at any time, change its Notice Address (other than to a post office box address) by giving the other party written notice of the new address.

25. Surrender of Premises.

At the termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's Property from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear and damage which Landlord is obligated to repair hereunder excepted. If Tenant fails to remove any of Tenant's Property within 2 days after termination of this Lease or Tenant's right to possession, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's Property. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's Property. Tenant shall pay Landlord, upon demand, the expenses and storage charges incurred. If Tenant fails to remove Tenant's Property from the Premises or storage, within 30 days after notice, Landlord may deem all or any part of Tenant's Property to be abandoned and title to Tenant's Property shall vest in Landlord.

26. Miscellaneous.

26.01 This Lease shall be interpreted and enforced in accordance with the Laws of the State of California and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state or commonwealth. If any term or provision of this Lease shall to any extent be void or unenforceable, the remainder of this Lease shall not be affected. If there is more than one Tenant or if Tenant is comprised of more than one party or entity, the obligations imposed upon Tenant shall be joint and several obligations of all the parties and entities, and requests or demands from any one person or entity comprising Tenant shall be deemed to have been made by all such persons or entities. Notices to any one person or entity shall be deemed to have been given to all persons and entities. Each party represents and warrants to the other that each individual executing this Lease on its behalf is authorized to do so on its behalf. Tenant represents and warrants to Landlord that Tenant is not, and the entities or individuals constituting Tenant or which may own or control Tenant or which may be owned or controlled by Tenant are not, among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 for the purpose of identifying suspected terrorists.

26.02 If either party institutes a suit against the other for violation of or to enforce any covenant, term or condition of this Lease, the prevailing party shall be entitled to all of its costs and expenses, including, without limitation, reasonable attorneys' fees. Landlord and Tenant hereby waive any right to trial by jury in any proceeding based upon a breach of this Lease. Either party's failure to declare a default immediately upon its occurrence, or delay in taking action for a default, shall not constitute a waiver of the default, nor shall it constitute an estoppel.

26.03 Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant (other than the payment of the Security Deposit or Rent), the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes beyond such party's control, acts of God, war, terrorist acts and/or civil disturbances ("Force Majeure").

26.04 Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Building and Property. Upon transfer Landlord shall be released from any further obligations hereunder and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations, provided that, any successor pursuant to a voluntary, third party transfer (but not as part of an involuntary transfer resulting from a foreclosure or deed in lieu thereof) shall have assumed Landlord's obligations under this Lease.

26.05 Landlord has delivered a copy of this Lease to Tenant for Tenant's review only and the delivery of it does not constitute an offer to Tenant or an option. Tenant represents that it has dealt directly with and only with the Broker as a broker in connection with this Lease. Landlord agrees to pay a brokerage commission to Broker in accordance with the terms of a separate written commission agreement to be entered into between Landlord and Broker. Tenant shall indemnify and hold Landlord and the Landlord Related Parties harmless from all claims of any brokers other than Broker claiming to have represented Tenant in connection with this Lease. Landlord shall indemnify and hold Tenant and the Tenant Related Parties harmless from all claims of any brokers claiming to have represented Landlord in connection with this Lease. Equity Office Properties Management Corp. **("EOPMC")** is an affiliate of Landlord and represents only the Landlord in this transaction. Any assistance rendered by any agent or employee of EOPMC in connection with this Lease or any subsequent amendment or modification hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

26.06 Time is of the essence with respect to Tenant's exercise of any expansion, renewal or extension rights granted to Tenant. The expiration of the Term, whether by lapse of time, termination or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or termination of this Lease.

26.07 Tenant may peacefully have, hold and enjoy the Premises, subject to the terms of this Lease, provided Tenant pays the Rent and fully performs all of its covenants and agreements. This covenant shall be binding upon Landlord and its successors only during its or their respective periods of ownership of the Building.

26.08 This Lease does not grant any rights to light or air over or about the Building. Landlord excepts and reserves exclusively to itself any and all rights not specifically granted to Tenant under this Lease. This Lease constitutes the entire agreement between the parties and supersedes all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents. Neither party is relying upon any warranty, statement or representation not contained in this Lease. This Lease may be modified only by a written agreement signed by an authorized representative of Landlord and Tenant.

[SIGNATURES ARE ON FOLLOWING PAGE]

Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

CA-PARKSIDE TOWERS LIMITED PARTNERSHIP,
a Delaware limited partnership

By: EOM GP, L.L.C., a Delaware limited liability company,
its general partner

By: Equity Office Management, L.L.C., a Delaware
limited liability company, its non-member manager

By: /s/ Mark Geisreiter
Name: Mark Geisreiter
Title: Senior Vice President - San Francisco Region

TENANT:

QUINSTREET, INC., a California corporation

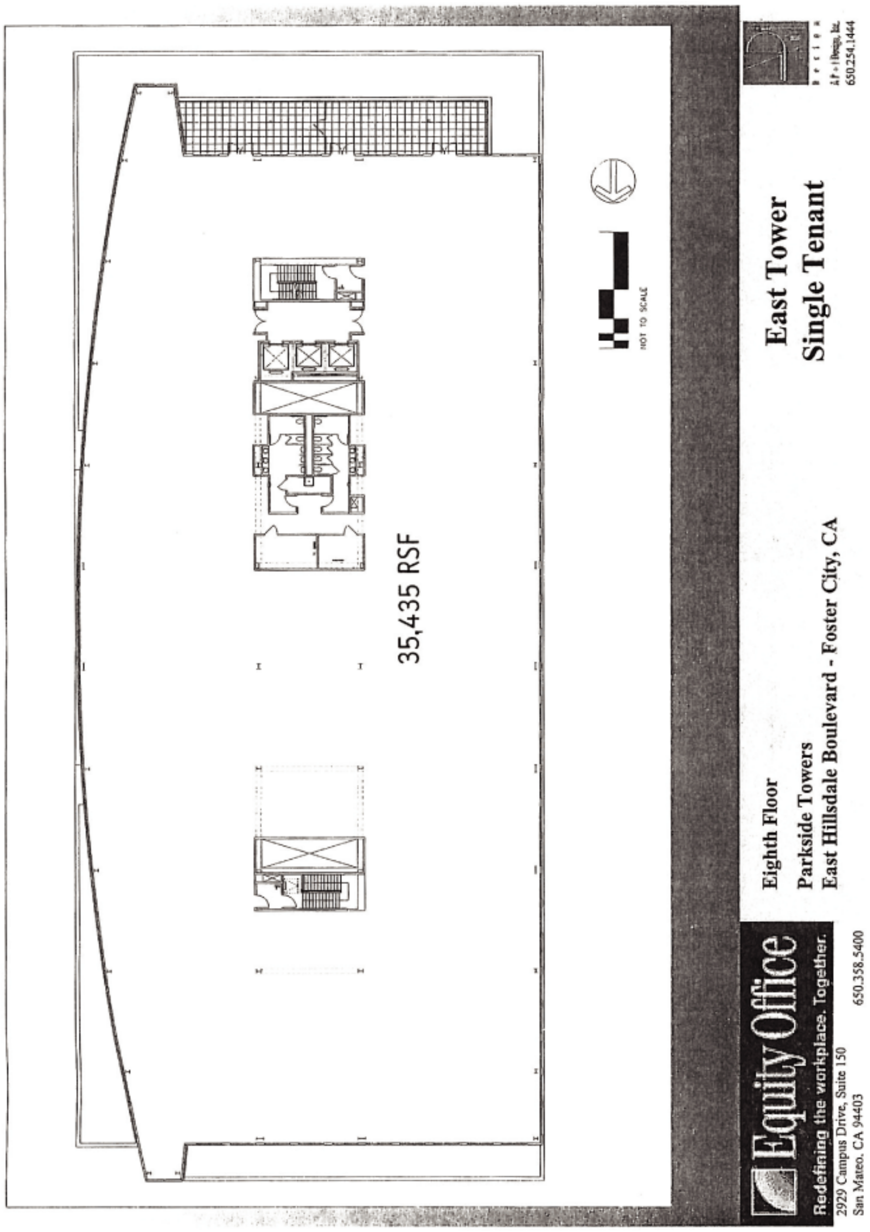
By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title: President & CEO

By: /s/ Bronwyn Syiek
Name: Bronwyn Syiek
Title: SVP & General Manager

77-0512121
Tenant's Tax ID Number (SSN or FEIN)

EXHIBIT A

OUTLINE AND LOCATION OF PREMISES



{QuinStreet, Inc. -5-00004264.}
May 29, 2003
Matter ID Number: 7329

EXHIBIT B

EXPENSES AND TAXES

This Exhibit is attached to and made a part of the Lease by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord")** and **QUINSTREET, INC., a California corporation ("Tenant")** for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

1. Payments.

1.01 Tenant shall pay Tenant's Pro Rata Share of the amount, if any, by which Expenses (defined below) for each calendar year during the Term exceed Expenses for the Base Year (the **"Expense Excess"**) and also the amount, if any, by which Taxes (defined below) for each calendar year during the Term exceed Taxes for the Base Year (the **"Tax Excess"**). If Expenses or Taxes in any calendar year decrease below the amount of Expenses or Taxes for the Base Year, Tenant's Pro Rata Share of Expenses or Taxes, as the case may be, for that calendar year shall be $0. Landlord shall provide Tenant with a good faith estimate of the Expense Excess and of the Tax Excess for each calendar year during the Term. On or before the first day of each month, commencing in January, 2005, Tenant shall pay to Landlord a monthly installment equal to one-twelfth of Tenant's Pro Rata Share of Landlord's estimate of both the Expense Excess and Tax Excess. After its receipt of the revised estimate, Tenant's monthly payments shall be based upon the revised estimate. If Landlord does not provide Tenant with an estimate of the Expense Excess or the Tax Excess by January 1 of a calendar year, Tenant shall continue to pay monthly installments based on the previous year's estimate(s) until Landlord provides Tenant with the new estimate.

1.02 As soon as is practical following the end of each calendar year, Landlord shall furnish Tenant with a statement of the actual Expenses and Expense Excess and the actual Taxes and Tax Excess for the prior calendar year. Landlord shall use reasonable efforts to furnish the statement of actual Expenses on or before June 1 of the calendar year immediately following the calendar year to which the statement applies. If the estimated Expense Excess or estimated Tax Excess for the prior calendar year is more than the actual Expense Excess or actual Tax Excess, as the case may be, for the prior calendar year, Landlord shall either provide Tenant with a refund or apply any overpayment by Tenant against Additional Rent due or next becoming due, provided if the Term expires before the determination of the overpayment, Landlord shall refund any overpayment to Tenant after first deducting the amount of Rent due. If the estimated Expense Excess or estimated Tax Excess for the prior calendar year is less than the actual Expense Excess or actual Tax Excess, as the case may be, for such prior year, Tenant shall pay Landlord, within 30 days after its receipt of the statement of Expenses or Taxes, any underpayment for the prior calendar year.

2. **Expenses.**

2.01 **"Expenses"** means all costs and expenses incurred in each calendar year in connection with operating, maintaining, repairing, and managing the Building and the Property. Landlord agrees to act in a commercially reasonable manner in incurring Expenses, taking into consideration the class and the quality of the Building. Expenses include, without limitation: (a) all labor and labor related costs; (b) management fees (expressed as a percentage of gross receipts for the Building, not to exceed the prevailing market management fees (expressed as a percentage of gross receipts), for comparable third party management companies offering comparable management services in office buildings similar to the Building in class, size, age and location); (c) the cost of equipping, staffing and operating an on-site and/or off-site management office for the Building, provided if the management office services one or more other buildings or properties, the shared costs and expenses of equipping, staffing and operating such management office(s) shall be equitably prorated and apportioned between the Building and the other buildings or properties; (d) accounting costs; (e) the cost of services; (f) rental and purchase cost of parts, supplies, tools and equipment; (g) insurance premiums and deductibles; (h) electricity, gas and other utility costs; and (i) the amortized cost of capital improvements (as distinguished from replacement parts or components installed in the ordinary course of business) made subsequent to the Base Year which are: (1) performed primarily to reduce current or future operating expense costs, upgrade Building security or otherwise improve the operating efficiency of the Property; or (2) required to comply with any Laws that are enacted, or first interpreted to apply to the Property, after the date of this Lease. The cost of capital improvements shall be amortized by Landlord over the lesser of the Payback Period (defined below) or the useful life of the capital improvement as reasonably determined by Landlord in accordance with commonly accepted standards for the real estate industry. **"Payback Period"** means the reasonably estimated period of time that it takes for the cost savings resulting from a capital improvement to equal the total cost of the capital improvement. Landlord, by itself or through an affiliate, shall have the right to directly perform, provide and be compensated for any services under this Lease. If Landlord incurs Expenses for the Building or Property together with one or more other buildings or properties, whether pursuant to a reciprocal easement agreement, common area agreement or otherwise, the shared costs and expenses shall be equitably prorated and apportioned between the Building and Property and the other buildings or properties.

2.02 Expenses shall not include: the cost of capital improvements (except as set forth above); depreciation; principal payments of mortgage and other non-operating debts of Landlord; the cost of repairs or other work to the extent Landlord is reimbursed by insurance or condemnation proceeds; costs in connection with leasing space in the Building, including brokerage commissions; lease concessions, rental abatements and construction allowances granted to specific tenants; brochures and marketing supplies, legal fees in negotiating and preparing lease document; costs incurred in connection with the sale, financing or refinancing of the Building; fines, interest and penalties incurred due to the late payment of Taxes or Expenses; organizational expenses associated with the creation and operation of the entity which constitutes Landlord; or any penalties or damages that Landlord pays to Tenant under this Lease or to other tenants in the Building under their respective leases.

The following items are also excluded from Expenses:

(a) Sums (other than management fees, it being agreed that the management fees included in Expenses are as described in Section 2.01(b) above) paid to subsidiaries or other affiliates of Landlord for services on or to the Property, Building and/or Premises, but only to the extent that the costs of such services exceed the competitive cost for such services rendered by persons or entities of similar skill, competence and experience.

(b) Any fines, penalties or interest resulting from the negligence or willful misconduct of the Landlord or its agents, contractors, or employees.

(c) Advertising and promotional expenditures.

(d) Landlord’s charitable and political contributions.

(e) Ground lease rental.

(f) Attorney’s fees and other expenses incurred in connection with negotiations or disputes with prospective tenants or tenants or other occupants of the Building.

(g) The cost or expense of any services or benefits provided generally to other tenants in the Building and not provided or available to Tenant.

(h) All costs of purchasing or leasing major sculptures, paintings or other major works or objects of art (as opposed to decorations purchased or leased by Landlord for display in the Common Areas of the Building).

(i) Any expenses for which Landlord has received actual reimbursement (other than through Expenses).

(j) Expenses for the replacement of any item covered under warranty, unless Landlord has not received payment under such warranty and it would not be fiscally prudent to pursue legal action to collect on such warranty.

(k) Fines or penalties incurred as a result of violation by Landlord of any applicable Laws.

2.03 If at any time during a calendar year the Building is not at least 95% occupied or Landlord is not supplying services to at least 95% of the total Rentable Square Footage of the Building, Expenses shall, at Landlord’s option, be determined as if the Building had been 95% occupied and Landlord had been supplying services to 95% of the Rentable Square Footage of the Building. If Expenses for a calendar year are determined as provided in the prior sentence, Expenses for the Base Year shall also be determined in such manner. Notwithstanding the foregoing, Landlord may calculate the extrapolation of Expenses under this Section based on 100% occupancy and service so long as such percentage is used consistently for each year of the Term. The extrapolation of Expenses under this Section shall be performed in accordance with the methodology specified by the Building Owners and Managers Association.

3. **“Taxes”** shall mean: (a) all real property taxes and other assessments on the Building and/or Property, including, but not limited to, gross receipts taxes, assessments for special improvement districts and building improvement districts, governmental charges, fees and assessments for police, fire, traffic mitigation or other governmental service of purported benefit to the Property, taxes and assessments levied in substitution or supplementation in whole or in part of any such taxes and assessments and the Property’s share of any real estate taxes and assessments under any reciprocal easement agreement, common area agreement or similar agreement as to the Property; (b) all personal property taxes for property that is owned by Landlord and used in connection with the operation,

maintenance and repair of the Property; and (c) all costs and fees incurred in connection with seeking reductions in any tax liabilities described in (a) and (b), including, without limitation, any costs incurred by Landlord for compliance, review and appeal of tax liabilities. Without limitation, Taxes shall not include any income, capital levy, transfer, capital stock, gift, estate or inheritance tax. If a change in Taxes is obtained for any year of the Term during which Tenant paid Tenant's Pro Rata Share of any Tax Excess, then Taxes for that year will be retroactively adjusted and Landlord shall provide Tenant with a credit, if any, based on the adjustment. Likewise, if a change is obtained for Taxes for the Base Year, Taxes for the Base Year shall be restated and the Tax Excess for all subsequent years shall be recomputed. Tenant shall pay Landlord the amount of Tenant's Pro Rata Share of any such increase in the Tax Excess within 30 days after Tenant's receipt of a statement from Landlord.

4. **Audit Rights.** Tenant, within 365 days after receiving Landlord's statement of Expenses, may give Landlord written notice **("Review Notice")** that Tenant intends to review Landlord's records of the Expenses for the calendar year to which the statement applies. Within a reasonable time after receipt of the Review Notice (not to exceed 30 days), Landlord shall make all pertinent records available for inspection that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a location other than the management office for the Building, Tenant may either inspect the records at such other location or pay for the reasonable cost of copying and shipping the records. If Tenant retains an agent to review Landlord's records, the agent must be with a CPA firm licensed to do business in the state or commonwealth where the Property is located. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit. However, notwithstanding the foregoing, if Landlord and Tenant determine that Expenses for the Building for the year in question were less than stated by more than 5%, Landlord, within 30 days after its receipt of paid invoices therefor from Tenant, shall reimburse Tenant for the reasonable amounts paid by Tenant to third parties in connection with such review by Tenant. Within 90 days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice (an **"Objection Notice")** stating in reasonable detail any objection to Landlord's statement of Expenses for that year. If Tenant fails to give Landlord an Objection Notice within the 90 day period or fails to provide Landlord with a Review Notice within the 365 day period described above, Tenant shall be deemed to have approved Landlord's statement of Expenses and shall be barred from raising any claims regarding the Expenses for that year. The records obtained by Tenant shall be treated as confidential. In no event shall Tenant be permitted to examine Landlord's records or to dispute any statement of Expenses unless Tenant has paid and continues to pay all Rent when due.

EXHIBIT C

WORK LETTER

This work letter (“Work Letter”) is attached to and made a part of the Lease by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership (“Landlord”)** and **QUINSTREET, INC., a California corporation (“Tenant”)** for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

As used in this Work Letter, the “Premises” shall be deemed to mean the Premises, as initially defined in the attached Lease.

1. Landlord shall perform improvements to the Premises in accordance with the plans prepared by API Design, Inc. dated May 28, 2003 (the **“Plans”),** which are attached hereto as **Exhibit C-1.** The improvements to be performed by Landlord in accordance with the Plans are hereinafter referred to as the **“Landlord Work.”** It is agreed that construction of the Landlord Work will be completed at Landlord’s sole cost and expense (subject to the terms of Section 2 below) using Building standard methods, materials and finishes, which standards are attached hereto as **Exhibit C-2.** If any finishes or materials specified in the Landlord Work are or become unavailable or have long lead times that would delay Landlord’s completion of the Landlord Work, Landlord and Tenant shall work together in good faith to select alternative finishes or materials to allow Landlord to complete the Landlord Work in a timely manner. Landlord shall enter into a direct contract for the Landlord Work with Venture Builders as general contractor. In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Landlord Work. Landlord’s supervision or performance of any work for or on behalf of Tenant shall not be deemed a representation by Landlord that such Plans or the revisions thereto comply with applicable insurance requirements, building codes, ordinances, laws or regulations, or that the improvements constructed in accordance with the Plans and any revisions thereto will be adequate for Tenant’s use, it being agreed that Tenant shall be responsible for all elements of the design of Tenant’s plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the premises and the placement of Tenant’s furniture, appliances and equipment).

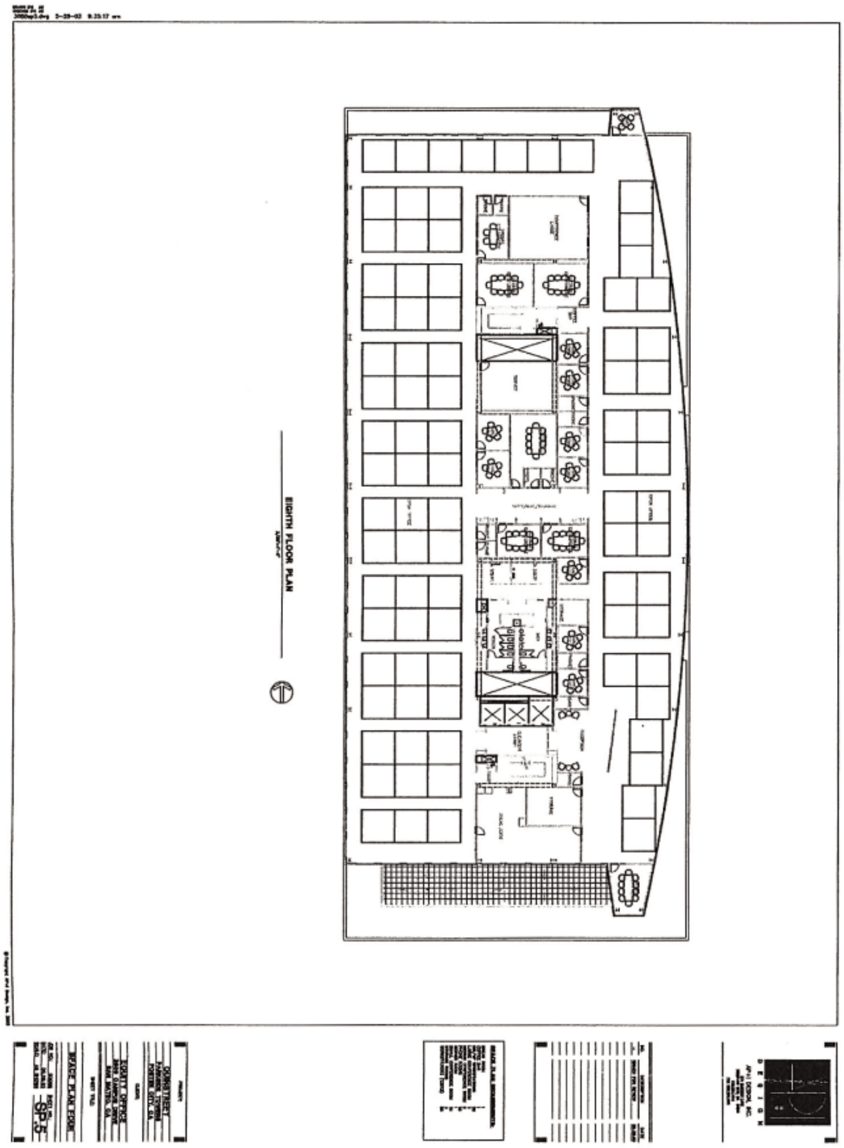
2. If Tenant shall request any revisions to the Plans, Landlord shall have such revisions prepared at Tenant’s sole cost and expense and Tenant shall reimburse Landlord for the cost of preparing any such revisions to the Plans, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost in the Landlord Work, if any, resulting from such revisions to the Plans. Tenant, within one Business Day, shall notify Landlord in writing whether it desires to proceed with such revisions. In the absence of such written authorization, Landlord shall have the option to continue work on the Premises disregarding the requested revision. Tenant shall be responsible for any Tenant Delay in completion of the Premises resulting from any revision to the Plans. . If such revisions result in an increase in the cost of Landlord Work, such increased costs, plus any applicable state sales or use tax thereon, shall be payable by Tenant upon demand. Notwithstanding anything herein to the contrary, all revisions to the Plans shall be subject to the approval of Landlord.

3. In addition to the Landlord Work, Landlord shall construct a shower facility on the 5th floor of the East Tower, as more fully described in those certain Plans prepared by API Design, Inc. dated May 13, 2003 (the **“Shower Facility”)** at Landlord’s sole cost and expense using Building Standard methods, materials and finishes. Landlord shall enter into a direct contract for the Landlord Work with Venture Builders as general contractor. In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Landlord Work. Landlord shall use reasonable efforts to complete the Shower Facility by November 1, 2003, but any delay in the completion of the Shower Facility or inconvenience suffered by Tenant during the construction of the Shower Facility shall not delay the Commencement Date nor shall it subject Landlord to any liability for any loss or damage resulting therefrom or entitle Tenant to any credit, abatement or adjustment of Rent or other sums payable under the Lease.

4. This Work Letter shall not be deemed applicable to any additional space added to the 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 to the Premises in the event of a renewal or extension of the original 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 to the Lease.

EXHIBIT C-1

PLANS



{QuinStreet, Inc. -5-00004264.}
May 29, 2003
Matter ID Number: 7329

EXHIBIT C-1

PLANS

FINISH SPECIFICATIONS

C1	CARPET	MFG: STYLE: COLOR: NUMBER:	BIGELOW CYBERWEAVE SILVER MOSS W019-3770	P1	PAINT GENERAL	MFG: COLOR: NUMBER:	ICI SWISS COFFEE 2012
C2	CARPET	MFG: STYLE: COLOR: NUMBER:	BIGELOW CAMDEN EARTH MNERAL W310-3887	P2	PAINT ACCENT	MFG: COLOR: NUMBER:	ICI AMISH LINEN 563
C2	CARPET	MFG: STYLE: COLOR: NUMBER: WEIGHT:	BIGELOW SPECTRUM II FAWN B5117-862 36 OZ.	P3	PAINT ACCENT	MFG: COLOR: NUMBER:	ICI ABBEY CREAM 484
RT1	RESILIENT TILE	MFG: STYLE: COLOR: NUMBER: SIZE:	ARMSTRONG STONETEX EXCELON SANDSTONE TAN 52143 12” X 12”	LP1	LAMINATED PLASTIC	MFG: STYLE: COLOR: NUMBER:	NEVAMAR TEMPERA TEXTURED OCHRE TM–2–IT
RB1	RESILIENT BASE	MFG: STYLE: COLOR: NUMBER:	BURKE 4” TOPSET BEIGE 203	LP2	LAMINATED PLASTIC	MFG: STYLE: COLOR: NUMBER:	NEVAMAR SHIBORI TEXTURED MAIZE SH–2–2T

EXHIBIT C-2
BUILDING STANDARDS

May 27, 2003

Ms. Carol Donnelly
Equity Office Properties
2929 Campus Drive, Suite 125
San Mateo, CA 94403

VENTURE
BUILDERS

Project: **QuinStreet**
1051 East Hillsdale Boulevard, Suite 800
Foster City, CA 94404

Re: **Budget Price (revision # 3)**

Dear Carol:

We are pleased to submit the Budget Price for QuinStreet at the 8th floor of 1051 East Hillsdale Boulevard. This pricing is based on a space plans dated May 6, 2003 and are further qualified as follows:

Rough Carpentry

1. Price includes:
   - a) One time lobby/elevator protection
   - b) Barricades/Traffic control
   - c) General Labor
   - d) Concrete pad on roof.

Millwork

1. Price includes:
   - a) All millwork is figured to be plastic laminate.
   - b) Break Room Upper and lower cabinets with countertop.
   - c) Coffee Bar Upper and lower cabinets with countertop.
   - d) Copy/mail/Storage upper and lower cabinets with countertop.
   - e) Phone Room counters

Doors, Frames and Hardware

1. Price includes:
   - a) All wood doors to be flush plain sliced white maple with a clear finish.
   - b) (37) each 3’ x 9’ non rated office doors in factory finished aluminum frames.
2. Price excludes:
   - a) Micro-key hardware.
   - b) Any work to core and shell doors shown as existing.
   - c) Keying
   - d) Grouting of frames.
   - e) Glass and glazing.
   - f) Rated assemblies

Glass and Glazing

1. Price includes:

   a) (15) each ¼" clear tempered 3' glass at office sidelights.

   b) (7) each ¼" clear tempered 1' glass at office sidelights.

   c) Install roll-in gasketing supplied by others.

2. Price excludes:

   a) Rated glass

Metal Studs and Drywall

1. Price includes:

   a) All walls around core area that are exposed to open office are to be full height non-rated walls..

   b) All walls inside core area are to be ceiling height plus 6" with insulation laid over the top for sound dampening.

   c) In wall insulation at conference rooms only.

   d) All perimeter low sill walls up to 38" to be framed rocked and finished.

   e) All perimeter over head sill wall to be framed, rocked and finished to hold window blinds.

   f) Soffits up to deck at break rooms Copy/Mail/Storage and Coffee Bar.

   g) Frame rock and tape all columns to full height.

   h) Rear and adjoining sidewalls in the phone and conference rooms will be 3 5/8" studs filled with 3 1/2" insulation batts for sound containment.

2. Price excludes:

   a) Fire extinguisher cabinets (not shown).

   b) Access panels.

   c) Fire stopping at penetrations (walls are non rated).

   d) Upgrades to existing construction.

Acoustical Ceiling

1. Price includes:

   a) Acoustical ceiling grid and tile throughout entire core areas (Conf Rooms, Copy Rooms, Meeting Rooms, Storage, Break Rooms)

   b) Server Room to have a dropped 2x4 grid with fissured tiles.

   c) Tile to be Armstrong, White 2x2 Dune second look with a 9/16" reveal.

   d) The grid is a 9/16" expose tee suspension system in white.

   e) All open office to have white PAPER covering to underside of existing insulation with stick pin installation*.

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* Landlord has asked the installing contractor to do a "mockup" of the proposed ceiling installation to review with all parties. Until that time, Landlord is willing to commit to providing a insulation covering that is mutually agreeable for both the customer and the Landlord, which Landlord believes the specified paper covering can achieve. Parties agree that a professional/clean installation and aesthetical appearance is necessary to complete the space in a first class fashion, for the benefit of Quinstreet and future customers seeking space within the project. In the event it does not meet with both parties approval, we will identify a suitable covering to achieve both parties' desired results.

Floor Covering

1. Price includes:

   a) All carpeting, VCT and base.

   b) Floor preparation as required.

   c) Server room (only) floor to have anti-static floor tiles installed

   NOTE:

   a) Carpeting being carried is Mohawk standard carpet.

   b) VCT is Armstrong Excelon.

Painting and Wall Covering

1. Price includes:
   a) Paint all partitions as scheduled (see Drywall scope).
   b) Base coat and two finish coats.
   c) Touch up.
   d) Walls to be smooth finish

Window-coverings

1. Price includes:
   a) Levolor 1” perforated blinds.

Plumbing

1. Price includes:
   a) (1) sink and faucet each for Break Room and Coffee Bar.
   b) (1) water cooler supply for Break Room.
   c) (1) coffee maker outlet each for Break Room and Coffee Bar.
   d) (1) dishwasher supply for Break Room.
   e) (2) condensate drains for HVAC units at Server Room.
   f) Core drilling
   g) (1) Dishwasher.
   h) (1) Garbage disposal

Fire Sprinklers

1. Price includes:
   a) All design-build sprinkler engineering, fabrication and installation.
2. Price excludes:
   a) Special detection systems.
   b) Low voltage wiring.

HVAC

1. Price includes:
   a) Install duct mains
   b) Install hot water supply/return mains and distribution.
   c) (15) perimeter reheat VAV zones
   d) (19) cooling only interior VAV zones
   e) Exposed ductwork
   f) Transfer fan from break room
   g) Install (2) 3 ton chilled water fan coils
   h) Chilled water piping
   i) Start up
   J) DDC controls
   k) Air balance.
   I) Engineering and Coordination.

2. Price excludes:
   a) Electrical wiring.
   b) Relocation of existing conditions.
   c) Cutting, coring, and roofing.
   d) Duct detectors.
   e) Smoke detectors.
   f) Concrete pad on roof.

Electrical/Life Safety/Telecommunications

1. Price includes design-build electrical and life safety engineering, fabrication, and installation of:
   a) (108) 2 x 4’s
   b) (10) downlights
   c) (7) undercoutner lights
   d) (11) exit signs
   e) (30) emergency lights
   f) (40) 2 gang switch/motion sensor
   g) (86) wall receptacles
   h) (11) 120/20 dedicated

i) (20) floor power

j) (20) floor telephone

k) (40) furniture power

l) (40) furniture telephone

m) (4) 3 way switches

n) (13) single switches

o) (1) exhaust fan

p) (20) wall sconces

q) (8) override switches

r) (38) conference room downlites

s) (4) 12' fluorescent indirect uplites

t) (6) 20' fluorescent indirect uplites

u) (15) 24' fluorescent indirect uplites

v) (21) 36' fluorescent indirect uplites

w) EMS

x) Engineering

y) Elevator lobby downlites

z) Temp Power & Lighting

aa) Large Conference rooms to receive a total of 6 duplex receptacles and 6 data receptacles, the remainder (small & medium conference rooms, phone rooms) shall receive a total of 3 duplex receptacles and 3 data receptacles which will be placed one per wall excluding door opening.

bb) Each group of four workstations will be provided with 2 circuits per grouping.

cc) Break room to receive electrical outlets for (2) 110v vending machines, (2) 110v refrigerators, (3) 110v microwaves, (2) 110v coffee makers for a total of (12) dedicated circuits.

2. Server Room includes:

a) 120/208 panel

b) Feeder

c) (20) 120/20 dedicated isolated grounds

d) (4) 208/30 dedicated

e) (2) fancoils (HVAC)

f) (1) shunt trip

g) (1) Emon meter

h) (1) 225 KVA transformer

i) Distribution

j) Buss plug

k) Transformer feed

l) Panel feed

m) Light Fixtures

<u>Security:</u>

1. An allowance is being carried for (2) card readers for stair well doors and a low voltage panel.

Clarifications

1. The electrical includes the connection of the furniture whips to the floor monument only, it is the responsibility of the furniture contractor to connect the whip to the furniture.

2. Landlord agrees to install draft stops if/as needed per code.

<u>General Conditions</u>

This is for all of the temporary facilities required by the General Contractor to manage the project such as supervision, management, and administration.

<u>Exclusions</u>

1. Structural engineering or work.
2. Signage.
3. Bathrooms.
4. Keying.
5. Furniture.
6. Work stations.
7. Telecommunications except as noted above
8. All Micro-key hardware and coordination.
9. Audiovisual work, monitors and projectors.

If you have any questions, or require additional information, please call our office at (650) 598-3961.

Sincerely,
VENTURE BUILDERS

{QuinStreet, Inc. -6-00004264.}
May 30, 2003
Matter ID Number: 7329

EXHIBIT D
COMMENCEMENT LETTER
(EXAMPLE)

Date ____________________________________

Tenant ____________________________________
Address ____________________________________
____
____

Re: Commencement Letter with respect to that certain Lease dated as of the _____ day of ____________ , 2003, by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership,** as Landlord, and **QUINSTREET, INC., a California corporation,** as Tenant, for **35,435** rentable square feet on the eighth floor of the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

Dear _____________________________:

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is __________________________;
2. The Termination Date of the Lease is______________________________.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely,

____
Authorized Signatory

Agreed and Accepted:

Tenant: QuinStreet, Inc.

By: ____________________________________
Name: ____________________________________
Title: ____________________________________
Date: ____________________________________

EXHIBIT E

BUILDING RULES AND REGULATIONS

The following rules and regulations shall apply, where applicable, to the Premises, the Building, the parking facilities (if any), the Property and the appurtenances. In the event of a conflict between the following rules and regulations and the remainder of the terms of the Lease, the remainder of the terms of the Lease shall control. Capitalized terms have the same meaning as defined in the Lease.

1. Sidewalks, doorways, vestibules, halls, stairways and other similar areas shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress and egress to and from the Premises. No rubbish, litter, trash, or material shall be placed, emptied, or thrown in those areas. At no time shall Tenant permit Tenant's employees to loiter in Common Areas or elsewhere about the Building or Property.

2. Plumbing fixtures and appliances shall be used only for the purposes for which designed and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed in the fixtures or appliances. Damage resulting to fixtures or appliances by Tenant, its agents, employees or invitees shall be paid for by Tenant and Landlord shall not be responsible for the damage.

3. No signs, advertisements or notices shall be painted or affixed to windows, doors or other parts of the Building, except those of such color, size, style and in such places as are first approved in writing by Landlord. Tenant shall be entitled to tenant identification and suite number signage at the entrance to the Premises, as well as elevator lobby signage on the 8th floor of the Building, all of which shall be installed by Landlord, at Tenant's cost and expense, using the standard graphics for the Building. Except in connection with the hanging of lightweight pictures and wall decorations, no nails, hooks or screws shall be inserted into any part of the Premises or Building except by the Building maintenance personnel without Landlord's prior approval, which approval shall not be unreasonably withheld.

4. Landlord shall provide and maintain in the first floor (main lobby) of the Building an alphabetical directory board or other directory device listing tenants, including Tenant, at Landlord's cost and no other directory shall be permitted unless previously consented to by Landlord in writing.

5. Tenant shall not place any lock(s) on any door in the Premises or Building without Landlord's prior written consent, which consent shall not be unreasonably withheld, and Landlord shall have the right at all times to retain and use keys or other access codes or devices to all locks within and into the Premises. A reasonable number of keys to the locks on the entry doors in the Premises shall be furnished by Landlord to Tenant at Tenant's cost and Tenant shall not make any duplicate keys. All keys shall be returned to Landlord at the expiration or early termination of the Lease.

6. All contractors, contractor's representatives and installation technicians performing work in the Building shall be subject to Landlord's prior approval, which approval shall not be unreasonably withheld, and shall be required to comply with Landlord's standard rules, regulations, policies and procedures, which may be revised from time to time.

7. Movement in or out of the Building of furniture or office equipment, or dispatch or receipt by Tenant of merchandise or materials requiring the use of elevators, stairways, lobby areas or loading dock areas, shall be restricted to hours reasonably designated by Landlord. Tenant shall obtain Landlord's prior approval by providing a detailed listing of the activity, which approval shall not be unreasonably withheld. If approved by Landlord, the activity shall be under the supervision of Landlord and performed in the manner required by Landlord. Tenant shall assume all risk for damage to articles moved and injury to any persons resulting from the activity. If equipment, property, or personnel of Landlord or of any other party is damaged or injured as a result of or in connection with the activity, Tenant shall be solely liable for any resulting damage, loss or injury.

8. Landlord shall have the right to approve the weight, size, or location of heavy equipment or articles in and about the Premises, which approval shall not be unreasonably withheld. Damage to the Building by the installation, maintenance, operation, existence or removal of Tenant's Property shall be repaired at Tenant's sole expense.

9. Corridor doors, when not in use, shall be kept closed.

10. Tenant shall not: (1) make or permit any improper, objectionable or unpleasant noises or odors in the Building, or otherwise interfere in any way with other tenants or persons having business with them; (2) solicit business or distribute or cause to be distributed, in any portion of the

Building, handbills, promotional materials or other advertising; or (3) conduct or permit other activities in the Building that might, in Landlord's sole opinion, constitute a nuisance.

11. No animals, except those assisting handicapped persons, shall be brought into the Building or kept in or about the Premises.

12. No inflammable, explosive or dangerous fluids or substances shall be used or kept by Tenant in the Premises, Building or about the Property, except for those substances as are typically found in similar premises used for general office purposes and are being used by Tenant in a safe manner and in accordance with all applicable Laws. Tenant shall not, without Landlord's prior written consent, use, store, install, spill, remove, release or dispose of, within or about the Premises or any other portion of the Property, any asbestos-containing materials or any solid, liquid or gaseous material now or subsequently considered toxic or hazardous under the provisions of 42 U.S.C. Section 9601 et seq. or any other applicable environmental Law which may now or later be in effect. Tenant shall comply with all Laws pertaining to and governing the use of these materials by Tenant and shall remain solely liable for the costs of abatement and removal.

13. Tenant shall not use or occupy the Premises in any manner or for any purpose which might injure the reputation or impair the present or future value of the Premises or the Building. Tenant shall not use, or permit any part of the Premises to be used for lodging, sleeping or for any illegal purpose.

14. Tenant shall not take any action which would violate Landlord's labor contracts or which would cause a work stoppage, picketing, labor disruption or dispute or interfere with Landlord's or any other tenant's or occupant's business or with the rights and privileges of any person lawfully in the Building **("Labor Disruption")** . Tenant shall take the actions necessary to resolve the Labor Disruption, and shall have pickets removed and, at the request of Landlord, immediately terminate any work in the Premises that gave rise to the Labor Disruption, until Landlord gives its written consent for the work to resume. Tenant shall have no claim for damages against Landlord or any of the Landlord Related Parties nor shall the Commencement Date of the Term be extended as a result of the above actions.

15. Tenant shall not install, operate or maintain in the Premises or in any other area of the Building, electrical equipment that would overload the electrical system beyond its capacity for proper, efficient and safe operation as determined solely by Landlord. Tenant shall not furnish cooling or heating to the Premises, including, without limitation, the use of electric or gas heating devices, without Landlord's prior written consent. Tenant shall not use more than its proportionate share of telephone lines and other telecommunication facilities available to service the Building.

16. Tenant shall not operate or permit to be operated a coin or token operated vending machine or similar device (including, without limitation, telephones, lockers, toilets, scales, amusement devices and machines for sale of beverages, foods, candy, cigarettes and other goods), except for machines for the exclusive use of Tenant's employees and invitees.

17. Bicycles and other vehicles are not permitted inside the Building or on the walkways outside the Building, except in areas designated by Landlord. This exclusion is expressly understood not to apply to conveyances reasonably necessary for the movement of persons with disabilities or for the easy movement of children under 4 years of age within the Building.

18. Landlord may from time to time adopt systems and procedures for the security and safety of the Building and the Property, its occupants, entry, use and contents. Tenant, its agents, employees, contractors, guests and invitees shall comply with Landlord's systems and procedures.

19. Landlord shall have the right to prohibit the use of the name of the Building or any other publicity by Tenant that in Landlord's sole opinion may impair the reputation of the Building or its desirability. Upon written notice from Landlord, Tenant shall refrain from and discontinue such publicity immediately.

20. Neither Tenant nor its agents, employees, contractors, guests or invitees shall smoke or permit smoking in the Common Areas, unless a portion of the Common Areas have been declared a designated smoking area by Landlord, nor shall the above parties allow smoke from the Premises to emanate into the Common Areas or any other part of the Building. Landlord shall have the right to designate the Building (including the Premises) as a non-smoking building.

21. Landlord shall have the right to designate and approve standard window coverings for the Premises and to establish rules to assure that the Building presents a uniform exterior appearance. Tenant shall ensure, to the extent reasonably practicable, that window coverings are closed on windows in the Premises while they are exposed to the direct rays of the sun.

22. Deliveries to and from the Premises shall be made only at the times in the areas and through the entrances and exits reasonably designated by Landlord. Tenant shall not make deliveries to or from the Premises in a manner that might interfere with the use by any other tenant of its premises or of the Common Areas, any pedestrian use, or any use which is inconsistent with good business practice.

23. The work of cleaning personnel shall not be hindered by Tenant after 5:30 P.M., and cleaning work may be done at any time when the offices are vacant. Windows, doors and fixtures may be cleaned at any time. Tenant shall provide adequate waste and rubbish receptacles to prevent unreasonable hardship to the cleaning service.

EXHIBIT F

ADDITIONAL PROVISIONS

This Exhibit is attached to and made a part of the Lease by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord")** and **QUINSTREET, INC., a California corporation ("Tenant")** for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

1. **Renewal Option.**

A. Grant of Option; Conditions. Tenant shall have the right to extend the Term (the **"Renewal Option")** for one additional period of five (5) years commencing on the day following the Termination Date of the initial Term and ending on the fifth anniversary of the Termination Date (the **"Renewal Term"),** if:

1. Landlord receives notice of exercise **("Initial Renewal Notice")** not less than 9 full calendar months prior to the expiration of the initial Term and not more than 12 full calendar months prior to the expiration of the initial Term; and

2. Tenant is not in default under the Lease beyond any applicable cure periods at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice (as defined below); and

3. No part of the Premises is sublet (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) at the time that Tenant delivers its Initial Renewal Notice or at the time Tenant delivers its Binding Notice; and

4. The Lease has not been assigned (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) prior to the date that Tenant delivers its Initial Renewal Notice or prior to the date Tenant delivers its Binding Notice.

B. Terms Applicable to Premises During Renewal Term.

1. The initial Base Rent rate per rentable square foot for the Premises during the Renewal Term shall equal 95% of the Prevailing Market rate (hereinafter defined) per rentable square foot for the Premises. Base Rent during the Renewal Term shall increase, if at all, in accordance with the increases assumed in the determination of Prevailing Market rate. Base Rent attributable to the Premises shall be payable in monthly installments in accordance with the terms and conditions of Section 4 of the Lease.

2. Tenant shall pay Additional Rent (i.e. Taxes and Expenses) for the Premises during the Renewal Term In accordance with the terms of Section 4 of the Lease, and the manner and method in which Tenant reimburses Landlord for Tenant's share of Taxes and Expenses and the Base Year applicable to such matter, shall be some of the factors considered in determining the Prevailing Market rate for the Renewal Term.

C. Initial Procedure for Determining Prevailing Market. Within 30 days after receipt of Tenant's Initial Renewal Notice, Landlord shall advise Tenant of the applicable Base Rent rate for the Premises for the Renewal Term. Tenant, within 30 days after the date on which Landlord advises Tenant of the applicable Base Rent rate for the Renewal Term, shall either (i) give Landlord final binding written notice **("Binding Notice")** of Tenant's exercise of its Renewal Option, or (ii) if Tenant disagrees with Landlord's determination, provide Landlord with written notice of rejection (the **"Rejection Notice")**. If Tenant fails to provide Landlord with either a Binding Notice or Rejection Notice within such 30 day period, Tenant's Renewal Option shall be null and void and of no further force and effect. If Tenant provides Landlord with a Binding Notice, Landlord and Tenant shall enter into the Renewal Amendment (as defined below) upon the terms and conditions set forth herein. If Tenant provides Landlord with a Rejection Notice, Landlord and Tenant shall work together in good faith to agree upon the Prevailing Market rate for the Premises during the Renewal Term. Upon agreement, Landlord and Tenant shall enter into the Renewal Amendment in accordance with the terms and conditions hereof. Notwithstanding the foregoing, if Landlord and Tenant fail to agree upon the Prevailing Market rate within 30 days after the date Tenant provides Landlord with the Rejection Notice, Tenant, by written notice to Landlord (the **"Arbitration Notice")** within 5 days after the expiration of such 30 day period, shall have the right to have the Prevailing Market rate determined in accordance with the arbitration procedures described in Section D below. If Landlord and Tenant fail to agree upon the Prevailing Market rate within the 30 day period described and Tenant fails to timely exercise its right to arbitrate, Tenant's Renewal Option shall be deemed to be null and void and of no further force and effect.

D. Arbitration Procedure.

1. If Tenant provides Landlord with an Arbitration Notice, Landlord and Tenant, within 5 days after the date of the Arbitration Notice, shall each simultaneously submit to the other, in a sealed envelope, its good faith estimate of the Prevailing Market rate for the Premises during the Renewal Term (collectively referred to as the **"Estimates"**). If the higher of such Estimates is not more than 105% of the lower of such Estimates, then Prevailing Market rate shall be the average of the two Estimates. If the Prevailing Market rate is not resolved by the exchange of Estimates, then, within 7 days after the exchange of Estimates, Landlord and Tenant shall each select an appraiser to determine which of the two Estimates most closely reflects the Prevailing Market rate for the Premises during the Renewal Term. Each appraiser so selected shall be certified as an MAI appraiser or as an ASA appraiser and shall have had at least 5 years experience within the previous 10 years as a real estate appraiser working in the Foster City/San Mateo area with working knowledge of current rental rates and practices. For purposes hereof, an "MAI" appraiser means an individual who holds an MAI designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization, or in the event there is no successor organization, the organization and designation most similar), and an "ASA" appraiser means an individual who holds the Senior Member designation conferred by, and is an independent member of, the American Society of Appraisers (or its successor organization, or, in the event there is no successor organization, the organization and designation most similar).

2. Upon selection, Landlord's and Tenant's appraisers shall work together in good faith to agree upon which of the two Estimates most closely reflects the Prevailing Market rate for the Premises. The Estimate chosen by such appraisers shall be binding on both Landlord and Tenant as the Base Rent rate for the Premises during the Renewal Term, subject to the terms of Section D.4 below regarding the Minimum Renewal Base Rent, as defined therein. If either Landlord or Tenant fails to appoint an appraiser within the 7 day period referred to above, the appraiser appointed by the other party shall be the sole appraiser for the purposes hereof. If the two appraisers cannot agree upon which of the two Estimates most closely reflects the Prevailing Market within 20 days after their appointment, then, within 10 days after the expiration of such 20 day period, the two appraisers shall select a third appraiser meeting the aforementioned criteria. Once the third appraiser (i.e. arbitrator) has been selected as provided for above, then, as soon thereafter as practicable but in any case within 14 days, the arbitrator shall make his determination of which of the two Estimates most closely reflects the Prevailing Market rate and such Estimate shall be binding on both Landlord and Tenant as the Base Rent rate for the Premises, subject to the terms of Section D.4 below regarding the Minimum Renewal Base Rent, as defined therein. If the arbitrator believes that expert advice would materially assist him, he may retain one or more qualified persons to provide such expert advice. The parties shall share equally in the costs of the arbitrator and of any experts retained by the arbitrator. Any fees of any appraiser, counsel or experts engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such appraiser, counsel or expert.

3. If the Prevailing Market rate has not been determined by the commencement date of the Renewal Term, Tenant shall pay Base Rent upon the terms and conditions in effect during the last month of the initial Term for the Premises until such time as the Prevailing Market rate has been determined. Upon such determination, the Base Rent for the Premises shall be retroactively adjusted to the commencement of the Renewal Term for the Premises. If such adjustment results in an underpayment of Base Rent by Tenant, Tenant shall pay Landlord the amount of such underpayment within 30 days after the determination thereof. If such adjustment results in an overpayment of Base Rent by Tenant, Landlord shall credit such overpayment against the next installment of Base Rent due under the Lease and, to the extent necessary, any subsequent installments, until the entire amount of such overpayment has been credited against Base Rent.

E. Renewal Amendment. If Tenant is entitled to and properly exercises its Renewal Option, Landlord shall prepare an amendment (the **"Renewal Amendment"**) to reflect changes in the Base Rent, Term, Termination Date and other appropriate terms. The Renewal

Amendment shall be sent to Tenant within a reasonable time after receipt of the Binding Notice and Tenant shall execute and return the Renewal Amendment to Landlord within 15 days after Tenant's receipt of same, but, upon final determination of the Prevailing Market rate applicable during the Renewal Term as described herein, an otherwise valid exercise of the Renewal Option shall be fully effective whether or not the Renewal Amendment is executed.

F. Prevailing Market. For purposes hereof, **"Prevailing Market"** shall mean the arms length fair market annual rental rate per rentable square foot under renewal leases and amendments entered into on or about the date on which the Prevailing Market is being determined hereunder for space comparable to the Premises in the Building and office buildings comparable to the Building in the Foster City/San Mateo area. The determination of Prevailing Market shall take into account any material economic differences between the terms of this Lease and any comparison lease or amendment, such as rent abatements, construction costs and other concessions and the manner, if any, in which the landlord under any such lease is reimbursed for operating expenses and taxes.

2. **Right of First Refusal.**

A. Grant of Option; Conditions. Tenant shall have an ongoing right of first refusal (the **"Right of First Refusal"**) with respect to the approximately 36,885 rentable square feet of space consisting of the 7th floor of the East Tower Building, shown on the demising plan attached hereto as **Exhibit F-1** (the **"Refusal Space"**). Tenant's Right of First Refusal shall be exercised as follows: when Landlord has a prospective tenant, other than the then-existing tenant in the applicable portion of the Refusal Space, (the **"Prospect"**) interested in leasing all or a portion of the Refusal Space, Landlord shall advise Tenant (the **"Advice"**) of the terms under which Landlord is prepared to lease such portion of the Refusal Space to such Prospect and Tenant may lease such portion of the Refusal Space, under such terms, by providing Landlord with written notice of exercise (the **"Notice of Exercise"**) within 5 Business Days after the date of the Advice, except that Tenant shall have no such Right of First Refusal and Landlord need not provide Tenant with an Advice if:

1. Tenant is in default under the Lease beyond any applicable cure periods at the time that Landlord would otherwise deliver the Advice; or
2. the Premises, or any portion thereof, is sublet (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) at the time Landlord would otherwise deliver the Advice; or
3. the Lease has been assigned (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) prior to the date Landlord would otherwise deliver the Advice; or
4. the Refusal Space is not intended for the exclusive use of Tenant or the transferee of a Permitted Transfer during the Term; or
5. the Tenant or the transferee of a Permitted Transfer is not occupying the Premises on the date Landlord would otherwise deliver the Advice.

Notwithstanding anything in the foregoing to the contrary, Landlord shall not deliver an Advice to Tenant prior to the earlier of the following: (1) the date that is 30 months after the Commencement Date, or (2) the first date by which at least 50% of the Building is leased, it being understood that Landlord will not lease any portion of the Refusal Space to a third party prior to the earlier of such dates.

B. Terms for Refusal Space.

1. The term for the Refusal Space shall commence upon the commencement date stated in the Advice and thereupon such Refusal Space shall be considered a part of the Premises, provided that all of the terms stated in the Advice, including the termination date set forth in the Advice, shall govern Tenant's leasing of the Refusal Space and only to the extent that they do not conflict with the Advice, the terms and conditions of the Lease shall apply to the Refusal Space. Tenant shall pay Base Rent and Additional Rent for the Refusal Space in accordance with the terms and conditions of the Advice.

2. The Refusal Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant takes possession of the Refusal Space or the date the term for such Refusal Space commences, unless the Advice specifies work to be performed by Landlord in the Refusal Space, in which case Landlord shall perform such work in the Refusal Space. If Landlord is delayed delivering possession of the Refusal Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the Refusal Space shall be postponed until the date Landlord delivers possession of the Refusal Space to Tenant free from occupancy by any party.

C. <u>Termination of Right of First Refusal.</u> The rights of Tenant hereunder with respect to the Refusal Space shall terminate on the earlier to occur of (i) the original Termination Date under this Lease (not including the Renewal Term, if any), (ii) with respect to any particular Advice, Tenant's failure to exercise its Right of First Refusal within the 5 Business Day period provided in Section A above; and (iii) with respect to any particular Advice, the date Landlord would have provided Tenant such Advice if Tenant had not been in violation of one or more of the conditions set forth in Section A above.

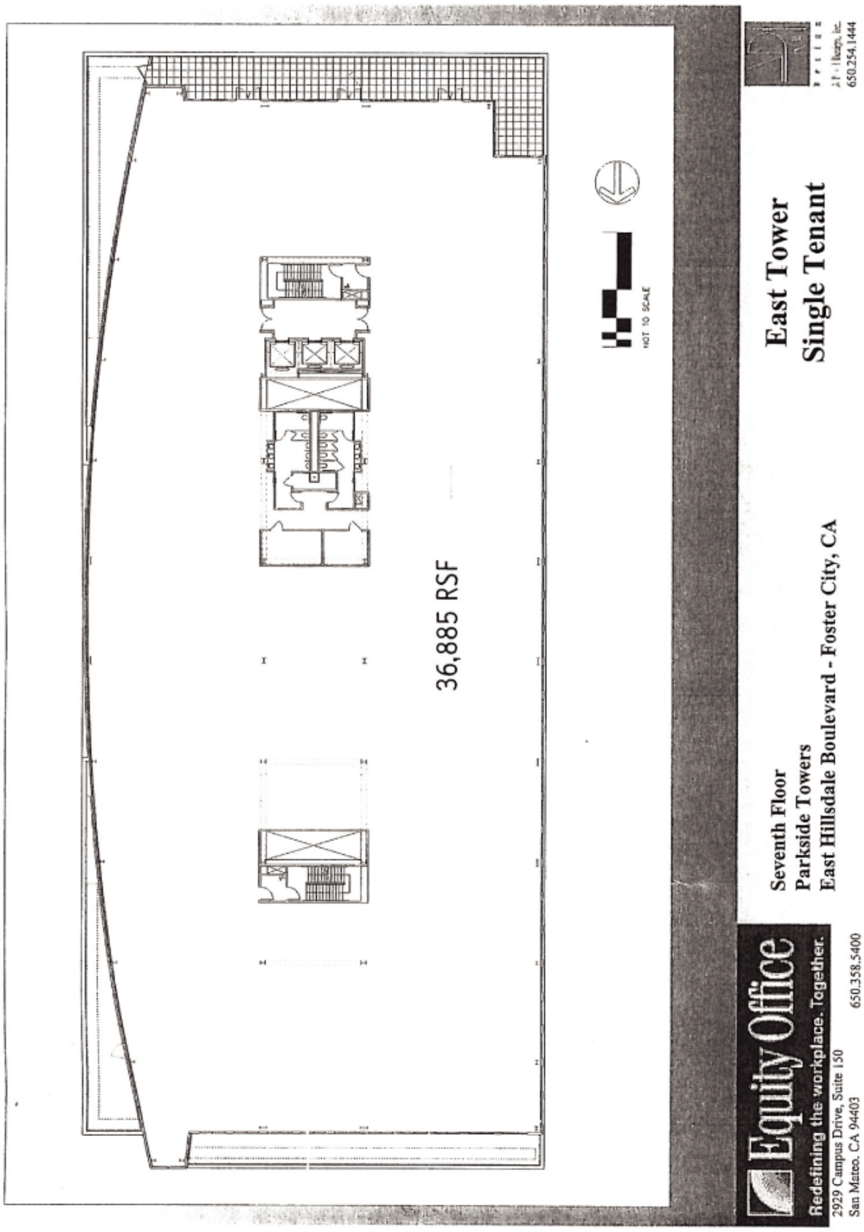
D. <u>Refusal Space Amendment.</u> If Tenant exercises its Right of First Refusal, Landlord shall prepare an amendment (the **"Refusal Space Amendment")** adding the Refusal Space to the Premises on the terms set forth in the Advice and reflecting the changes in the Base Rent, Rentable Square Footage of the Premises, Tenant's Pro Rata Share and other appropriate terms. A copy of the Refusal Space Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the Notice of Exercise executed by Tenant, and Tenant shall execute and return the Refusal Space Amendment to Landlord within 15 days thereafter, but an otherwise valid exercise of the Right of First Refusal shall be fully effective whether or not the Refusal Space Amendment is executed.

3. **Shower Facility.** Subject to the provisions of this Section 3 of Exhibit F, following the completion of construction of the Shower Facility (as defined in the Work Letter) by Landlord, so long as Tenant is not in default under this Lease, Tenant shall be entitled to the non-exclusive use of the Shower Facility. The use of the Shower Facility shall be subject to the reasonable rules and regulations (including rules regarding hours of use) established from time to time by Landlord for the Shower Facility. The costs of operating, maintaining and repairing the Shower Facility may be included as part of Expenses. Tenant acknowledges that the provisions of this Section shall not be deemed to be a representation by Landlord that Landlord shall continuously maintain the Shower Facility in its original configuration throughout the Term, and Landlord shall have the right, at Landlord's sole discretion, to expand, contract or otherwise modify the Shower Facility, so long as the benefits to Tenant in connection therewith are not materially reduced. Tenant hereby voluntarily releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant or its employees or agents arising as a result of the use of the Shower Facility, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action, except to the extent arising out of the gross negligence or willful misconduct of Landlord. It is the intention of Tenant with respect to the Shower Facility to exempt and relieve Landlord from liability for personal injury or property damage caused by negligence.

4. **Temporary Fitness Center Use.** During the period starting with the Commencement Date and ending on the date on which Landlord first offers Tenant an Advice with respect to all or any portion of the Refusal Space in accordance with the provisions of Paragraph 2 of this Exhibit F, Tenant may have access to up to 5,000 rentable square feet in a location designated by Landlord on the 7th floor of the Building (the "Fitness Center Space") for the placing of exercise equipment and use as a fitness center by Tenant's employees only, all at Tenant's sole risk and Tenant's sole cost and expense. Tenant's use of the Fitness Center Space shall be subject to Landlord' reasonable prior approval of the nature of the equipment to be installed by Tenant and the use thereof, and shall be subject to all the terms and conditions of the Lease (and the Fitness Center Space shall be considered part of the Premises for purposes of Tenant's insurance and indemnification obligations under the Lease), except that Tenant shall not be required to pay Base Rent and Additional Rent in connection with such use. Landlord may deny or withdraw such permission to enter or use the Fitness Center Space prior to the first Advice at any time that Landlord reasonably determines that such entry by Tenant is causing a dangerous situation for Landlord, Tenant or their respective contractors or employees.

EXHIBIT F-1

REFUSAL SPACE



{QuinStreet, Inc. -5-00004264.}
May 29, 2003
Matter ID Number: 7329

EXHIBIT G

PARKING AGREEMENT

This Exhibit (the **"Parking Agreement")** is attached to and made a part of the Lease by and between **CA- PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership** ("**Landlord**") and **QUINSTREET, INC., a California corporation** ("**Tenant**") for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

1. The capitalized terms used in this Parking Agreement shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Parking Agreement. In the event of any conflict between the Lease and this Parking Agreement, the latter shall control.

2. During the initial Term, Tenant agrees to lease from Landlord and Landlord agrees to lease to Tenant a total of 128 non-reserved parking spaces in the parking facility servicing the Building **("Parking Facility")**. During the initial Term, the charge for such 128 non-reserved parking spaces shall be $0.00 per non-reserved parking pass, per month. Tenant may, from time to time request additional parking spaces, and if Landlord shall provide the same, such parking spaces shall be provided and used on a month-to-month basis, and otherwise on the foregoing terms and provisions, and at such prevailing monthly parking charges as shall be established from time to time, provided that Tenant shall be entitled to use such additional parking spaces at no additional charge so long as such additional spaces are available in the Parking Facility and Tenant's use of such additional parking spaces does not interfere with the rights of the employees and invitees of other tenants of the Building to use the Parking Facility, as reasonably determined by Landlord. No deductions from the monthly charge, if any, shall be made for days on which the Parking Facility is not used by Tenant.

3. Tenant shall at all times comply with all applicable ordinances, rules, regulations, codes, laws, statutes and requirements of all federal, state, county and municipal governmental bodies or their subdivisions respecting the use of the Parking Facility. Landlord reserves the right to adopt, modify and enforce reasonable rules **("Rules")** governing the use of the Parking Facility from time to time including any key-card, sticker or other identification or entrance system and hours of operation. The Rules set forth herein are currently in effect. Landlord may refuse to permit any person who violates such Rules to park in the Parking Facility, and any violation of the Rules shall subject the car to removal from the Parking Facility.

4. Unless specified to the contrary above, the parking spaces hereunder shall be provided on a non-designated "first-come, first-served" basis. Tenant acknowledges that Landlord has no liability for claims arising through acts or omissions of any independent operator of the Parking Facility. Landlord shall have no liability whatsoever for any damage to items located in the Parking Facility, nor for any personal injuries or death arising out of any matter relating to the Parking Facility, and in all events, Tenant agrees to look first to its insurance carrier and to require that Tenant's employees look first to their respective insurance carriers for payment of any losses sustained in connection with any use of the Parking Facility. Tenant hereby waives on behalf of its insurance carriers all rights of subrogation against Landlord or Landlord's agents. Landlord reserves the right to assign specific parking spaces, and to reserve parking spaces for visitors, small cars, handicapped persons and for other tenants, guests of tenants or other parties, which assignment and reservation or spaces may be relocated as determined by Landlord from time to time, and Tenant and persons designated by Tenant hereunder shall not park in any location designated for such assigned or reserved parking spaces. Tenant acknowledges that the Parking Facility may be closed entirely or in part in order to make repairs or perform maintenance services, or to alter, modify, re-stripe or renovate the Parking Facility, or if required by casualty, strike, condemnation, act of God, governmental law or requirement or other reason beyond the operator's reasonable control. In such event, Landlord shall refund any prepaid parking fee hereunder, prorated on a per diem basis.

5. If Tenant shall default under this Parking Agreement, the operator shall have the right to remove from the Parking Facility any vehicles hereunder which shall have been involved or shall have been owned or driven by parties involved in causing such default, without liability therefor whatsoever. In addition, if Tenant shall default under this Parking Agreement, Landlord shall have the right to cancel this Parking Agreement on 30 days' written notice, unless within such 30 day period, Tenant cures such default. If Tenant defaults with respect to the same term or condition under this Parking Agreement more than 3 times during any 12 month period, and Landlord notifies Tenant thereof promptly after each such default, the next default of such term or condition during the succeeding 12 month period, shall, at Landlord's election, constitute an incurable default. Such cancellation right shall be cumulative and in addition to any other rights or remedies available to Landlord at law or equity, or provided under the Lease (all of which rights and remedies under the Lease are hereby incorporated herein, as though fully set forth). Any default by Tenant under the Lease shall be a default under this Parking Agreement.

RULES

(i) Tenant shall have access to the Parking Facility on a 24-hour basis, 7 days a week, subject to the other terms of this Parking Agreement. Tenant shall not store or permit its employees to store any automobiles in the Parking Facility without the prior written consent of the operator. Except for emergency repairs, Tenant and its employees shall not perform any work on any automobiles while located in the Parking Facility, or on the Property. If it is necessary for Tenant or its employees to leave an automobile in the Parking Facility overnight, Tenant shall provide the operator with prior notice thereof designating the license plate number and model of such automobile.

(ii) Cars must be parked entirely within the stall lines painted on the floor, and only small cars may be parked in areas reserved for small cars.

(iii) All directional signs and arrows must be observed.

(iv) The speed limit shall be 5 miles per hour.

(v) Parking spaces reserved for handicapped persons must be used only by vehicles properly designated.

(vi) Parking is prohibited in all areas not expressly designated for parking, including without limitation:

(a) Areas not striped for parking

(b) aisles

(c) where "no parking" signs are posted

(d) ramps

(e) loading zones

(vii) Parking stickers, key cards or any other devices or forms of identification or entry supplied by the operator shall remain the property of the operator. Such device must be displayed as requested and may not be mutilated in any manner. The serial number of the parking identification device may not be obliterated. Parking passes and devices are not transferable and any pass or device in the possession of an unauthorized holder will be void.

(viii) Monthly fees shall be payable in advance prior to the first day of each month. Failure to do so will result in a charge at the prevailing daily parking rate until payment is made, and no refunds shall be made for such daily charges following the late payment of the monthly fee. No deductions or allowances from the monthly rate will be made for days on which the Parking Facility is not used by Tenant or its designees.

(ix) Parking Facility managers or attendants are not authorized to make or allow any exceptions to these Rules.

(x) Every parker is required to park and lock his/her own car.

(xi) Loss or theft of parking pass, identification, key cards or other such devices must be reported to Landlord and to the Parking Facility manager immediately. Any parking devices reported lost or stolen found on any authorized car will be confiscated and the illegal holder will be subject to prosecution. Lost or stolen passes and devices found by Tenant or its employees must be reported to the office of the Parking Facility immediately.

(xii) Washing, waxing, cleaning or servicing of any vehicle by the customer and/or his agents is prohibited. Parking spaces may be used only for parking automobiles.

(xiii) Tenant agrees to acquaint all persons to whom Tenant assigns a parking space with these Rules.

6. TENANT ACKNOWLEDGES AND AGREES THAT, TO THE FULLEST EXTENT PERMITTED BY LAW, LANDLORD SHALL NOT BE RESPONSIBLE FOR ANY LOSS OR DAMAGE TO TENANT OR TENANT'S PROPERTY (INCLUDING, WITHOUT LIMITATIONS, ANY LOSS OR DAMAGE TO TENANT'S AUTOMOBILE OR THE CONTENTS THEREOF DUE TO THEFT, VANDALISM OR ACCIDENT) ARISING FROM OR RELATED TO TENANT'S USE OF THE PARKING FACILITY OR EXERCISE OF ANY RIGHTS UNDER THIS PARKING AGREEMENT, WHETHER OR NOT SUCH LOSS OR DAMAGE RESULTS FROM LANDLORD'S ACTIVE NEGLIGENCE OR NEGLIGENT OMISSION. THE LIMITATION ON LANDLORD'S LIABILITY UNDER THE

PRECEDING SENTENCE SHALL NOT APPLY HOWEVER TO LOSS OR DAMAGE ARISING DIRECTLY FROM LANDLORD’S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

7. Without limiting the provisions of Paragraph 6 above, Tenant hereby voluntarily releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant arising as a result of parking in the Parking Facility, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action. It is the intention of Tenant by this instrument, to exempt and relieve Landlord from liability for personal injury or property damage caused by negligence, but shall not apply to Landlord’s gross negligence or willful misconduct.

8. The provisions of Section 20 of the Lease are hereby incorporated by reference as if fully recited.

Tenant acknowledges that Tenant has read the provisions of this Parking Agreement, has been fully and completely advised of the potential dangers incidental to parking in the Parking Facility and is fully aware of the legal consequences of agreeing to this instrument.

FIRST AMENDMENT

THIS FIRST AMENDMENT (the **"Amendment")** is made and entered into as of June 24th, 2004, by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord")** and **QU1NSTREET, INC., a California corporation** ("**Tenant**").

RECITALS

A. Landlord and Tenant are parties to that certain lease dated June 2, 2003 (the "**Lease**"). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **35,435** rentable square feet (the **"Original Premises**") described as Suite No. 800 on the 8th floor of the building commonly known as Parkside Tower East located at 1051 E. Hillsdale Drive, Foster City, California (defined in Section 1.01 of the Lease as the **"East Tower**"), which is a portion of the "**Building**" defined in Section 1.01 of the Lease.

B. Tenant has requested that additional space containing approximately **18,442** rentable square feet described as Suite No. 700 on the 7th floor of the Building shown on **Exhibit A** hereto (the **"Expansion Space**") be added to the Original Premises and that the Lease be appropriately amended and Landlord is willing to do the same on the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Expansion and Effective Date.** Effective as of the Expansion Effective Date (defined below), the Premises, as defined in the Lease, is increased from 35,435 rentable square feet on the 8th floor to **53,877** rentable square feet on the 7th and 8th floors by the addition of the Expansion Space, and from and after the Expansion Effective Date, the Original Premises and the Expansion Space, collectively, shall be deemed the Premises, as defined in the Lease. The Term for the Expansion Space shall commence on the Expansion Effective Date and end on the Termination Date. The Expansion Space is subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises unless such concessions are expressly provided for herein with respect to the Expansion Space.

1.01. The **"Expansion Effective Date"** shall be the later to occur of (i) November 15, 2004 **("Target Expansion Effective Date**"), and (ii) the date upon which the Expansion Space Landlord Work (as defined in the Expansion Space Work Letter attached as **Exhibit B** hereto) in the Expansion Space has been Substantially Completed; provided, however, that if Landlord is delayed in the performance of the Expansion Space Landlord Work as a result of the acts or omissions of Tenant, the Tenant Related Parties (defined in Section 13 of the Lease) or their respective contractors or vendors, including, without limitation, changes requested by Tenant to the Expansion Space Plans or other approved plans, Tenant's failure to comply with any of its obligations under the Lease or this Amendment or the Expansion Space Work Letter, or the specification of any materials or equipment with long lead times (a **"Tenant Delay"),** the Expansion Space Landlord Work shall be deemed to be Substantially Complete on the date that Landlord could reasonably have been expected to Substantially Complete the Expansion Space Landlord Work absent any Tenant Delay.

The Expansion Space Landlord Work shall be deemed to be **"Substantially Complete"** on the later of (a) the date that all Expansion Space Landlord Work has been performed, other than any details of construction, mechanical adjustment or any other similar matter, the non-completion of which does not materially interfere with Tenant's use of the Expansion Space, in a good and workmanlike manner and in compliance with the Expansion Space Plans (as defined in the Expansion Space Work Letter attached hereto as **Exhibit B**) and subject to any revisions to the Expansion Space Plans approved by Landlord and

Tenant in accordance with the Expansion Space Work Letter), and (b) the date Landlord receives from the appropriate governmental authorities all approvals necessary for the occupancy of the Expansion Space.

1.02. The adjustment of the Expansion Effective Date and, accordingly, the postponement of Tenant's obligation to pay Rent on the Expansion Space shall be Tenant's sole remedy and shall constitute full settlement of all claims that Tenant might otherwise have against Landlord by reason of the Expansion Space not being ready for occupancy by Tenant on the Target Expansion Effective Date. If the Expansion Effective Date is delayed pursuant to the foregoing, the Termination Date under the Lease shall not be similarly extended.

1.03. In addition to the postponement, if any, of the Expansion Effective Date as a result of the applicability of Section 1.01. of this Amendment, the Expansion Effective Date shall be delayed to the extent that Landlord fails to deliver possession of the Expansion Space on the Expansion Effective Date for any other reason (other than Tenant Delays by Tenant), including but not limited to, holding over by prior occupants. Any such delay in the Expansion Effective Date shall not subject Landlord to any liability for any loss or damage resulting therefrom. If the Expansion Effective Date is delayed pursuant to the foregoing, the Termination Date under the Lease shall not be similarly extended.

2. **Base Rent.** In addition to Tenant's obligation to pay Base Rent for the Original Premises, Tenant shall pay Landlord Base Rent for the Expansion Space as follows:

Months of Term or Period	Annual Rate Per Square Foot	Monthly Base Rent
November 15, 2004 – October 31, 2005	$24.60	$37,806.10
November 1, 2005 – October 31, 2006	$26.40	$40,572.40
November 1, 2006 – October 31, 2007	$27.60	$42,416.60
November 1, 2007 – October 31, 2008	$28.80	$44,260.80
November 1, 2008 – October 31, 2009	$30.00	$46,105.00

All such Base Rent shall be payable by Tenant in accordance with the terms of the Lease, as amended hereby.

Landlord and Tenant acknowledge that the foregoing schedule is based on the assumption that the Expansion Effective Date is the Target Expansion Effective Date. If the Expansion Effective Date is other than the Target Expansion Effective Date, the schedule set forth above with respect to the payment of any installment(s) of Base Rent for the Expansion Space shall be appropriately adjusted on a per diem basis to reflect the actual Expansion Effective Date, and the actual Expansion Effective Date shall be set forth in a confirmation letter to be prepared by Landlord. However, the effective date of any increases or decreases in the Base Rent rate shall not be postponed as a result of an adjustment of the Expansion Effective Date as provided above.

3. **Security Deposit.** No Security Deposit shall be required in connection with this Amendment. The definition of Security Deposit set forth in Section 1.08 of the Lease is hereby deleted and replaced with "None". The first sentence of Article V of the Lease is hereby amended to include the clause, " if any," after the words "Security Deposit" in the first sentence. The provisions of Section 8.09 below shall apply to Tenant's Letter of Credit obligations under the Lease, as amended hereby.

4. **Tenant's Pro Rata Share.** For the period commencing with the Expansion Effective Date and ending on the Termination Date, Tenant's Pro Rata Share for the Expansion Space is 4.6283%.

5. **Expenses and Taxes.** For the period commencing with the Expansion Effective Date and ending on the Termination Date, Tenant shall pay for Tenant's Pro Rata Share of Expenses and Taxes applicable to the Expansion Space in accordance with the terms of the Lease, as amended hereby.

6. **Improvements to Expansion Space.**

6.01. **Condition of Expansion Space.** Tenant has inspected the Expansion Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements, except as may be expressly provided otherwise in this Amendment or in the Expansion Space Work Letter attached hereto as **Exhibit B**. Notwithstanding the foregoing, except to the extent caused by Tenant or any Tenant Related Party (as defined in Section 13 of the Lease), as of the Expansion Effective Date, the electrical, heating, ventilation and air conditioning, mechanical and plumbing systems serving the Expansion Space shall be in good order and satisfactory condition and in compliance with applicable Laws (as defined in Section 5 of the Lease). If the foregoing are not in good working order or compliance as provided above, Landlord shall be responsible for repairing or restoring same, or correcting such violations, at its cost and expense, provided that the foregoing shall not prohibit Landlord from including the cost of routine maintenance and repair of such systems in Expenses as otherwise permitted under Section 4.02 of the Lease.

6.02. **Responsibility for Improvements to Expansion Space.** Landlord shall perform improvements to the Expansion Space in accordance with the Expansion Space Work Letter attached hereto as **Exhibit B.**

7. **Early Access to Expansion Space; Beneficial Occupancy.** Landlord grants Tenant the right to enter the Expansion Space, at Tenant's sole risk, thirty (30) days prior to Landlord's then reasonable estimate of the Expansion Effective Date, for the purpose of installing telecommunications and data cabling, fiber optic links, equipment, furnishings and other personalty, and for conducting business operations in the Premises. Such access shall be subject to the terms and conditions of the Lease, as amended hereby, but Tenant shall not be required to pay Rent (defined in Section 4.01 of the Lease) to Landlord during such period of early access before the Expansion Effective Date. However, Tenant shall be responsible for the reasonable cost of services requested by Tenant (e.g. freight elevator usage of after-hours HVAC) during such period. Landlord may withdraw or limit such permission to enter the Expansion Space prior to the Expansion Effective Date at any time that Landlord reasonably determines that such entry by Tenant is causing a dangerous situation for Landlord, Tenant or their respective contractors or employees, or if Landlord reasonably determines that such entry by Tenant is hampering or otherwise preventing Landlord from proceeding with the completion of the Expansion Space Landlord Work at the earliest possible date.

In addition to the foregoing, if the Expansion Space Landlord Work is Substantially Complete prior to the Target Expansion Effective Date, subject to the terms of this Section 7.01, Tenant may take possession of and occupy the Expansion Space for the Permitted Use and may conduct business operations therein following the date of Substantial Completion of the Expansion Space Landlord Work and prior to the Expansion Effective Date, which occupancy shall be subject to the terms and conditions of the Lease, as amended hereby, but Tenant shall not be required to pay Rent (defined in Section 4.01 of the Lease) to Landlord during such period of early occupancy before the Expansion Effective Date. However, Tenant shall be responsible for the reasonable cost of services requested by Tenant (e.g. freight elevator usage of after-hours HVAC) during such period.

8. **Other Pertinent Provisions.** Landlord and Tenant agree that, effective as of the date of this Amendment (unless different effective date(s) is/are specifically referenced in this Section), the Lease shall be amended in the following additional respects:

8.01 **Renewal Option.** Tenant's Renewal Option set forth in Section 1 of **Exhibit F** of the Lease shall apply to the entire Premises (Original Premises and Expansion Space) only, and the Renewal Term may be subject to reduction pursuant to Section 8.02 below.

8.02 **One-Year Extension Option.** Tenant shall have the One-Year Extension Option set forth below, which Tenant may, at Tenant's option, exercise in lieu of one year of the term of Tenant's Renewal Option. Upon Tenant's delivery of an Initial Renewal Notice under the Renewal Option, Tenant's One-Year Extension Option automatically shall be of no further force and effect, and alternatively, upon Tenant's delivery of a One-Year Renewal Notice, Tenant's Renewal Option shall automatically be reduced to a 4-year renewal option commencing at the conclusion of Tenant's One-Year Extension Term and the notice period for the Renewal Option set forth in Section 1.A.1 of **Exhibit F** of the Lease shall be calculated from the expiration of the One-Year Extension Term rather than from the expiration of the initial Term.

A. Grant of Option; Conditions. Tenant shall have the right to extend the Term (the **“One-Year Extension Option”)** for the entire Premises only (both the Original Premises and the Expansion Space) for one additional period of one (1) year commencing on the day following the Termination Date of the initial Term and ending on the first anniversary of the Termination Date (the **“One-Year Extension Term”**), if:

1. Landlord receives notice of exercise **(“One-Year Extension Notice”)** not less than 9 full calendar months prior to the expiration of the initial Term; and
2. Tenant is not in default under the Lease beyond any applicable cure periods at the time that Tenant delivers One-Year Extension Notice; and
3. No part of the Premises is sublet (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) at the time that Tenant delivers its One-Year Extension Notice; and
4. The Lease has not been assigned (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) prior to the date that Tenant delivers its One-Year Extension Notice.

B. Terms Applicable to Premises During One-Year Extension Term.

1. The Base Rent rate per rentable square foot for the Premises during the One-Year Extension Term shall be $2.65 per rentable square foot for the Premises. Such Base Rent shall be payable in monthly installments in accordance with the terms and conditions of Section 4 of the Lease, as amended hereby.
2. Tenant shall continue to pay Additional Rent for the Premises during the One-Year Extension Term in accordance with the terms of the Lease.
3. Tenant shall accept the Premises on an as-is basis for the One-Year Extension Term and shall not be entitled to any allowances, improvements or concessions in connection therewith.

C. One-Year Extension Amendment. If Tenant is entitled to and properly exercises its One-Year Extension Option, Landlord shall prepare an amendment (the **“One-Year Extension Amendment”)** to reflect changes in the Base Rent, Term, Termination Date and other appropriate terms. The One-Year Extension Amendment shall be sent to Tenant within a reasonable time after receipt of the One-Year Extension Notice and Tenant shall execute and return the One-Year Extension Amendment to Landlord as soon as practicable after Tenant’s receipt of same, but, upon delivery of Tenant’s One-Year Extension Notice, an otherwise valid exercise of the One-Year Extension Option shall be fully effective whether or not the One-Year Extension Amendment is executed.

8.03 **7th Floor Right of First Refusal.** The “Right of First Refusal” set forth in Section 2 of **Exhibit F** of the Lease shall remain in full force and effect, except that:

A. As amended hereby, such Right of First Refusal shall hereafter be referred to as the **“7th Floor Right of First Refusal”**, and all references to the “Right of First Refusal” in Section 2 of **Exhibit F** of the Lease shall refer instead to the “**7th** Floor Right of First Refusal”.

B. The “Refusal Space” for purposes of the 7th Floor Right of First Refusal shall be amended to include only the approximately 18,443 rentable square feet that represent the portion of the Refusal Space set forth on **Exhibit F-1** to the Lease other than the Expansion Space, and accordingly **Exhibit F-1** is hereby deleted and replaced with **Exhibit A-2** attached hereto. As amended hereby, the term “Refusal Space”, as defined in Section 2 of **Exhibit F** to the Lease, shall hereafter be referred to as the **“7th Floor**

Refusal Space", and all references to the "Refusal Space" in Section 2 of **Exhibit F** of the Lease shall refer instead to the 7th Floor Refusal Space.

C. Section 2.C(i) of **Exhibit F** of the Lease is hereby deleted and replaced with the following: "the original Termination Date under the Lease (not including any renewal or extension of the Term, whether pursuant to the Renewal Option, the One-Year Extension Option, or otherwise)".

8.04. **6th Floor Right of First Refusal.**

A. Grant of Option; Conditions. In addition to the Right of First Refusal set forth in Section 2 of **Exhibit F** of the Lease, as amended in Section 8.02 below, Tenant shall have an ongoing right of first refusal (the "**6th Floor Right of First Refusal**") with respect to the approximately **41,631** rentable square feet of space consisting of the 6th floor of the East Tower, shown on the demising plan attached hereto as **Exhibit A-1** (the "**6th Floor Refusal Space**"). Tenant's 6th Floor Right of First Refusal shall be exercised as follows: when Landlord has a prospective tenant, other than the then-existing tenant in the applicable portion of the 6th Floor Refusal Space, (the "**6th Floor Prospect**") interested in leasing all or a portion of the 6th Floor Refusal Space, Landlord shall advise Tenant (the "**6th Floor Advice**") of the terms under which Landlord is prepared to lease such portion of the 6th Floor Refusal Space to such Prospect and Tenant may lease such portion of the 6th Floor Refusal Space, under such terms, by providing Landlord with written notice of exercise (the "**6th Floor Notice of Exercise**") within 5 Business Days after the date of the 6th Floor Advice, except that Tenant shall have no such 6th Floor Right of First Refusal and Landlord need not provide Tenant with a 6th Floor Advice if:

1. Tenant is in default under the Lease beyond any applicable cure periods at the time that Landlord would otherwise deliver the 6th Floor Advice; or

2. the Premises, or any portion thereof, is sublet (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) at the time Landlord would otherwise deliver the 6th Floor Advice; or

3. the Lease has been assigned (other than pursuant to a Permitted Transfer, as defined in Section 11 of the Lease) prior to the date Landlord would otherwise deliver the 6th Floor Advice; or

4. the 6th Floor Refusal Space is not intended for the exclusive use of Tenant or the transferee of a Permitted Transfer during the Term; or

5. the Tenant or the transferee of a Permitted Transfer is not occupying the Premises on the date Landlord would otherwise deliver the 6th Floor Advice.

B. Terms for 6th Floor Refusal Space.

1. The term for the 6th Floor Refusal Space shall commence upon the commencement date stated in the 6th Floor Advice and thereupon such 6th Floor Refusal Space shall be considered a part of the Premises, provided that all of the terms stated in the 6th Floor Advice, including the termination date set forth in the 6th Floor Advice, shall govern Tenant's leasing of the 6th Floor Refusal Space and only to the extent that they do not conflict with the 6th Floor Advice, the terms and conditions of the Lease shall apply to the 6th Floor Refusal Space. Tenant shall pay Base Rent and Additional Rent for the 6th Floor Refusal Space in accordance with the terms and conditions of the 6th Floor Advice.

2. The 6th Floor Refusal Space (including improvements and personalty, if any) shall be accepted by Tenant in its condition and as-built configuration existing on the earlier of the date Tenant

takes possession of the 6th Floor Refusal Space or the date the term for such 6th Floor Refusal Space commences, unless the 6th Floor Advice specifies work to be performed by Landlord in the 6th Floor Refusal Space, in which case Landlord shall perform such work in the 6th Floor Refusal Space. If Landlord is delayed delivering possession of the 6th Floor Refusal Space due to the holdover or unlawful possession of such space by any party, Landlord shall use reasonable efforts to obtain possession of the space, and the commencement of the term for the 6th Floor Refusal Space shall be postponed until the date Landlord delivers possession of the 6th Floor Refusal Space to Tenant free from occupancy by any party.

C. Termination of 6th Floor Right of First Refusal. The rights of Tenant hereunder with respect to the 6th Floor Refusal Space shall terminate on the earlier to occur of (i) the original Termination Date under this Lease (not including the Renewal Term, if any), (ii) with respect to any particular 6th Floor Advice, Tenant's failure to exercise its 6th Floor Right of First Refusal within the 5 Business Day period provided in Section A above; and (iii) with respect to any particular 6th Floor Advice, the date Landlord would have provided Tenant such Advice if Tenant had not been in violation of one or more of the conditions set forth in Section A above.

D. 6th Floor Refusal Space Amendment. If Tenant exercises its 6th Floor Right of First Refusal, Landlord shall prepare an amendment (the **"6th Floor Refusal Space Amendment")** adding the 6th Floor Refusal Space to the Premises on the terms set forth in the 6th Floor Advice and reflecting the changes in the Base Rent, Rentable Square Footage of the Premises, Tenant's Pro Rata Share and other appropriate terms. A copy of the 6th Floor Refusal Space Amendment shall be sent to Tenant within a reasonable time after Landlord's receipt of the 6th Floor Notice of Exercise executed by Tenant, and Tenant shall execute and return the 6th Floor Refusal Space Amendment to Landlord as soon as practicable thereafter, but an otherwise valid exercise of the 6th Floor Right of First Refusal shall be fully effective whether or not the 6th Floor Refusal Space Amendment is executed.

8.05 **Signage.**

A. Elevator Lobby. In Section 3 of **Exhibit E** (Building Rules and Regulations), the phrase "7th" floor and the" shall be added between the words "the" and "8th" in the second sentence.

B. Monument Sign. So long as (i) Tenant is not in default under the terms of the Lease; (ii) Tenant is in occupancy of at least 20,000 rentable square feet of the Premises; and (iii) Tenant has not assigned the Lease or sublet more than 15% of the Premises to one or more non-affiliated entities, Tenant shall have the right to have its name listed on the shared Building monument sign located near the entrance to the East Tower (the **"Sign")**. Following installation of Tenant's name on the Sign, Tenant shall be liable for all costs related to the maintenance and, if applicable, illumination of the sign. In the event that additional names are listed on the Sign, all future costs of maintenance and repair shall be prorated between Tenant and the other parties that are listed on such Sign. Tenant shall be solely responsible for the costs in connection with the design, fabrication and installation of Tenant's name on the Sign. Tenant must obtain Landlord's written consent to any proposed signage and lettering prior to its fabrication and installation. Landlord reserves the right to withhold consent to any sign that, in the sole judgment of Landlord, is not harmonious with the design standards of the Building and Sign or is in violation of applicable Laws. To obtain Landlord's consent, Tenant shall submit design drawings to Landlord showing the type and sizes of all lettering; the colors, finishes and types of materials used; and (if applicable and Landlord consents) any provisions for illumination. If during the Lease Term (and any extensions thereof) (a) Tenant is in default under the terms of the Lease after the expiration of applicable cure periods; or (b) Tenant fails to continuously occupy at least 20,000 rentable square feet of the Premises; or (c) Tenant assigns the Lease to a non-affiliated entity or subleases more than 15% of the Premises to one or more non-affiliated entities, then Tenant's rights granted herein will terminate and Landlord may remove Tenant's name from the Sign at Tenant's sole cost and expense.

8.06. **Parking.** Effective as of the Expansion Effective Date, Section 2 of **Exhibit G** (Parking Agreement) of the Lease is hereby amended to increase Tenant's non-reserved parking spaces from 128 to 194. Such additional spaces shall be free of charge during the initial Term of the Lease and shall be subject to all of the terms and conditions of the Parking Agreement. Landlord agrees that until such time as consistent actual demand for visitor parking and/or for the retail portion of the Building occurs such that the whole of the first floor of the parking garage is needed for regular occupancy by retail customers and visitors to the Building's tenants, including Tenant, as reasonably determined by Landlord, Tenant may use a reasonable and practical portion of its non-reserved parking spaces on the first floor of the parking garage serving the Building.

8.7. **Landlord's Notice Address.** The Landlord's Notice Address set forth in Section 1.12 of the Lease is hereby deleted in its entirety and replaced with the following:

LANDLORD'S NOTICE ADDRESS:

CA-Parkside Towers Limited Partnership c/o Equity Office Management, L.L.C. 950 Tower Lane Suite 950 Foster City, California 94404 Attention: Property Manager	With a copy to: Equity Office One Market, Spear Tower, Suite 600 San Francisco, California 94105 Attention: Regional Counsel - San Francisco Region

Notwithstanding anything to the contrary contained in the Lease, Rent shall be made payable to the entity, and sent to the address, Landlord designates and shall be made by good and sufficient check or by other means acceptable to Landlord.

8.08 **Temporary Fitness Facility and Access.** For purposes of Section 4 of **Exhibit F** of the Lease, following the date hereof, the "Fitness Center Space" shall be relocated to an area of up to 5,000 rentable square feet designated by Landlord within the 7th Floor Refusal Space, as defined in Section 8.03(B).

Solely during the period that Tenant is entitled to use the Fitness Center Space pursuant to Section 4 of **Exhibit F** of the Lease, Tenant shall have the non-exclusive license **("License")** to use a portion of the 7th Floor Refusal Space, in a location reasonably designated by Landlord, to the extent reasonably necessary for purposes of ingress and egress to the Fitness Center Space and for no other purpose. Tenant's use of the 7th Floor Refusal Space pursuant to the License, as well as Tenant's use of the Fitness Center Space, shall be subject to Tenant's insurance, indemnification and waiver of subrogation obligations under the Lease as if the same were part of the Premises.

8.09 **Letter(s) of Credit.** Landlord acknowledges that as of the date hereof Landlord is holding a Letter of Credit in the amount of $177,175.00, pursuant to Section 6 of the Lease (the **"Original Letter of Credit").** Concurrently with Tenant's execution and delivery of this Amendment to Landlord, Tenant shall deliver to Landlord an additional Letter of Credit (or an amendment to the Original Letter of Credit) meeting the requirements of this Section 8.09 for Letters of Credit and in the amount of (or increasing the original amount by) **$46,105.00,** such that thereafter Landlord is holding Letter(s) of Credit in the total amount of **$223,280.00** (collectively, or as so amended, the **"Increased Letter of Credit").** Effective as of the date of Landlord's receipt and acceptance of the Increased Letter of Credit in accordance with the provisions hereof, the term "Letter of Credit" in the Lease shall thereafter refer to such Increased Letter of Credit. Landlord and Tenant agree that effective as of the date hereof, Paragraphs 2 and 3 of Section 6 of the Lease are hereby deleted in their entirety, and the following provisions are hereby added to the Lease as Section 5 of **Exhibit F.**

A. **General Provisions.** The Letter of Credit shall be held by Landlord as collateral for the full performance by Tenant of all of its obligations under the Lease and for all losses and damages Landlord may suffer as a result of Tenant's failure to comply with one or more provisions of this Lease, including, but not limited to, any post lease termination damages under section 1951.2 of the California Civil Code. The Letter of Credit shall be a standby, unconditional, irrevocable, transferable letter of credit in the form of **Exhibit H** of the Lease and containing the terms required herein, in the face amount required under the Lease (the **"Letter of Credit Amount"),** naming Landlord as beneficiary, issued (or confirmed) by a financial institution satisfactory to Landlord, permitting multiple and partial draws thereon, and otherwise in form reasonably acceptable to Landlord. Tenant shall cause the Letter of Credit to be continuously maintained in effect (whether through replacement, renewal or extension) in the Letter of Credit Amount through the date (the **"Final LC Expiration Date"**) that is 60 days after the scheduled expiration date of the Term or any renewal or extension Term. If the Letter of Credit held by Landlord expires earlier than the Final LC Expiration Date (whether by reason of a stated expiration date or a notice of termination or non-renewal given by the issuing bank), Tenant shall deliver a new Letter of Credit or certificate of renewal or extension to Landlord not later than 60 days prior to the expiration date of the Letter of Credit then held by Landlord. Any renewal or replacement Letter of Credit shall comply with all of the provisions of this Section 5 of **Exhibit F**, shall be irrevocable, transferable and shall remain in effect (or be automatically renewable) through the Final LC Expiration Date upon the same terms as the expiring Letter of Credit or such other terms as may be acceptable to Landlord in its sole discretion.

B. **Drawings under Letter of Credit.** Upon Tenant's failure to comply with one or more provisions of the Lease beyond any applicable cure period or as otherwise specifically agreed to by Landlord and Tenant pursuant to the Lease or any amendment thereto, Landlord may, without prejudice to any other remedy provided in the Lease or by law, draw on the Letter of Credit and use all or part of the proceeds to (i) satisfy any amounts due to Landlord from Tenant, and (ii) satisfy any other damage, injury, expense or liability caused by Tenant's failure to so comply. In addition, if Tenant fails to furnish such renewal or replacement at least 60 days prior to the stated expiration date of the Letter of Credit then held by Landlord, Landlord may draw upon such Letter of Credit and hold the proceeds thereof (and such proceeds need not be segregated) in accordance with the terms of this Section 5 of **Exhibit F.**

C. **Use of Proceeds by Landlord.** The proceeds of the Letter of Credit shall constitute Landlord's sole and separate property (and not Tenant's property or the property of Tenant's bankruptcy estate) and Landlord may immediately upon any draw (and without notice to Tenant) apply or offset the proceeds of the Letter of Credit: (i) against any Rent payable by Tenant under the Lease that is not paid when due; (ii) against all losses and damages that Landlord has suffered or that Landlord reasonably estimates that it may suffer as a result of Tenant's failure to comply with one or more provisions of the Lease, including any damages arising under section 1951.2 of the California Civil Code following termination of the Lease; (iii) against any costs incurred by Landlord in connection with the Lease (including attorneys' fees); and (iv) against any other amount that Landlord may spend or become obligated to spend by reason of Tenant's default. Provided Tenant has performed all of its obligations under the Lease, Landlord agrees to pay to Tenant within 45 days after the Final LC Expiration Date the amount of any proceeds of the Letter of Credit received by Landlord and not applied as allowed above; provided, that if prior to the Final LC Expiration Date a voluntary petition is filed by Tenant or any Guarantor, or an involuntary petition is filed against Tenant or any Guarantor by any of Tenant's or Guarantor's creditors, under the Federal Bankruptcy Code, then Landlord shall not be obligated to make such payment in the amount of the unused Letter of Credit proceeds until either all preference issues relating to payments under the Lease have been resolved in such bankruptcy or reorganization case or such bankruptcy or reorganization case has been dismissed, in each case pursuant to a final court order not subject to appeal or any stay pending appeal.

D. **Additional Covenants of Tenant.** If, as result of any application or use by Landlord of all or any part of the Letter of Credit, the amount of the Letter of Credit shall be less than the Letter of Credit Amount, Tenant shall, within five days thereafter, provide Landlord with additional letter(s) of credit in an amount equal to the deficiency (or a replacement letter of credit in the total Letter of Credit Amount), and any such additional (or replacement) letter of credit shall comply with all of the provisions of this Section 5 of **Exhibit F,** and if Tenant fails to comply with the foregoing, notwithstanding anything to the contrary contained in the Lease, the same shall constitute an uncurable Default by Tenant. Tenant further covenants and warrants that it will neither assign nor encumber the Letter of Credit or any part thereof and that neither Landlord nor its successors or assigns will be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance.

E. **Nature of Letter of Credit.** Landlord and Tenant (1) acknowledge and agree that in no event or circumstance shall the Letter of Credit or any renewal thereof or substitute therefor or any proceeds thereof (including the LC Proceeds Account) be deemed to be or treated as a "security deposit" under any Law applicable to security deposits in the commercial context, including Section 1950.7 of the California Civil Code, as such section now exist or as may be hereafter amended or succeeded ("**Security Deposit Laws**"), (2) acknowledge and agree that the Letter of Credit (including any renewal thereof or substitute therefor or any proceeds thereof) is not intended to serve as a security deposit, and the Security Deposit Laws shall have no applicability or relevancy thereto, and (3) waive any and all rights, duties and obligations either party may now or, in the future, will have relating to or arising from the Security Deposit Laws. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code and all other provisions of Law, now or hereafter in effect, which (i) establish the time frame by which Landlord must refund a security deposit under a lease, and/or (ii) provide that Landlord may claim from the Security Deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums specified in this Section 8.06 above and/or those sums reasonably necessary to compensate Landlord for any loss or damage caused by Tenant's breach of this Lease or the acts or omission of Tenant or any other Tenant Related Parties, including any damages Landlord suffers following termination of the Lease.

8.10 **Landlord Work and Shower Facility.** Tenant acknowledges that Landlord has completed the Landlord Work and the Shower Facility as required under the Lease and has no further obligations to Tenant under the Work Letter attached thereto as **Exhibit C.** Landlord acknowledges that the foregoing shall not be interpreted to limit Landlord's obligations to install a lobby directory including Tenant's information, as provided in Paragraph 4 of **Exhibit F** to the Lease, and to install security card readers in the elevators in the Building pursuant to Section 7.01 (d) of the Lease.

8.11 **Building Services.** The following is hereby added to the end of Section 7.01 of the Lease: "and (h) Landlord shall ensure that the building ledges visible from the Premises are maintained periodically so that they remain clean and tidy."

9. **Miscellaneous.**

9.01. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

9.02. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

9.03. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

9.04. Submission of this Amendment by Landlord is not an offer to enter into this Amendment. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

9.05. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

9.06. Tenant hereby represents to Landlord that Tenant has dealt with Wayne Mascia Associates ("**Broker**") as broker in connection with this Amendment. Tenant agrees to indemnify and hold Landlord and the Landlord Related Parties harmless from all claims of any brokers other than Broker claiming to have represented Tenant in connection with this Amendment. Landlord agrees to pay a brokerage commission to Broker in accordance with the terms of a separate agreement to be entered into between Landlord and Broker. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant and the Tenant Related Parties harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

Equity Office Properties Management Corp. ("**EOPMC**") is an affiliate of Landlord and represents only the Landlord in this transaction. Any assistance rendered by any agent or employee of EOPMC in connection with this Amendment or any subsequent amendment or modification hereto has been or will be made as an accommodation to Tenant solely in furtherance of consummating the transaction on behalf of Landlord, and not as agent for Tenant.

9.07. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership

By: EOM GP, L.L.C., a Delaware limited liability company, its general partner

By: Equity Office Management, L.L.C., a Delaware limited liability company, its non-member manager

By: /s/ Mark Geisreiter
Name: Mark Geisreiter
Title: Senior Vice President

TENANT:

QUINSTREET, INC., a California-corporation

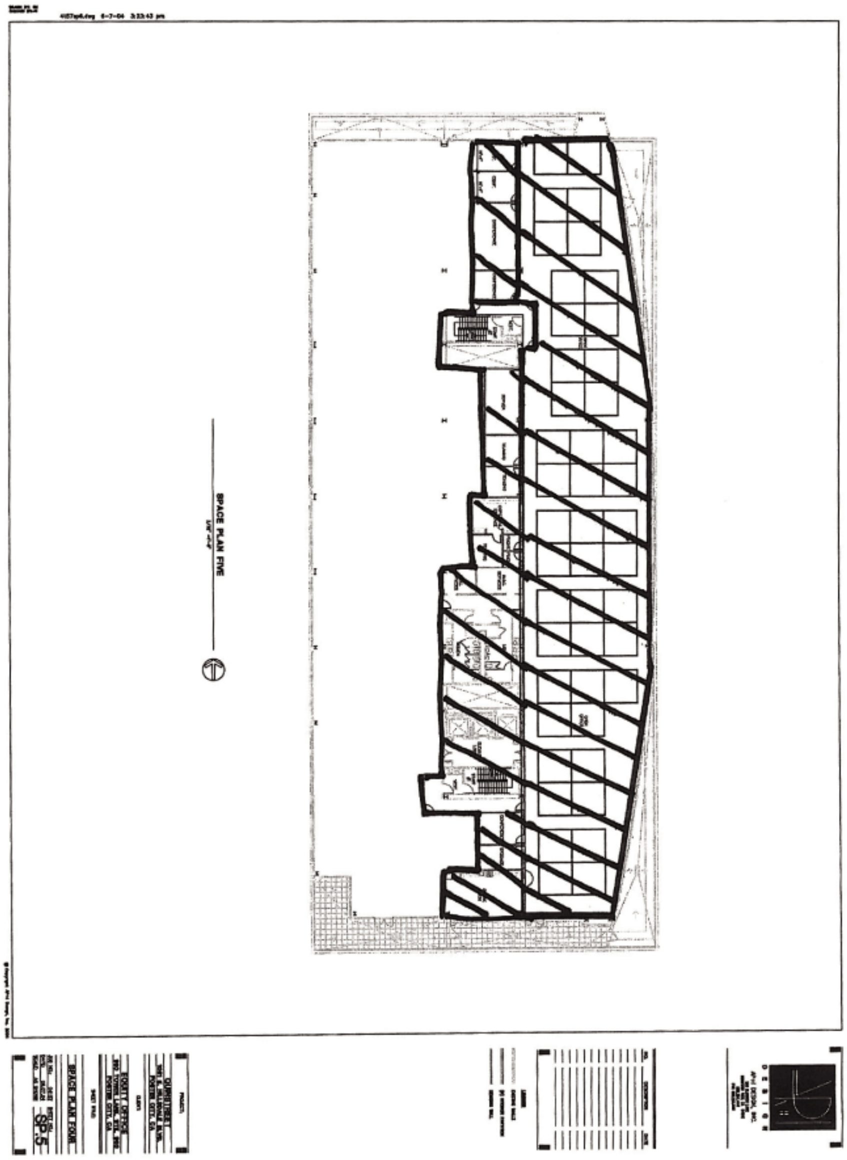
By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title: President & CEO

By: /s/ Michael McDauvgl
Name: Michael McDauvgl
Title: V.P. and General Counsel

June 11, 2004
Matter ID Number: 13883

EXHIBIT A

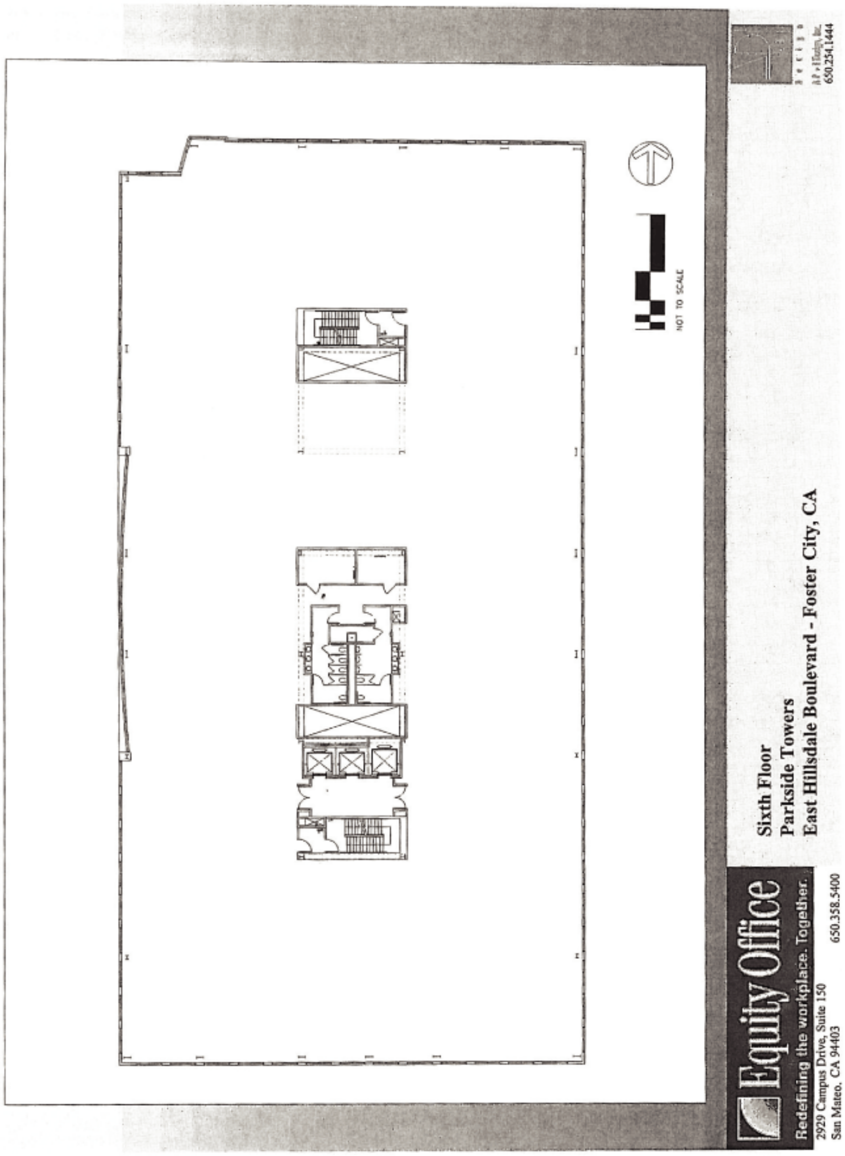
OUTLINE AND LOCATION OF EXPANSION SPACE



June 11, 2004
Matter ID Number: 13883

EXHIBIT A-1

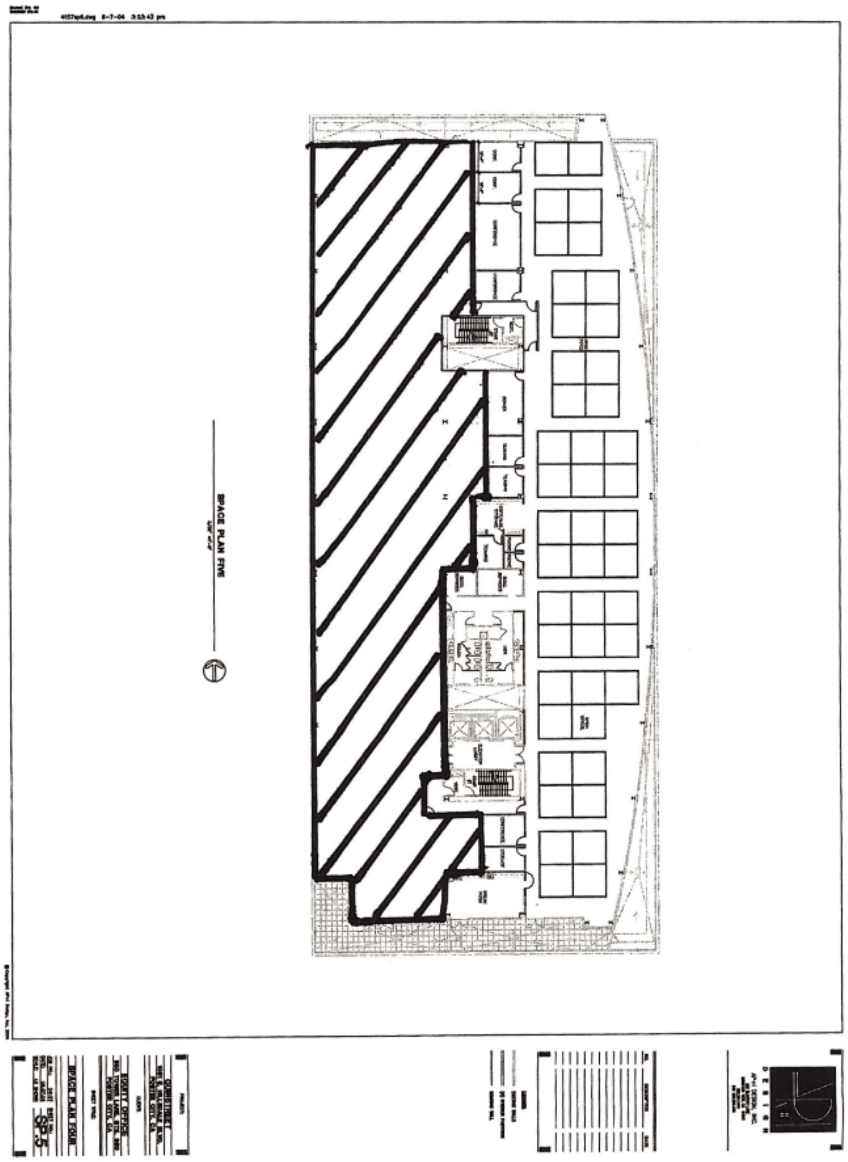
<u>OUTLINE AND LOCATION OF 6TH FLOOR REFUSAL SPACE</u>



June 11, 2004
Matter ID Number: 13883

EXHIBIT A-2

OUTLINE AND LOCATION OF 7th FLOOR REFUSAL SPACE



June 11, 2004
Matter ID Number: 13883

EXHIBIT B

EXPANSION SPACE WORK LETTER

As used in this Work Letter, the "Premises" shall be deemed to mean the Expansion Space, as initially defined in the attached Amendment.

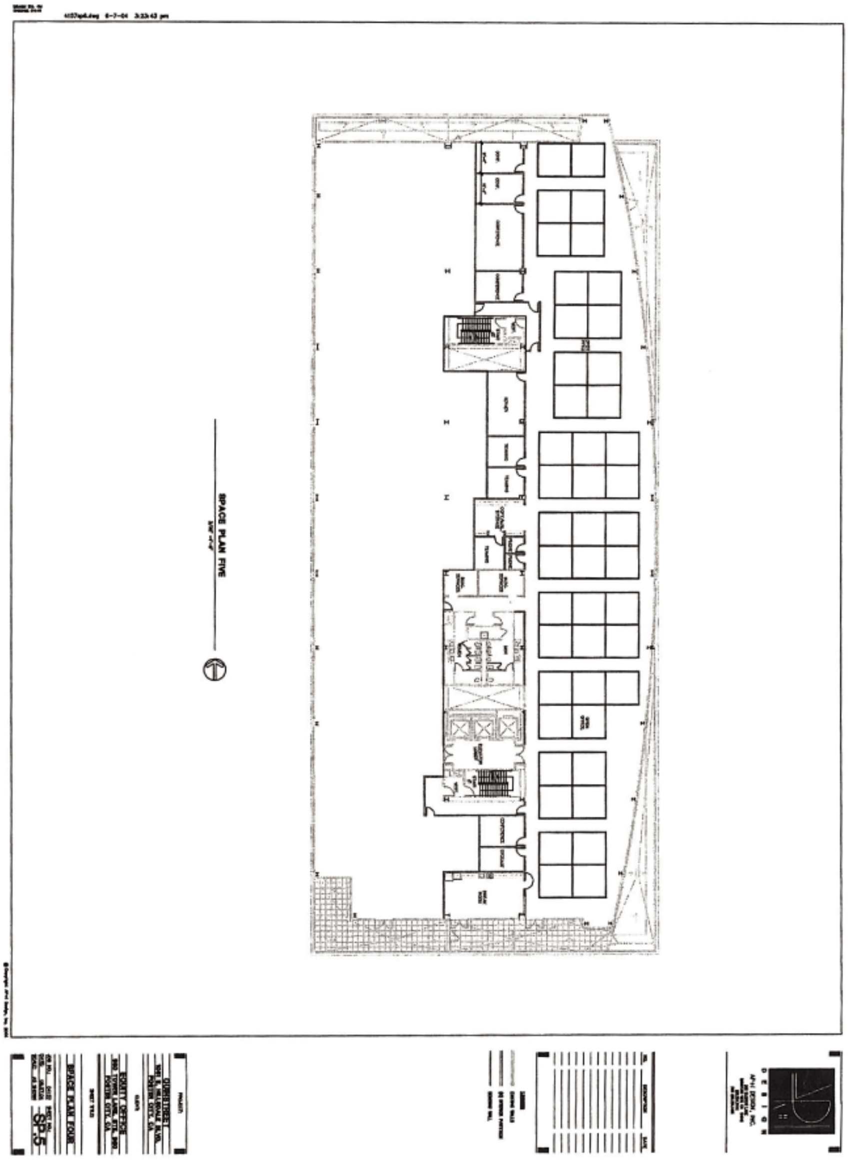
1. Landlord shall perform improvements to the Expansion Space in accordance with the plans prepared by AP+I Design, Inc. dated June 7, 2004 (the **"Expansion Space Plans"),** which are attached hereto as **Exhibit B-1.** The improvements to be performed by Landlord in accordance with the Expansion Space Plans are hereinafter referred to as the **"Expansion Space Landlord Work."** It is agreed that construction of the Expansion Space Landlord Work will be completed at Landlord's sole cost and expense (subject to the terms of Section 2 below) using the Building standard methods, materials and finishes attached hereto as **Exhibit B-2**. If any finishes or materials specified in the Expansion Space Landlord Work are or become unavailable or have long lead times that would delay Landlord's completion of the Expansion Space Landlord Work, Landlord and Tenant shall work together in good faith to select alternative finishes or materials to allow Landlord to complete the Expansion Space Landlord Work in a timely manner. Landlord shall enter into a direct contract for the Expansion Space Landlord Work with Venture Builders as general contractor. In addition, Landlord shall have the right to select and/or approve of any subcontractors used in connection with the Expansion Space Landlord Work. Subject to Landlord's obligations expressly set forth in Article 5 of the Lease, which Landlord agrees shall apply to the Expansion Space Landlord Work to the same extent applicable to the Landlord Work set forth in the original Lease, Landlord's supervision or performance of any work for or on behalf of Tenant shall not be deemed a representation by Landlord that such Expansion Space Plans or the revisions thereto comply with applicable insurance requirements, building codes, ordinances, laws or regulations, or that the improvements constructed in accordance with the Expansion Space Plans and any revisions thereto will be adequate for Tenant's use, it being agreed that Tenant shall be responsible for all elements of the design of Tenant's plans (including, without limitation, compliance with law, functionality of design, the structural integrity of the design, the configuration of the premises and the placement of Tenant's furniture, appliances and equipment).

2. If Tenant shall request any revisions to the Expansion Space Plans, Landlord shall have such revisions prepared at Tenant's sole cost and expense and Tenant shall reimburse Landlord for the cost of preparing any such revisions to the Expansion Space Plans, plus any applicable state sales or use tax thereon, upon demand. Promptly upon completion of the revisions, Landlord shall notify Tenant in writing of the increased cost in the Expansion Space Landlord Work, if any, resulting from such revisions to the Expansion Space Plans. Tenant, within three (3) Business Days, shall notify Landlord in writing whether it desires to proceed with such revisions. In the absence of such written authorization, Landlord shall have the option to continue work on the Expansion Space disregarding the requested revision. Tenant shall be responsible for any Tenant Delay in completion of the Expansion Space resulting from any revision to the Expansion Space Plans. If such revisions result in an increase in the cost of Expansion Space Landlord Work, such increased costs, plus any applicable state sales or use tax thereon, shall be payable by Tenant upon demand. Notwithstanding anything herein to the contrary, all revisions to the Expansion Space Plans shall be subject to the approval of Landlord; provided, however, that if Landlord does not disapprove Tenant's requested revisions to the Expansion Plans prior to having such revisions prepared, then if Landlord proceeds with preparation of the revised Expansion Plans and thereafter disapproves the revisions for reasons other than (a) a violation of applicable fire or building codes, or of other Laws, (b) the triggering of a legal requirement for upgrades or alterations to the Premises or other parts of the Building, or (3) incompatibility or conflicts with Building systems, then Tenant shall not be obligated to reimburse Landlord for the cost of preparation of the revised Plans.

3. This Expansion Space Work Letter shall not be deemed applicable to any additional space added to the Premises at any time or from time to time, whether by any options under the Lease (as amended hereby) or otherwise, or to any portion of the original Premises or any additions to the Premises in the event of a renewal or extension of the original Term of the Lease, whether by any options under the Lease (as amended hereby) or otherwise, unless expressly so provided in the Lease (as amended hereby) or any amendment or supplement to the Lease (as amended hereby).

EXHIBIT B-1

EXPANSION SPACE PLANS



June 11, 2004
Matter ID Number: 13883

EXHIBIT B-2

BUILDING STANDARDS

AP+I DESIGN, INC. | Architecture • Planning • Interior Design

May 24, 2004
Job No. 04158

Venture Builders
1509 Industrial Road
San Carlos, CA 94070

Attention: Leslie Noonan

Subject: Quinstreet — Pricing Information

Dear Leslie:

The following is a list of standards that will be required for the Quinstreet space on the seventh floor at Parkside Towers. The tenant improvement standards will be duplications of the standards on the eighth floor as follows:

QUINSTREET

- Full height insulated walls at all enclosed rooms.
- T-Bar ceiling with parabolic fixtures at all enclosed rooms.
- At all open office locations ceiling will be exposed with a system in place for cable management. Landlord has asked the installing contractor to do a “mockup” of the proposed ceiling to review with all parties. Until that time Landlord is willing to commit to providing a ceiling that is mutually agreeable for both parties.
- Ceiling will be exposed, therefore all overhead cabling, ductwork, etc. must be clean and installed in an organized “neat” manner.
- Pendant hung strip fixtures used in open office areas to match standard on eighth floor.
- Doors will be natural maple veneer (3’-0” x 9’-0”) with brushed aluminum sidelights (2’-6” x 9’-0”). Door hardware-polished chrome.
- Carpet: In open office areas — Bigelow Camden. In closed teaming/conference areas — Bigelow Cyberweave. Rubber base — Burke.
- VCT: In server room, storage room and breakroom — Armstrong.
- Provide upper and lower cabinets in breakroom w/ dishwasher and garbage disposal. Upper and lower cabinets in copy/mail area.
- Electrical requirements:

  Conference rooms and teaming rooms — two power/two phone/data
  Conference rooms — floor power/data/phone in center of room
  Phone rooms — 1 power — 1 phone/data
  Server room — refer to eight floor TI

  All other electrical requirements refer to eighth floor Quinstreet tenant improvement standards.

200 Blossom Lane, Mountain View, CA 94041 | main 650.254.1444 | fax 650.254.1411 | www.apidesign.com

ELEVATOR LOBBY

- Provide building standard stone tile at elevator lobby floor. Provide stone tile base.
- Provide painted walls, ceiling and painted elevator doors and trims.
- Provide wall sconces to match bldg. standard.
- Provide 2'-0" soffit at perimeter of ceiling.
- Provide building standard can lights at ceiling.

Please give me a call with questions or comments.

Thank you.

Very truly yours,

Jennifer Morse
Principal

Signature Date

4157quin.ltr

SECOND AMENDMENT

THIS SECOND AMENDMENT (the "**Amendment**") is made and entered into as of March 7, 2005, by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership ("Landlord")** and **QUINSTREET, INC., a California corporation ("Tenant")**.

RECITALS

A. Landlord and Tenant are parties to that certain lease dated June 2, 2003, which lease has been previously amended by that certain First Amendment dated June 24, 2004 (the "**First Amendment**") (collectively, the **"Lease"**). Pursuant to the Lease, Landlord has leased to Tenant space currently containing approximately **53,877** rentable square feet (the "**Premises**") described as Suite Nos. 700 and 800 on the 7th and 8th floors, respectively, of the building commonly known as Parkside Tower East located at 1051 East Hillsdale Boulevard, Foster City, California (the **"Building"**).

B. Tenant and Landlord mutually desire that the Lease be amended on and subject to the following terms and conditions.

NOW, THEREFORE, in consideration of the above recitals which by this reference are incorporated herein, the mutual covenants and conditions contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Amendment.** Effective as of the date hereof, Landlord and Tenant agree that the Lease shall be amended in accordance with the following terms and conditions:

1.01. **Temporary Fitness Center Space.**

A. As of February 28, 2005, the Lease shall terminate with respect to the Fitness Center Space, as set forth in Section 8.08 of the First Amendment, and Tenant shall surrender the Fitness Center Space to Landlord pursuant to Section 25 of the Lease. During the period beginning on March 1, 2005 and ending on March 31, 2005 (such period being referred to herein as the **"Temporary Fitness Center Space Term"**), Landlord shall allow Tenant to use approximately 3,000 rentable square feet of space located on the 4th floor of the Building as shown on **Exhibit A** of this Amendment (the **"Temporary Fitness Center Space"**) for the placing of exercise equipment and use as a fitness center by Tenant's employees only, all at Tenant's sole risk and Tenant's sole cost and expense. THE TEMPORARY FITNESS CENTER SPACE TERM SHALL AUTOMATICALLY RENEW FOR CONSECUTIVE PERIODS OF 1 MONTH EACH UNTIL TERMINATED BY EITHER PARTY BY THE DELIVERY OF NOT LESS THAN 30 DAYS PRIOR WRITTEN NOTICE TO THE OTHER PARTY. Such Temporary Fitness Center Space shall be accepted by Tenant in its "as-is" condition and configuration, it being agreed that Landlord shall be under no obligation to perform any work in the Temporary Fitness Center Space or to incur any costs in connection with Tenant's move in, move out or occupancy of the Temporary Fitness Center Space. Tenant acknowledges that it shall be entitled to use and occupy the Temporary Fitness Center Space at its sole cost, expense and risk. Tenant shall not construct any improvements or make any alterations of any type to the Temporary Fitness Center Space unless Tenant has first complied with all requirements of Section 9 of the Lease. All costs in connection with making the Temporary Fitness Center Space ready for occupancy by Tenant shall be the sole responsibility of Tenant. As a condition of Tenant's use of the Temporary Fitness Center Space, and prior to the use of the Temporary Fitness Center Space by and of Tenant's employees, Tenant shall comply with the requirements contained in the email from the Foster City Fire Marshal, attached hereto as **Exhibit B** (the **"Foster City Fire Marshal Requirements"**). Tenant's failure to comply with the Foster City Fire Marshal Requirements shall automatically terminate any rights granted to Tenant to use the Temporary Fitness Center Space.

B. During the Temporary Fitness Center Space Term, the Temporary Fitness Center Space shall be subject to the terms and conditions of the Lease, including, without limitation, Section 13 (Indemnity and Waiver of Claims), Section 14 (Insurance) and Section 15 (Subrogation), except as expressly modified herein and except that (i) Tenant shall not be entitled to receive any allowances, abatement or other financial concession in connection with the Temporary Fitness Center Space which was granted with respect to the Premises unless such concessions are expressly provided for herein with respect to the Temporary Fitness Center Space, (ii) the Temporary Fitness Center Space shall not be subject to any renewal or expansion rights of Tenant under the Lease, (iii) Tenant shall not be required to pay Base Rent for the Temporary Space during the Temporary Fitness Center Space Term, and (iv) Tenant shall not be required to pay Tenant's Pro Rata Share of Expenses and Taxes for the Temporary Fitness Center Space during the Temporary Fitness Center Space Term.

C. Upon termination of the Temporary Fitness Center Space Term, Tenant shall vacate the Temporary Fitness Center Space and deliver the same to Landlord in the same condition that the Temporary Fitness Center Space was delivered to Tenant, ordinary wear and tear excepted. At the expiration or earlier termination of the Temporary Fitness Center Space Term, Tenant shall remove all debris, all items of Tenant's personalty, and any trade fixtures of Tenant from the Temporary Fitness Center Space. Tenant shall be fully liable for all damage Tenant or Tenant's agents, employees, contractors, or subcontractors cause to the Temporary Fitness Center Space.

D. Tenant shall have no right to hold over or otherwise occupy the Temporary Fitness Center Space at any time following the expiration or earlier termination of the Temporary Fitness Center Space Term, and in the event of such holdover, Landlord shall immediately be entitled to institute dispossessory proceedings to recover possession of the Temporary Fitness Center Space, without first providing notice thereof to Tenant. In the event of holding over by Tenant after expiration or termination of the Temporary Fitness Center Space Term without the written authorization of Landlord, Tenant shall pay, for such holding over, $6,150.00 for each month or partial month of holdover, plus all consequential damages that Landlord incurs as a result of the Tenant's hold over. During any such holdover, Tenant's occupancy of the Temporary Fitness Center Space shall be deemed that of a tenant at sufferance, and in no event, either during the Temporary Fitness Center Space Term or during any holdover by Tenant, shall Tenant be determined to be a tenant-at-will under applicable law. While Tenant is occupying the Temporary Fitness Center Space, Landlord or Landlord's authorized agents shall be entitled to enter the Temporary Fitness Center Space, upon reasonable notice, to display the Temporary Fitness Center Space to prospective tenants.

1.02. **Landlord's Notice Address.** The Landlord's Notice Address as set forth in the Basic Lease Information of the Lease is hereby deleted in its entirety and replaced with the following:

ADDRESS OF LANDLORD:	With a copy to:
CA-Parkside Towers Limited Partnership c/o Equity Office 950 Tower Lane, Suite 950 Foster City, California 94404 Attention: Property Manager	Equity Office One Market, Spear Tower, Suite 600 San Francisco, California 94105 Attention: Regional Counsel – San Francisco Region

Notwithstanding anything to the contrary contained in the Lease, as amended hereby, Rent shall be made payable to the entity, and sent to the address, Landlord designates and shall be made by good and sufficient check or by other means acceptable to Landlord.

2. **Miscellaneous.**

2.01. This Amendment and the attached exhibits, which are hereby incorporated into and made a part of this Amendment, set forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any Rent abatement, improvement allowance, leasehold improvements, or other work to the Premises, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

2.02. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

2.03. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

2.04. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

2.05. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

2.06. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment. Tenant agrees to indemnify and hold Landlord and the Landlord Related Parties harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant and the Tenant Related Parties harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

2.07. Each signatory of this Amendment represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

[SIGNATURES ARE ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership

By: EOM GP, L.L.C., a Delaware limited liability company, its general partner

By: Equity Office Management, L.L.C., a Delaware limited liability company, its non-member manager

By: /s/ Kenneth Young
Name: Kenneth Young
Title: Managing Director, Leasing

TENANT:

QUINSTREET, INC., a California corporation

By: /s/ Michael McDonough
Name: Michael McDonough
Title: V.P. Secretary & General Counsel

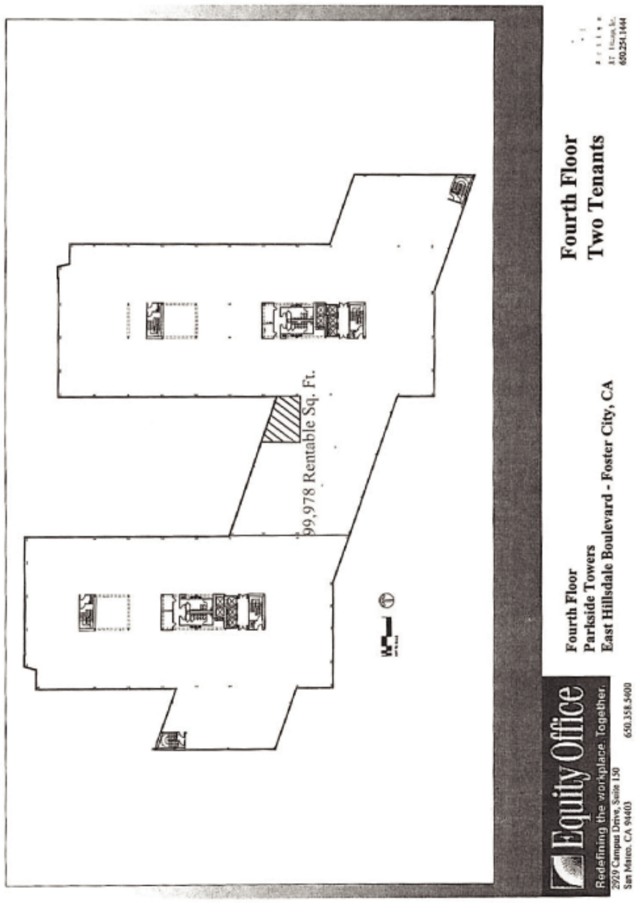
By: /s/ Bronwyn Syiek
Name: Bronwyn Syiek
Title: COO

2/28/2005
Matter ID #: 18445

EXHIBIT A

OUTLINE AND LOCATION OF TEMPORARY FITNESS CENTER SPACE

This Exhibit is attached to and made a part of the Amendment by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership** (“Landlord”) and **QUINSTREET, INC.,** a California corporation (“Tenant”) for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.



2/28/2005
Matter ID #: 18445

EXHIBIT B

FOSTER CITY FIRE MARSHAL REQUIREMENTS

This Exhibit is attached to and made a part of the Amendment by and between **CA-PARKSIDE TOWERS LIMITED PARTNERSHIP, a Delaware limited partnership** (“Landlord”) and **QUINSTREET, INC., a California corporation** (“Tenant”) for space in the Building located at 1051 East Hillsdale Boulevard, Foster City, California.

- The work will need to be approved by the City of Foster City.
- The work will need to be permitted.

“John Mapes” <jmapes@fostercity.org>

01/31/2005 10:26 AM

To
<David_Weinstein@equityoffice.com>, “Chuck Haney” <chaney@fostercity.org>
cc
<Bsonntag@Quinstreet.Com>
Subject
RE: Quinstreet Gym

David,

The Building Official and I visited the site today 1/31/05. The only issues I have are:

1. Providing sufficient emergency lighting so that the exit pathways are visible at all times (Building Permit required for all electrical work)

2. Covering or clearly identifying the existing trip hazards in the floor

3. Providing a 2A10BC dry chemical fire extinguisher for the area

The building emergency systems and exit signs are existing and must be active at all times (they appear to be.)

John Mapes
Fire Marshal
FCFD
Chuck Haney
Chief Building Offical

2/28/2005
Matter ID #: 18445

<u>THIRD AMENDMENT TO LEASE</u>

(Lease Extension)

THIS THIRD AMENDMENT TO LEASE (the "Amendment") is made and entered into as of September 9, 2008, by and between PARKSIDE TOWERS, L.P., a Delaware limited partnership ("Landlord"), and QUINSTREET, INC., a California corporation ("Tenant").

RECITALS

A. CA-Parkside Towers Limited Partnership, a Delaware limited partnership, predecessor-in-interest to Landlord, and Tenant entered into that certain Office Lease Agreement dated as of June 2, 2003 (the "Original Lease"), as amended by that certain First Amendment dated as of June 24, 2004 (the "First Amendment") and by that certain Second Amendment dated as of March 7, 2005 (the "Second Amendment"), pursuant to which Tenant leases from Landlord certain premises commonly known as Suites 700 and 800 (the "Premises") on the seventh (7th) and eighth (8th) floors of the building commonly known as Parkside Tower East located at 1051 East Hillsdale Boulevard in Foster City, California, which Premises contain an aggregate of approximately 53,877 rentable square feet. The Original Lease, as amended by the First Amendment and the Second Amendment, is herein referred to collectively as the "Lease". The Lease is scheduled to expire on October 31, 2009.

B. Landlord and Tenant presently desire to amend the Lease to, among other things, extend the Term of the Lease, as more fully set forth below.

C. Capitalized terms not otherwise defined herein shall have the respective meanings given to them in the Lease.

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual covenants, terms and conditions herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **<u>Term; Rental</u>.** The Term of the Lease for the Premises is hereby extended for a period of one (1) year (the "One-Year Extension Term") commencing on November 1, 2009 and terminating on October 31, 2010. Tenant shall pay to Landlord throughout the One-Year Extension Term, at such place as Landlord may designate, without deduction, offset, prior notice or demand, Base Rent for the Premises in lawful money of the United States in the following amounts:

Months	Monthly Base Rent Rate	Monthly Base Rent
November 1, 2009 – October 31, 2010	$2.65 psf	$142,774.05

Nothing herein shall be construed to limit or alter Tenant's obligation to pay Tenant's Pro Rata Share of Expense Excess and Tax Excess as provided in Exhibit B to the Original Lease, throughout the One-Year Extension Term. The Base Year shall remain calendar year 2004.

2. Condition of Premises. Tenant shall accept the Premises in its "AS IS" condition effective as of the commencement of the One-Year Extension Term. Tenant acknowledges that Landlord shall have no obligation to make or to pay for any improvements to the Premises or otherwise prepare the Premises for Tenant's occupancy during the One-Year Extension Term. Subject to the terms of the Lease, as amended hereby, all Building operating systems shall be in good condition and repair as of the commencement date of the One-Year Extension Term.

3. **Modifications to Lease**. Effective as of the date hereof:

3.1 **Notices to Landlord**. Landlord's addresses for receipt of notices under the Lease are as follows:

c/o Harvest Properties, Inc.
6475 Christie Avenue, Suite 550
Emeryville, CA 94608
Attention: Parkside Towers Property Manager
Telephone: (510) 594-2050
Facsimile: (510) 594-2049

With a copy to:

c/o Invesco Real Estate
500 Three Galleria Tower
13155 Noel Road
Dallas, Texas 75240
Attention: Parkside Towers Asset Manager
Telephone: (972) 715-7497
Facsimile: (972) 715-5816

3.2 **Renewal Option**. Tenant's Renewal Option set forth in Section 1 of Exhibit F to the Original Lease shall be for a period of four (4) years (rather than five (5) years) in accordance with the terms of Section 8.02 of the First Amendment.

4. **Brokers**. Landlord and Tenant each warrants that it has had no dealings with any broker or agent in connection with the negotiation or execution of this Amendment other than Colliers Parrish International, Inc., representing Tenant, whose commission, if any, shall be paid solely by Tenant, and Harvest Properties, representing Landlord, whose commission, if any, shall be paid solely by Landlord. Landlord and Tenant each agrees to indemnify, defend and hold the other harmless from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with such party with regard to this leasing transaction.

5. **Ratification**. This Amendment contains the entire understanding between the parties with respect to the matters contained herein. Except as modified by this Amendment, the Lease and all the terms, covenants, conditions and agreements thereof are hereby in all respects ratified, confirmed and approved. No representations, warranties, covenants or agreements have

been made concerning or affecting the subject matter of this Amendment, except as are contained herein and in the Lease. Tenant hereby affirms that on the date hereof no breach or default by either Landlord or Tenant has occurred, and that the Lease, and all of its terms, conditions, covenants, agreements and provisions, except as hereby modified, are in full force and effect with no defenses or offsets thereto.

6. **Authority**. Tenant hereby represents and warrants to Landlord that (a) Tenant is in good standing under the laws of the State of California, (b) Tenant has full corporate power and authority to enter into this Amendment and to perform all of the "Tenant's" obligations under the Lease, as amended by this Amendment, and (c) each person (and all of the persons if more than one signs) signing this Amendment on behalf of Tenant is duly and validly authorized to do so.

7. **Successors and Assigns**. This Amendment, and each and every provision hereof, shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

8. **Governing Law**. This Amendment shall be construed, interpreted and enforced, and the rights and obligations of the parties hereto determined, in accordance with the laws of the State of California.

9. **Headings and Captions**. The headings and captions of the paragraphs of this Amendment are for convenience and reference only and in no way define, describe or limit the scope or intent of this Amendment or any of the provisions hereof.

10. **Counterparts**. This Amendment may be executed in any number of identical counterparts each of which shall be deemed to be an original and all, when taken together, shall constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

11. **No Offer**. Submission of this instrument for examination and signature by Tenant does not constitute an offer to lease or a reservation of or option for lease, and this instrument is not effective as a lease amendment or otherwise until executed and delivered by each of Landlord and Tenant.

IN WITNESS WHEREOF, the parties hereto have executed this instrument effective as of the day and year first above written.

LANDLORD:

PARKSIDE TOWERS, L.P.,
a Delaware limited partnership

By: Harvest Parkside Investors, LLC,
a Delaware limited liability company,
its General Partner

By: /s/ Joss Hanna
Name: JOSS HANNA
Title: VP

TENANT:

QUINSTREET, INC.,
a California corporation

By: /s/ Daniel E. Caul
Name: Daniel E. Caul,
Title: Senior Vice President,
General Counsel &
Secretary

By: /s/ Kenneth Hahn
Name: KENNETH HAHN
Title: SVP FINANCE & CFO

[If Tenant is a corporation, Tenant should have one officer from each of the following categories sign for Tenant: (a) a president, vice president or chairman of the board and (b) a secretary, assistant secretary, chief financial officer or assistant treasurer (unless the Amendment is returned accompanied by a corporate resolution identifying a single authorized signatory).]

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated November 19, 2009, except for Note 14 to the financial statements, as to which the date is January 14, 2010, relating to the financial statements and financial statement schedule of QuinStreet, Inc., which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
San Jose, California
January 25, 2010

David G. Peinsipp
(415) 693-2177
dpeinsipp@cooley.com

VIA EDGAR AND FEDEX

January 26, 2010

Mark P. Shuman
David L. Orlic
United States Securities and Exchange Commission
Division of Corporate Finance
Mail Stop 4561
100 F Street, NE
Washington, DC 20549

RE: QuinStreet, Inc.
Registration Statement on Form S-1
Filed on November 19, 2009
File No. 333-163228

Dear Messrs. Shuman and Orlic:

On behalf of QuinStreet, Inc. (the "***Company***"), we are transmitting for filing Amendment No. 3 (the "***Amendment***") to the Registration Statement on Form S-1, File No. 333-163228 (the "***Registration Statement***"). We are sending copies of this letter and the Amendment in the traditional non-EDGAR format, including a version that is marked to show changes to the Registration Statement filed with the U.S. Securities and Exchange Commission (the "***Commission***") on January 25, 2010, and will forward a courtesy package of these documents for the staff of the Commission, in care of Mr. Orlic.

Please do not hesitate to contact me at (415) 693-2177 or Jodie Bourdet at (415) 693-2054 if you have any questions or would like additional information regarding the Registration Statement.

Sincerely,

/s/ David G. Peinsipp

David G. Peinsipp

Enclosures

cc: Kenneth Hahn, *QuinStreet, Inc.*
Daniel Caul, Esq., *QuinStreet, Inc.*
Jodie Bourdet, Esq., *Cooley Godward Kronish LLP*
Alan Denenberg, Esq., *Davis Polk & Wardwell LLP*