As filed with the Securities and Exchange Commission on January 14, 2010

Registration No. 333-163228

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

Amendment No. 2
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)

Copies to:

Jodie Bourdet **David Peinsipp** **Cooley Godward Kronish LLP** **101 California Street, 5th Floor** **San Francisco, CA 94111** **(415) 693-2000**	**Alan Denenberg** **Davis Polk & Wardwell LLP** **1600 El Camino Real** **Menlo Park, CA 94025** **(650) 752-2000**

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.

The information in this prospectus is not complete and may be changed. Neither we nor the selling stockholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and neither we nor the selling stockholders are soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION. DATED JANUARY 14, 2010.

Shares

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 $ and $ 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 additional shares of common stock from us and a maximum of 1,037,648 additional shares of common stock from the selling stockholders to cover over-allotments. We will not receive any of the proceeds from the sale of our common stock by the selling stockholders.

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

	Price to Public	Underwriting Discounts and Other 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, the selling stockholders 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 and the selling stockholders 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, the selling stockholders 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 $3 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 $3 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 $1 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	shares
Common stock to be outstanding after this offering	shares
Over-allotment option	shares, including 1,037,648 shares offered by the selling stockholders
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 $ million at an assumed initial public offering price of $ 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 11,491,017 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 $9.3494 per share;
- an aggregate of 601,467 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 shares of common stock from us and up to an additional 1,037,648 shares of common stock from the selling stockholders.

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	$
Working capital	19,942	
Total assets	235,410	
Total liabilities	110,284	
Total debt	66,177	
Total stockholders' equity	81,723	

(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 shares of our common stock in this offering at an assumed initial public offering price of $ 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 $ per share would increase (decrease) each of cash and cash equivalents, working capital, total assets and total stockholders' equity by $, 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 $, 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, which could also reduce the number of visitors to our websites, or the placement of advertisements on other websites and pricing, which could increase our costs to attract such visitors. 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 any equity financing, other than this offering, 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 % 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 approximately shares of common stock, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options. Of these shares, 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, an additional 34,912,597 shares will be eligible for sale in the public market. In addition, (i) the 11,491,017 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 $ 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 % 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 $ million, or approximately $ 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 $ per share, and after deducting estimated underwriting discounts and commissions and estimated offering expenses. We will not receive any proceeds from the sale of our common stock to be sold by the selling stockholders if the underwriters exercise their over-allotment option. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) the net proceeds to us from this offering by approximately $ 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 $ 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 sale of shares of common stock that we are offering at an assumed initial public offering price of $ 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	$
Debt, current	$ 13,182	$ 10,182	
Debt, noncurrent	$ 52,995	$ 28,245	
Convertible preferred stock, $0.001 par value, 35,500,000 shares authorized, 15,808,777 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; 5,000,000 shares authorized, no shares 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, 13,455,343 shares issued and outstanding, actual; 50,500,000 shares authorized, 34,631,876 shares issued and outstanding, pro forma; 100,000,000 shares authorized, shares issued and outstanding, pro forma as adjusted	13	35	
Additional paid-in capital	15,614	58,995	
Accumulated other comprehensive income	3	3	
Retained earnings	66,093	66,093	
Total stockholders' equity	81,723	125,126	
Total capitalization	$ 178,121	$ 153,371	$

(1) Each $1.00 increase (decrease) in the assumed public offering price of $ 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

$, 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 $, 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 $8.1717 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 $, or $ 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 shares of common stock at the assumed initial public offering price of $ 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 $, or $ per share. This represents an immediate increase of net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ 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		$
Pro forma as adjusted net tangible book value per share as of September 30, 2009, before giving effect to this offering	$	
Increase in pro forma as adjusted net tangible book value per share attributed to new investors purchasing shares in this offering		
Pro forma net tangible book value per share after giving effect to this offering		
Dilution per share to new investors in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our pro forma as adjusted net tangible book value by $, or $ per share, and the pro forma as adjusted dilution per share to investors in this offering by $ 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 $, or $ per share, and the pro forma as adjusted dilution per share to investors in this offering would be $ 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 $, or $ per share, and the pro forma as adjusted dilution per share to investors in this offering would be $ 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 $ per share, the increase in pro forma as adjusted net tangible book value per share to existing stockholders would be $ per share and the dilution to new investors purchasing shares in this offering would be $ per share. We will not receive any proceeds from the sale of our common stock by the selling stockholders if the underwriters exercise the right to purchase additional shares of common stock from the selling stockholders, to cover over-allotments.

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 consideration paid to us by our existing stockholders and by new investors purchasing shares in this offering, assuming an initial public offering price of $ 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	%	$ 59,030,000	%	$ 1.70
New investors					
Total		100.0%	$	100.0%	

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

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 $8.1717 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.

If all outstanding options were exercised, then our existing stockholders, including the holders of these options, would own % and our new investors would own % of the total number of our common stock outstanding upon the closing of this offering. In such event, the total consideration paid by our existing stockholders would be $87,063,333, or %, the total consideration paid by our new investors would be $, or %, the average price per share paid by our existing stockholders would be $8.1717 and the average price per share paid by our new investors would be $.

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,					Three Months Ended September 30,	
	2005	2006	2007	2008	2009	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:							
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,					Three Months Ended September 30,	
	2005	2006	2007	2008	2009	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,					September 30,
	2005	2006	2007	2008	2009	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,					Three Months Ended September 30,	
	2005	2006	2007	2008	2009	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,					Three Months Ended September 30,	
	2005	2006	2007	2008	2009	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, 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	1,695,600	10.28	10.28	9,098,250
July 25, 2008(1)	85,000	11.31	10.28	434,775
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	13,229,750

(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.

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,		2008-2009 % Change
	2008	2009	
	(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,		2008-2009% Change
	2008	2009	
	(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,		2008-2009% Change
	2008	2009	
	(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	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 % Change	2008-2009 % Change
	2007	2008	2009		
		(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 % Change	2008-2009 % Change
	2007	2008	2009		
	(In thousands)				
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 % Change	2008-2009 % Change
	2007	2008	2009		
	(In thousands)				
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	2009
		(In thousands)	
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.

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, 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. 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 ($)(2)
Douglas Valenti	July 25, 2008		85,000	$11.31(1)	$375,258
	May 30, 2008	$304,500(3)			
	May 30, 2008	$ —(4)			
Bronwyn Syiek	July 25, 2008		125,000	$10.28	$578,163
	May 30, 2008	$238,000(3)			
	May 30, 2008	$ —(4)			
Tom Cheli	July 25, 2008		75,000	$10.28	$346,898
	May 30, 2008	$187,200(3)			
	May 30, 2008	$ —(4)			
Scott Mackley	July 25, 2008		75,000	$10.28	$346,898
	May 30, 2008	$187,200(3)			
	May 30, 2008	$ —(4)			
Kenneth Hahn	July 25, 2008		50,000	$10.28	$231,563
	May 30, 2008	$113,000(3)			
	May 30, 2008	$ —(4)			

(1) Option granted to Mr. Valenti had an exercise price per share equal to 110% of the fair market value of one share of our common stock on the date of grant.

(2) 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.

(3) 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 34% 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.

(4) 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	$11.31	July 24, 2013
	January 31, 2007	99,687	65,313	$10.34	January 30, 2012
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 11,491,017 shares of common stock were outstanding at a weighted average exercise price of $9.3494 per share and 601,467 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. Currently, only Mr. Valenti has an option with these terms.

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. However, the size of an annual grant made to a non-employee director who is elected after the completion of this offering and who has served for less than 12 months at the time of the annual meeting will be reduced pro rata for each full month prior to the date of grant during which such person did not serve as a non-employee director. 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 AND SELLING 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 shares of common stock in this offering, and the sale of up to additional shares of common stock by us and the selling stockholders upon exercise of the underwriters over-allotment option, for:

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

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 both (i) issuance of shares of common stock in this offering and no exercise of the over-allotment option and (ii) the issuance of up to shares of common stock by us and the sale of up to 1,037,648 shares of common stock by the selling stockholders to the underwriters to cover over-allotments, if any.

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.

				Shares Beneficially Owned After the Offering			
	Shares Beneficially Owned Before the Offering		Shares Being Offered	Over-allotment Option Not Exercised		Over-allotment Option Exercised in Full	
Name of Beneficial Owner	Number	%		Number	%	Number	%
5% Stockholders:							
Douglas Valenti(1)	6,393,475	18.2%	300,000	6,393,475		6,093,475	
Entities affiliated with Split Rock Partners(2) 10400 Viking Drive. Suite 550 Minneapolis, MN 55344	5,682,951	16.3%	250,000	5,682,951		5,432,951	
Entities affiliated with Sutter Hill Ventures(3) 755 Page Mill Road, Suite A-200 Palo Alto, CA 94304-1005	3,655,681	10.5%	—	3,655,681		3,655,681	
Entities affiliated with GGV Capital(4) 2494 Sand Hill Road, Suite 100 Menlo Park, CA 94025	2,666,975	7.6%	—	2,666,975		2,666,975	
W Capital Partners II, L.P.(5). One East 52nd Street, 5th Floor New York, NY 10022	2,376,228	6.8%	120,000	2,376,228		2,256,228	
Entities affiliated with Catterton Partners(6) 599 West Putnam Avenue Greenwich, CT 06830	2,033,899	5.8%	250,000	2,033,899		1,783,999	
Entities affiliated with Partech International(7) 50 California Street, #3200 San Francisco, CA 94111	1,913,620	5.5%	—	1,913,620		1,913,620	
Directors and Named Executive Officers:							
Douglas Valenti(1)	6,393,475	18.2%	300,000	6,393,475		6,093,475	
Bronwyn Syiek(8)	858,502	2.4%	—	858,502		858,502	
Kenneth Hahn(9)	321,353	*	—	321,353		321,353	
Tom Cheli(10)	479,269	1.4%	—	479,269		479,269	
Scott Mackley(11)	610,935	1.7%	—	610,935		610,935	
William Bradley(12)	204,000	*	—	204,000		204,000	
John McDonald(13)	214,000	*	—	214,000		214,000	
Gregory Sands(14)	3,779,990	10.8%	—	3,779,990		3,779,990	
James Simons(15)	5,707,951	16.3%	250,000	5,707,951		5,457,951	
Glenn Solomon(16)	2,691,975	7.7%	—	2,691,975		2,691,975	
Dana Stalder(17)	228,900	*	—	228,900		228,900	
All officers and directors as a group (16 persons)(18)	22,279,444	57.7%	550,000	22,279,444		21,729,444	
Selling Stockholders:							
Douglas Valenti(1)	6,393,475	18.2%	300,000	6,393,475		6,093,475	
Entities affiliated with Split Rock Partners(2) 10400 Viking Drive. Suite 550 Minneapolis, MN 55344	5,682,951	16.3%	250,000	5,682,951		5,432,951	
W Capital Partners II, L.P.(5). One East 52nd Street, 5th Floor New York, NY 10022	2,376,228	6.8%	120,000	2,376,228		2,256,228	
Entities affiliated with Catterton Partners(6) 599 West Putnam Avenue Greenwich, CT 06830	2,033,899	5.8%	250,000	2,033,899		1,783,999	
Entities affiliated with Venture Strategy Partners (19) 201 Post Street, Suite 1100 San Francisco, CA 94108	1,513,580	4.3%	117,648	1,513,580		1,395,932	

* 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. Mr. Valenti, as trustee of The Valenti Living Trust, has granted the underwriters an option to purchase up to 300,000 shares of common stock to cover over-allotments, if any.

(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. SPVC V, LLC and SPVC Affiliates Fund I, LLC have granted the underwriters an option to purchase up to 244,663 and 5,337 shares of common stock, respectively, to cover over-allotments, if any.

(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. W Capital Partners II, L.P. has granted the underwriters an option to purchase up to 120,000 shares of common stock to cover over-allotments, if any.

(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. Catterton Partners IV, L.P., Catterton Partners IV Offshore, L.P., Catterton Partners IV-A, L.P., Catterton Partners IV Special Purpose, L.P. and Catterton Partners IV-B, L.P. have granted the underwriters an

option to purchase up to 111,232, 93,771, 38,997, 3,281 and 2,719 shares of common stock, respectively, to cover over-allotments, if any.

(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. These funds have granted the underwriters an option to purchase an aggregate of 250,000 shares of common stock to cover our allotments, if any, as referenced in footnote 2 above. 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 200,000 shares of our common stock within 60 days of December 31, 2009.

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

(19) Includes 117,648 shares held by Venture Strategy Partners, 1,320,000 shares held by Venture Strategy Partners II L.P. and 75,932 shares held by Venture Strategy Affiliate Fund L.P. Venture Strategy Partners has granted the underwriters an option to purchase up to 117,648 shares of common stock to cover over-allotments, if any.

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
- 11,491,017 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 $9.3494 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.

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, shares of our common stock will be outstanding, assuming no exercise of the underwriters' over-allotment option and no exercise of options. All 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 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:

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

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 additional shares and the selling stockholders have granted the underwriters a 30-day option to purchase up to additional shares at the initial public offering price less the underwriting discounts and commissions. If the selling stockholders fail for any reason to sell that number of shares to be sold by such selling stockholders upon exercise of their over-allotment option, we have agreed to issue additional shares of our common stock to cover any such unsold shares. The option may be exercised only to cover any over-allotments of common stock. Upon any partial exercise of this option, the underwriters will first purchase shares from the selling stockholders, pro-rata to each such stockholder's aggregate commitment, and the underwriters will only purchase shares from us pursuant to this option once all shares offered by the selling stockholders are sold. 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	$	$	$	$
Underwriting discounts and commissions payable by the selling stockholders	$ —	$	$ —	$
Expenses payable by the selling stockholders	$ —	$	$ —	$

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.

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 and the selling stockholders 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, the selling stockholders or any of the book-running managers to produce a prospectus for such offer. Neither we, the selling stockholders 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	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 outstanding at June 30, 2008 and 2009 and at September 30, 2009, respectively; 36,801,423 shares issued and 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,			Three Months Ended September 30,	
	2007	2008	2009	2008	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:

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,	
	2007	2008	2009	2008	2009
				(Unaudited)	
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

(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,	
	2007	2008	2009	2008	2009
				(Unaudited)	
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

(In thousands, except share and per share data)

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.

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)
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	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.

(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.

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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,			Three Months Ended September 30,	
	2007	2008	2009	2008	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

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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.

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

(In thousands, except share and per share data)

capacity to generate online visitors in the financial services market. The total purchase price recorded was as follows:

	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

(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

(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

(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

(In thousands, except share and per share data)

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:

	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

(In thousands, except share and per share data)

(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.

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

(In thousands, except share and per share data)

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.

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		Liquidation Amount	Proceeds Net of Issuance Costs
	Authorized	Outstanding		
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,	
	2007	2008	2009	2008	2009
				(Unaudited)	
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.

(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

(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

(In thousands, except share and per share data)

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.

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	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.

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.

Shares

QuinStreet, Inc.

Common Stock

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, including the shares to be sold by the selling stockholders if the underwriters exercise their over-allotment option. 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 $ 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 options. 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)	
Legal fees and expenses	900,000
Accounting fees and expenses	
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	
Total	$

(1) Assuming an initial public offering price per share of $, an additional amount of will be payable to Qatalyst Partners LP if the underwriters exercise in full their option to purchase an aggregate of 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 1,944,459 shares have been exercised for cash consideration in the aggregate amount of $4,860,498.

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.

* To be filed by amendment.

+ 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. 2 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 14th 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. 2 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 14, 2010
/s/ Kenneth Hahn Kenneth Hahn	Chief Financial Officer (*Principal Financial and Accounting Officer*)	January 14, 2010
* William Bradley	Director	January 14, 2010
* John G. McDonald	Director	January 14, 2010
* Gregory Sands	Director	January 14, 2010
* James Simons	Director	January 14, 2010
* Glenn Solomon	Director	January 14, 2010
* Dana Stalder	Director	January 14, 2010

*By: /s/ Kenneth Hahn
Kenneth Hahn
Attorney-in-fact

EXHIBIT INDEX

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24.1†	Power of Attorney.

† Previously filed.

* To be filed by amendment.

+ Indicates management contract or compensatory plan.

We have requested confidential treatment for portions of this exhibit.

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
QUINSTREET (DELAWARE), INC.

Douglas Valenti hereby certifies that:

ONE: The date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of the State of Delaware was October 23, 2009, under the name QuinStreet (Delaware), Inc.

TWO: He is the duly elected and acting Chairman and Chief Executive Officer of QuinStreet (Delaware), Inc., a Delaware corporation.

THREE: The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

I.

The name of this corporation is **QuinStreet (Delaware), Inc.** (the "Corporation").

II.

The address of the registered office of the corporation in the State of Delaware is 160 Greentree Drive, Suite 101, City of Dover, County of Kent, and the name of the registered agent of the corporation in the State of Delaware at such address is National Registered Agents, Inc.

III.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law ("***DGCL***").

IV.

A. This Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock," both of which shall be $0.001 par value per share. The total number of shares which the Corporation is authorized to issue is eighty-six million (86,000,000) shares, fifty million five hundred thousand (50,500,000) shares of which shall be Common Stock (the "***Common Stock***") and thirty-five million five hundred thousand (35,500,000) shares of which shall be Preferred Stock (the "***Preferred Stock***").

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, within the limitations and restrictions stated in this Certificate of Incorporation, to fix or alter the rights, preferences, privileges and restrictions

granted to or imposed upon of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series prior or subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series.

C. Eleven million (11,000,000) of the authorized shares of Preferred Stock are hereby designated "Series A Preferred Stock" (the "***Series A Preferred***"). Ten million two hundred thousand (10,200,000) of the authorized shares of Preferred Stock are hereby designated "Series B Preferred Stock" (the "***Series B Preferred***," and, together with the Series A Preferred, the "***Voting Preferred***"). Five hundred thousand (500,000) of the authorized shares of Preferred Stock are hereby designated "Series C Preferred Stock" (the "***Series C Preferred***" and, together with the Voting Preferred, the "***Series Preferred***").

D. The rights, preferences, privileges, restrictions and other matters relating to the Series Preferred are as follows:

V.

A. Definitions. For purposes of this Certificate the following definitions shall apply and shall be equally applicable to both the singular and plural forms of the defined terms:

1. "Additional Shares of Common Stock" shall mean all shares of Common Stock issued by the Corporation after the filing of this Certificate, other than:

(a) shares of Common Stock issuable upon conversion of the Series Preferred;

(b) shares of Common Stock (i) issued to employees, directors or officers of, or advisors or consultants to, the Corporation pursuant to stock-based compensation plans approved by the Board, or issuable upon exercise of stock options granted to employees, directors or officers, advisors or consultants of the Corporation, pursuant to stock-based compensation plans approved by the Board or (ii) issuable upon exercise of warrants granted to lessors or lenders of the Corporation in connection with equipment leases or bank financing transactions approved by the Board.

(c) shares of Common Stock issued in any registered public offering;

(d) shares of Common Stock issued or issuable by way of stock split or stock dividend;

(e) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Series B Preferred Original Issue Date;

(f) shares of Common Stock issued and/or options, warrants or other Common Stock purchase rights, and the Common Stock issued pursuant to such options, warrants or other rights for consideration other than cash pursuant to a merger, consolidation, acquisition or similar business combination approved by the Board of Directors, including the affirmative vote of at least one of the Preferred Directors;

(g) shares of Common Stock issued pursuant to any equipment leasing arrangement or debt financing from a bank or similar financial institution approved by the Board of Directors, including the affirmative vote of at least one of the Preferred Directors;

(h) shares of Common Stock issued pursuant to technology services agreements or similar agreements approved by the Board of Directors, including the affirmative vote of at least one of the Preferred Directors; and

(i) shares of Common Stock issued to a corporate partner in a corporate partnering transaction approved by the Board of Directors, including the affirmative vote of at least one of the Preferred Directors, the primary purpose of which is not a financing of the Corporation.

2. "Affiliate" shall mean any Person which directly or indirectly controls, is controlled by, or is under common control with, the indicated Person. For the purposes of this definition, "control" has the meaning specified as of the date hereof for that word in Rule 405 promulgated by the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

3. "Board" shall mean the Board of Directors of the Corporation.

4. "Combined Directors" shall mean directors of the Corporation elected by the holders of the Voting Preferred and the Common Stock, voting together on an as-if converted basis, pursuant to Section B(2)(a) below.

5. "Common Stock Dividend" shall mean a stock dividend declared and paid on the Common Stock that is payable in shares of Common Stock.

6. "Conversion Price," when used in reference to the Series Preferred, shall have the meaning set forth in Section F(1) below.

7. "Conversion Rights" shall have the meaning set forth in Section F below.

8. "Conversion Stock" shall mean the Common Stock into which the Series Preferred is convertible and the Common Stock issued upon such conversion.

9. "Convertible Securities" shall mean evidences of indebtedness, shares of stock or other securities which are at any time, directly or indirectly, convertible into or exchangeable for Additional Shares of Common Stock.

10. "Dividend Rate" shall mean (i) eight percent (8%) of the Series A Preferred Original Issue Price per annum on each outstanding share of Series A Preferred, appropriately adjusted for any stock split, combination or other recapitalization affecting the Series A Preferred and dividends on such stock payable in shares of Series A Preferred or Common Stock that occur after the Series A Preferred Original Issue Date; (ii) eight percent (8%) of the Series B Preferred Original Issue Price per annum on each outstanding share of Series B Preferred, appropriately adjusted for any stock split, combination or other recapitalization affecting the Series B Preferred and dividends on such stock payable in shares of Series B Preferred or Common Stock that occur after the Series B Preferred Original Issue Date; and (iii) eight percent (8%) of the Series C Preferred Original Issue Price per annum on each outstanding share of Series C Preferred, appropriately adjusted for any stock split, combination or other recapitalization affecting the Series C Preferred and dividends on such stock payable in shares of Series C Preferred or Common Stock that occur after the Series C Preferred Original Issue Date.

11. "Effective Price" shall mean the price per share for Additional Shares of Common Stock determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Corporation under Sections F(7) and F(8), into the aggregate consideration received, or deemed to have been received by the Corporation for such issue or sale under such Sections F(7) and F(8), for such Additional Shares of Common Stock.

12. "Equity Securities" shall mean any stock or similar security, including, without limitation, securities containing equity features and securities containing profit participation features, or any security convertible or exchangeable, with or without consideration, into any stock or similar security, or any security carrying any warrant or right to subscribe to or purchase any stock or similar security, or any such warrant or right.

13. "Person" shall include all natural persons, corporations, business trusts, associations, limited liability companies, partnerships, joint ventures and other entities, governments, agencies and political subdivisions.

14. "Qualified Public Offering" shall mean the first underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offering and sale of Common Stock for the account of the Corporation on a firm commitment basis in which the aggregate gross proceeds received by the Corporation at the public offering price equals (or exceeds) $25 million before deduction of underwriters' commissions and expenses and the public offering price equals or exceeds $5.90 per share of Common Stock (appropriately adjusted for subdivisions and combinations of shares of Common Stock and dividends on Common Stock payable in shares of Common Stock).

15. "Series A Preferred Original Issue Price" shall mean $0.85 per share of Series A Preferred (subject to appropriate adjustments for stock splits, stock dividends and other combinations in the same manner as set forth in Section F(6)).

16. "Series B Preferred Original Issue Price" shall mean $2.95 per share of Series B Preferred (subject to appropriate adjustments for stock splits, stock dividends and other combinations in the same manner as set forth in Section F(6)).

17. "Series C Preferred Original Issue Price" shall mean $5.00 per share of Series C Preferred (subject to appropriate adjustments for stock splits, stock dividends and other combinations in the same manner as set forth in Section F(6)).

18. "Series A Preferred Original Issue Date" shall mean the date on which the first share of Series A Preferred is issued by the Corporation.

19. "Series B Preferred Original Issue Date" shall mean the date on which the first share of Series B Preferred is issued by the Corporation.

20. "Series C Preferred Original Issue Date" shall mean the date on which the first share of Series C Preferred is issued by the Corporation.

B. Voting Rights.

1. General. Except as may be otherwise provided by law, the Series C Preferred shall be non-voting stock. At all meetings of the stockholders of the Corporation and in the case of any actions of stockholders in lieu of a meeting, each holder of Voting Preferred, and each holder of Series C Preferred, in the event that the Series C Preferred is entitled to vote, shall have that number of votes on all matters submitted to the stockholders that is equal to the number of whole shares of Common Stock into which such holder's shares of Voting Preferred or Series C Preferred, as the case may be, are then convertible, as provided in Section F, at the record date for the determination of the stockholders entitled to vote on such matters or, if no such record date is established, at the date such vote is taken or any written consent of such stockholders is effected. Except as may be otherwise provided in this Certificate, by agreement or by law, the holders of the Common Stock and the holders of the Voting Preferred, and the Series C Preferred, in the event that the Series C Preferred is entitled to vote, shall vote together as a single class on all actions to be taken by the stockholders of the Corporation.

2. Election of Directors. The number of directors which shall constitute the Board of Directors of the Corporation shall be fixed by the Board of Directors in the manner provided in the Bylaws.

(a) Allocation of Board Seats. The holders of (i) the Series B Preferred, voting together as a single class, shall be entitled to elect to the Board one (1) director of the Corporation (the "**Series B Director**"); (ii) the Series A Preferred, voting together as a single class, shall be entitled to elect to the Board two (2) directors of the Corporation (the "***Series A Directors***," and, together with the Series B Director, the "***Preferred Directors***"); (iii) the Common Stock and the Voting Preferred, voting together as a single class on an as-if-converted basis, shall elect the remaining directors of the Corporation (the "***Combined Directors***").

(b) Quorums. At any meeting held for the purpose of electing directors, (i) the presence in person or by proxy of the holders of a majority of the aggregate number of shares of Series B Preferred then outstanding shall constitute a quorum of the Series B Preferred for the election of the Series B Director, (ii) the presence in person or by proxy of the holders of a majority of the aggregate number of shares of Series A Preferred then outstanding shall constitute a quorum of the Series A Preferred for the election of the Series A Directors; and (iii) the presence in person or by proxy of the holders of a majority of the aggregate number of shares of the Common Stock and the Voting Preferred (on an as-if-converted basis) then outstanding shall constitute a quorum of the Common Stock and the Voting Preferred for the election of the Combined Directors.

(c) Vacancies. A vacancy in any directorship (i) elected by the holders of the Series B Preferred shall be filled only by vote of the holders of the Series B Preferred as provided above; (ii) elected by the holders of the Series A Preferred shall be filled only by vote of the holders of the Series A Preferred as provided above; and (iii) elected jointly by the holders of the Common Stock and the Voting Preferred shall be filled only by vote of the holders of the Common Stock and the holders of the Voting Preferred as provided above.

(d) Cumulative Voting. No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the Corporation is subject to Section 2115 of the California General Corporation Law ("***CGCL***"). During such time or times that the Corporation is subject to Section 2115(b) of the CGCL, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder desires. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

(e) Removal of Directors. During such time or times that the Corporation is subject to Section 2115(b) of the CGCL, one or more directors may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote for that director as provided above; *provided*, *however*, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

3. Separate Vote of the Voting Preferred. For so long as at least fifty percent (50%) of the aggregate number of shares of Voting Preferred originally issued by the Corporation remain outstanding, the Corporation shall not, without the affirmative vote of a majority of the then-outstanding shares of Voting Preferred (voting together as a separate class):

(a) sell, lease, license (on an exclusive basis) or otherwise dispose of all or substantially all of the assets of the Corporation or of any subsidiary of the Corporation, nor shall the Corporation or any subsidiary of the Corporation consolidate with or merge into any other corporation or entity, or permit any other corporation or entity to consolidate or merge into the Corporation or any subsidiary of the Corporation, or enter into a plan of exchange with any other corporation or entity, or otherwise acquire any other corporation or entity if the stockholders of the Corporation prior to such transaction do not own a majority of the outstanding shares of the surviving corporation or entity;

(b) take any action that constitutes or results in the repurchase of any share(s) of Common Stock (other than isolated redemptions, repurchases or other acquisitions for cash of shares at their original purchase price under the provisions of the Corporation's stock option, restricted stock or other equity compensation plans or employment agreements as approved by the Board of Directors);

(c) permit any subsidiary of the Corporation to sell any of its securities to a third party;

(d) take any action constituting or resulting in a liquidation, dissolution or winding up of the Corporation;

(e) authorize a payment of a cash dividend or other distribution on any class of capital stock on a parity with or junior to the Series Preferred; or

(f) grant any registration rights to any Person.

4. Separate Vote of the Series A Preferred. For so long as at least fifty percent (50%) of the aggregate number of shares of Series A Preferred originally issued by the Corporation remain outstanding, the Corporation shall not, without the affirmative vote of a majority (except at to Section B(4)(a) below) of the then-outstanding shares of Series A Preferred:

(a) take any action that constitutes or results in amendment or waiver of any provision of the Corporation's Certificate of Incorporation or Bylaws if such amendment or waiver in any way affects, alters or changes any existing rights, preferences, privileges or provisions relating to the Series A Preferred or the holders thereof without approval of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding shares of Series A Preferred;

(b) increase or decrease the authorized number of shares of Series A Preferred; or

(c) authorize or issue any new class of additional shares of capital stock of the Corporation having priority over the Series A Preferred or ranking in parity with the Series A Preferred (including any additional shares of Series A Preferred) as to the payment or distribution of assets upon the liquidation or dissolution, voluntary or involuntary, of the Corporation.

5. Separate Vote of the Series B Preferred. For so long as at least fifty percent (50%) of the aggregate number of shares of Series B Preferred originally issued by the Corporation remain outstanding, the Corporation shall not, without the affirmative vote of a majority of the then-outstanding shares of Series B Preferred:

(a) take any action that constitutes or results in amendment or waiver of any provision of the Corporation's Certificate of Incorporation or Bylaws if such amendment or waiver in any way affects, alters or changes any existing rights, preferences, privileges or provisions relating to the Series B Preferred or the holders thereof;

(b) increase or decrease the authorized number of shares of Series B Preferred; or

(c) authorize or issue any new class of additional shares of capital stock of the Corporation having priority over the Series B Preferred or ranking in parity with the Series B Preferred (including any additional shares of Series B Preferred) as to the payment or distribution of assets upon the liquidation or dissolution, voluntary or involuntary, of the Corporation.

C. DIVIDENDS.

1. Dividend Preference. The holders of each share of Series Preferred then outstanding shall be entitled to receive non-cumulative dividends, out of any funds and assets of the Corporation legally available therefor, prior and in preference to any declaration or payment of any dividend (other than a Common Stock Dividend) payable on Common Stock of the Corporation at the annual Dividend Rate for the Series Preferred. Such non-cumulative dividends shall be payable only if, as and when declared by the Board.

2. Other Dividends. Except as set forth in Section C(1) above, no dividend or other distribution shall accrue or be paid with respect to any shares of capital stock of the Corporation for any period, whether before or after the effective date of this Certificate of Incorporation, unless and until (i) declared by the Board and (ii) approved in accordance with Section B(3)(e), and (iii) the dividend pursuant to Section C(1) has been paid. In the event any dividend or distribution is declared or made with respect to outstanding shares of Common Stock, a comparable dividend or distribution shall be simultaneously declared or made with respect to the outstanding shares of Series Preferred (as if fully converted into Common Stock, including fractions of shares). Dividends on shares of capital stock of the Corporation shall be payable only out of funds legally available therefor.

3. Non-Cash Dividends. Whenever a dividend provided for in this Section C shall be payable in property other than cash (except stock dividends), the value of such dividend shall be deemed to be the fair market value of such property as determined in good faith by the Board.

4. Payments on Conversion. If the Corporation shall have accrued but unpaid dividends with respect to any Series Preferred upon its conversion as provided in Section F, then all such accrued but unpaid dividends on such converted shares shall be paid in full in cash at the date of conversion.

5. Distributions Upon Termination of Employment or Service. California General Corporation Law Sections 502 and 503 shall not apply with respect to distributions on shares junior to the Series Preferred as they relate to repurchases of shares of Common Stock upon termination of employment or service as a consultant or director.

D. Liquidation Rights.

1. Preference of Series Preferred: Liquidation, Dissolution or Winding Up. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series C Preferred then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether such assets are capital or earnings, before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the sum of the Series C Preferred Original Issue Price plus declared and unpaid dividends. In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the holders of the Series B Preferred then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether such assets are capital or earnings, before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the sum of (i) the Series B Preferred Original Issue Price plus (ii) an amount equal to 8% of the Series B Preferred Original Issue Price per annum following the Series B Preferred Original Issue Date (iii) less any unpaid dividends, if declared and paid, to and through the date full payment. The holders of the Series A Preferred then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether such assets are capital or earnings, before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the sum of (i) the Series A Preferred Original Issue Price plus (ii) an amount equal to 8% of the Series A Preferred Original Issue Price per annum following the Series B Preferred Original Issue Date (iii) less any unpaid dividends, if declared and paid, to and through the date full payment. Such liquidation payments shall be tendered to the holders of the Series A Preferred, Series B Preferred and Series C Preferred with respect to such liquidation, dissolution or winding up, and the holders of the Series A Preferred, Series B Preferred and Series C Preferred shall not be entitled to any further payment, except as provided in Section D(4).

2. Preference of Series Preferred: Reorganization or Sale of Assets. In the event of any merger, acquisition or consolidation of the Corporation into or with any other

entity or entities which results in the exchange of outstanding shares of the Corporation for securities or other consideration issued or paid or caused to be issued or paid by any such entity or Affiliate thereof pursuant to which the stockholders of the Corporation immediately prior to the transaction do not own a majority of the outstanding shares of the surviving corporation immediately after the transaction, or any sale, lease, license (on an exclusive basis) or transfer by the Corporation of all or substantially all its assets (a "***Merger Transaction***"), (a) before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Series A Preferred and the Common Stock, the holders of Series B Preferred then outstanding and the holders of Series C Preferred then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether such assets are capital or earnings, an amount equal to 1.75 times the Series B Preferred Original Issue Price, plus any declared and unpaid dividends on the Series B Preferred and an amount equal to the Series C Original Issue Price plus any declared and unpaid dividends on the Series C Preferred, respectively, and (b) the holders of Series A Preferred then outstanding shall be entitled to be paid out of the assets of the Corporation available for distribution to its stockholders, whether such assets are capital or earnings, before any payment or declaration and setting apart for payment of any amount shall be made in respect of the Common Stock, an amount equal to the sum of (i) the Series A Preferred Original Issue Price plus (ii) an amount equal to 8% of the Series A Preferred Original Issue Price per annum (iii) less any unpaid dividends, if declared and paid, to and through the date full payment. Such liquidation payments shall be tendered to the holders of the Series A Preferred, Series B Preferred and Series C Preferred effective upon the closing of such Merger Transaction, and the holders of the Series A Preferred, Series B Preferred and Series C Preferred shall not be entitled to any further payment.

3. Insufficient Assets. If, upon any liquidation, dissolution, winding up of the Corporation, whether voluntary or involuntary, or Merger Transaction the assets to be distributed to the holders of any class of the Series Preferred shall be insufficient to permit the payment to such stockholders of the full preferential amounts aforesaid, then all of the assets of the Corporation shall be distributed ratably to the holders of the Series Preferred on the basis of the full liquidation preference payable with respect to such Series Preferred if such liquidation preference was paid in full.

4. Remaining Assets. If the assets of the Corporation available for distribution to the Corporation's stockholders exceed the aggregate amount payable to the holders of the Series Preferred pursuant to Sections D(1) and D(2) hereof, then after the payments required by Sections D(1) and D(2) shall have been made or irrevocably set apart, such assets shall be distributed equally, on a per share basis, among the holders of the Common Stock, and the holders of the Series Preferred shall be entitled to no further distributions.

5. Reorganization; Sale of Assets. A Merger Transaction shall be deemed to be a liquidation, dissolution or winding up of the Corporation within the meaning of the provisions of this Section D unless this provision is waived by the affirmative vote of at least a majority of the shares of the Series Preferred voting together as a single class.

6. Notice. Any notice required by the provisions of this Section D shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be

notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation and shall be given not less than twenty (20) days prior to the payment date stated therein.

7. Determination of Consideration. To the extent any distribution pursuant to Sections D(1), D(2) or D(4) consists of property other than cash, the value thereof shall, for purposes of Sections D(1), D(2) or D(4), be the fair value at the time of such distributions as determined in good faith by the Board. Any securities shall be valued as follows:

(a) Securities not subject to investment letter or other similar restrictions on free marketability covered by (ii) below.

(i) If traded on a securities exchange or through the Nasdaq National Market, the value shall be deemed to be the average of the closing prices of the securities on such quotation system over the thirty (30) day period ending three (3) days prior to the closing;

(ii) If actively traded over-the-counter, the value shall be deemed to be the average of the closing bid or sale prices (whichever is applicable) over the thirty (30) day period ending three (3) days prior to the closing; and

(iii) If there is no active public market, the value shall be the fair market value thereof, as determined by the Board of Directors.

(b) The method of valuation of securities subject to investment letter or other restrictions on free marketability (other than restrictions arising solely by virtue of a stockholder's status as an affiliate or former affiliate) shall be to make an appropriate discount from the market value determined as above in (a)(i), (ii) or (iii) to reflect the approximate fair market value thereof, as determined by the Board of Directors.

8. Conversion Prior to Liquidating Distributions. Any holder of the Series Preferred may, at its option, convert all or a portion of its shares into Common Stock upon a liquidation, dissolution or winding up of the Corporation and thereby receive distributions with the holders of the Common Stock in lieu of receiving distributions with the holders of the Series Preferred.

E. Redemption Rights.

1. Required Redemption and Redemption Price. The Corporation shall be obligated to redeem the Series Preferred as follows:

(a) The holders of at least sixty-six and two-thirds percent (66-2/3%) of the then-outstanding shares of Voting Preferred, voting together as a separate class, may

require the Corporation, to the extent it may lawfully do so, to redeem the Voting Preferred in three (3) annual installments beginning on the fifth (5th) anniversary of the date on which the first share of Series B Preferred was issued by QuinStreet, Inc., a California corporation, and ending on the date two (2) years from such first redemption date (each a "***Voting Preferred Redemption Date***"). The Corporation shall effect such redemptions on the applicable Voting Preferred Redemption Date by paying in cash in exchange for the shares of Series A Preferred to be redeemed a sum equal to the Series A Preferred Original Issue Price per share of Series A Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) plus declared and unpaid dividends with respect to such shares. The total amount to be paid for the Series A Preferred is hereinafter referred to as the "***Series A Preferred Redemption Price***." The Corporation shall effect such redemptions on the applicable Voting Preferred Redemption Date by paying in cash in exchange for the shares of Series B Preferred to be redeemed a sum equal to the Series B Preferred Original Issue Price per share of Series B Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) plus declared and unpaid dividends with respect to such shares. The total amount to be paid for the Series B Preferred is hereinafter referred to as the "***Series B Preferred Redemption Price***." The number of shares of Voting Preferred that the Corporation shall be required to redeem on any one Voting Preferred Redemption Date shall be equal to the amount determined by dividing (A) the aggregate number of shares of Voting Preferred outstanding immediately prior to the Voting Preferred Redemption Date by (B) the number of remaining Voting Preferred Redemption Dates (including the Voting Preferred Redemption Date to which such calculation applies). Shares subject to redemption pursuant to this Section E(a) shall be redeemed from each holder of Voting Preferred on a *pro rata* basis.

(b) The holders of at least sixty-six and two-thirds percent (66-2/3%) of the then-outstanding shares of Series C Preferred, voting as a separate class, may require the Corporation, to the extent it may lawfully do so, to redeem the Series C Preferred in three (3) annual installments beginning on the fifth (5th) anniversary of the date on which the first share of Series C Preferred was issued by QuinStreet, Inc., a California corporation, and ending on the date two (2) years from such first redemption date (each a "***Series C Redemption Date***," and, together with the Voting Preferred Redemption Date, each a "***Redemption Date***"). The Corporation shall effect such redemptions on the applicable Series C Redemption Date by paying in cash in exchange for the shares of Series C Preferred to be redeemed a sum equal to the Series C Preferred Original Issue Price per share of Series C Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares) plus declared and unpaid dividends with respect to such shares. The total amount to be paid for the Series C Preferred is hereinafter referred to as the "***Series C Preferred Redemption Price***." The number of shares of Series C Preferred that the Corporation shall be required to redeem on any one Series C Redemption Date shall be equal to the amount determined by dividing (A) the aggregate number of shares of Series C Preferred outstanding immediately prior to the Series C Redemption Date by (B) the number of remaining Series C Redemption Dates (including the Series C Redemption Date to which such calculation applies). Shares subject to redemption pursuant to this Section E(b) shall be redeemed from each holder of Series C Preferred on a *pro rata* basis.

(c) If the Corporation does not have sufficient funds legally available to redeem all shares to be redeemed at the applicable Redemption Date (including, if applicable, those to be redeemed at the option of the Corporation), then it shall redeem such shares *pro rata* (based on the portion of the applicable aggregate Series A Preferred, Series B Preferred or Series C Preferred Redemption Price payable to them) to the maximum extent possible and shall redeem the remaining shares to be redeemed as soon as sufficient funds are legally available, at which time the Board of Directors shall promptly fix a date for such redemption and so notify the holders of such shares in writing.

2. Redemption Notice. Holders of at least sixty-six and two-thirds percent (66-2/3%) of the then-outstanding shares of Voting Preferred or holders of at least sixty-six and two-thirds percent (66-2/3%) of the then-outstanding shares of Series C Preferred, as the case may be, shall not less than forty five (45) days or more than ninety (90) days prior to the Voting Preferred Redemption Date or the Series C Redemption Date, respectively, mail written notice, postage prepaid, to the Corporation and thereupon the Corporation shall serve notice to all holders of such Series Preferred, at such holder's post office address last shown on the records of the Corporation (the "***Redemption Notice***"). The Redemption Notice shall state:

(a) the total number of shares of each series of Voting Preferred or of Series C Preferred which the Corporation is required to offer to redeem;

(b) the number of shares of each series of Voting Preferred or of Series C Preferred held by the holder which the Corporation intends to offer to redeem;

(c) the Redemption Date and applicable Series A Preferred or Series B Preferred Redemption Price or applicable Series C Preferred Redemption Price; and

(d) the time, place and manner in which the holder may elect to surrender to the Corporation the certificate or certificates representing the shares of Series Preferred to be redeemed.

3. Deposit of Redemption Funds. On or prior to each Redemption Date, as applicable, the Corporation shall deposit the Redemption Price of all shares to be redeemed with a bank or trust company having aggregate capital and surplus in excess of one hundred million dollars ($100,000,000), as a trust fund, with irrevocable instructions and authority to the bank or trust company to pay, on and after such Redemption Date, the Redemption Price of the shares to their respective holders upon the surrender of their share certificates. Any moneys deposited by the Corporation pursuant to this Section E(3) for the redemption of shares thereafter converted into shares of Common Stock pursuant to Section F hereof no later than the fifth (5th) day preceding the Redemption Date shall be returned to the Corporation forthwith upon such conversion. The balance of any funds deposited by the Corporation pursuant to this Section E(3) remaining unclaimed at the expiration of one (1) year following such Redemption Date shall be returned to the Corporation promptly upon its written request.

4. Surrender of Stock Certificates. On or after each applicable Redemption Date, each holder of shares of Series Preferred to be redeemed on such Redemption

Date shall surrender such holder's certificates representing such shares to the Corporation in the manner and at the place designated in the Redemption Notice, and thereupon the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price of such shares shall be payable to the order of the person whose name appears on such certificate or certificates as the owner thereof and each surrendered certificate shall be canceled. In the event less than all the shares represented by such certificates are redeemed, a new certificate shall be issued representing the unredeemed shares. From and after such Redemption Date, unless there shall have been a default in payment of the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price or the Corporation is unable to pay the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price due to not having sufficient legally available funds, all rights of the holders of such shares as holders of Series Preferred (except the right to receive the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price without interest upon surrender of their certificates), shall cease and terminate with respect to such shares as are to be redeemed on such Redemption Date; *provided that* in the event that shares of Series Preferred are not redeemed due to a default in payment by the Corporation or because the Corporation does not have sufficient legally available funds, such shares of Series Preferred shall remain outstanding and shall be entitled to all of the rights and preferences provided herein.

5. Termination of Rights. The Conversion Rights (as defined in Section F) for shares of Series Preferred shall terminate as to the shares designated for redemption at the close of business on the fifth (5th) day preceding the applicable Redemption Date, unless default is made in payment of the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price.

6. Adjustment for Stock Splits and Combinations. If the Corporation at any time or from time to time after the initial applicable Redemption Date for the Voting Preferred or the Series C Preferred effects a subdivision of the outstanding shares of such Series Preferred, the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price for each series of Series Preferred then in effect immediately before the subdivision shall be proportionately decreased, and conversely, if the Corporation at any time or from time to time after the initial applicable Redemption Date for the applicable Series Preferred combines the outstanding shares of such Series Preferred into a smaller number of shares, the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price for each series of Series Preferred then in effect immediately before the combination shall be proportionately increased. Any adjustment under this subdivision E(6) shall become effective at the close of business on the date the subdivision or combination becomes effective.

7. Adjustment for Certain Dividends and Distributions. If the Corporation at any time or from time to time makes or issues or fixes a record date for the determination of holders of shares of the Series Preferred entitled to receive a dividend or other distribution payable in additional shares of such Series Preferred, then and in each such event the applicable Series A Preferred, Series B Preferred or Series C Preferred

Redemption Price for each series of Series Preferred then in effect shall be decreased as of the time of such issuances or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price for each series of Series Preferred then in effect by a fraction (1) the numerator of which is the total number of shares of Series Preferred issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (2) the denominator of which shall be the total number of shares of the Series Preferred issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Series Preferred issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price for each series of Series Preferred shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Series A Preferred, Series B Preferred or Series C Preferred Redemption Price for each series of Series Preferred shall be adjusted pursuant to this subsection E(7) as of the time of actual payment of such dividends or distributions.

8. Other Redemptions. Other than (i) the scheduled redemptions provided for in Section E(1), and (ii) repurchases of stock from former employees as approved by the Board and not requiring such approval pursuant to Section B(3)(b), the Corporation shall not, without the prior approval of a majority of the holders of the Series Preferred as required and provided for by Section B(3)(b), purchase or set aside any sums for the purchase of shares of Common Stock.

F. Conversion. The holders of the Series Preferred shall have the following conversion rights (the "***Conversion Rights***"):

1. Optional Conversion of the Series Preferred. The Series Preferred shall be convertible, without the payment of any additional consideration by the holder thereof and at the option of the holder thereof, at any time after the first issuance of shares of Series Preferred by the Corporation, at the office of the Corporation or any transfer agent for the Common Stock, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing Eighty-Five Cents ($0.85) by the Conversion Price for the Series A Preferred, Two Dollars and Ninety-Five Cents ($2.95) by the Conversion Price for the Series B Preferred and Five Dollars ($5.00) by the Conversion Price for the Series C Preferred, determined as hereinafter provided, in effect at the time of conversion and then multiplying such quotient by each share of Series A Preferred, Series B Preferred or Series C Preferred to be converted. The Conversion Price at which shares of Common Stock shall be deliverable upon conversion without the payment of any additional consideration by the holder thereof (the "***Conversion Prices***") shall at the time of the filing of this Certificate initially be Eighty-Five Cents ($0.85) in the case of the Series A Preferred, Two Dollars and Ninety-Five Cents ($2.95) in the case of the Series B Preferred and Five Dollars ($5.00) for the Series C Preferred. Such initial Conversion Prices shall be subject to adjustment, in order to adjust the number of shares of Common Stock into which the Series Preferred is convertible, as hereinafter provided.

2. Automatic Conversion of the Series Preferred. If at any time (a) the Corporation shall complete a Qualified Public Offering or (b) the holders of at least a majority in interest of the outstanding Series Preferred shall consent in writing to the conversion of the Series Preferred into shares of Common Stock, then effective upon (a) the closing of the sale of

such shares by the Corporation pursuant to such Qualified Public Offering or (b) such vote of a majority of the holders of the Series Preferred, as the case may be, all outstanding shares of Series Preferred shall automatically convert into shares of Common Stock.

3. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series Preferred. In lieu of any fractional share to which any holder would otherwise be entitled upon conversion of some or all of the Series Preferred owned by such holder, the Corporation shall pay cash equal to such fraction multiplied by the then effective Conversion Price or round up to the nearest whole share.

4. Mechanics of Optional Conversion. Before any holder of Series Preferred shall be entitled to convert the same into full shares of Common Stock, such holder shall surrender the certificate or certificates therefor, endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by such holder's attorney duly authorized in writing, at the office of the Corporation or of any transfer agent for the Common Stock, and shall give at least five (5) days prior written notice to the Corporation at such office that such holder elects to convert the same and shall state therein such holder's name or the name of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. The Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Series Preferred, or to such holder's nominee or nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid, together with cash in lieu of any fraction of a share. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series Preferred to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date. From and after such date, all rights of the holder with respect to the Series Preferred so converted shall terminate, except only the right of such holder, upon the surrender of his, her or its certificate or certificates therefor, to receive certificates for the number of shares of Common Stock issuable upon conversion thereof and cash for fractional shares.

5. Mechanics of Automatic Conversion. On or before the date fixed for conversion, each holder of shares of Series Preferred shall surrender such holder's certificate or certificates for all such shares to the Corporation at its executive offices or such other place designated in a written notice from the Corporation to holders of the Series Preferred, such notice being delivered within a reasonable time after the events specified in Section F(2) above, and shall thereafter receive certificates for the number of shares of Common Stock or other securities to which such holder is entitled. Failure to provide such notice shall not affect the validity of automatic conversion hereunder. On the date fixed for conversion, all rights with respect to the Series Preferred will terminate, except only (i) any rights to receive declared but unpaid dividends with a record date preceding the date of conversion, and (ii) the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock or other securities into which such Series Preferred has been converted and cash for fractional shares. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or

instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by her, his or its attorney duly authorized in writing. All certificates evidencing shares of Series Preferred which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, be deemed to have been retired and canceled and the shares of Series Preferred represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. As soon as practicable after the date of such automatic conversion and the surrender of the certificate or certificates for Series Preferred as aforesaid, the Corporation shall cause to be issued and delivered to such holder, or to her, his or its written order, a certificate or certificates for the number of full shares of Common Stock or other securities issuable on such conversion in accordance with the provisions hereof and cash as provided in Section F(3) in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion. If the conversion is in connection with an underwritten offering of securities registered pursuant to the Securities Act of 1933, as amended, the conversion shall be conditioned upon the closing with the underwriters of the sale of securities pursuant to such offering, in which event the person(s) entitled to receive Common Stock or other securities upon conversion of such Series Preferred shall not be deemed to have converted such Series Preferred until immediately prior to the closing of such sale of securities.

6. Certain Adjustments to Conversion Price for Stock Splits, Dividends, Mergers, Reorganizations, Etc.

(a) Adjustment for Stock Splits, Stock Dividends and Combinations of Common Stock. In the event the outstanding shares of Common Stock shall, after the Series B Preferred Original Issue Date be further subdivided (split), or combined (reverse split), by reclassification or otherwise, or in the event of any dividend or other distribution payable on the Common Stock in shares of Common Stock, the applicable Conversion Prices in effect immediately prior to such subdivision, combination, dividend or other distribution shall, concurrently with the effectiveness of such subdivision, combination, dividend or other distribution, be proportionately adjusted.

(b) Adjustment for Merger or Reorganization, Etc. In the event of a reclassification, reorganization or exchange (other than described in subsection F(6)(a) above) or any consolidation or merger of the Corporation with another Corporation (other than a Merger Transaction as defined in Section D(2), which shall be considered a liquidation pursuant to Section D above), each share of Series Preferred shall thereafter be convertible into the number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock of the Corporation deliverable upon conversion of the Series Preferred would have been entitled upon such reclassification, reorganization, exchange, consolidation, merger or conveyance had the conversion occurred immediately prior to the event; and, in any such case, appropriate adjustment (as determined by the Board) shall be made in the application of the provisions herein set forth with respect to the rights and interests thereafter of the holders of the Series Preferred, to the end that the provisions set forth herein (including provisions with respect to changes in and other adjustments of the applicable Conversion Prices) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock or other property thereafter deliverable upon the conversion of the Series Preferred.

(c) Adjustments for Other Dividends and Distributions. In the event the Corporation, at any time or from time to time after the filing of this Certificate, makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Corporation other than shares of Common Stock, then and in each such event, provision shall be made so that the holders of Series Preferred shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of securities of the Corporation which they would have received had their Series Preferred been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section F(6)(c) with respect to the rights or the holders of the Series Preferred.

7. Adjustment to Conversion Prices for Issue or Sale of Additional Shares of Common Stock. If, at any time or from time to time on or after the Series B Preferred Original Issue Date, the Corporation shall issue or sell Additional Shares of Common Stock for an Effective Price per share less than the Conversion Price of the Series A Preferred or Series B Preferred then in effect, then the then-applicable Conversion Price of the Series A Preferred or Series B Preferred shall be reduced to an adjusted Conversion Price (computed to the nearest cent, a half cent being treated as a full cent), as of the date of such issue or sale, by dividing (A) the sum of (X) the result obtained by multiplying the number of shares of Common Stock outstanding immediately prior to such issue or sale by the applicable Conversion Price then in effect, and (Y) the consideration, if any, received by the Corporation upon such issue and sale, by (B) the number of shares of Common Stock outstanding immediately after such issue or sale. For purposes of adjusting any Conversion Price under this Section F(7), Common Stock outstanding shall not include any outstanding Convertible Securities or outstanding rights or options, except as required by the provisions of Section F(8).

8. Further Provisions for Adjustment of Conversion Prices. For the purpose of Section F(7) above, the following provisions shall be applicable:

(a) Issuance Provisions for Adjustment of Conversion Prices. If, at any time on or after the Series B Preferred Original Issue Date, the Corporation shall issue or sell any Convertible Securities, there shall be determined as of the date of issue the Effective Price per share for which Additional Shares of Common Stock are issuable upon the conversion or exchange thereof, such determination to be made by dividing (X) the total amount received or receivable by the Corporation as consideration for the issue or sale of such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Corporation upon the conversion or exchange thereof, by (Y) the maximum number of Additional Shares of Common Stock issuable upon conversion or exchange of all of such Convertible Securities; and such issue or sale shall be deemed to be an issue or sale for cash (as of the date of issue or sale of such Convertible Securities) of such maximum number of Additional Shares of Common Stock at the price per share so determined.

If such Convertible Securities shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration, if any, payable to the

Corporation, or in the rate of exchange, upon the conversion or exchange thereof any adjusted Conversion Price shall, forthwith upon any such increase becoming effective, be readjusted to reflect the same.

To the extent any rights of conversion or exchange evidenced by such Convertible Securities shall expire without having been exercised, any adjusted Conversion Price shall forthwith be readjusted to be the adjusted Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock issued or sold were those actually issued upon the conversion or exchange of such Convertible Securities, and that they were issued or sold for the consideration actually received by the Corporation upon such conversion or exchange, plus the consideration, if any, actually received by the Corporation for the issue or sale of such Convertible Securities as were actually converted or exchanged.

(b) Grant of Rights, Warrants or Options for Common Stock. If, at any time on or after the Series B Preferred Original Issue Date, the Corporation shall grant any rights, warrants or options to subscribe for, purchase or otherwise acquire Additional Shares of Common Stock, there shall be determined as of the date of issue the Effective Price per share for which Additional Shares of Common Stock are issuable upon the exercise of such rights warrants or options, such determination to be made by dividing (X) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such rights or options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of such rights or options, by (Y) the maximum number of Additional Shares of Common Stock of the Corporation issuable upon the exercise of such rights or options; and the granting of such rights, warrants or options shall be deemed to be an issue or sale for cash (as of the date of the granting of such rights, warrants or options) of such maximum number of Additional Shares of Common Stock at the price per share so determined.

If such rights, warrants or options shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration payable to the Corporation upon the exercise thereof, any adjusted Conversion Price shall, forthwith upon any such increase becoming effective, be readjusted to reflect the same.

To the extent any such rights, warrants or options shall expire without having been exercised, any adjusted Conversion Price shall forthwith be readjusted to be the adjusted Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued or sold were those actually issued or sold upon the exercise of such rights, warrants or options and that they were issued or sold for the consideration actually received by the Corporation upon such exercise, plus the consideration, if any, actually received by the Corporation for the granting of all such rights, warrants or options, whether or not exercised.

(c) Grant of Rights, Warrants or Options for Convertible Securities. If, at any time on or after the Series B Preferred Original Issue Date, the Corporation shall grant any rights, warrants or options to subscribe for, purchase or otherwise acquire Convertible Securities, there shall be determined as of the date of issue the Effective Price per share for which Additional Shares of Common Stock are issuable upon the exercise of such

rights warrants or options for such Convertible Securities, such determination to be made by dividing (X) the total amount, if any, received or receivable by the Corporation as consideration for the granting of such rights, warrants or options, plus the minimum aggregate amount of additional consideration payable to the Corporation upon the exercise of such rights, warrants or options, by (Y) the maximum number of Additional Shares of Common Stock of the Corporation issuable upon the exercise of such rights, warrants or options and the conversion or exchange of all of such Convertible Securities; and the granting of such rights, warrants or options shall be deemed to be an issue or sale for cash (as of the date of the granting of such rights, warrants or options) of such maximum number of Additional Shares of Common Stock at the price per share so determined.

If such rights, warrants or options shall by their terms provide for an increase or increases, with the passage of time, in the amount of additional consideration payable to the Corporation upon the exercise thereof, any adjusted Conversion Price shall, forthwith upon any such increase becoming effective, be readjusted to reflect the same.

If any such rights, warrants or options shall expire without having been exercised, any adjusted Conversion Price shall forthwith be readjusted to be the adjusted Conversion Price which would have been in effect had an adjustment been made on the basis that the only Convertible Securities so issued or sold were those actually issued or sold upon the exercise of such rights, warrants or options and that they were issued or sold for the consideration actually received by the Corporation upon such exercise plus the consideration, if any, actually received by the Corporation for the granting of all such rights, warrants or options, whether or not exercised.

(d) Determination of Consideration. Upon any issuance or sale for a consideration other than cash, or a consideration part of which is other than cash, of any Additional Shares of Common Stock or Convertible Securities or any rights, warrants or options to subscribe for, purchase or otherwise acquire any Additional Shares of Common Stock or Convertible Securities, the amount of the consideration other than cash received by the Corporation shall be deemed to be the fair value of such consideration as determined in good faith by the Board. In case any Additional Shares of Common Stock or Convertible Securities or any rights, warrants or options to subscribe for, purchase or otherwise acquire any Additional Shares of Common Stock or Convertible Securities shall be issued or sold together with other stock or securities or other assets of the Corporation for a consideration which covers two or more thereof, the consideration for the issue or sale of such Additional Shares of Common Stock or Convertible Securities or such rights, warrants or options shall be deemed to be the portion of such consideration allocated thereto in good faith by the Board.

(e) Duration of Adjusted Conversion Price. Following each computation or readjustment of any adjusted Conversion Price as provided above in this Section F, any new adjusted Conversion Price shall remain in effect until further computation or readjustment thereof is required by this Section F.

(f) Other Action Affecting Common Stock. In case, after the filing of this Certificate, the Corporation shall take any action affecting its shares of Common Stock,

other than an action described above in this Section F, which in the good faith opinion of the Board would have a materially adverse effect upon the conversion rights of the Preferred Stock granted herein, the applicable Conversion Prices shall be adjusted in such manner and at such time as the Board may in good faith determine to be equitable in the circumstances.

(g) Certificate of Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Prices pursuant to this Section F, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series Preferred, a certificate setting forth such adjustment or readjustment and showing in reasonable detail the facts upon which such adjustment or readjustment is based.

9. Notices of Record Date. Upon (i) any taking by the Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any acquisition or other capital reorganization of the Corporation, any reclassification or recapitalization of the capital stock of the Corporation, any merger or consolidation of the Corporation with or into any other corporation, or any transaction described in Section B(3)(a), or any voluntary or involuntary dissolution, liquidation or winding up of the Corporation, the Corporation shall mail to each holder of Series Preferred at least ten (10) days prior to the record date specified therein (or such shorter period approved by a majority of the outstanding Series Preferred) a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such acquisition, reorganization, reclassification, transfer, consolidation, merger, asset transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such acquisition, reorganization, reclassification, transfer, consolidation, merger, asset transfer, dissolution, liquidation or winding up.

10. Common Stock Reserved. The Corporation shall reserve and keep available out of its authorized but unissued Common Stock such number of shares of Common Stock as shall from time to time be sufficient to effect (a) conversion of the Series Preferred and (b) issuance of Common Stock pursuant to any outstanding option or other rights to acquire Common Stock.

11. Notices. Any notice required by the provisions of this Section F shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified, (ii) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (iv) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices shall be addressed to each holder of record at the address of such holder appearing on the books of the Corporation.

12. No Dilution or Impairment. Without the consent of the holders of the then outstanding Series Preferred, as required under Sections B(3), B(4) and B(5), the Corporation shall not amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series Preferred against dilution or other impairment.

VI.

A. The liability of the directors of the Corporation for monetary damages shall be eliminated to the fullest extent under applicable law. If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated to the fullest extent permitted by the DGCL, as so amended.

B. This corporation is authorized to provide indemnification of agents (as defined in Section 317 of the CGCL) for breach of duty to the corporation and its stockholders through bylaw provisions or through agreements with the agents, or through stockholder resolutions, or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the CGCL, subject, at any time or times the corporation is subject to Section 2115(b) of the CGCL, to the limits on such excess indemnification set forth in Section 204 of the CGCL.

C. Any repeal or modification of this Certificate shall only be prospective and shall not affect the rights under this Certificate in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

* * * *

FOUR: The corporation reserves the right to amend, alter, change or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon the stockholders herein are granted subject to this reservation.

FIVE: This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of the corporation.

SIX: This Amended and Restated Certificate of Incorporation was approved by the written consent of the holders of the requisite number of shares of said corporation in accordance with Section 228 of the DGCL. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL by the stockholders of the Company.

In Witness Whereof, **QuinStreet (Delaware), Inc.** has caused this Amended and Restated Certificate of Incorporation to be signed by its Chairman and Chief Executive Officer this 30th day of December, 2009.

QuinStreet (Delaware), Inc.

By: /s/ Douglas Valenti
Douglas Valenti
Chairman and Chief Executive Officer

Exhibit 3.3

BYLAWS
OF
QUINSTREET, INC.

(A DELAWARE CORPORATION)

BYLAWS

OF

QUINSTREET, INC.

(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be in the City of Dover, County of Kent.

Section 2. Other Offices. The corporation shall also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors, and may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. The corporate seal shall consist of a die bearing the name of the corporation and the inscription, "Corporate Seal-Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS' MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law ("DGCL").

Section 5. Annual Meeting.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may lawfully come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. Nominations of persons for election to the Board of Directors of the corporation and the proposal

of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i) pursuant to the corporation's notice of meeting of stockholders; (ii) by or at the direction of the Board of Directors; or (iii) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice provided for in the following paragraph, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 5.

(b) At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a) of these Bylaws, (i) the stockholder must have given timely notice thereof in writing to the Secretary of the corporation, (ii) such other business must be a proper matter for stockholder action under the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the corporation with a Solicitation Notice (as defined in this Section 5(b)), such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice, and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 5. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment of an annual meeting commence a new time period for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposed to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "1934 Act") and Rule 14a-4(d) thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at

the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner, and (iii) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of the proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(c) Notwithstanding anything in the second sentence of Section 5(b) of these Bylaws to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the corporation.

(d) Only such persons who are nominated in accordance with the procedures set forth in this Section 5 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 5. Except as otherwise provided by law, the Chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in these Bylaws and, if any proposed nomination or business is not in compliance with these Bylaws, to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded.

(e) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, stockholders must provide notice as required by the regulations promulgated under the 1934 Act. Nothing in these Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation proxy statement pursuant to Rule 14a-8 under the 1934 Act.

(f) For purposes of this Section 5, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose or purposes, by (i) the Chairman of the Board of Directors, (ii) the Chief Executive Officer, (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption) or (iv) by the holders of shares entitled to cast not less than ten percent (10%) of the votes at the meeting, and shall be held at such place, on such date, and at such time as the Board of Directors shall fix. At any time or times that the corporation is subject to Section 2115(b) of the California General Corporation Law ("CGCL"), stockholders holding five percent (5%) or more of the outstanding shares shall have the right to call a special meeting of stockholders as set forth in Section 18(b) herein.

(b) If a special meeting is properly called by any person or persons other than the Board of Directors, the request shall be in writing, specifying the general nature of the business proposed to be transacted, and shall be delivered personally or sent by certified or registered mail, return receipt requested, or by telegraphic or other facsimile transmission to the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The Board of Directors shall determine the time and place of such special meeting, which shall be held not less than thirty-five (35) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7 of these Bylaws. Nothing contained in this paragraph (b) shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 7. Notice of Meetings. Except as otherwise provided by law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting, such notice to specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at any such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders may be waived in writing, signed by the person entitled to notice thereof or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by these Bylaws, the presence, in person, by remote communication, if applicable, or by proxy duly authorized, of the holders of a majority of the outstanding shares of stock entitled to vote shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairman of the meeting or by vote of the holders of a majority of the shares represented thereat, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum. Except as otherwise provided by statute, or by the Certificate of Incorporation or these Bylaws, in all matters other than the election of directors, the affirmative vote of a majority of shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the subject matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy duly authorized at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by the statute or by the Certificate of Incorporation or these Bylaws, a majority of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy duly authorized, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or these Bylaws, the affirmative vote of the majority (plurality, in the case of the election of directors) of shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairman of the meeting or by the vote of a majority of the shares present in person, by remote communication, if applicable, or represented by proxy. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders, except as otherwise provided by law, only persons in whose names shares stand on the stock records of the corporation on the record date, as provided in Section 12 of these Bylaws, shall be entitled to vote at any meeting of stockholders. Every person entitled to vote or execute consents shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy

shall be voted after three (3) years from its date of creation unless the proxy provides for a longer period.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two (2) or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two (2) or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one (1) votes, his act binds all; (b) if more than one (1) votes, the act of the majority so voting binds all; (c) if more than one (1) votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in the DGCL, Section 217(b). If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The Secretary shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by law.

Section 13. Action Without Meeting.

(a) Unless otherwise provided in the Certificate of Incorporation, any action required by statute to be taken at any annual or special meeting of the stockholders, or any action which may be taken at any annual or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, or by electronic transmission setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Every written consent or electronic transmission shall bear the date of signature of each stockholder who signs the consent, and no written consent or electronic transmission shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner herein required, written consents or electronic transmissions signed by a sufficient number of stockholders to take action are delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody

of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

(c) Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing or by electronic transmission and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of stockholders to take action were delivered to the corporation as provided in Section 228(c) of the DGCL. If the action which is consented to is such as would have required the filing of a certificate under any section of the DGCL if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

(d) A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder and (ii) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the corporation by delivery to its registered office in the state of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the board of directors of the corporation. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

Section 14. Organization.

(a) At every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or, if the President is absent, a chairman of the meeting chosen by a majority in interest of the stockholders entitled to vote,

present in person or by proxy, shall act as chairman. The Secretary, or, in his absence, an Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

(b) The Board of Directors of the corporation shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairman shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 15. Number and Term of Office. The authorized number of directors of the corporation shall be fixed by the Board of Directors from time to time. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient.

Section 16. Powers. The powers of the corporation shall be exercised, its business conducted and its property controlled by the Board of Directors, except as may be otherwise provided by statute or by the Certificate of Incorporation.

Section 17. Term of Directors.

(a) Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, directors shall be elected at each annual meeting of stockholders to serve until the next annual meeting of stockholders. Each director shall serve until his successor is duly elected and qualified or until his death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

(b) No person entitled to vote at an election for directors may cumulate votes to which such person is entitled, unless, at the time of such election, the corporation is subject to Section 2115(b) of the CGCL. During such time or times that the corporation is subject to

Section 2115(b) of the CGCL, every stockholder entitled to vote at an election for directors may cumulate such stockholder's votes and give one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which such stockholder's shares are otherwise entitled, or distribute the stockholder's votes on the same principle among as many candidates as such stockholder thinks fit. No stockholder, however, shall be entitled to so cumulate such stockholder's votes unless (i) the names of such candidate or candidates have been placed in nomination prior to the voting and (ii) the stockholder has given notice at the meeting, prior to the voting, of such stockholder's intention to cumulate such stockholder's votes. If any stockholder has given proper notice to cumulate votes, all stockholders may cumulate their votes for any candidates who have been properly placed in nomination. Under cumulative voting, the candidates receiving the highest number of votes, up to the number of directors to be elected, are elected.

Section 18. Vacancies.

(a) Unless otherwise provided in the Certificate of Incorporation, and subject to the rights of the holders of any series of Preferred Stock, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director, *provided, however*, that whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by stockholders, be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the Board of Directors shall be deemed to exist under this Bylaw in the case of the death, removal or resignation of any director.

(b) At any time or times that the corporation is subject to §2115(b) of the CGCL, if, after the filling of any vacancy, the directors then in office who have been elected by stockholders shall constitute less than a majority of the directors then in office, then

(i) any holder or holders of an aggregate of five percent (5%) or more of the total number of shares at the time outstanding having the right to vote for those directors may call a special meeting of stockholders; or

(ii) the Superior Court of the proper county shall, upon application of such stockholder or stockholders, summarily order a special meeting of the

stockholders, to be held to elect the entire board, all in accordance with Section 305(c) of the CGCL, the term of office of any director shall terminate upon that election of a successor.

Section 19. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it shall be deemed effective at the pleasure of the Board of Directors. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each Director so chosen shall hold office for the unexpired portion of the term of the Director whose place shall be vacated and until his successor shall have been duly elected and qualified.

Section 20. Removal.

(a) Subject to any limitations imposed by applicable law (and assuming the corporation is not subject to Section 2115 of the CGCL), the Board of Directors or any director may be removed from office at any time (i) with cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation entitled to vote generally at an election of directors or (ii) without cause by the affirmative vote of the holders of a majority of the voting power of all then-outstanding shares of capital stock of the corporation, entitled to vote generally at an election of directors.

(b) During such time or times that the corporation is subject to Section 2115(b) of the CGCL, the Board of Directors or any individual director may be removed from office at any time without cause by the affirmative vote of the holders of at least a majority of the outstanding shares entitled to vote on such removal; provided, however, that unless the entire Board is removed, no individual director may be removed when the votes cast against such director's removal, or not consenting in writing to such removal, would be sufficient to elect that director if voted cumulatively at an election which the same total number of votes were cast (or, if such action is taken by written consent, all shares entitled to vote were voted) and the entire number of directors authorized at the time of such director's most recent election were then being elected.

Section 21. Meetings

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware which has been designated by the Board of Directors and publicized among all directors, either orally or in writing, including a voice-messaging system or other system designated to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means. No further notice shall be required for a regular meeting of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware whenever called by the Chairman of the Board, the President or any two (2) of the directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place of all special meetings of the Board of Directors shall be orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, telegraph or telex, or by electronic mail or other electronic means, during normal business hours, at least twenty-four (24) hours before the date and time of the meeting. If notice is sent by US mail, it shall be sent by first class mail, postage prepaid at least three (3) days before the date of the meeting. Notice of any meeting may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

(e) Waiver of Notice. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 22. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, a quorum of the Board of Directors shall consist of a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation; *provided, however,* at any meeting, whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by law, the Certificate of Incorporation or these Bylaws.

Section 23. Action Without Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 24. Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, including, if so approved, by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one (1) or more members of the Board of Directors. The Executive Committee, to the extent permitted by law and provided in the resolution of the Board of Directors shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors shall consist of one (1) or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of Preferred Stock and the provisions of subsections (a) or (b) of this Bylaw may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, and, in addition, in the absence or

disqualification of any member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 25 shall be held at such times and places as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at any place which has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place of special meetings of the Board of Directors. Notice of any special meeting of any committee may be waived in writing at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such special meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Organization. At every meeting of the directors, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the President, or if the President is absent, the most senior Vice President, (if a director) or, in the absence of any such person, a chairman of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his absence, any Assistant Secretary directed to do so by the President, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 27. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer, the Treasurer and the Controller, all of whom shall be elected at the annual organizational meeting of the Board of Directors. The Board of Directors may also appoint one or more Assistant Secretaries, Assistant Treasurers, Assistant Controllers and such other officers and agents with such powers and duties as it shall deem necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by law. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors.

Section 28. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

(b) Duties of Chairman of the Board of Directors. The Chairman of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairman of the Board of Directors shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. If there is no President, then the Chairman of the Board of Directors shall also serve as the Chief Executive Officer of the corporation and shall have the powers and duties prescribed in paragraph (c) of this Section 28.

(c) Duties of President. The President shall preside at all meetings of the stockholders and at all meetings of the Board of Directors, unless the Chairman of the Board of Directors has been appointed and is present. Unless some other officer has been elected Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and officers of the corporation. The President shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time.

(d) Duties of Vice Presidents. The Vice Presidents may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant. The Vice Presidents shall perform other duties commonly incident to their office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(e) Duties of Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts and proceedings thereof in the minute book of the corporation. The Secretary shall give notice in conformity with these Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in these Bylaws and other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors shall designate from time to time. The President may direct any Assistant Secretary to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as

required by the Board of Directors or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties commonly incident to his office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time. The President may direct the Treasurer or any Assistant Treasurer, or the Controller or any Assistant Controller to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer, and each Treasurer and Assistant Treasurer and each Controller and Assistant Controller shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the President shall designate from time to time.

Section 29. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 30. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission notice to the Board of Directors or to the President or to the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 31. Removal. Any officer may be removed from office at any time, either with or without cause, by the affirmative vote of a majority of the directors in office at the time, or by the unanimous written consent of the directors in office at the time, or by any committee or superior officers upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 32. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by law or these Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositaries on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall authorize so to do.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 33. Voting of Securities Owned by the Corporation. All stock and other securities of other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairman of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 34. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificate shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman of the Board of Directors, or the President or any Vice President and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be facsimiles. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 35. Lost Certificates. A new certificate or certificates shall be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen, or destroyed.

Section 36. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 37. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however,* that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of

stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 38. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 39. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 34), may be signed by the Chairman of the Board of Directors, the President or any Vice President, or such other person as may be authorized by the Board of Directors, and the corporate seal impressed thereon or a facsimile of such seal imprinted thereon and attested by the signature of the Secretary or an Assistant Secretary, or the Chief Financial Officer or Treasurer or an Assistant Treasurer; *provided, however,* that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 40. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if

any, may be declared by the Board of Directors pursuant to law at any regular or special meeting. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 41. Dividend Reserve. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the Board of Directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the Board of Directors shall think conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

FISCAL YEAR

Section 42. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

ARTICLE XI

INDEMNIFICATION

Section 43. Indemnification of Directors, Executive Officers, Other Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify its directors and executive officers (for the purposes of this Article XI, "executive officers" shall have the meaning defined in Rule 3b-7 promulgated under the 1934 Act) to the fullest extent not prohibited by the DGCL or any other applicable law; *provided, however,* that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further,* that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors of the corporation, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the Delaware General Corporation Law or any other applicable law or (iv) such indemnification is required to be made under subsection (d).

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person, except executive officers, to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all expenses incurred by any director or executive officer in connection with such proceeding, provided, however, that, if the DGCL requires, an advancement of expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Section 43 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (e) of this Bylaw, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation, in which event this paragraph shall not apply) in any action, suit or proceeding, whether civil, criminal, administrative or investigative, if a determination is reasonably and promptly made (i) by a majority vote of a quorum consisting of directors who were not parties to the proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Bylaw shall be deemed to be contractual rights and be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this Bylaw to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within ninety (90) days of request therefor. The claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise as a defense as to any such action clear and convincing evidence that such person acted in bad faith or

in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he has met the applicable standard of conduct set forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this Article XI or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Bylaw shall not be exclusive of any other right which such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL or any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director, or executive officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL, or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase insurance on behalf of any person required or permitted to be indemnified pursuant to this Bylaw.

(h) Amendments. Any repeal or modification of this Bylaw shall only be prospective and shall not affect the rights under this Bylaw in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any proceeding against any agent of the corporation.

(i) Saving Clause. If this Bylaw or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this Bylaw that shall not have been invalidated, or by any other applicable law. If this Section 43 shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under applicable law.

(j) Certain Definitions. For the purposes of this Bylaw, the following definitions shall apply:

(1) The term "proceeding" shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(2) The term "expenses" shall be broadly construed and shall include, without limitation, court costs, attorneys' fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any proceeding.

(3) The term the "corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Bylaw with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(4) References to a "director," "executive officer," "officer," "employee," or "agent" of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(5) References to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Bylaw.

ARTICLE XII

NOTICES

Section 44. Notices.

(a) Notice to Stockholders. Written notice to stockholders of stockholder meetings shall be given as provided in Section 7 herein. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by law, written notice to stockholders for purposes other than stockholder meetings may be sent by United States mail or nationally recognized overnight courier, or by facsimile, telegraph or telex or by electronic mail or other electronic means.

(b) Notice to Directors. Any notice required to be given to any director may be given by the method stated in subsection (a), or as provided for in Section 21 of these Bylaws. If such notice is not delivered personally, it shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) Affidavit of Mailing. An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication Is Unlawful. Whenever notice is required to be given, under any provision of law or of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under DGCL, any notice given under the provisions of DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within sixty (60) days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 45. Amendments. The Board of Directors is expressly empowered to adopt, amend or repeal Bylaws of the corporation. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the corporation; provided, however, that, in addition to any vote of the holders of any class or series of stock of the corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

RIGHT OF FIRST REFUSAL

Section 46. Right of First Refusal. No stockholder shall sell, assign, pledge, or in any manner transfer any of the shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise, except by a transfer which meets the requirements hereinafter set forth in this bylaw:

(a) If the stockholder desires to sell or otherwise transfer any of his shares of common stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; *provided*, *however*, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 46, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of the transferring stockholder as specified in said transferring stockholder’s notice,

the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to such stockholder's immediate family or to any custodian or trustee for the account of such stockholder or such stockholder's immediate family or to any limited partnership of which the stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family will be the general of limited partner(s) of such partnership. "Immediate family" as used herein shall mean spouse, lineal descendant, father, mother, brother, or sister of the stockholder making such transfer.

(2) A stockholder's bona fide pledge or mortgage of any shares with a commercial lending institution, provided that any subsequent transfer of said shares by said institution shall be conducted in the manner set forth in this bylaw.

(3) A stockholder's transfer of any or all of such stockholder's shares to a person who, at the time of such transfer, is an officer or director of the corporation.

(4) A corporate stockholder's transfer of any or all of its shares pursuant to and in accordance with the terms of any merger, consolidation, reclassification of shares or capital reorganization of the corporate stockholder, or pursuant to a sale of all or substantially all of the stock or assets of a corporate stockholder.

(5) A corporate stockholder's transfer of any or all of its shares to any or all of its stockholders.

(6) A transfer by a stockholder which is a limited or general partnership to any or all of its partners or former partners.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this bylaw, and there shall be no further transfer of such stock except in accord with this bylaw.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any sale or transfer, or purported sale or transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on either of the following dates, whichever shall first occur:

(1) On October 22, 2019; or

(2) Upon the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the United States Securities and Exchange Commission under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock of the corporation shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(k) The foregoing right of first refusal shall not apply to any shares of common stock issued upon conversion of any shares of any series of preferred stock.

ARTICLE XV

LOANS TO OFFICERS

Section 47. Loans to Officers. Except as otherwise prohibited under applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who

is a Director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

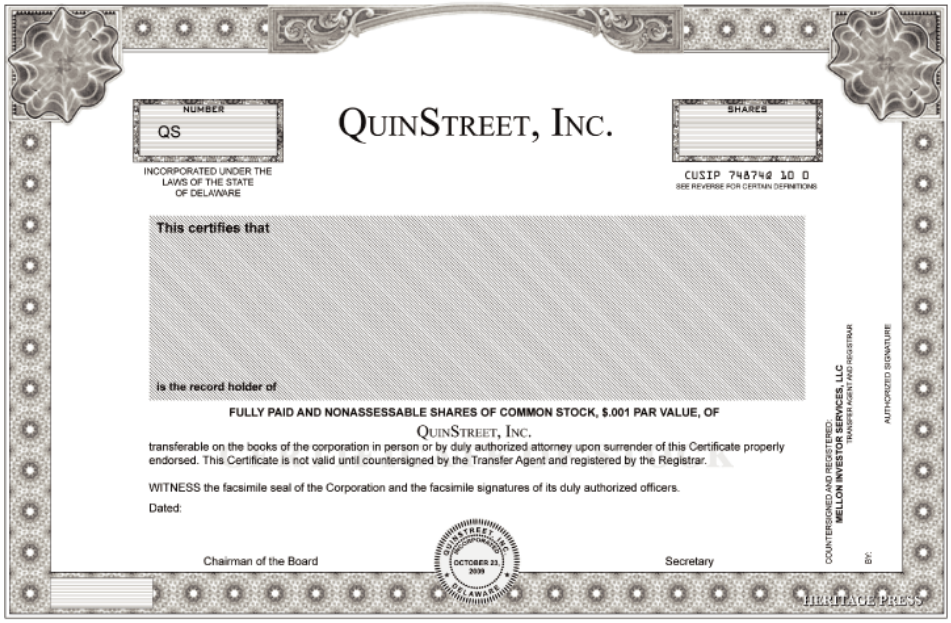
ARTICLE XVI

MISCELLANEOUS

Section 48. Annual Report.

(a) Subject to the provisions of paragraph (b) of this Bylaw, the Board of Directors shall cause an annual report to be sent to each stockholder of the corporation not later than one hundred twenty (120) days after the close of the corporation's fiscal year. Such report shall include a balance sheet as of the end of such fiscal year and an income statement and statement of changes in financial position for such fiscal year, accompanied by any report thereon of independent accountants or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation. When there are more than one hundred (100) stockholders of record of the corporation's shares, as determined by Section 605 of the CGCL, additional information as required by Section 1501(b) of the CGCL shall also be contained in such report, provided that if the corporation has a class of securities registered under Section 12 of the 1934 Act, the 1934 Act shall take precedence. Such report shall be sent to stockholders at least fifteen (15) days prior to the next annual meeting of stockholders after the end of the fiscal year to which it relates.

(b) If and so long as there are fewer than one hundred (100) holders of record of the corporation's shares, the requirement of sending of an annual report to the stockholders of the corporation is hereby expressly waived.



NUMBER
QS

QUINSTREET, INC.

SHARES

INCORPORATED UNDER THE
LAWS OF THE STATE
OF DELAWARE

CUSIP 748740 10 0
SEE REVERSE FOR CERTAIN DEFINITIONS

This certifies that

is the record holder of

FULLY PAID AND NONASSESSABLE SHARES OF COMMON STOCK, $.001 PAR VALUE, OF

QUINSTREET, INC.

transferable on the books of the corporation in person or by duly authorized attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

Dated:

Chairman of the Board

QUINSTREET, INC. INCORPORATED OCTOBER 23, 2009 DELAWARE

Secretary

COUNTERSIGNED AND REGISTERED:
MELLON INVESTOR SERVICES, LLC
TRANSFER AGENT AND REGISTRAR

BY:
AUTHORIZED SIGNATURE

HERITAGE PRESS

The Corporation shall furnish without charge to each stockholder who so requests a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock of the Corporation or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Such requests shall be made to the Corporation's Secretary at the principal office of the Corporation.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	–	as tenants in common
TEN ENT	–	as tenants by the entireties
JT TEN	–	as joint tenants with right of survivorship and not as tenants in common
COM PROP	–	as community property

UNIF GIT MIN ACT – ..... Custodian .....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

UNIF TRF MIN ACT – ..... Custodian (until age .....)
(Cust)
..... under Uniform Transfers
(Minor)
to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ shares of the capital stock represented by within Certificate, and do hereby irrevocably constitute and appoint

_____ attorney-in-fact to transfer the said stock on the books of the within named Corporation with full power of the substitution in the premises.

Dated _____

X _____

X _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

By _____

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE. SIGNATURE GUARANTEES MUST NOT BE DATED.

Exhibit 10.11

FROM: _____ **DATE:** _____

TO: _____

RE: **QuinStreet Incremental Bonus Plan — FY 2010**

The Compensation Committee of the Board has once again approved an incremental bonus plan for senior staff for fiscal year 2010. The purpose of incremental bonuses is to provide incentive and cash compensation for performance that is well beyond budget or expected growth targets AND that is consistent with the strategic objectives and interests of the Company. The incremental bonus is in addition to the potential discretionary bonus component of your annual compensation. This year the incremental bonus pool will accrue after Company EBITDA exceeds $62,520,000 ("Target EBITDA"), which represents 20% growth over FY09 Revenue and a 20% EBITDA margin.

Your specific incremental bonus rate is shown below. The general terms of the incremental plan are also outlined below. Once you have reviewed, understand and agree to the plan and terms, please sign on the line provided, and return to me.

Your Incremental Bonus as % of FY10
Company EBITDA > Target EBITDA

_____

Incremental bonus plan terms

- Company EBITDA is as reported in the Statement of Operations or Division Summary sheet of the Company's unaudited financial statements sent to Investors for FY2010.
- The amount and payment of incremental bonuses are at the complete and sole discretion of the CEO[1], and may not be paid in part or in full, even if financial targets are achieved. This is to protect the Company from unforeseen changes in business circumstances and unintended consequences, and to make adjustments when actions maximize personal bonuses but otherwise (even unintentionally) damage Company interests by, for example: increasing costs elsewhere or in the future, or hurting or frustrating Company strategy and/or long-term business potential or positioning. Important considerations, among others, include: margins; growth; client concentration; development and deployment of proprietary media; technologies and other capabilities deemed necessary for business defensibility and sustainability; specific performance of individual, group and category.
- Incremental bonuses will be paid one time only, usually but not necessarily approximately 30 days following publication of approved full-year results. You must be a full-time employee in good standing at the time of the payment to receive an incremental bonus payment. There are no exceptions and no other payments or obligations of any kind associated with this Plan.
- The CEO[1] must have your signed (acknowledged and agreed) Incremental Bonus Plan memo (this form) on file for you to be included in the Plan and receive a bonus payment.

Acknowledged and agreed:

_____ _____
[Name] Date

_____

1 Compensation Committee, in the case of the CEO's agreement.

QUINSTREET, INC.
ANNUAL INCENTIVE PLAN

1. PURPOSE

The QuinStreet, Inc. Annual Incentive Plan (the ***"Plan"***) is designed to provide incentive compensation to individuals who make an important contribution to the success of QuinStreet, Inc. (the ***"Company"***). Specific Plan objectives are to (i) provide individuals with incentives and rewards for achieving outstanding performance and (ii) enhance the ability of the Company to attract and retain highly talented and competent individuals. During the "reliance period" provided by Section 1.162-27(f) of the Treasury Regulations, the Plan is intended to provide incentive compensation that is not subject to the deductibility limitation of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "***Code***") with respect to any employee of the Company who is a "covered employee" ("***Covered Employee***") as such term is defined in Section 162(m)(3) of the Code.

2. PLAN YEAR

The Company's fiscal year shall be the Plan Year, and the Plan shall first apply to the Plan Year beginning July 1, 2010.

3. ADMINISTRATION

The Plan shall be administered by the Compensation Committee (the ***"Committee"***) of the Board of Directors (the ***"Board"***) of the Company. The Committee shall have the sole discretion and authority to administer and interpret the Plan, and the decisions of the Committee shall in every case be final and binding on all persons having an interest in the Plan. Notwithstanding the foregoing, certain aspects of the Plan as it applies to participants who are not Covered Employees may be administered by the Company, and in such event, the Company shall have the sole discretion and authority to administer and interpret such aspects of the Plan, the decisions of the Company shall in every case be final and binding on all such participants, and references in the Plan to the Committee shall mean the Company, as applicable.

4. ELIGIBILITY

(a) Participation

In order to be eligible to participate in the Plan, an employee must meet the following criteria: (i) in the case of Covered Employees, be selected by the Committee for participation in the Plan; or (ii) in the case of employees who are not Covered Employees, be selected by the Chief Executive Officer for participation in the Plan.

(b) Award Payments

In order to be eligible to receive an award payment (***"Award"***) under the Plan with respect to any given Plan Year, a participant must meet the following criteria: (i) be on the active payroll of the Company at the time Awards are paid under the Plan; and (ii) comply with any rules of the Plan as established by the Committee. Notwithstanding the foregoing, a participant shall be eligible for a target incremental award (as described in Section 5(a)(2) of the Plan only if the participant is specifically designated by the Committee as eligible for such target incremental award.

5. TARGET AWARDS

(a) General

A participant's actual Award under the Plan shall be determined on the basis of the Company's achievement of the applicable performance goals and the participant's target award opportunity, which may consist of a target regular award (as described in Section 5(a)(1) and a target incremental award (as described in Section 5(a)(2)).

1. Regular Awards

For each Plan Year, each participant shall be assigned a target regular award opportunity expressed either as a percentage of such participant's base salary earned during the Plan Year (***"Base Salary"***) or as a set dollar amount. If the performance goals are achieved, a participant shall be eligible to receive an award based on the target regular award.

2. Incremental Awards

For each Plan Year, the Committee shall establish a target incremental award opportunity for certain participants selected by the Committee. Such target incremental award opportunity shall be expressed as a percentage of an incremental bonus pool. Such incremental bonus pool shall be equal to the amount, if any, exceeding one or more performance goals selected by the Committee.

(b) Individuals Hired After Establishment of Performance Goals.

With respect to any individual who is hired during the Plan Year after the Committee has established the performance goals for the Plan Year and who meets the eligibility criteria under Section 4(a) of the Plan, the Committee shall establish any target award opportunities for such individual as soon as practicable after the individual is selected to participate in the Plan. Such participant shall be eligible to receive a pro-rata Award based on the time employed as a participant and the performance goals achieved for the Plan Year, provided that the participant meets the eligibility criteria under Section 4(b) of the Plan.

6. Performance Goals

(a) Establishment of Performance Goals

Individual Awards for each Plan Year shall be based upon one or more performance goals established by the Committee (as described below) and their relative weights, if any, which may vary by salary grade or position.

The Committee shall establish the following in writing:

(i) the specific performance goal(s) for the Plan Year and any relative weighting of such goals for purposes of a participant's target regular award opportunity under Section 5(a)(1); and

(ii) the specific performance goal(s) for the Plan Year that will be used to determine the amount of any incremental bonus pool under Section 5(a)(2).

(b) Performance Criteria for Performance Goals

The Committee may establish performance goals for a Plan Year that may be based, either individually or in combination, on the Company as a whole or on one or more business units, divisions, affiliates, or business segments, and measured either absolutely or relative to a designated group of comparable companies. The performance criteria on which the Committee may base specific performance goals are set forth in **Exhibit A** attached hereto.

7. Evaluation of Performance Results and Payment of Awards

Following the end of a Plan Year, the Committee shall determine whether the performance goals established by the Committee at the beginning of the Plan Year in accordance with Section 5 have been met; provided, however, that the Committee, both during a Plan Year and following its end, shall be authorized, in its sole discretion, to make adjustments to such performance goals to reflect such changes in business circumstances as it may consider appropriate.. The Committee shall determine the amount of any actual Award for each participant based on (i) the level at which the Company actually meets, exceeds, or fails to meet its performance goals (and any relative weighting of such goals), and (ii) the target regular award opportunity and the target incremental award opportunity, if any, for each participant. The Committee shall have the discretion to reduce the amount of any actual Award below the amount calculated under the terms of the Plan. Following, and subject to, the Committee's certification that the applicable performance goals for the Plan Year have been met, the Committee shall approve the payment of Awards.

8. Alternative Method for Establishing and Determining Awards

As an alternative to establishing and determining Awards under Sections 6 and 7 above with respect to target regular awards described in Section 5(a)(1), the Committee may establish one or more performance goals for a Plan Year based on one or more of the

performance criteria set forth in Exhibit A, applying the same procedures as described in Section 6(b) (the ***"Threshold Goal"***). The Threshold Goal may be based, either individually or in combination, on the Company as a whole or individual units thereof and measured either absolutely or relative to a designated group of comparable companies.

If the Threshold Goal is achieved, each participant shall be eligible to earn a maximum award (the ***"Maximum Award"***) equal to a percentage of such participant's target regular award opportunity. No Awards shall be earned or payable pursuant to this Section 8 unless the Threshold Goal is achieved. If the Threshold Goal is achieved, each participant's Maximum Award shall be subject to possible reduction by the Committee based on additional performance goals and/or any other factors determined by the Committee, and the actual Award payable to a participant under the Plan shall be the Maximum Award, or a portion thereof, based on the application of the foregoing performance goals and additional factors.

9. MISCELLANEOUS

(a) Withholding of Compensation. The Company shall deduct and withhold from any amounts payable to participants under the Plan any amounts required to be deducted and withheld by the Company under the provisions of any applicable federal, state and local statute, law, regulation, ordinance or order.

(b) Plan Funding. The Plan shall be unfunded. Nothing contained in the Plan will be deemed to require the Company to deposit, invest or set aside amounts for the payment of any Awards under the Plan.

(c) Amendment or Termination of the Plan. The Plan may be amended, modified, or terminated at any time by the Board.

(d) No Guarantee of Continued Service. The Plan shall not confer any rights upon employees to remain in service with the Company for any specific duration or interfere with or otherwise restrict in any way the rights of the Company to terminate an employee's service with the Company for any reason, with or without cause or notice.

(e) No Assignment or Transfer. None of the rights, benefits, obligations or duties under the Plan may be assigned or transferred by any employee. Any purported assignment or transfer by any employee shall be void. Participation in the Plan does not give a participant any ownership, security, or other rights in any assets of the Company or any of its affiliates.

(f) Validity. In the event any provision of the Plan is held invalid, void, or unenforceable, the same will not affect, in any respect whatsoever, the validity of any other provision of the Plan.

(g) Governing Law. The rights and obligations of any employee under the Plan shall be governed by and interpreted, construed and enforced in accordance with the

laws of the State of California without regard to its or any other jurisdiction’s conflicts of laws principles.

Exhibit A to QuinStreet, Inc. Annual Incentive Plan

Performance Criteria:

- cash flow
- earnings (including net earnings, earnings before interest, taxes and depreciation (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA))
- earnings per share
- margin (including gross margin, net margin and operating margin)
- stockholders' equity
- return on equity or average stockholders' equity
- return on assets, net assets or invested capital (ROIC)
- total stockholder return (TSR)
- revenue
- pre-tax profit
- net operating profit
- income, net income or operating income
- cash flow per share
- operating cash flow
- sales or revenue targets
- return on operating revenue
- market share
- expenses and cost reduction goals
- improvement in or attainment of working capital levels
- share price performance
- implementation or completion of projects or processes
- customer satisfaction
- capital expenditures
- debt metrics
- performance against operating budget goals
- operating efficiency
- strategic and competitive positioning

- sustainability of business and revenue
- positioning for longer-term growth
- other measures of performance selected by the Committee

QUINSTREET, INC.
AMENDED AND RESTATED
REVOLVING CREDIT AND TERM LOAN AGREEMENT

DATED AS OF JANUARY 14, 2010

COMERICA BANK
AS ADMINISTRATIVE AGENT AND LEAD ARRANGER

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SCHEDULES

QUINSTREET, INC.
AMENDED AND RESTATED
REVOLVING CREDIT AND TERM LOAN AGREEMENT

This Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 14th day of January, 2010 to be effective on the Effective Date, by and among the financial institutions from time to time signatory hereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent"), Arranger, Syndication Agent and Documentation Agent, and QuinStreet, Inc. ("Borrower").

RECITALS

A. Borrower and Comerica Bank entered into that certain Revolving Credit and Term Loan Agreement dated as of September 29, 2008 (as subsequently amended from time to time, the "Prior Credit Agreement").

B. Borrower now desires to amend and replace the Prior Credit Agreement with an amended and restated credit agreement evidenced by this Agreement.

C. Borrower has requested that the Lenders extend to it credit and letters of credit on the terms and conditions set forth herein.

D. The Lenders are prepared to extend such credit as aforesaid, but only on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the covenants contained herein, Borrower, the Lenders, and the Agent agree as follows:

1. DEFINITIONS.

1.1 Certain Defined Terms. For the purposes of this Agreement the following terms will have the following meanings:

"Account(s)" shall mean any account or account receivable as defined under the UCC, including without limitation, with respect to any Person, any right of such Person to payment for goods sold or leased or for services rendered.

"Account Control Agreement(s)" shall mean those certain account control agreements, or similar agreements that are delivered pursuant to Section 7.14 of this Agreement or otherwise, as the same may be amended, restated or otherwise modified from time to time.

"Account Debtor" shall mean the party who is obligated on or under any Account.

"Adjusted Quick Ratio" shall mean as of any date of determination, a ratio the numerator of which is Cash plus trade accounts less than ninety (90) days from invoice date and the denominator of which is Current Liabilities plus the face amount of any Letters of Credit less the

current portion of Deferred Revenue, all as determined on a consolidated basis for Borrower and its consolidated Subsidiaries in accordance with GAAP.

"Advance(s)" shall mean, as the context may indicate, a borrowing requested by the Borrower, and made by the Revolving Credit Lenders under Section 2.1 hereof, the Term Loan Lenders under Section 4.1 hereof, or the Swing Line Lender under Section 2.5 hereof, including without limitation any readvance, refunding or conversion of such borrowing pursuant to Section 2.3, 2.5 or 4.4 hereof, and any advance deemed to have been made in respect of a Letter of Credit under Section 3.6(a) hereof, and shall include, as applicable, a Eurodollar-based Advance, a Base Rate Advance and a Quoted Rate Advance.

"Affected Lender" shall have the meaning set forth in Section 13.12 hereof.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power (i) to vote 30% or more of the Equity Interests having ordinary voting power for the election of directors or managers of such other Person or (ii) to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"Agent" shall have the meaning set forth in the preamble, and include any successor agents appointed in accordance with Section 12.4 hereof.

"Agent's Correspondent" shall mean for Eurodollar-based Advances, Agent's Grand Cayman Branch (or for the account of said branch office, at Agent's main office in San Jose, California, United States).

"Applicable Fee Percentage" shall mean, as of any date of determination thereof, the applicable percentage used to calculate certain of the fees due and payable hereunder, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1.

"Applicable Interest Rate" shall mean, (i) with respect to each Revolving Credit Advance and Term Loan Advance, the Eurodollar-based Rate or the Base Rate, and (ii) with respect to each Swing Line Advance, the Base Rate or, the Quoted Rate, in each case as selected by the Borrower from time to time and subject to the terms and conditions of this Agreement.

"Applicable Margin" shall mean, as of any date of determination thereof, the applicable interest rate margin, determined by reference to the appropriate columns in the Pricing Matrix attached to this Agreement as Schedule 1.1, such Applicable Margin to be adjusted solely as specified in Section 11.8 hereof.

"Applicable Measuring Period" shall mean the period of four consecutive fiscal quarters ending on the applicable date of determination.

“Asset Sale” shall mean the sale, transfer or other disposition by any Credit Party of any asset (other than the sale or transfer of less than one hundred percent (100%) of the stock or other ownership interests of any Subsidiary) to any Person (other than to Borrower or a Guarantor).

“Assignment Agreement” shall mean an Assignment Agreement substantially in the form of Exhibit H hereto.

“Authorized Signer” shall mean each person who has been authorized by the Borrower to execute and deliver any requests for Advances hereunder pursuant to a written authorization delivered to the Agent and whose signature card or incumbency certificate has been received by the Agent.

“Bankruptcy Code” shall mean Title 11 of the United States Code and the rules promulgated thereunder.

“Base Rate” shall mean for any day, that rate of interest which is equal to the sum of the Applicable Margin plus the greatest of (a) the Prime Rate for such day, (b) the Federal Funds Effective Rate in effect on such day, plus one percent (1.0%), and (c) the Daily Adjusting LIBOR Rate plus one percent (1.0%); provided, however, for purposes of determining the Base Rate during any period that LIBOR Rate is unavailable as determined under Sections 11.3 or 11.4 hereof, the Base Rate shall be determined using, for clause (c) hereof, the Daily Adjusting LIBOR Rate in effect immediately prior to the LIBOR Rate becoming unavailable pursuant to Sections 11.3 or 11.4.

“Base Rate Advance” shall mean an Advance which bears interest at the Base Rate.

“Borrower” shall have the meaning set forth in the preamble to this Agreement.

“Business Day” shall mean any day other than a Saturday or a Sunday on which commercial banks are open for domestic and international business (including dealings in foreign exchange) in San Jose, California and New York, New York, and in the case of a Business Day which relates to a Eurodollar-based Advance, on which dealings are carried on in the London interbank eurodollar market.

“Capital Expenditures” shall mean, for any period, with respect to any Person (without duplication), the aggregate of all expenditures incurred by such Person and its Subsidiaries during such period for the acquisition or leasing (pursuant to a Capitalized Lease) of fixed or capital assets or additions to equipment, plant and property that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries, but excluding expenditures made in connection with the Reinvestment of Insurance Proceeds, Condemnation Proceeds or the Net Cash Proceeds of Asset Sales.

“Capitalized Lease” shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) with respect to which the discounted present value of the rental obligations of such Person as lessee thereunder, in conformity with GAAP, is required to be capitalized on the balance sheet of that Person.

“Cash” shall mean unrestricted cash, cash equivalents and marketable securities.

"Cash Proceeds" shall mean Cash, proceeds of Advances of the Revolving Credit and proceeds of Seller Notes that are payable in full within 12 months from the date of the closing of the related acquisitions.

"Change of Control" shall mean an event or series of events whereby any Person or "group" (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such "person" or "group" to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction.

"Collateral" shall mean all property or rights in which a security interest, mortgage, lien or other encumbrance for the benefit of the Lenders is or has been granted or arises or has arisen, under or in connection with this Agreement, the other Loan Documents, or otherwise to secure the Indebtedness.

"Collateral Access Agreement" shall mean an agreement in form and substance satisfactory to the Agent in its sole discretion, pursuant to which a mortgagee or lessor of real property on which Collateral is stored or otherwise located, or a warehouseman, processor or other bailee of inventory or other property owned by any Credit Party, that acknowledges the Liens under the Collateral Documents and subordinates or waives any Liens held by such Person on such property and, includes such other agreements with respect to the Collateral as Agent may require in its sole discretion, as the same may be amended, restated or otherwise modified from time to time.

"Collateral Documents" shall mean the Security Agreement, the Pledge Agreements, the Mortgages, the Account Control Agreements, the Collateral Access Agreements, and all other security documents (and any joinders thereto) executed by any Credit Party in favor of the Agent prior to, on or after the Effective Date, in connection with any of the foregoing collateral documents, in each case, as such collateral documents may be amended or otherwise modified from time to time.

"Comerica Bank" shall mean Comerica Bank and its successors or assigns.

"Condemnation Proceeds" shall mean the cash proceeds received by any Credit Party in respect of any condemnation proceeding net of reasonable fees and expenses (including without limitation attorneys' fees and expenses) incurred in connection with the collection thereof.

"Consolidated" (or "consolidated") or "Consolidating" (or "consolidating") shall mean, when used with reference to any financial term in this Agreement, the aggregate for two or more Persons of the amounts signified by such term for all such Persons determined on a consolidated (or consolidating) basis in accordance with GAAP, applied on a consistent basis. Unless otherwise specified herein, "Consolidated" and "Consolidating" shall refer to Borrower and its Subsidiaries, determined on a Consolidated or Consolidating basis.

"Covenant Compliance Report" shall mean the report to be furnished by Borrower to the Agent pursuant to Section 7.2(a) hereof, substantially in the form annexed hereto as Exhibit J

and certified by a Responsible Officer of the Borrower, in which report Borrower shall set forth the information specified therein and which shall include a statement of then applicable level for the Applicable Margin and Applicable Fee Percentages as specified in Schedule 1.1 attached to this Agreement.

"Credit Parties" shall mean the Borrower and its Subsidiaries, and "Credit Party" shall mean any one of them, as the context indicates or otherwise requires.

"Current Liabilities" shall mean, as of any applicable date, all amounts that should, in accordance with GAAP, be included as current liabilities on the consolidated balance sheet of Borrower and its Subsidiaries, as at such date (but excluding any Indebtedness to Lenders under the Revolving Credit).

"Daily Adjusting LIBOR Rate" shall mean for any day a per annum interest rate which is equal to the quotient of the following:

(a) the LIBOR Rate;

divided by

(b) a percentage (expressed as a decimal) equal to 1.00 minus the maximum rate on such date at which Agent is required to maintain reserves on "Euro-currency Liabilities" as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Agent is required to maintain reserves against a category of liabilities which includes eurodollar deposits or includes a category of assets which includes eurodollar loans, the rate at which such reserves are required to be maintained on such category;

such sum to be rounded upward, if necessary, in the discretion of the Agent, to the seventh decimal place.

"Debt" shall mean as to any Person, without duplication (a) all Funded Debt of a Person, (b) all Guarantee Obligations of such Person, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (d) all indebtedness of such Person arising in connection with any Hedging Transaction entered into by such Person, (e) all recourse Debt of any partnership of which such Person is the general partner, and (f) any Off Balance Sheet Liabilities.

"Default" shall mean any event that with the giving of notice or the passage of time, or both, would constitute an Event of Default under this Agreement.

"Defaulting Lender" shall mean a Lender which, in the reasonable determination of the Agent (a) has failed to fund its Percentage of any Advance or to purchase participations in a Swing Line Advance or any Reimbursement Obligations as required under this Agreement, unless such Lender is disputing its funding obligation in good faith, (b) has otherwise failed to pay to the Agent or any other Lender any other amount required to be paid by it under the terms of this Agreement or any other Loan Document, unless such Lender is disputing such obligation

to pay any such amount in good faith, (c) has been, or whose holding company has been, determined to be insolvent or that has become subject to a bankruptcy, receivership or other similar proceeding, or (d) has had a substantial portion of its assets or management (or a substantial portion of the assets or management of its holding company) taken over by any governmental authority or any governmental authority has restricted its ability to act under this Agreement, including its ability to enter into amendments, waivers or modifications of this Agreement or any of the other Loan Documents (provided that the exercise of the customary rights of a shareholder by a governmental authority which owns shares in such Lender (or its holding company) shall not be covered by this clause (d)), provided, however, in all cases that a Defaulting Lender shall no longer be deemed a Defaulting Lender when (i) the Defaulting Lender shall have cured the conditions which shall have caused it to be a Defaulting Lender hereunder and (ii) the Agent has agreed that such Lender shall no longer be deemed a Defaulting Lender hereunder.

"Defaulting Lender's Unfunded Portion" shall mean such Defaulting Lender's Revolving Credit Percentage of the Revolving Credit Aggregate Commitment minus the sum of (a) the aggregate principal amount of all Revolving Credit Advances funded by the Defaulting Lender under the Revolving Credit, plus (b) such Defaulting Lender's Revolving Credit Percentage of the aggregate outstanding principal amount of all Swing Line Advances and Letter of Credit Obligations.

"Deferred Revenue" shall mean all non-refundable amounts received in advance of performance under contracts and not yet recognized as revenue.

"Disclosure Letter" means the disclosure letter delivered to the Agent by the Borrower on the Effective Date.

"Distribution" is defined in Section 8.5 hereof.

"Dollars" and the sign "$" shall mean lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary of Borrower incorporated or organized under the laws of the United States of America, or any state or other political subdivision thereof or which is considered to be a "disregarded entity" for United States federal income tax purposes and which is not a "controlled foreign corporation" as defined under Section 957 of the Internal Revenue Code, in each case provided such Subsidiary is owned by Borrower or a Domestic Subsidiary of Borrower, and "Domestic Subsidiaries" shall mean any or all of them.

"EBITDA" shall mean with respect to any fiscal period an amount equal to the sum of earnings before depreciation, amortization, non-cash stock compensation, net interest and taxes, but excluding one-time acquisition costs related to FASB 141r, measured on a trailing four fiscal quarter basis.

"Effective Date" shall mean the date on which all of the conditions precedent set forth in Sections 5.1 and 5.2 have been satisfied or waived in writing.

"Electronic Transmission" shall mean each document, instruction, authorization, file, information and any other communication transmitted, posted or otherwise made or

communicated by e-mail or E-Fax, or otherwise to or from an E-System or other equivalent service.

"Eligible Assignee" shall mean (a) a Lender; (b) an Affiliate of a Lender; (c) any Person (other than a natural person) that is or will be engaged in the business of making, purchasing, holding or otherwise investing in commercial loans or similar extensions of credit in the ordinary course of its business, provided that such Person is administered or managed by a Lender, an Affiliate of a Lender or an entity or Affiliate of an entity that administers or manages a Lender; or (d) any other Person (other than a natural person) approved by the (i) Agent in its reasonable discretion (and in the case of an assignment of a commitment under the Revolving Credit, the Issuing Lender and Swing Line Lender), and (ii) unless a Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that (x) notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower, or any of the Borrower's Affiliates or Subsidiaries; (y) notwithstanding clause (d)(ii) of this definition, no assignment shall be made to an entity which is a competitor of any Credit Party without the consent of the Borrower, which consent may be withheld in its sole discretion; and (z) no assignment shall be made to an Impaired Lender without the consent of the Agent, and in the case of an assignment of a commitment under the Revolving Credit, the Issuing Lender and the Swing Line Lender.

"Equity Interest" shall mean (i) in the case of any corporation, all capital stock and any securities exchangeable for or convertible into capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents of corporate stock (however designated) in or to such association or entity, (iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person, and including, in all of the foregoing cases described in clauses (i), (ii), (iii) or (iv), any warrants, rights or other options to purchase or otherwise acquire any of the interests described in any of the foregoing cases.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, or any successor act or code and the regulations in effect from time to time thereunder.

"E-System" shall mean any electronic system and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Agent, any of its Affiliates or any other Person, providing for access to data protected by passcodes or other security system.

"Eurodollar-based Advance" shall mean any Advance which bears interest at the Eurodollar-based Rate.

"Eurodollar-based Rate" shall mean a per annum interest rate which is equal to the sum of the Applicable Margin, plus the quotient of:

(i) the LIBOR Rate, divided by

(ii) a percentage equal to 100% minus the maximum rate on such date at which Agent is required to maintain reserves on 'Eurocurrency Liabilities' as defined in and pursuant to Regulation D of the Board of Governors of the Federal Reserve System or, if such regulation or definition is modified, and as long as Agent is required to maintain reserves against a category of liabilities which includes eurocurrency deposits or includes a category of assets which includes eurocurrency loans, the rate at which such reserves are required to be maintained on such category,

such sum to be rounded upward, if necessary, in the discretion of the Agent, to the seventh decimal place.

"Eurodollar-Interest Period" shall mean, for any Eurodollar-based Advance, an Interest Period of one, two or three months (or any shorter or longer periods agreed to in advance by the Borrower, Agent and the Lenders) as selected by Borrower, for such Eurodollar-based Advance pursuant to Section 2.3 or 4.4 hereof, as the case may be.

"Eurodollar Lending Office" shall mean, (a) with respect to the Agent, Agent's office located at its Grand Caymans Branch or such other branch of Agent, domestic or foreign, as it may hereafter designate as its Eurodollar Lending Office by written notice to Borrower and the Lenders and (b) as to each of the Lenders, its office, branch or affiliate located at its address set forth on the signature pages hereof (or identified thereon as its Eurodollar Lending Office), or at such other office, branch or affiliate of such Lender as it may hereafter designate as its Eurodollar Lending Office by written notice to Borrower and Agent.

"Event of Default" shall mean each of the Events of Default specified in Section 9.1 hereof.

"Excluded Equity Issuances" shall mean (a) any issuance of Equity Interests under any stock option or employee incentive plans and issuances of Equity Interests of the Borrower pursuant to the exercise of options or warrants issued under any such plans, (b) any issuance of Equity Interests to current shareholders and other private equity issuances, (c) any issuance by any Subsidiary of Borrower of its Equity Interests to Borrower or any other Subsidiary of Borrower, (d) any receipt by Borrower or any Subsidiary of Borrower of a capital contribution from Borrower or any other Subsidiary of Borrower, (e) issuances of Equity Interests, the Net Cash Proceeds of which are applied by Borrower or any Subsidiary to the consideration paid for a Permitted Acquisition, and (f) issuances of Equity Interests in connection with any IPO or other public equity offering.

"Existing Letters of Credit" shall mean the letters of credit previously issued by Comerica Bank for the account of certain of the Credit Parties which are listed in attached Schedule 1.4.

"Federal Funds Effective Rate" shall mean, for any day, a fluctuating interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a

Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected reasonably by Agent, all as conclusively determined by the Agent, such sum to be rounded upward, if necessary, to the nearest whole multiple of 1/100th of 1%.

"Fee Letter" shall mean the fee letter by and between Borrower and Comerica Bank dated as of December 2, 2009, relating to the Indebtedness hereunder, as amended, restated, replaced or otherwise modified from time to time.

"Fees" shall mean the Revolving Credit Facility Fee, the Letter of Credit Fees and the other fees and charges (including any agency fees) payable by Borrower to the Lenders, the Issuing Lender or Agent hereunder or under the Fee Letter.

"Final Maturity Date" shall mean the last to occur of (i) the Revolving Credit Maturity Date or (ii) the Term Loan Maturity Date.

"Fiscal Year" shall mean the twelve-month period ending on each June 30.

"Fixed Charge Coverage Ratio" shall mean as of any date of determination a ratio the numerator of which is EBITDA for the preceding four fiscal quarters ending on the date of determination and the denominator of which is the sum of each of the following fixed charges for the preceding four fiscal quarters ending on such date of determination: unfinanced Capital Expenditures, plus Net Cash Interest Expenses, plus cash taxes, plus cash dividends, plus trailing four fiscal quarters payments of Debt which are actually made by Borrower (excluding unsecured payments with respect to Seller Notes to the extent there is equivalent unused capacity under the Revolving Credit as of the date paid), all as determined on a consolidated basis by Borrower and its consolidated Subsidiaries in accordance with GAAP.

"Foreign Subsidiary" shall mean any Subsidiary, other than a Domestic Subsidiary, and "Foreign Subsidiaries" shall mean any or all of them.

"Funded Debt" of any Person shall mean, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services as of such date (other than operating leases and trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices) or which is evidenced by a note, bond, debenture or similar instrument, (b) the principal component of all obligations of such Person under Capitalized Leases, (c) all reimbursement obligations (actual, contingent or otherwise) of such Person in respect of letters of credit, bankers acceptances or similar obligations issued or created for the account of such Person, (d) all liabilities of the type described in (a), (b) and (c) above that are secured by any Liens on any property owned by such Person as of such date even though such Person has not assumed or otherwise become liable for the payment thereof, the amount of which is determined in accordance with GAAP; provided however that so long as such Person is not personally liable for any such liability, the amount of such liability shall be deemed to be the lesser of the fair market value at such date of the property subject to the Lien securing such liability and the amount of the liability secured, and (e) all Guarantee Obligations in respect of any liability which constitutes Funded Debt; provided,

however that Funded Debt shall not include any indebtedness under any Hedging Transaction prior to the occurrence of a termination event with respect thereto.

"Funded Debt to EBITDA Ratio" shall mean as of any date of determination, a ratio the numerator of which is Funded Debt and the denominator of which is EBITDA, all as determined on a consolidated basis for Borrower and its consolidated Subsidiaries in accordance with GAAP.

"GAAP" shall mean, as of any applicable date of determination, generally accepted accounting principles in the United States of America, as applicable on such date, consistently applied, as in effect on the Effective Date.

"Governmental Obligations" means noncallable direct general obligations of the United States of America or obligations the payment of principal of and interest on which is unconditionally guaranteed by the United States of America.

"Guarantee Obligation" shall mean as to any Person (the "guaranteeing person") any obligation of the guaranteeing Person in respect of any obligation of another Person (the "primary obligor") (including, without limitation, any bank under any letter of credit), the creation of which was induced by a reimbursement agreement, guaranty agreement, keepwell agreement, purchase agreement, counterindemnity or similar obligation issued by the guaranteeing person, in either case guaranteeing or in effect guaranteeing any Funded Debt (the "primary obligations") of the primary obligor in any manner, whether directly or indirectly, including, without limitation, any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the applicable Person in good faith.

"Guarantor(s)" shall mean each Domestic Subsidiary of Borrower which has executed and delivered to the Agent a Guaranty (or a joinder to a Guaranty), and a Security Agreement (or a joinder to the Security Agreement).

"Guaranty" shall mean, collectively, the Guaranty executed and delivered by the applicable Guarantors on September 29, 2008, and those guaranty agreements executed and delivered from time to time after the Effective Date (whether by execution of joinder agreements or otherwise) pursuant to Section 7.13 hereof or otherwise, in each case in the form attached hereto as Exhibit I, as amended, restated or otherwise modified from time to time.

"Hazardous Material" shall mean any hazardous or toxic waste, substance or material defined or regulated as such or regulated for reasons of health, safety or the environment in the Hazardous Material Laws.

"Hazardous Material Law(s)" shall mean all laws, codes, ordinances, rules, regulations and other governmental restrictions and requirements issued by any federal, state, local or other governmental or quasi-governmental authority or body (or any agency, instrumentality or political subdivision thereof) pertaining to any Hazardous Material and which is present or alleged to be present on or about or used in any facilities owned, leased or operated by any Credit Party, or any portion thereof including, without limitation, those relating to soil, surface, subsurface ground water conditions and the condition of the indoor and outdoor ambient air; any so-called "superfund" or "superlien" law; and any other United States federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any Hazardous Material, as now or at any time during the term of the Agreement in effect.

"Hedging Agreement" shall mean any agreement relating to a Hedging Transaction entered into between the Borrower (or Borrower jointly with any Guarantor) and any Lender or an Affiliate of a Lender.

"Hedging Transaction" means each interest rate swap transaction, basis swap transaction, currency hedge, forward rate transaction, equity transaction, equity index transaction, foreign exchange transaction, cap transaction, floor transaction (including any option with respect to any of these transactions and any combination of any of the foregoing).

"Hereof", "hereto", "hereunder" and similar terms shall refer to this Agreement and not to any particular paragraph or provision of this Agreement.

"Impaired Lender" means a Defaulting Lender and any other Lender (a) which the Agent, the Issuing Lender or Swing Line Lender believes, in good faith, has defaulted (and continues to be in default) in fulfilling its obligations under any other syndicated credit facilities or as a participant in any other credit facility and such Lender is not in good faith disputing that such a failure has occurred, or (b) which, if carrying an investment grade rating of at least BBB- from S&P or Baa3 from Moody's at the time it became a party to this Agreement, no longer carries a rating of at least BBB- from S&P or Baa3 from Moody's, provided, however, in all cases that an Impaired Lender shall no longer be deemed an Impaired Lender when (i) the Impaired Lender shall have cured the conditions which shall have caused it to be an Impaired Lender hereunder and (ii) the Agent has agreed that such Lender shall no longer be deemed an Impaired Lender hereunder.

“Indebtedness” shall mean all indebtedness and liabilities (including without limitation principal, interest (including without limitation interest accruing at the then applicable rate provided in this Agreement or any other applicable Loan Document after an applicable maturity date and interest accruing at the then applicable rate provided in this Agreement or any other applicable Loan Document after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Credit Parties whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, expenses and other charges) arising under this Agreement or any of the other Loan Documents, whether direct or indirect, absolute or contingent, of any Credit Party to any of the Lenders or Affiliates thereof or to the Agent, in any manner and at any time, whether arising under this Agreement, the Guaranty or any of the other Loan Documents (including without limitation, payment obligations under Hedging Transactions evidenced by Hedging Agreements)**,** due or hereafter to become due, now owing or that may hereafter be incurred by any Credit Party to any of the Lenders or Affiliates thereof or to the Agent, and which shall be deemed to include protective advances made by Agent with respect to the Collateral under or pursuant to the terms of any Loan Document and any liabilities of any Credit Party to Agent or any Lender arising in connection with any Lender Products, in each case whether or not reduced to judgment, with interest according to the rates and terms specified, and any and all consolidations, amendments, renewals, replacements, substitutions or extensions of any of the foregoing; provided, however that for purposes of calculating the Indebtedness outstanding under this Agreement or any of the other Loan Documents, the direct and indirect and absolute and contingent obligations of the Credit Parties (whether direct or contingent) shall be determined without duplication.

“Initial Reinvestment Period” shall mean a 180-day period during which Reinvestment must be commenced under Section 4.8(a) and (c) of this Agreement.

“Insurance Proceeds” shall mean the cash proceeds received by any Credit Party from any insurer in respect of any damage or destruction of any property or asset net of reasonable fees and expenses (including without limitation attorneys fees and expenses) incurred solely in connection with the recovery thereof.

“Intercompany Note” shall mean any promissory note issued or to be issued by any Credit Party to evidence an intercompany loan substantially in form and substance reasonably satisfactory to Agent.

“Interest Period” shall mean (a) with respect to a Eurodollar-based Advance, a Eurodollar-Interest Period, commencing on the day a Eurodollar-based Advance is made, or on the effective date of an election of the Eurodollar-based Rate made under Section 2.3 or 4.4 hereof, and (b) with respect to a Swing Line Advance carried at the Quoted Rate, an interest period of 30 days (or any lesser number of days agreed to in advance by the Borrower, Agent and the Swing Line Lender); provided, however that (i) any Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day, except that as to an Interest Period in respect of a Eurodollar-based Advance, if the next succeeding Business Day falls in another calendar month, such Interest Period shall end on the next preceding Business Day, (ii) when an Interest Period in respect of a Eurodollar-based Advance begins on a day which has no numerically corresponding day in the calendar month during which such Interest Period is to end, it shall end on the last Business Day of such calendar

month, and (iii) no Interest Period in respect of any Advance shall extend beyond the Revolving Credit Maturity Date or the Term Loan Maturity Date, as applicable.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986 of the United States of America, as amended from time to time, and the regulations promulgated thereunder.

"Investment" shall mean, when used with respect to any Person, (a) any loan, investment or advance made by such Person to any other Person (including, without limitation, any Guarantee Obligation) in respect of any Equity Interest, Debt, obligation or liability of such other Person and (b) any other investment made by such Person (however acquired) in Equity Interests in any other Person, including, without limitation, any investment made in exchange for the issuance of Equity Interest of such Person and any investment made as a capital contribution to such other Person.

"IPO" shall mean an initial public offering of Equity Interests of Borrower registered under the Securities Act of 1933, as amended.

"Issuing Lender" shall mean Comerica Bank in its capacity as issuer of one or more Letters of Credit hereunder, or its successor designated by Borrower and the Revolving Credit Lenders.

"Issuing Office" shall mean such office as Issuing Lender shall designate as its Issuing Office.

"Lender Products" shall mean any one or more of the following types of services or facilities extended to the Credit Parties by any Lender: (i) credit cards, (ii) credit card processing services, (iii) debit cards, (iv) purchase cards, (v) Automated Clearing House (ACH) transactions, (vi) cash management, including controlled disbursement services, and (vii) establishing and maintaining deposit accounts.

"Lenders" shall have the meaning set forth in the preamble, and shall include the Revolving Credit Lenders, the Term Loan Lenders, the Swing Line Lender and any assignee which becomes a Lender pursuant to Section 13.8 hereof.

"Letter of Credit Agreement" shall mean, collectively, the letter of credit application and related documentation executed and/or delivered by the Borrower in respect of each Letter of Credit, in each case satisfactory to the Issuing Lender, as amended, restated or otherwise modified from time to time.

"Letter of Credit Documents" shall have the meaning ascribed to such term in Section 3.7(a) hereof.

"Letter of Credit Fees" shall mean the fees payable in connection with Letters of Credit pursuant to Section 3.4(a) and (b) hereof.

"Letter of Credit Maximum Amount" shall mean Two Million Dollars ($2,000,000).

“Letter of Credit Obligations” shall mean at any date of determination, the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, and (b) the aggregate amount of Reimbursement Obligations which remain unpaid as of such date.

“Letter of Credit Payment” shall mean any amount paid or required to be paid by the Issuing Lender in its capacity hereunder as issuer of a Letter of Credit as a result of a draft or other demand for payment under any Letter of Credit.

“Letter(s) of Credit” shall mean any standby letters of credit issued by Issuing Lender at the request of or for the account of Borrower pursuant to Article 3 hereof and shall include, without limitation, the Existing Letters of Credit.

“LIBOR Rate” shall mean,

(a) with respect the principal amount of any Eurodollar-based Advance outstanding hereunder, the per annum rate of interest determined on the basis of the rate for deposits in United States Dollars for a period equal to the relevant Eurodollar-Interest Period, commencing on the first day of such Eurodollar-Interest Period, appearing on Page BBAM of the Bloomberg Financial Markets Information Service as of 11:00 a.m. (Detroit, Michigan time) (or soon thereafter as practical), two (2) Business Days prior to the first day of such Eurodollar-Interest Period. In the event that such rate does not appear on Page BBAM of the Bloomberg Financial Markets Information Service (or otherwise on such Service), the “LIBOR Rate” shall be determined by reference to such other publicly available service for displaying LIBOR rates as may be agreed upon by Agent and Borrower, or, in the absence of such agreement, the “LIBOR Rate” shall, instead, be the per annum rate equal to the average (rounded upward, if necessary, to the nearest one-sixteenth of one percent (1/16%)) of the rate at which Agent is offered dollar deposits at or about 11:00 a.m. (Detroit, Michigan time) (or soon thereafter as practical), two (2) Business Days prior to the first day of such Eurodollar-Interest Period in the interbank LIBOR market in an amount comparable to the principal amount of the relevant Eurodollar-based Advance which is to bear interest at such Eurodollar-based Rate and for a period equal to the relevant Eurodollar-Interest Period; and

(b) with respect to the principal amount of any Advance carried at the Daily Adjusting LIBOR Rate outstanding hereunder, the per annum rate of interest determined on the basis of the rate for deposits in United States Dollars for a period equal to one (1) month appearing on Page BBAM of the Bloomberg Financial Markets Information Service as of 11:00 a.m. (Detroit, Michigan time) (or soon thereafter as practical) on such day, or if such day is not a Business Day, on the immediately preceding Business Day. In the event that such rate does not appear on Page BBAM of the Bloomberg Financial Markets Information Service (or otherwise on such Service), the “LIBOR Rate” shall be determined by reference to such other publicly available service for displaying eurodollar rates as may be agreed upon by Agent and Borrower, or, in the absence of such agreement, the “LIBOR Rate” shall, instead, be the per annum rate equal to the average of the rate at which Agent is offered dollar deposits at or about 11:00 a.m. (Detroit, Michigan time) (or soon thereafter as practical) on such day in the interbank eurodollar market in an amount comparable to the principal amount of the Indebtedness hereunder which is to bear interest at such “LIBOR Rate” and for a period equal to one (1) month.

“Lien” shall mean any security interest in or lien on or against any property arising from any pledge, assignment, hypothecation, mortgage, security interest, deposit arrangement, trust receipt, conditional sale or title retaining contract, sale and leaseback transaction, Capitalized Lease, consignment or bailment for security, or any other type of lien, charge, encumbrance, title exception, preferential or priority arrangement affecting property (including with respect to stock, any stockholder agreements, voting rights agreements, buy-back agreements and all similar arrangements), whether based on common law or statute.

“Loan Documents” shall mean, collectively, this Agreement, the Notes (if issued), the Letter of Credit Agreements, the Letters of Credit, the Guaranty, the Subordination Agreements, the Collateral Documents, each Hedging Agreement, and any other documents, certificates or agreements that are executed and required to be delivered pursuant to any of the foregoing documents, as such documents may be amended, restated or otherwise modified from time to time.

“Majority Lenders” shall mean at any time (a) so long as the Revolving Credit Aggregate Commitment has not been terminated, Lenders holding more than 50.0% of the sum of (i) the Revolving Credit Aggregate Commitment plus (ii) the aggregate principal amount of Indebtedness then outstanding under the Term Loan and (b) if the Revolving Credit Aggregate Commitment has been terminated (whether by maturity, acceleration or otherwise), Lenders holding more than 50.0% of the aggregate principal amount then outstanding under the Revolving Credit and the Term Loan; provided that, for purposes of determining Majority Lenders hereunder, the Letter of Credit Obligations and principal amount outstanding under the Swing Line shall be allocated among the Revolving Credit Lenders based on their respective Revolving Credit Percentages; provided further that so long as there are fewer than three Lenders, considering any Lender and its Affiliates as a single Lender, “Majority Lenders” shall mean all Lenders.

“Majority Revolving Credit Lenders” shall mean at any time (a) so long as the Revolving Credit Aggregate Commitment has not been terminated, the Revolving Credit Lenders holding more than 50.0% of the Revolving Credit Aggregate Commitment and (b) if the Revolving Credit Aggregate Commitment has been terminated (whether by maturity, acceleration or otherwise), Revolving Credit Lenders holding more than 50.0% of the aggregate principal amount then outstanding under the Revolving Credit; provided that, for purposes of determining Majority Revolving Credit Lenders hereunder, the Letter of Credit Obligations and principal amount outstanding under the Swing Line shall be allocated among the Revolving Credit Lenders based on their respective Revolving Credit Percentages; provided further that so long as there are fewer than three Revolving Credit Lenders, considering any Revolving Credit Lender and its Affiliates as a single Revolving Credit Lender, “Majority Revolving Credit Lenders” shall mean all Revolving Credit Lenders.

“Majority Term Loan Lenders” shall mean at any time with respect to the Term Loan, Term Loan Lenders holding more than 50.0% of the aggregate principal amount then outstanding under Term Loan; provided however that so long as there are fewer than three Term Loan Lenders, considering any Term Loan Lender and its Affiliates as a single Term Loan Lender, “Majority Term Loan Lenders” shall mean all Term Loan Lenders.

"Material Adverse Effect" shall mean a material adverse effect on (a) the financial condition, business, performance, operation or properties of the Credit Parties taken as a whole, (b) the ability of any Obligor to perform its obligations under this Agreement, the Notes (if issued) or any other Loan Document to which it is a party, or (c) the validity or enforceability of this Agreement, any of the Notes (if issued) or any of the other Loan Documents or the rights or remedies of the Agent or the Lenders hereunder or thereunder.

"Material Subsidiary" shall mean any Subsidiary which is an operating entity and which has annual gross revenues in excess of five percent (5%) of gross revenues of Borrower and its consolidated Subsidiaries for the most recently completed fiscal year or assets with a book value in excess of five percent (5%) of Total Assets for the most recently completed fiscal year.

"Mortgages" shall mean the mortgages, deeds of trust and any other similar documents related thereto or required thereby executed and delivered by a Credit Party on the Effective Date pursuant to Section 5.1 hereof, if any, and executed and delivered after the Effective Date by a Credit Party pursuant to Section 7.13 hereof or otherwise, and "Mortgage" shall mean any such document, as such documents may be amended, restated or otherwise modified from time to time.

"Multiemployer Plan" shall mean a Pension Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Interest Expense" shall mean cash interest expense minus cash interest income.

"Net Cash Proceeds" shall mean the aggregate cash payments received by any Credit Party from any Asset Sale, the issuance of Equity Interests or the issuance of Subordinated Debt, as the case may be, net of (i) the principal amount of any Debt that is secured by the applicable asset and that is required to be repaid in connection with such transaction (other than Indebtedness under the Loan Documents), (ii) the reasonable and customary out-of-pocket commissions, costs, premiums, fees and other expenses incurred by such Credit Party in connection with such transaction (or, if such costs and expenses have not been incurred or invoiced, the Borrower's good faith estimate thereof), including legal, accounting and investment banking fees, sales commissions, and other third party charges, and (iii) of property taxes, transfer taxes and any other taxes paid or payable by such Credit Party in respect of any sale or issuance.

"New Agent Addendum" shall mean an addendum substantially in the form of Exhibit N attached hereto, to be executed and delivered by each Agent becoming a part to this Agreement pursuant to Section 2.13 hereof.

"Non-Defaulting Lender" shall mean any Lender that is not, as of the date of relevance, a Defaulting Lender.

"Notes" shall mean the Revolving Credit Notes, the Swing Line Note and the Term Loan Notes.

"Obligors" shall mean the Borrower and the Guarantors.

"Off Balance Sheet Liability(ies)" of a Person shall mean (i) any repurchase obligation or liability of such Person with respect to accounts or notes receivables sold by such Person, (ii) any liability under any sale and leaseback transaction which is not a Capitalized Lease, (iii) any liability under any so-called "synthetic lease" transaction entered into by such Person, or (iv) any obligation arising with respect to any other transaction which is the functional equivalent of Debt or any of the liabilities set forth in subsections (i)-(iii) of this definition, but which does not constitute a liability on the balance sheets of such Person.

"Pay for Performance Marketing and Media Business" shall mean a business (1) whose primary source of revenue is derived from marketing services, internet traffic or impressions or related services or (2) owns or develops media or (3) owns or develops technology for use in marketing services or media. (Examples of such businesses include internet or offline publishing, directory, or media companies; technology companies that enable lead capture, media capabilities, or monetization of media; online or offline lead generation companies, online or offline marketing service providers; amongst others).

"PBGC" shall mean the Pension Benefit Guaranty Corporation or any successor thereto.

"Pension Plan" shall mean any plan established and maintained by a Credit Party, or contributed to by a Credit Party, which is qualified under Section 401(a) of the Internal Revenue Code and subject to the minimum funding standards of Section 412 of the Internal Revenue Code.

"Percentage" shall mean, as applicable, the Revolving Credit Percentage, the Term Loan Percentage or the Weighted Percentage.

"Permitted Acquisition" shall mean any acquisition by Borrower or any wholly-owned Subsidiary of Borrower of all or substantially all of the assets or Equity Interests of a Pay for Performance Marketing and Media Business; provided that (1) for acquisitions using Cash Proceeds not in excess of Forty Five Million Dollars ($45,000,000), such acquisitions satisfies and/or is conducted in accordance with the requirements of clauses (a), (b), (d), (e) and (f) below; and (2) for acquisitions using Cash Proceeds in excess of Forty Five Million Dollars ($45,000,000), such acquisitions satisfies and/or is conducted in accordance with the requirements of clauses (a) through (f) below and such acquisitions are consented to by Agent and the Majority Lenders:

(a) If such acquisition is structured as an acquisition of the Equity Interests of any Person, then the Person so acquired shall (X) become a wholly-owned direct Subsidiary of Borrower or of a wholly-owned Subsidiary of Borrower and the Borrower or the applicable Subsidiary shall cause such acquired Person to comply with Section 7.13 hereof or (Y) provided that the Credit Parties continue to comply with Section 7.4(a) hereof, be merged with and into Borrower or such Subsidiary (and, in the case of the Borrower, with the Borrower being the surviving entity);

(b) If such acquisition is structured as the acquisition of assets, such assets shall be acquired directly by Borrower or a wholly-owned Subsidiary (subject to compliance with Section 7.4(a) hereof);

(c) Borrower shall have delivered to Agent not less than ten (10) (or such shorter period of time agreed to by the Agent) nor more than ninety (90) days prior to the date of such acquisition, notice of such acquisition, copies of all material documents relating to such acquisition (including the acquisition agreement and any related material document), and historical financial information (including income statements, balance sheets and cash flows) covering at least three (3) complete fiscal years of the acquisition target, if available, prior to the effective date of the acquisition or the entire credit history of the acquisition target, whichever period is shorter, in each case in form and substance reasonably satisfactory to the Agent;

(d) Both immediately before and after the consummation of such acquisition, no Default or Event of Default shall have occurred and be continuing;

(e) The acquisition shall not result in a Change of Control; and

(f) After giving effect to such acquisition, the Borrower shall be in compliance, on a *pro forma* basis, with the financial covenant ratios required to be maintained under Section 7.9(b) and (c) as of the last day of the fiscal quarter most recently ended.

"Permitted Investments" shall mean with respect to any Person:

(a) Governmental Obligations;

(b) Obligations of a state or commonwealth of the United States or the obligations of the District of Columbia or any possession of the United States, or any political subdivision of any of the foregoing, which are described in Section 103(a) of the Internal Revenue Code and are graded in any of the highest three (3) major grades as determined by at least one Rating Agency; or secured, as to payments of principal and interest, by a letter of credit provided by a financial institution or insurance provided by a bond insurance company which in each case is itself or its debt is rated in one of the highest three (3) major grades as determined by at least one Rating Agency;

(c) Banker's acceptances, commercial accounts, demand deposit accounts, certificates of deposit, other time deposits or depository receipts issued by or maintained with any Lender or any Affiliate thereof, or any bank, trust company, savings and loan association, savings bank or other financial institution whose deposits are insured by the Federal Deposit Insurance Corporation and whose reported capital and surplus equal at least $250,000,000, provided that such minimum capital and surplus

requirement shall not apply to demand deposit accounts maintained by any Credit Party in the ordinary course of business;

(d) Commercial paper rated at the time of purchase within the two highest classifications established by not less than one Rating Agency, and which matures within 270 days after the date of issue;

(e) Secured repurchase agreements against obligations itemized in paragraph (a) above, and executed by a bank or trust company or by members of the association of primary dealers or other recognized dealers in United States government securities, the market value of which must be maintained at levels at least equal to the amounts advanced;

(f) Any fund or other pooling arrangement which exclusively purchases and holds the investments itemized in (a) through (e) above;

(g) Debt issued by Persons (other than Affiliates of the Borrower) with a rating of "A" or higher from S&P or "A02" or higher from Moody's (or reasonably equivalent ratings of another internationally recognized ratings agency in each case with maturities not exceeding two years form the date of acquisition;

(h) Deposits held with financial institutions in countries outside of the United States where the Credit Parties conduct business; and

(i) Investments made pursuant to the Borrower's investment policy as in effect on the Effective Date.

"Permitted Liens" shall mean with respect to any Person:

(a) Liens for (i) taxes or governmental assessments or charges or (ii) customs duties in connection with the importation of goods to the extent such Liens attach to the imported goods that are the subject of the duties, in each case (x) to the extent not yet due, (y) as to which the period of grace, if any, related thereto has not expired or (z) which are being contested in good faith by appropriate proceedings, provided that in the case of any such contest, any proceedings for the enforcement of such liens have been suspended and adequate reserves with respect thereto are maintained on the books of such Person in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's, processor's, landlord's liens or other like liens arising in the ordinary course of business which secure obligations that are not overdue for a period of more than 30 days or which are being contested in good faith by appropriate proceedings, provided that in the case of any such contest, (x) any proceedings commenced for the enforcement of such Liens have been suspended and (y) appropriate reserves with respect thereto are maintained on the books of such Person in conformity with GAAP;

(c) (i) Liens incurred in the ordinary course of business to secure the performance of statutory obligations arising in connection with progress payments or advance payments due under contracts with the United States government or any agency thereof entered into in the ordinary course of business and (ii) Liens incurred or deposits made in the ordinary course of business to secure the performance of statutory obligations (not otherwise permitted under subsection (f) of this definition), bids, leases, fee and expense arrangements with trustees and fiscal agents, trade contracts, surety and appeal bonds, performance bonds and other similar obligations (exclusive of obligations incurred in connection with the borrowing of money, any lease-purchase arrangements or the payment of the deferred purchase price of property), provided, that in each case full provision for the payment of all such obligations has been made on the books of such Person as may be required by GAAP;

(d) any attachment or judgment lien that remains unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period ending on the earlier of (i) thirty (30) consecutive days from the date of its attachment or entry (as applicable) or (ii) the commencement of enforcement steps with respect thereto, other than the filing of notice thereof in the public record;

(e) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, or any interest of any lessor or sublessor under any lease permitted hereunder which, in each case, does not materially interfere with the business of such Person;

(f) Liens arising in connection with worker's compensation, unemployment insurance, old age pensions and social security benefits and similar statutory obligations (excluding Liens arising under ERISA), provided that no enforcement proceedings in respect of such Liens are pending and provisions have been made for the payment of such liens on the books of such Person as may be required by GAAP;

(g) continuations of Liens that are permitted under subsections (a)-(g) hereof, provided such continuations do not violate the specific time periods set forth in subsections (b) and (d) and provided further that such Liens do not extend to any additional property or assets of any Credit Party or secure any additional obligations of any Credit Party;

(h) Liens in favor of financial institutions arising in connection with a Credit Party's deposit accounts held at such institutions to secure standard fees for deposit services charged by, but not financing made available by, such institutions; and

(i) Any interest or title of a lessor in the property (and the proceeds, accession or products thereof) subject to an operating lease or precautionary filings in respect of true leases.

Regardless of the language set forth in this definition, no Lien over the Equity Interests of any Credit Party granted to any Person other than to Agent for the benefit of the Lenders shall be deemed a "Permitted Lien" under the terms of this Agreement.

"Person" shall mean a natural person, corporation, limited liability company, partnership, limited liability partnership, trust, incorporated or unincorporated organization, joint venture, joint stock company, firm or association or a government or any agency or political subdivision thereof or other entity of any kind.

"Pledge Agreement(s)" shall mean any pledge agreement executed and delivered by a Credit Party on or prior to the Effective Date pursuant to Section 5.1 hereof, if any, and executed and delivered from time to time after the Effective Date by any Credit Party pursuant to Section 7.13 hereof or otherwise, and any agreements, instruments or documents related thereto, in each case in form and substance satisfactory to Agent amended, restated or otherwise modified from time to time.

"Prime Rate" shall mean the per annum rate of interest announced by the Agent, at its main office from time to time as its "prime rate" (it being acknowledged that such announced rate may not necessarily be the lowest rate charged by the Agent to any of its customers), which Prime Rate shall change simultaneously with any change in such announced rate.

"Pro Forma Balance Sheet" shall mean the pro forma consolidated balance sheet of the Borrower which has been certified by a Responsible Officer of the Borrower that it fairly presents in all material respects the pro forma adjustments reflecting the transactions (including payment of all fees and expenses in connection therewith) contemplated by this Agreement and the other Loan Documents.

"Pro Forma Projected Financial Information" shall mean, as to any proposed acquisition, a statement executed by the Borrower (supported by reasonable detail) setting forth the total consideration to be paid or incurred in connection with the proposed acquisition, and pro forma combined projected financial information for the Credit Parties and the acquisition target (if applicable), consisting of projected balance sheets as of the proposed effective date of the acquisition and as of the end of at least the next succeeding three (3) Fiscal Years following the acquisition and projected statements of income and cash flows for each of those years, including sufficient detail to permit calculation of the ratios described in Section 7.9 hereof, as projected as of the effective date of the acquisition and as of the ends of those Fiscal Years and accompanied by (i) a statement setting forth a calculation of the ratio so described, (ii) a statement in reasonable detail specifying all material assumptions underlying the projections and (iii) such other information as the Agent or the Lenders shall reasonably request.

"Purchasing Lender" shall have the meaning set forth in Section 13.12.

"Quoted Rate" shall mean the rate of interest per annum offered by the Swing Line Lender in its sole discretion with respect to a Swing Line Advance and accepted by the Borrower.

"Quoted Rate Advance" means any Swing Line Advance which bears interest at the Quoted Rate.

"Rating Agency" shall mean Moody's Investor Services, Inc., Standard and Poor's Ratings Services, their respective successors or any other nationally recognized statistical rating organization which is acceptable to the Agent.

"Register" is defined in Section 13.8(g) hereof.

"Reimbursement Obligation(s)" shall mean the aggregate amount of all unreimbursed drawings under all Letters of Credit (excluding for the avoidance of doubt, reimbursement obligations that are deemed satisfied pursuant to a deemed disbursement under Section 3.6(a)).

"Reinvest" or "Reinvestment" shall mean, with respect to any Net Cash Proceeds, Insurance Proceeds or Condemnation Proceeds received by any Person, the application of such monies to (i) repair, improve or replace any tangible personal (excluding Inventory) or real property of the Credit Parties or any intellectual property reasonably necessary in order to use or benefit from any property or (ii) acquire any such property (excluding Inventory) to be used in the business of such Person.

"Reinvestment Certificate" is defined in Section 4.8(b) hereof.

"Reinvestment Period" shall mean a 270-day period during which Reinvestment must be completed under Section 4.8(b) and (d) of this Agreement.

"Request for Advance" shall mean a Request for Revolving Credit Advance or a Request for Swing Line Advance, as the context may indicate or otherwise require.

"Request for Revolving Credit Advance" shall mean a request for a Revolving Credit Advance issued by the Borrower under Section 2.3 of this Agreement in the form attached hereto as Exhibit A.

"Request for Swing Line Advance" shall mean a request for a Swing Line Advance issued by the Borrower under Section 2.5(b) of this Agreement in the form attached hereto as Exhibit D.

"Requirement of Law" shall mean as to any Person, the certificate of incorporation and bylaws, the partnership agreement or other organizational or governing documents of such Person and any law, treaty, rule or regulation or determination of an arbitration or a court or other governmental authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer" shall mean, with respect to any Person, the chief executive officer, chief financial officer, treasurer, president or controller of such Person, or with respect to

compliance with financial covenants, the chief financial officer or the treasurer of such Person, or any other officer of such Person having substantially the same authority and responsibility.

"Revolving Credit" shall mean the revolving credit loans to be advanced to Borrower by the applicable Revolving Credit Lenders pursuant to Article 2 hereof, in an aggregate amount (subject to the terms hereof), not to exceed, at any one time outstanding, the Revolving Credit Aggregate Commitment.

"Revolving Credit Advance" shall mean a borrowing requested by Borrower and made by the Revolving Credit Lenders under Section 2.1 of this Agreement, including without limitation any readvance, refunding or conversion of such borrowing pursuant to Section 2.3 hereof and any deemed disbursement of an Advance in respect of a Letter of Credit under Section 3.6(a) hereof, and may include, subject to the terms hereof, Eurodollar-based Advances and Base Rate Advances.

"Revolving Credit Aggregate Commitment" shall mean One Hundred Forty Million Dollars ($140,000,000), subject to increases pursuant to Section 2.13 hereof by an amount not to exceed the Revolving Credit Optional Increase, subject to reduction or termination under Section 2.14 or 9.2 hereof.

"Revolving Credit Commitment Amount" shall mean with respect to any Revolving Credit Lender, (i) if the Revolving Credit Aggregate Commitment has not been terminated, the amount specified opposite such Revolving Credit Lender's name in the column entitled "Revolving Credit Commitment Amount" on Schedule 1.2, as adjusted from time to time in accordance with the terms hereof; and (ii) if the Revolving Credit Aggregate Commitment has been terminated (whether by maturity, acceleration or otherwise), the amount equal to its Percentage of the aggregate principal amount outstanding under the Revolving Credit (including the outstanding Letter of Credit Obligations and any outstanding Swing Line Advances).

"Revolving Credit Facility Fee" shall mean the fee payable to Agent for distribution to the Revolving Credit Lenders in accordance with Section 2.9 hereof.

"Revolving Credit Lenders" shall mean the financial institutions from time to time parties hereto as lenders of the Revolving Credit.

"Revolving Credit Maturity Date" shall mean the earlier to occur of (i) January 13, 2014, and (ii) the date on which the Revolving Credit Aggregate Commitment shall terminate in accordance with the provisions of this Agreement.

"Revolving Credit Notes" shall mean the revolving credit notes described in Section 2.2 hereof, made by Borrower to each of the Revolving Credit Lenders in the form annexed hereto as Exhibit B, as such notes may be amended or supplemented from time to time, and any other notes issued in substitution, replacement or renewal thereof from time to time.

"Revolving Credit Optional Increase" shall mean an amount up to Fifty Million Dollars ($50,000,000).

"Revolving Credit Percentage" means, with respect to any Revolving Credit Lender, the percentage specified opposite such Revolving Credit Lender's name in the column entitled "Revolving Credit Percentage" on Schedule 1.2, as adjusted from time to time in accordance with the terms hereof.

"Security Agreement" shall mean, collectively, the Security and Pledge Agreement executed and delivered by Borrower and the Guarantors on September 29, 2008, and any such agreements executed and delivered after the Effective Date (whether by execution of a joinder agreement to any existing security agreement or otherwise) pursuant to Section 7.13 hereof or otherwise, in the form of the Security Agreement annexed hereto as Exhibit F, as amended, restated or otherwise modified from time to time.

"Seller Notes" shall mean promissory notes issued by Borrower to selling stockholders in connection with acquisitions made by Borrower that are permitted by Section 8.4 of this Agreement.

"Subordinated Debt" shall mean any unsecured Funded Debt of any Credit Party issued on terms and conditions satisfactory to Agent (and which may not contain a change of control provision which is more favorable to the holder of the Subordinated Debt than the change of control provisions of this Agreement without the consent of Agent which may be withheld in the sole discretion of Agent) and other obligations under the Subordinated Debt Documents and any other Funded Debt of any Credit Party which has been subordinated in right of payment and priority to the Indebtedness, all on terms and conditions satisfactory to the Agent.

"Subordinated Debt Documents" shall mean and include any documents evidencing any Subordinated Debt, in each case, as the same may be amended, modified, supplemented or otherwise modified from time to time in compliance with the terms of this Agreement.

"Subordination Agreements" shall mean, any subordination agreements entered into by any Person from time to time in favor of Agent in connection with any Subordinated Debt, the terms of which are acceptable to the Agent and the Majority Lenders in the exercise of its and their reasonable credit judgment, in each case as the same may be amended, restated or otherwise modified from time to time, and "Subordination Agreement" shall mean any one of them.

"Subsidiary(ies)" shall mean any other corporation, association, joint stock company, business trust, limited liability company, partnership or any other business entity of which more than fifty percent (50%) of the outstanding voting stock, share capital, membership, partnership or other interests, as the case may be, is owned either directly or indirectly by any Person or one or more of its Subsidiaries, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by any Person and/or its Subsidiaries. Unless otherwise specified to the contrary herein or the context otherwise requires, Subsidiary(ies) shall refer to the Subsidiary(ies) of Borrower.

"Sweep Agreement" means any agreement relating to the "Sweep to Loan" automated system of the Agent or any other cash management arrangement which the Borrower and the Agent have executed for the purposes of effecting the borrowing and repayment of Swing Line Advances.

“Swing Line” shall mean the revolving credit loans to be advanced to Borrower by the Swing Line Lender pursuant to Section 2.5 hereof, in an aggregate amount (subject to the terms hereof), not to exceed, at any one time outstanding, the Swing Line Maximum Amount.

“Swing Line Advance” shall mean a borrowing requested by Borrower and made by Swing Line Lender pursuant to Section 2.5 hereof and may include, subject to the terms hereof, Quoted Rate-Advances and Base Rate Advances.

“Swing Line Lender” shall mean Comerica Bank in its capacity as lender of the Swing Line under Section 2.5 of this Agreement, or its successor as subsequently designated hereunder.

“Swing Line Maximum Amount” shall mean Five Million Dollars ($5,000,000).

“Swing Line Note” shall mean the swing line note which may be issued by Borrower to Swing Line Lender pursuant to Section 2.5(b)(ii) hereof in the form annexed hereto as Exhibit C, as such note may be amended or supplemented from time to time, and any note or notes issued in substitution, replacement or renewal thereof from time to time.

“Swing Line Participation Certificate” shall mean the Swing Line Participation Certificate delivered by Agent to each Revolving Credit Lender pursuant to Section 2.5(e)(ii) hereof in the form annexed hereto as Exhibit M.

“Term Loan” shall mean the term loan to be made to Borrower by the Term Loan Lenders pursuant to Section 4.1(a) hereof, in the aggregate principal amount of Thirty Five Million Dollars ($35,000,000).

“Term Loan Advance” shall mean a borrowing requested by Borrower and made by the Term Loan Lenders pursuant to Section 4.1(a) hereof, including without limitation any refunding or conversion of such borrowing pursuant to Section 4.4 hereof, and may include, subject to the terms hereof, Eurodollar-based Advances and Base Rate Advances.

“Term Loan Amount” shall mean with respect to any Term Loan Lender, the amount equal to its Term Loan Percentage of the aggregate principal amount outstanding under the Term Loan.

“Term Loan Lenders” shall mean the financial institutions from time to time parties hereto as lenders of the Term Loan.

“Term Loan Maturity Date” shall mean January 14, 2014.

“Term Notes” shall mean the term notes described in Section 4.2(e) hereof, made by Borrower to each of the Term Loan Lenders in the form annexed hereto as Exhibit K, as such notes may be amended or supplemented from time to time, and any other notes issued in substitution, replacement or renewal thereof from time to time.

“Term Loan Percentage” shall mean with respect to any Term Loan Lender, the percentage specified opposite such Term Loan Lender’s name in the column entitled “Term

Loan Percentage" on Schedule 1.2, as adjusted from time to time in accordance with the terms hereof.

"Term Loan Rate Request" shall mean a request for the refunding or conversion of any Advance of the Term Loan submitted by Borrower under Section 4.4 of this Agreement in the form annexed hereto as Exhibit L.

"Total Assets" is defined in accordance with GAAP and shall be determined on a consolidated basis for Borrower and its consolidates Subsidiaries.

"Uniform Commercial Code" or "UCC" shall mean the Uniform Commercial Code as in effect in any applicable state; provided that, unless specified otherwise or the context otherwise requires, such terms shall refer to the Uniform Commercial Code as in effect in the State of Michigan.

"USA Patriot Act" is defined in Section 6.7.

"Weighted Percentage" shall mean with respect to any Lender, its percentage share as set forth in Schedule 1.2, as such Schedule may be revised by the Agent from time to time, which percentage shall be calculated as follows:

(a) as to such Lender, so long as the Revolving Credit Aggregate Commitment has not been terminated, its weighted percentage calculated by dividing (i) the sum of (x) its Revolving Credit Commitment Amount plus (y) its Term Loan Amount, by (ii) the sum of (x) the Revolving Credit Aggregate Commitment plus (y) the aggregate principal amount of Indebtedness outstanding under the Term Loan; and

(b) as to such Lender, if the Revolving Credit Aggregate Commitment has been terminated (whether by maturity, acceleration or otherwise), its weighted percentage calculated by dividing (i) the sum of (x) its applicable Revolving Credit Commitment Amount plus (y) its Term Loan Amount, by (ii) the sum of the aggregate principal amount outstanding under (x) the Revolving Credit (including any outstanding Letter of Credit Obligations and outstanding Swing Line Advances), (y) the Term Loan.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

2. REVOLVING CREDIT.

2.1 Commitment. Subject to the terms and conditions of this Agreement (including without limitation Section 2.3 hereof), each Revolving Credit Lender severally and for itself alone agrees to make Advances of the Revolving Credit in Dollars to Borrower from time to time on any Business Day during the period from the Effective Date hereof until (but excluding) the Revolving Credit Maturity Date in an aggregate amount, not to exceed at any one time outstanding such Lender's Revolving Credit Percentage of the Revolving Credit Aggregate Commitment. Subject to the terms and conditions set forth herein, advances, repayments and readvances may be made under the Revolving Credit.

2.2 Accrual of Interest and Maturity; Evidence of Indebtedness.

(a) Borrower hereby unconditionally promises to pay to the Agent for the account of each Revolving Credit Lender the then unpaid principal amount of each Revolving Credit Advance (plus all accrued and unpaid interest) of such Revolving Credit Lender to Borrower on the Revolving Credit Maturity Date and on such other dates and in such other amounts as may be required from time to time pursuant to this Agreement. Subject to the terms and conditions hereof, each Revolving Credit Advance shall, from time to time from and after the date of such Advance (until paid), bear interest at its Applicable Interest Rate.

(b) Each Revolving Credit Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of Borrower to the appropriate lending office of such Revolving Credit Lender resulting from each Revolving Credit Advance made by such lending office of such Revolving Credit Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Revolving Credit Lender from time to time under this Agreement.

(c) The Agent shall maintain the Register pursuant to Section 13.8(g), and a subaccount therein for each Revolving Credit Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Revolving Credit Advance made hereunder, the type thereof and each Eurodollar-Interest Period applicable to any Eurodollar-based Advance, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Revolving Credit Lender hereunder in respect of the Revolving Credit Advances and (iii) both the amount of any sum received by the Agent hereunder from Borrower in respect of the Revolving Credit Advances and each Revolving Credit Lender's share thereof.

(d) The entries made in the Register maintained pursuant to paragraph (c) of this Section 2.2 shall, absent manifest error, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of Borrower therein recorded; provided, however, that the failure of any Revolving Credit Lender or the Agent to maintain the Register or any account, as applicable, or any error therein, shall not in any manner affect the obligation of Borrower to repay the Revolving Credit Advances (and all other amounts owing with respect thereto) made to Borrower by the Revolving Credit Lenders in accordance with the terms of this Agreement.

(e) Borrower agrees that, upon written request to the Agent by any Revolving Credit Lender, Borrower will execute and deliver, to such Revolving Credit Lender, at Borrower's own expense, a Revolving Credit Note

evidencing the outstanding Revolving Credit Advances owing to such Revolving Credit Lender.

2.3 Requests for and Refundings and Conversions of Advances. Borrower may request an Advance of the Revolving Credit, a refund of any Revolving Credit Advance in the same type of Advance or to convert any Revolving Credit Advance to any other type of Revolving Credit Advance only by delivery to Agent of a Request for Revolving Credit Advance executed by an Authorized Signer for the Borrower, subject to the following:

(a) each such Request for Revolving Credit Advance shall set forth the information required on the Request for Revolving Credit Advance, including without limitation:

(i) the proposed date of such Revolving Credit Advance (or the refunding or conversion of an outstanding Revolving Credit Advance), which must be a Business Day;

(ii) whether such Advance is a new Revolving Credit Advance or a refunding or conversion of an outstanding Revolving Credit Advance; and

(iii) whether such Revolving Credit Advance is to be a Base Rate Advance or a Eurodollar-based Advance, and, except in the case of a Base Rate Advance, the first Eurodollar-Interest Period applicable thereto, provided, however, that the initial Revolving Credit Advance made under this Agreement shall be a Base Rate Advance, which may then be converted into a Eurodollar-based Advance in compliance with this Agreement.

(b) each such Request for Revolving Credit Advance shall be delivered to Agent by 12:00 p.m. (Pacific time) three (3) Business Days prior to the proposed date of the Revolving Credit Advance, except in the case of a Base Rate Advance, for which the Request for Revolving Credit Advance must be delivered by 10:00 a.m. (Pacific time) on the proposed date for such Revolving Credit Advance;

(c) on the proposed date of such Revolving Credit Advance, the sum of (x) the aggregate principal amount of all Revolving Credit Advances and Swing Line Advances outstanding on such date (including, without duplication) the Advances that are deemed to be disbursed by Agent under Section 3.6(a) hereof in respect of Borrower's Reimbursement Obligations hereunder), plus (y) the Letter of Credit Obligations as of such date, in each case after giving effect to all outstanding requests for Revolving Credit Advances and Swing Line Advances and for the issuance of any Letters of Credit, shall not exceed the Revolving Credit Aggregate Commitment;

(d) in the case of a Base Rate Advance, the principal amount of the initial funding of such Advance, as opposed to any refunding or conversion thereof, shall be at least $2,000,000 or the remainder available under the Revolving Credit Aggregate Commitment if less than $2,000,000;

(e) in the case of a Eurodollar-based Advance, the principal amount of such Advance, plus the amount of any other outstanding Revolving Credit Advance to be then combined therewith having the same Eurodollar-Interest Period, if any, shall be at least $2,000,000 (or a larger integral multiple of $100,000) or the remainder available under the Revolving Credit Aggregate Commitment if less than $2,000,000 and at any one time there shall not be in effect more than six (6) different Eurodollar-Interest Periods;

(f) a Request for Revolving Credit Advance, once delivered to Agent, shall not be revocable by Borrower and shall constitute a certification by Borrower as of the date thereof that:

(i) all conditions to the making of Revolving Credit Advances set forth in this Agreement have been satisfied, and shall remain satisfied to the date of such Revolving Credit Advance (both before and immediately after giving effect to such Revolving Credit Advance);

(ii) there is no Default or Event of Default in existence, and none will exist upon the making of such Revolving Credit Advance (both before and immediately after giving effect to such Revolving Credit Advance); and

(iii) the representations and warranties of the Credit Parties contained in this Agreement and the other Loan Documents are true and correct in all material respects and shall be true and correct in all material respects as of the date of the making of such Revolving Credit Advance (both before and immediately after giving effect to such Revolving Credit Advance), other than any representation or warranty that expressly speaks only as of a different date;

Agent, acting on behalf of the Revolving Credit Lenders, may also, at its option, lend under this Section 2.3 upon the telephone or email request of an Authorized Signer of the Borrower to make such requests and, in the event Agent, acting on behalf of the Revolving Credit Lenders, makes any such Advance upon a telephone or email request, an Authorized Signer shall fax or deliver by electronic file to Agent, on the same day as such telephone or email request, an executed Request for Revolving Credit Advance. Borrower hereby authorizes Agent to disburse Advances under this Section 2.3 pursuant to the telephone or email instructions of any person purporting to be an Authorized Signer. Notwithstanding the foregoing, Borrower acknowledges that Borrower shall bear all risk of loss resulting from disbursements made upon any telephone or email request. Each telephone or email request for an Advance from an Authorized Signer for

the Borrower shall constitute a certification of the matters set forth in the Request for Revolving Credit Advance form as of the date of such requested Advance.

2.4 Disbursement of Advances.

(a) Upon receiving any Request for Revolving Credit Advance from Borrower under Section 2.3 hereof, Agent shall promptly notify each Revolving Credit Lender by wire, telex or telephone (confirmed by wire, telecopy or telex) of the amount of such Advance being requested and the date such Revolving Credit Advance is to be made by each Revolving Credit Lender in an amount equal to its Revolving Credit Percentage of such Advance. Unless such Revolving Credit Lender's commitment to make Revolving Credit Advances hereunder shall have been suspended or terminated in accordance with this Agreement, each such Revolving Credit Lender shall make available the amount of its Revolving Credit Percentage of each Revolving Credit Advance in immediately available funds to Agent, as follows:

(i) for Base Rate Advances, at the office of Agent located at 500 Woodward Avenue, MC3289, Detroit, Michigan 48226, not later than 12:00 p.m. (Pacific time) on the date of such Advance; and

(ii) for Eurodollar-based Advances, at the Agent's Correspondent for the account of the Eurodollar Lending Office of the Agent, not later than 12:00 p.m. (the time of the Agent's Correspondent) on the date of such Advance.

(b) Subject to submission of an executed Request for Revolving Credit Advance by Borrower without exceptions noted in the compliance certification therein, Agent shall make available to Borrower the aggregate of the amounts so received by it from the Revolving Credit Lenders in like funds and currencies:

(i) for Base Rate Advances, not later than 1:00 p.m. (Pacific time) on the date of such Revolving Credit Advance, by credit to an account of Borrower maintained with Agent or to such other account or third party as Borrower may reasonably direct in writing, provided such direction is timely given; and

(ii) for Eurodollar-based Advances, not later than 1:00 p.m. (the time of the Agent's Correspondent) on the date of such Revolving Credit Advance, by credit to an account of Borrower maintained with Agent's Correspondent or to such other account or third party as Borrower may direct, provided such direction is timely given.

(c) Agent shall deliver the documents and papers received by it for the account of each Revolving Credit Lender to such Revolving Credit Lender. Unless Agent shall have been notified by any Revolving Credit Lender prior to the date of any proposed Revolving Credit Advance that such Revolving Credit Lender does not intend to make available to Agent such Revolving Credit Lender's Percentage of such Advance, Agent may assume that such Revolving Credit Lender has made such amount available to Agent on such date, as aforesaid. Agent may, but shall not be obligated to, make available to Borrower the amount of such payment in reliance

on such assumption. If such amount is not in fact made available to Agent by such Revolving Credit Lender, as aforesaid, Agent shall be entitled to recover such amount on demand from such Revolving Credit Lender. If such Revolving Credit Lender does not pay such amount forthwith upon Agent's demand therefor and the Agent has in fact made a corresponding amount available to Borrower, the Agent shall promptly notify Borrower and Borrower shall pay such amount to Agent, if such notice is delivered to Borrower prior to 10:00 a.m. (Pacific time) on a Business Day, on the day such notice is received, and otherwise on the next Business Day, and such amount paid by Borrower shall be applied as a prepayment of the Revolving Credit (without any corresponding reduction in the Revolving Credit Aggregate Commitment), reimbursing Agent for having funded said amounts on behalf of such Revolving Credit Lender. The Borrower shall retain its claim against such Revolving Credit Lender with respect to the amounts repaid by it to Agent and, if such Revolving Credit Lender subsequently makes such amounts available to Agent, Agent shall promptly make such amounts available to the Borrower as a Revolving Credit Advance. Agent shall also be entitled to recover from such Revolving Credit Lender or Borrower, as the case may be, but without duplication, interest on such amount in respect of each day from the date such amount was made available by Agent to Borrower, to the date such amount is recovered by Agent, at a rate per annum equal to:

(i) in the case of such Revolving Credit Lender, for the first two (2) Business Days such amount remains unpaid, the Federal Funds Effective Rate, and thereafter, at the rate of interest then applicable to such Revolving Credit Advances; and

(ii) in the case of Borrower, the rate of interest then applicable to such Advance of the Revolving Credit.

Until such Revolving Credit Lender has paid Agent such amount, such Revolving Credit Lender shall have no interest in or rights with respect to such Advance for any purpose whatsoever. The obligation of any Revolving Credit Lender to make any Revolving Credit Advance hereunder shall not be affected by the failure of any other Revolving Credit Lender to make any Advance hereunder, and no Revolving Credit Lender shall have any liability to Borrower or any of its Subsidiaries, the Agent, any other Revolving Credit Lender, or any other party for another Revolving Credit Lender's failure to make any loan or Advance hereunder.

2.5 Swing Line. (a) Swing Line Advances. The Swing Line Lender may, on the terms and subject to the conditions hereinafter set forth (including without limitation Section 2.5(c) hereof), but shall not be required to, make one or more Advances (each such advance being a "Swing Line Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date hereof until (but excluding) the Revolving Credit Maturity Date in an aggregate amount not to exceed at any one time outstanding the Swing Line Maximum Amount. Subject to the terms set forth herein, advances, repayments and readvances may be made under the Swing Line.

(b) Accrual of Interest and Maturity; Evidence of Indebtedness.

(i) Swing Line Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the

Borrower to Swing Line Lender resulting from each Swing Line Advance from time to time, including the amount and date of each Swing Line Advance, its Applicable Interest Rate, its Interest Period, if any, and the amount and date of any repayment made on any Swing Line Advance from time to time. The entries made in such account or accounts of Swing Line Lender shall be prima facie evidence, absent manifest error, of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of Swing Line Lender to maintain such account, as applicable, or any error therein, shall not in any manner affect the obligation of the Borrower to repay the Swing Line Advances (and all other amounts owing with respect thereto) in accordance with the terms of this Agreement.

(ii) The Borrower agrees that, upon the written request of Swing Line Lender, the Borrower will execute and deliver to Swing Line Lender a Swing Line Note.

(iii) Borrower unconditionally promises to pay to the Swing Line Lender the then unpaid principal amount of such Swing Line Advance (plus all accrued and unpaid interest) on the Revolving Credit Maturity Date and on such other dates and in such other amounts as may be required from time to time pursuant to this Agreement. Subject to the terms and conditions hereof, each Swing Line Advance shall, from time to time after the date of such Advance (until paid), bear interest at its Applicable Interest Rate.

(c) Requests for Swing Line Advances. Borrower may request a Swing Line Advance by the delivery to Swing Line Lender of a Request for Swing Line Advance executed by an Authorized Signer for the Borrower, subject to the following:

(i) each such Request for Swing Line Advance shall set forth the information required on the Request for Advance, including without limitation, (A) the proposed date of such Swing Line Advance, which must be a Business Day, (B) whether such Swing Line Advance is to be a Base Rate Advance or a Quoted Rate Advance, and (C) in the case of a Quoted Rate Advance, the duration of the Interest Period applicable thereto;

(ii) on the proposed date of such Swing Line Advance, after giving effect to all outstanding requests for Swing Line Advances made by Borrower as of the date of determination, the aggregate principal amount of all Swing Line Advances outstanding on such date shall not exceed the Swing Line Maximum Amount;

(iii) on the proposed date of such Swing Line Advance, after giving effect to all outstanding requests for Revolving Credit Advances and Swing Line Advances and Letters of Credit requested by the Borrower on such date of determination (including, without duplication, Advances that are deemed disbursed pursuant to Section 3.6(a) hereof in respect of the Borrower's Reimbursement Obligations hereunder), the sum of (x) the aggregate principal amount of all Revolving Credit Advances and the Swing Line Advances outstanding on such date plus (y) the Letter of Credit Obligations on such date shall not exceed the Revolving Credit Aggregate Commitment;

(iv) (A) in the case of a Swing Line Advance that is a Base Rate Advance, the principal amount of the initial funding of such Advance, as opposed to any refunding or conversion thereof, shall be at least Two Hundred Fifty Thousand Dollars ($250,000) or such lesser amount as may be agreed to by the Swing Line Lender, and (B) in the case of a Swing Line Advance that is a Quoted Rate Advance, the principal amount of such Advance, plus any other outstanding Swing Line Advances to be then combined therewith having the same Interest Period, if any, shall be at least Two Hundred Fifty Thousand Dollars ($250,000) or such lesser amount as may be agreed to by the Swing Line Lender, and at any time there shall not be in effect more than three (3) Interest Rates and Interest Periods;

(v) each such Request for Swing Line Advance shall be delivered to the Swing Line Lender by 11:00 a.m. (Pacific time) on the proposed date of the Swing Line Advance;

(vi) each Request for Swing Line Advance, once delivered to Swing Line Lender, shall not be revocable by Borrower, and shall constitute and include a certification by Borrower as of the date thereof that:

(A) all conditions to the making of Swing Line Advances set forth in this Agreement shall have been satisfied and shall remain satisfied to the date of such Swing Line Advance (both before and immediately after giving effect to such Swing Line Advance);

(B) there is no Default or Event of Default in existence, and none will exist upon the making of such Swing Line Advance (both before and immediately after giving effect to such Swing Line Advance); and

(C) the representations and warranties of the Credit Parties

contained in this Agreement and the other Loan Documents are true and correct in all material respects and shall be true and correct in all material respect as of the date of the making of such Swing Line Advance (both before and immediately after giving effect to such Swing Line Advance), other than any representation or warranty that expressly speaks only as of a different date;

(vii) At the option of the Agent, subject to revocation by Agent at any time and from time to time and so long as the Agent is the Swing Line Lender, Borrower may utilize the Agent's "Sweep to Loan" automated system for obtaining Swing Line Advances and making periodic repayments. At any time during which the "Sweep to Loan" system is in effect, Swing Line Advances shall be advanced to fund borrowing needs pursuant to the terms of the Sweep Agreement. Each time a Swing Line Advance is made using the "Sweep to Loan" system, Borrower shall be deemed to have certified to the Agent and the Lenders each of the matters set forth in clause (vi) of this Section 2.5(b). Principal and interest on Swing Line Advances requested, or deemed requested, pursuant to this Section shall be paid pursuant to the terms and conditions of the Sweep Agreement without any deduction, setoff or counterclaim whatsoever. Unless sooner paid pursuant to the provisions hereof or the provisions of the Sweep Agreement, the principal amount of the Swing Loans shall be paid in full, together with accrued interest thereon, on the Revolving Credit Maturity Date. Agent may suspend or revoke Borrower's privilege to use the "Sweep to Loan" system at any time and from time to time for any reason and, immediately upon any such revocation, the "Sweep to Loan" system shall no longer be available to Borrower for the funding of Swing Line Advances hereunder (or otherwise), and the regular procedures set forth in this Section 2.5 for the making of Swing Line Advances shall be deemed immediately to apply. Agent may, at its option, also elect to make Swing Line Advances upon Borrower's telephone requests on the basis set forth in the last paragraph of Section 2.3, provided that the Borrower complies with the provisions set forth in this Section 2.5.

(d) Disbursement of Swing Line Advances. Upon receiving any executed Request for Swing Line Advance from the Borrower and the satisfaction of the conditions set forth in Section 2.5(c) hereof, Swing Line Lender shall make available to Borrower the amount so requested in Dollars not later than 2:00 p.m. (Pacific time) on the date of such Advance, by credit to an account of Borrower maintained with Agent or to such other account or third party as the Borrower may reasonably direct in writing, provided such direction is timely given. Swing Line Lender shall promptly notify Agent of any Swing Line Advance by telephone, telex or telecopier.

(e) Refunding of or Participation Interest in Swing Line Advances.

(i) The Agent, at any time in its sole and absolute discretion, may, in each case on behalf of the Borrower (which hereby irrevocably directs the Agent to act on their behalf) request each of the Revolving Credit Lenders (including the Swing Line Lender in its capacity as a Revolving Credit Lender) to make an Advance of the Revolving Credit to Borrower, in an amount equal to such Revolving Credit Lender's Revolving Credit Percentage of the aggregate principal amount of the Swing Line Advances outstanding on the date such notice is given (the "Refunded Swing Line Advances"); provided however that the Swing Line Advances carried at the Quoted Rate which are refunded with Revolving Credit Advances at the request of the Swing Line Lender at a time when no Default or Event of Default has occurred and is continuing shall not be subject to Section 11.1 and no losses, costs or expenses may be assessed by the Swing Line Lender against the Borrower or the Revolving Credit Lenders as a consequence of such refunding. The applicable Revolving Credit Advances used to refund any Swing Line Advances shall be Base Rate Advances. In connection with the making of any such Refunded Swing Line Advances or the purchase of a participation interest in Swing Line Advances under Section 2.5(e)(ii) hereof, the Swing Line Lender shall retain its claim against Borrower for any unpaid interest or fees in respect thereof accrued to the date of such refunding. Unless any of the events described in Section 9.1(i) hereof shall have occurred (in which event the procedures of Section 2.5(e)(ii) shall apply) and regardless of whether the conditions precedent set forth in this Agreement to the making of a Revolving Credit Advance are then satisfied (but subject to Section 2.5(e)(iii)), each Revolving Credit Lender shall make the proceeds of its Revolving Credit Advance available to the Agent for the benefit of the Swing Line Lender at the office of the Agent specified in Section 2.4(a) hereof prior to 10:00 a.m. Pacific time on the Business Day next succeeding the date such notice is given, in immediately available funds. The proceeds of such Revolving Credit Advances shall be immediately applied to repay the Refunded Swing Line Advances, subject to Section 11.1 hereof.

(ii) If, prior to the making of an Advance of the Revolving Credit pursuant to Section 2.5(e)(i) hereof, one of the events described in Section 9.1(i) hereof shall have occurred, each Revolving Credit Lender will, on the date such Advance of the Revolving Credit was to have been made, purchase from the Swing Line Lender an undivided participating interest in each Swing Line Advance that was to have been refunded in an amount equal to its Revolving Credit Percentage of such Swing Line Advance. Each Revolving

Credit Lender within the time periods specified in Section 2.5(e)(i) hereof, as applicable, shall immediately transfer to the Agent, for the benefit of the Swing Line Lender, in immediately available funds, an amount equal to its Revolving Credit Percentage of the aggregate principal amount of all Swing Line Advances outstanding as of such date. Upon receipt thereof, the Agent will deliver to such Revolving Credit Lender a Swing Line Participation Certificate evidencing such participation.

(iii) Each Revolving Credit Lender's obligation to make Revolving Credit Advances to refund Swing Line Advances, and to purchase participation interests, in accordance with Section 2.5(e)(i) and (ii), respectively, shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (A) any set-off, counterclaim, recoupment, defense or other right which such Revolving Credit Lender may have against Swing Line Lender, Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of any Default or Event of Default; (C) any adverse change in the condition (financial or otherwise) of Borrower or any other Person; (D) any breach of this Agreement or any other Loan Document by Borrower or any other Person; (E) any inability of Borrower to satisfy the conditions precedent to borrowing set forth in this Agreement on the date upon which such Revolving Credit Advance is to be made or such participating interest is to be purchased; (F) the termination of the Revolving Credit Aggregate Commitment hereunder; or (G) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing. If any Revolving Credit Lender does not make available to the Agent the amount required pursuant to Section 2.5(e)(i) or (ii) hereof, as the case may be, the Agent on behalf of the Swing Line Lender, shall be entitled to recover such amount on demand from such Revolving Credit Lender, together with interest thereon for each day from the date of non-payment until such amount is paid in full (x) for the first two (2) Business Days such amount remains unpaid, at the Federal Funds Effective Rate and (y) thereafter, at the rate of interest then applicable to such Swing Line Advances. The obligation of any Revolving Credit Lender to make available its pro rata portion of the amounts required pursuant to Section 2.5(e)(i) or (ii) hereof shall not be affected by the failure of any other Revolving Credit Lender to make such amounts available, and no Revolving Credit Lender shall have any liability to any Credit Party, the Agent, the Swing Line Lender, or any other Revolving Credit Lender or any other party for another Revolving Credit Lender's failure to make available the amounts required under Section 2.5(e)(i) or (ii) hereof.

(iv) Notwithstanding the foregoing, no Revolving Credit Lender shall be required to make any Revolving Credit Advance to refund a Swing Line Advance or to purchase a participation in a Swing Line Advance if at least two (2) Business Days prior to the making of such Swing Line Advance by the Swing Line Lender, the officers of the Swing Line Lender immediately responsible for matters concerning this Agreement shall have received written notice from Agent or any Lender that Swing Line Advances should be suspended based on the occurrence and continuance of a Default or Event of Default and stating that such notice is a "notice of default"; provided, however that the obligation of the Revolving Credit Lenders to make such Revolving Credit Advances (or purchase such participations) shall be reinstated upon the date on which such Default or Event of Default has been waived by the requisite Lenders.

2.6 Interest Payments; Default Interest.

(a) Interest on the unpaid balance of all Base Rate Advances of the Revolving Credit and the Swing Line from time to time outstanding shall accrue from the date of such Advance to the date repaid, at a per annum interest rate equal to the Base Rate, and shall be payable in immediately available funds commencing on April 1, 2010 and on the first day of each calendar quarter thereafter. Whenever any payment under this Section 2.6(a) shall become due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day. Interest accruing at the Base Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the Base Rate on the date of such change in the Base Rate.

(b) Interest on each Eurodollar-based Advance of the Revolving Credit shall accrue at its Eurodollar-based Rate and shall be payable in immediately available funds on the last day of the Eurodollar-Interest Period applicable thereto (and, if any Eurodollar-Interest Period shall exceed three months, then on the last Business Day of the third month of such Eurodollar-Interest Period, and at three month intervals thereafter). Interest accruing at the Eurodollar-based Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed from the first day of the Eurodollar-Interest Period applicable thereto to but not including the last day thereof.

(c) Interest on each Quoted Rate Advance of the Swing Line shall accrue at its Quoted Rate and shall be payable in immediately available funds on the last day of the Interest Period applicable thereto. Interest accruing at the Quoted Rate shall be computed on the basis of a 360-day year and assessed for the actual number of days elapsed from the first day of the Interest Period applicable thereto to, but not including, the last day thereof.

(d) Notwithstanding anything to the contrary in the preceding sections, all accrued and unpaid interest on any Revolving Credit Advance refunded or converted pursuant to Section

2.3 hereof and any Swing Line Advance refunded pursuant to Section 2.5(e) hereof, shall be due and payable in full on the date such Advance is refunded or converted.

(e) In the case of any Event of Default under Section 9.1(i), immediately upon the occurrence thereof, and in the case of any other Event of Default, immediately upon receipt by Agent of notice from the Majority Revolving Credit Lenders, interest shall be payable on demand on all Revolving Credit Advances and Swing Line Advances from time to time outstanding at a per annum rate equal to the Applicable Interest Rate in respect of each such Advance plus, in the case of Eurodollar-based Advances and Quoted Rate Advances, two percent (2%) for the remainder of the then existing Interest Period, if any, and at all other such times, and for all Base Rate Advances from time to time outstanding, at a per annum rate equal to the Base Rate plus two percent (2%) (but in no event in excess of the maximum interest rate permitted by applicable law).

2.7 Optional Prepayments.

(a) (i) The Borrower may prepay all or part of the outstanding principal of any Base Rate Advance(s) of the Revolving Credit at any time, provided that, unless the "Sweep to Loan" system shall be in effect in respect of the Revolving Credit, after giving effect to any partial prepayment, the aggregate balance of Base Rate Advance(s) of the Revolving Credit remaining outstanding shall be at least One Million Dollars ($1,000,000), and (ii) subject to Section 2.10(c) hereof, the Borrower may prepay all or part of the outstanding principal of any Eurodollar-based Advance of the Revolving Credit at any time (subject to not less than three (3) Business Day's notice to Agent) provided that, after giving effect to any partial prepayment, the unpaid portion of such Advance which is to be refunded or converted under Section 2.3 hereof shall be at least One Million Dollars ($1,000,000).

(b) (i) The Borrower may prepay all or part of the outstanding principal of any Swing Line Advance carried at the Base Rate at any time, provided that after giving effect to any partial prepayment, the aggregate balance of such Base Rate Swing Line Advances remaining outstanding shall be at least One Hundred Thousand Dollars ($100,000) and (ii) subject to Section 2.10(c) hereof, the Borrower may prepay all or part of the outstanding principal of any Swing Line Advance carried at the Quoted Rate at any time (subject to not less than one (1) day's notice to the Swing Line Lender) provided that after giving effect to any partial prepayment, the aggregate balance of such Quoted Rate Swing Line Advances remaining outstanding shall be at least Two Hundred Fifty Thousand Dollars ($250,000).

(c) Any prepayment of a Base Rate Advance made in accordance with this Section shall be without premium or penalty and any prepayment of any other type of Advance shall be subject to the provisions of Section 11.1 hereof, but otherwise without premium or penalty.

2.8 Base Rate Advance in Absence of Election or Upon Default. If, (a) as to any outstanding Eurodollar-based Advance of the Revolving Credit or any outstanding Quoted Rate Advance of the Swing Line, Agent has not received payment of all outstanding principal and accrued interest on the last day of the Interest Period applicable thereto, or does not receive a timely Request for Advance meeting the requirements of Section 2.3 or 2.5 hereof with respect to the refunding or conversion of such Advance, or (b) if on the last day of the applicable Interest

Period a Default or an Event of Default shall have occurred and be continuing, then, on the last day of the applicable Interest Period the principal amount of any Eurodollar-based Advance or Quoted Rate Advance, as the case may be, which has not been prepaid shall, absent a contrary election of the Majority Revolving Credit Lenders, be converted automatically to a Base Rate Advance and the Agent shall thereafter promptly notify Borrower of said action. All accrued and unpaid interest on any Advance converted to a Base Rate Advance under this Section 2.8 shall be due and payable in full on the date such Advance is converted.

2.9 Revolving Credit Facility Fee. From the Effective Date to the Revolving Credit Maturity Date, the Borrower shall pay to the Agent for distribution to the Lenders pro-rata in accordance with their respective Percentages, a Revolving Credit Facility Fee quarterly in arrears commencing April 1, 2010, and on the first day of each calendar quarter thereafter (in respect of the prior three months or any portion thereof). The Revolving Credit Facility Fee payable to each Lender shall be determined by multiplying the Applicable Fee Percentage times the Revolving Credit Aggregate Commitment then in effect (whether used or unused). The Revolving Credit Facility Fee shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed. Whenever any payment of the Revolving Credit Facility Fee shall be due on a day which is not a Business Day, the date for payment thereof shall be extended to the next Business Day. Upon receipt of such payment, Agent shall make prompt payment to each Lender of its share of the Revolving Credit Facility Fee based upon its respective Percentage. The Revolving Credit Facility Fees described in this Section are not refundable.

2.10 Mandatory Repayment of Revolving Credit Advances.

(a) If at any time and for any reason the aggregate outstanding principal amount of Revolving Credit Advances plus Swing Line Advances, plus the outstanding Letter of Credit Obligations, shall exceed the Revolving Credit Aggregate Commitment, Borrower shall immediately reduce any pending request for a Revolving Credit Advance on such day by the amount of such excess and, to the extent any excess remains thereafter, repay any Revolving Credit Advances and Swing Line Advances in an amount equal to the lesser of the outstanding amount of such Advances and the amount of such remaining excess, with such amounts to be applied between the Revolving Credit Advances and Swing Line Advances as determined by the Agent and then, to the extent that any excess remains after payment in full of all Revolving Credit Advances and Swing Line Advances, to provide cash collateral in support of any Letter of Credit Obligations in an amount equal to the lesser of (x) 105% of the amount of such Letter of Credit Obligations and (y) the amount of such remaining excess, with such cash collateral to be provided on the basis set forth in Section 9.2 hereof. Borrower acknowledges that, in connection with any repayment required hereunder, it shall also be responsible for the reimbursement of any prepayment or other costs required under Section 11.1 hereof. Any payments made pursuant to this Section shall be applied first to outstanding Base Rate Advances under the Revolving Credit, next to Swing Line Advances carried at the Base Rate and then to Eurodollar-based Advances of the Revolving Credit, and then to Swing Line Advances carried at the Quoted Rate.

(b) Upon the payment in full of the Term Loan, any prepayments required to be made on the Term Loan pursuant to Sections 4.8(a), (b) and (c) of this Agreement shall instead be applied to prepay any amounts outstanding under the Revolving Credit, without resulting in a

permanent reduction in the Revolving Credit Agreement Commitment. Subject to Section 10.2 hereof, any payments made pursuant to this Section shall be applied first to outstanding Base Rate Advances under the Revolving Credit, next to Swing Line Advances carried at the Base Rate, next to Eurodollar-based Advances under the Revolving Credit, and then to Swing Line Advances carried at the Quoted Rate. If any amounts remain thereafter, a portion of such prepayment equivalent to the undrawn amount of any outstanding Letters of Credit shall be held by Lender as cash collateral for the Reimbursement Obligations, with any additional prepayment monies being applied to any Fees, costs or expenses due and outstanding under this Agreement, and with the remainder of such prepayment thereafter being returned to Borrower.

(c) To the extent that, on the date any mandatory repayment of the Revolving Credit Advances under this Section 2.10 or payment pursuant to the terms of any of the Loan Documents is due, the Indebtedness under the Revolving Credit or any other Indebtedness to be prepaid is being carried, in whole or in part, at the Eurodollar-based Rate and no Default or Event of Default has occurred and is continuing, Borrower may deposit the amount of such mandatory prepayment in a cash collateral account to be held by the Agent, for and on behalf of the Revolving Credit Lenders, on such terms and conditions as are reasonably acceptable to Agent and upon such deposit the obligation of Borrower to make such mandatory prepayment shall be deemed satisfied. Subject to the terms and conditions of said cash collateral account, sums on deposit in said cash collateral account shall be applied (until exhausted) to reduce the principal balance of the Revolving Credit on the last day of each Eurodollar-Interest Period attributable to the Eurodollar-based Advances of such Revolving Advance, thereby avoiding breakage costs under Section 11.1 hereof; provided, however, that if a Default or Event of Default shall have occurred at any time while sums are on deposit in the cash collateral account, Agent may, in its sole discretion, elect to apply such sums to reduce the principal balance of such Eurodollar-based Advances prior to the last day of the applicable Eurodollar-Interest Period, and the Borrower will be obligated to pay any resulting breakage costs under Section 11.1.

2.11 Optional Reduction or Termination of Revolving Credit Aggregate Commitment. Borrower may, upon at least five (5) Business Days' prior written notice to the Agent, permanently reduce the Revolving Credit Aggregate Commitment in whole at any time, or in part from time to time, without premium or penalty, provided that: (i) each partial reduction of the Revolving Credit Aggregate Commitment shall be in an aggregate amount equal to Five Million Dollars ($5,000,000) or a larger integral multiple of One Hundred Thousand Dollars ($100,000); (ii) Borrower shall prepay in accordance with the terms hereof the amount, if any, by which the aggregate unpaid principal amount of Revolving Credit Advances and Swing Line Advances (including, without duplication, any deemed Advances made under Section 3.6 hereof) outstanding hereunder, plus the Letter of Credit Obligations, exceeds the amount of the then applicable Revolving Credit Aggregate Commitment as so reduced, together with interest thereon to the date of prepayment; (iii) no reduction shall reduce the Revolving Credit Aggregate Commitment to an amount which is less than the aggregate undrawn amount of any Letters of Credit outstanding at such time; and (iv) no such reduction shall reduce the Swing Line Maximum Amount unless Borrower so elects, provided that the Swing Line Maximum Amount shall at no time be greater than the Revolving Credit Aggregate Commitment; provided, however that if the termination or reduction of the Revolving Credit Aggregate Commitment requires the prepayment of a Eurodollar-based Advance or a Quoted Rate Advance and such termination or reduction is made on a day other than the last Business Day of the then current Interest Period

applicable to such Eurodollar-based Advance or such Quoted Rate Advance, then, pursuant to Section 11.1, Borrower shall compensate the Revolving Credit Lenders and/or the Swing Line Lender for any losses or, so long as no Default or Event of Default has occurred and is continuing, Borrower may deposit the amount of such prepayment in a collateral account as provided in Section 2.10(c). Reductions of the Revolving Credit Aggregate Commitment and any accompanying prepayments of Advances of the Revolving Credit shall be distributed by Agent to each Revolving Credit Lender in accordance with such Revolving Credit Lender's Revolving Percentage thereof, and will not be available for reinstatement by or readvance to Borrower, and any accompanying prepayments of Advances of the Swing Line shall be distributed by Agent to the Swing Line Lender and will not be available for reinstatement by or readvance to the Borrower. Any reductions of the Revolving Credit Aggregate Commitment hereunder shall reduce each Revolving Credit Lender's portion thereof proportionately (based on the applicable Percentages), and shall be permanent and irrevocable. Any payments made pursuant to this Section shall be applied first to outstanding Base Rate Advances under the Revolving Credit, next to Swing Line Advances carried at the Base Rate and then to Eurodollar-based Advances of the Revolving Credit, and then to Swing Line Advances carried at the Quoted Rate.

2.12 Use of Proceeds of Advances. Advances of the Revolving Credit shall be used to finance working capital and other lawful corporate purposes.

2.13 Optional Increase in Revolving Credit Aggregate Commitment. Provided that the Borrower has not previously elected to reduce or terminate the Revolving Credit Aggregate Commitment under Section 2.11 hereof, Borrower may request that the Revolving Credit Aggregate Commitment be increased in an aggregate amount (for all such Requests for Increase) under this Section 2.13 not to exceed the Revolving Credit Optional Increase) (on the same terms as the existing Revolving Credit), subject, in each case, to Section 11.1 hereof and to the satisfaction concurrently with or prior to the date of each such request of the following conditions:

(a) Borrower shall have delivered to the Agent a written request for such increase, specifying the amount of increase thereby requested (each such request, a "Request for Increase"); provided, however, that (i) in the event Borrower has previously delivered a Request for Increase pursuant to this Section 2.13, Borrower may not deliver a subsequent Request for Increase until all the conditions to effectiveness of such first Request for Increase have been fully satisfied (or such Request for Increase has been withdrawn); (ii) Borrower may make no more than three (3) Requests for Increase during the term of this Agreement; and (iii) the amount of increase requested, when added to the amount of any previous increase in the Revolving Credit Aggregate Commitment under this Section 2.13, shall not exceed the Revolving Credit Optional Increase;

(b) within three (3) Business Days after the Agent's receipt of any such Request for Increase, the Agent shall inform each Revolving Credit Lender of the requested increase in the Revolving Credit Aggregate Commitment, offer each Revolving Credit Lender to increase its applicable commitment in an amount equal to its applicable Revolving Credit Percentage of the requested increase in the Revolving Credit Aggregate Commitment, and request each such Revolving Credit Lender to notify the Agent in writing whether such Revolving Credit Lender desires to increase its applicable commitment by the requested amount. Each Revolving Credit

Lender approving an increase in its applicable commitment by the requested amount shall deliver its written consent thereto no later than ten (10) Business Days of the Agent's informing such Revolving Credit Lender of the Request for Increase; if the Agent shall not have received a written consent from a Revolving Credit Lender within such time period, such Revolving Credit Lender shall be deemed to have elected not to increase its applicable commitment. If any one or more Revolving Credit Lenders shall elect not to increase their respective commitments, then the Agent may offer to (A) each other Revolving Credit Lender hereunder on a non-pro rata basis, (B) any other Lender hereunder, or (C) any other Person meeting the requirements of Section 13.8(c) hereof (including, for the purposes of this Section 2.13, any existing Revolving Credit Lender which agrees to increase its commitment hereunder, the "New Revolving Credit Lender(s)"), to increase their respective applicable commitments (or to provide a commitment);

(c) the New Revolving Credit Lenders shall have become a party to this Agreement by executing and delivering a New Lender Addendum for a minimum amount for each such New Revolving Credit Lender that was not an existing Revolving Credit Lender of Five Million Dollars ($5,000,000) and an aggregate amount for all such New Revolving Credit Lenders of that portion of the Aggregate Revolving Credit Optional Increase, taking into account the amount of any prior increase in the Revolving Credit Aggregate Commitment (pursuant to this Section 2.13) covered by the applicable Request; provided, however, that each New Revolving Credit Lender shall remit to the Agent funds in an amount equal to its Percentage (after giving effect to this Section 2.13) of all Advances of the Revolving Credit then outstanding, such sums to be reallocated among and paid to the existing Revolving Credit Lenders based upon the new Percentages as determined below;

(d) Borrower shall have paid to the Agent for distribution to the existing Revolving Credit Lenders, as applicable, all interest, fees (including the Revolving Credit Facility Fee, which shall not be duplicative) and other amounts, if any, accrued to the effective date of such increase and any breakage fees attributable to the reduction (prior to the last day of the applicable Interest Period) of any outstanding Eurocurrency-based Advances, calculated on the basis set forth in Section 15.1 hereof as though Borrowers had prepaid such Advances;

(e) if requested, Borrower shall have executed and delivered to the Agent new Revolving Credit Notes payable to each of the New Revolving Credit Lenders in the face amount of each such New Revolving Credit Lender's Percentage of the Revolving Credit Aggregate Commitment (after giving effect to this Section 2.13) and, if applicable, renewal and replacement Revolving Credit Notes payable to each of the existing Revolving Credit Lenders in the face amount of each such Lender's Revolving Credit Percentage of the Revolving Credit Aggregate Commitment (after giving effect to this Section 2.13), dated as of the effective date of such increase (with appropriate insertions relevant to such Notes and acceptable to the applicable Revolving Credit Lenders, including the New Revolving Credit Lenders);

(f) no Default or Event of Default shall have occurred and be continuing;

(g) such other amendments, acknowledgments, consents, documents, instruments, any registrations, if any, shall have been executed and delivered and/or obtained by Borrower as required by the Agent, in its reasonable discretion; and

(h) the Agent may, without the consent of the Majority Lenders or any Lender effect amendments to this Agreement as may be appropriate in the opinion of the Agent to effect the provisions of this Section 2.13.

3. LETTERS OF CREDIT.

3.1 Letters of Credit. Subject to the terms and conditions of this Agreement, Issuing Lender shall through the Issuing Office, at any time and from time to time from and after the date hereof until thirty (30) days prior to the Revolving Credit Maturity Date, upon the written request of Borrower accompanied by a duly executed Letter of Credit Agreement and such other documentation related to the requested Letter of Credit as the Issuing Lender may require, issue Letters of Credit in Dollars for the account of Borrower, in an aggregate amount for all Letters of Credit issued hereunder at any one time outstanding not to exceed the Letter of Credit Maximum Amount. Each Letter of Credit shall be in a minimum face amount of One Hundred Thousand Dollars ($100,000) (or such lesser amount as may be agreed to by Issuing Lender) and each Letter of Credit (including any renewal thereof) shall expire not later than the first to occur of (i) one year after the date of issuance thereof and (ii) ten (10) Business Days prior to the Revolving Credit Maturity Date in effect on the date of issuance thereof. The submission of all applications in respect of and the issuance of each Letter of Credit hereunder shall be subject in all respects to the International Standby Practices 98, and any successor documentation thereto and to the extent not inconsistent therewith, the laws of the State of Michigan. In the event of any conflict between this Agreement and any Letter of Credit Document other than any Letter of Credit, this Agreement shall control.

3.2 Conditions to Issuance. No Letter of Credit shall be issued at the request and for the account of Borrower unless, as of the date of issuance of such Letter of Credit:

(a) (i) after giving effect to the Letter of Credit requested, the Letter of Credit Obligations do not exceed the Letter of Credit Maximum Amount; and (ii) after giving effect to the Letter of Credit requested, the Letter of Credit Obligations on such date plus the aggregate amount of all Revolving Credit Advances and Swing Line Advances (including all Advances deemed disbursed by Agent under Section 3.6(a) hereof in respect of Borrower' Reimbursement Obligations) hereunder requested or outstanding on such date do not exceed the Revolving Credit Aggregate Commitment;

(b) the representations and warranties of the Credit Parties contained in this Agreement and the other Loan Documents are true and correct in all material respects and shall be true and correct in all material respects as of date of the issuance of such Letter of Credit (both before and immediately after the issuance of such Letter of Credit), other than any representation or warranty that expressly speaks only as of a different date;

(c) there is no Default or Event of Default in existence, and none will exist upon the issuance of such Letter of Credit;

(d) Borrower shall have delivered to Issuing Lender at its Issuing Office, not less than three (3) Business Days prior to the requested date for issuance (or such shorter time as the Issuing Lender, in its sole discretion, may permit), the Letter of Credit Agreement related thereto, together with such other documents and materials as may be required pursuant to the terms thereof, and the terms of the proposed Letter of Credit shall be reasonably satisfactory to Issuing Lender;

(e) no order, judgment or decree of any court, arbitrator or governmental authority shall purport by its terms to enjoin or restrain Issuing Lender from issuing the Letter of Credit requested, or any Revolving Credit Lender from taking an assignment of its Revolving Credit Percentage thereof pursuant to Section 3.6 hereof, and no law, rule, regulation, request or directive (whether or not having the force of law) shall prohibit the Issuing Lender from issuing, or any Revolving Credit Lender from taking an assignment of its Revolving Credit Percentage of, the Letter of Credit requested or letters of credit generally;

(f) there shall have been (i) no introduction of or change in the interpretation of any law or regulation, (ii) no declaration of a general banking moratorium by banking authorities in the United States, Michigan or the respective jurisdictions in which the Revolving Credit Lenders, the Borrower and the beneficiary of the requested Letter of Credit are located, and (iii) no establishment of any new restrictions by any central bank or other governmental agency or authority on transactions involving letters of credit or on banks generally that, in any case described in this clause (e), would make it unlawful or unduly burdensome for the Issuing Lender to issue or any Revolving Credit Lender to take an assignment of its Revolving Credit Percentage of the requested Letter of Credit or letters of credit generally;

(g) Issuing Lender shall have received the issuance fees required in connection with the issuance of such Letter of Credit pursuant to Section 3.4 hereof; and

(h) if any Revolving Credit Lender is an Impaired Lender, the Issuing Lender has entered into arrangements satisfactory to it to eliminate the Issuing Lender's risk with respect to the participation in Letters of Credit by all such Impaired Lenders, including, without limitation, the creation of a cash collateral account or delivery of other security by the Borrower to assure payment of such Impaired Lender's Percentage of all outstanding Letter of Credit Obligations.

Each Letter of Credit Agreement submitted to Issuing Lender pursuant hereto shall constitute the certification by Borrower of the matters set forth in Sections 5.2 hereof. The Agent shall be entitled to rely on such certification without any duty of inquiry.

3.3 Notice. The Issuing Lender shall deliver to the Agent, concurrently with or promptly following its issuance of any Letter of Credit, a true and complete copy of each Letter of Credit. Promptly upon its receipt thereof, Agent shall give notice, substantially in the form attached as Exhibit E, to each Revolving Credit Lender of the issuance of each Letter of Credit, specifying the amount thereof and the amount of such Revolving Credit Lender's Percentage thereof.

3.4 Letter of Credit Fees; Increased Costs. (a) Borrower shall pay letter of credit fees as follows:

(i) A per annum letter of credit fee with respect to the undrawn amount of each Letter of Credit issued pursuant hereto (based on the amount of each Letter of Credit) in the amount of the Applicable Fee Percentage (determined with reference to Schedule 1.1 to this Agreement) shall be paid to the Agent for distribution to the Revolving Credit Lenders in accordance with their Percentages.

(ii) A letter of credit facing fee on the face amount of each Letter of Credit shall be paid to the Agent for distribution to the Issuing Lender for its own account, in accordance with the terms of the applicable Fee Letter.

(b) All payments by Borrower to the Agent for distribution to the Issuing Lender or the Revolving Credit Lenders under this Section 3.4 shall be made in Dollars in immediately available funds at the Issuing Office or such other office of the Agent as may be designated from time to time by written notice to Borrower by the Agent. The fees described in clauses (a)(i) and (ii) above (i) shall be nonrefundable under all circumstances, (ii) in the case of fees due under clause (a)(i) above, shall be payable quarterly in arrears (on the first day of each calendar quarter) and (iii) in the case of fees due under clause (a)(ii) above, shall be payable upon the issuance of such Letter of Credit and upon any amendment thereto or extension thereof. The fees due under clause (a)(i) above shall be determined by multiplying the Applicable Fee Percentage times the undrawn amount of the face amount of each such Letter of Credit on the date of determination, and shall be calculated on the basis of a 360 day year and assessed for the actual number of days from the date of the issuance thereof to the stated expiration thereof. The parties hereto acknowledge that, unless the Issuing Lender otherwise agrees, any material amendment and any extension to a Letter of Credit issued hereunder shall be treated as a new Letter of Credit for the purposes of the letter of credit facing fee.

(c) If any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof, adopted after the date hereof, shall either (i) impose, modify or cause to be deemed applicable any reserve, special

deposit, limitation or similar requirement against letters of credit issued or participated in by, or assets held by, or deposits in or for the account of, Issuing Lender or any Revolving Credit Lender or (ii) impose on Issuing Lender or any Revolving Credit Lender any other condition regarding this Agreement, the Letters of Credit or any participations in such Letters of Credit, and the result of any event referred to in clause (i) or (ii) above shall be to increase the cost or expense to Issuing Lender or such Revolving Credit Lender of issuing or maintaining or participating in any of the Letters of Credit (which increase in cost or expense shall be determined by the Issuing Lender's or such Revolving Credit Lender's reasonable allocation of the aggregate of such cost increases and expenses resulting from such events), then, upon demand by the Issuing Lender or such Revolving Credit Lender, as the case may be, Borrower shall, within thirty (30) days following demand for payment, pay to Issuing Lender or such Revolving Credit Lender, as the case may be, from time to time as specified by the Issuing Lender or such Revolving Credit Lender, additional amounts which shall be sufficient to compensate the Issuing Lender or such Revolving Credit Lender for such increased cost and expense (together with interest on each such amount from ten days after the date such payment is due until payment in full thereof at the Base Rate), provided that if the Issuing Lender or such Revolving Credit Lender could take any reasonable action, without cost or administrative or other burden or restriction to such Lender, to mitigate or eliminate such cost or expense, it agrees to do so within a reasonable time after becoming aware of the foregoing matters. Each demand for payment under this Section 3.4(c) shall be accompanied by a certificate of Issuing Lender or the applicable Revolving Credit Lender setting forth the amount of such increased cost or expense incurred by the Issuing Lender or such Revolving Credit Lender, as the case may be, as a result of any event mentioned in clause (i) or (ii) above, and in reasonable detail, the methodology for calculating and the calculation of such amount, which certificate shall be prepared in good faith and shall be conclusive evidence, absent manifest error, as to the amount thereof.

3.5 Other Fees. In connection with the Letters of Credit, and in addition to the Letter of Credit Fees, Borrower shall pay, for the sole account of the Issuing Lender, standard documentation, administration, payment and cancellation charges assessed by Issuing Lender or the Issuing Office, at the times, in the amounts and on the terms set forth or to be set forth from time to time in the standard fee schedule of the Issuing Office in effect from time to time.

3.6 Participation Interests in and Drawings and Demands for Payment Under Letters of Credit.

(a) Upon issuance by the Issuing Lender of each Letter of Credit hereunder (and on the Effective Date with respect to each Existing Letter of Credit), each Revolving Credit Lender shall automatically acquire a pro rata participation interest in such Letter of Credit and each related Letter of Credit Payment based on its respective Revolving Credit Percentage.

(b) If the Issuing Lender shall honor a draft or other demand for payment presented or made under any Letter of Credit, Borrower agrees to pay to the Issuing Lender an amount equal to the amount paid by the Issuing Lender in respect of such draft or other demand under such Letter of Credit and all reasonable expenses paid or incurred by the Agent relative thereto not later than 1:00 p.m. (Pacific time), in Dollars, on (i) the Business Day that Borrower received notice of such presentment and honor, if such notice is received prior to 11:00 a.m. (Pacific time) or (ii) the Business Day immediately following the day that Borrower received such notice, if such notice is received after 11:00 a.m. (Pacific time).

(c) If the Issuing Lender shall honor a draft or other demand for payment presented or made under any Letter of Credit, but Borrower does not reimburse the Issuing Lender as required under clause (b) above and the Revolving Credit Aggregate Commitment has not been terminated (whether by maturity, acceleration or otherwise), the Borrower shall be deemed to have immediately requested that the Revolving Credit Lenders make a Base Rate Advance of the Revolving Credit (which Advance may be subsequently converted at any time into a Eurodollar-based Advance pursuant to Section 2.3 hereof) in the principal amount equal to the amount paid by the Issuing Lender in respect of such draft or other demand under such Letter of Credit and all reasonable expenses paid or incurred by the Agent relative thereto. Agent will promptly notify the Revolving Credit Lenders of such deemed request, and each such Lender shall make available to the Agent an amount equal to its pro rata share (based on its Revolving Credit Percentage) of the amount of such Advance.

(d) If the Issuing Lender shall honor a draft or other demand for payment presented or made under any Letter of Credit, but Borrower does not reimburse the Issuing Lender as required under clause (b) above, and (i) the Revolving Credit Aggregate Commitment has been terminated (whether by maturity, acceleration or otherwise), or (ii) any reimbursement received by the Issuing Lender from Borrower is or must be returned or rescinded upon or during any bankruptcy or reorganization of any Credit Party or otherwise, then Agent shall notify each Revolving Credit Lender, and each Revolving Credit Lender will be obligated to pay the Agent for the account of the Issuing Lender its pro rata share (based on its Revolving Credit Percentage) of the amount paid by the Issuing Lender in respect of such draft or other demand under such Letter of Credit and all reasonable expenses paid or incurred by the Agent relative thereto (but no such payment shall diminish the obligations of the Borrower hereunder). Upon receipt thereof, the Agent will deliver to such Revolving Credit Lender a participation certificate evidencing its participation interest in respect of such payment and expenses. To the extent that a Revolving Credit Lender fails to make such amount available to the Agent by 11:00 a.m. Pacific time on the Business Day next succeeding the date such notice is given, such Revolving Credit Lender shall pay interest on such amount in respect of each day from the date such amount was required to be paid, to the date paid to Agent, at a rate per annum equal to the Federal Funds Effective Rate. The failure of any Revolving Credit Lender to make its pro rata portion of any such amount available under to the Agent shall not relieve any other Revolving Credit Lender of its obligation to make available its pro rata portion of such amount, but no Revolving Credit Lender shall be responsible for failure of any other Revolving Credit Lender to make such pro rata portion available to the Agent.

(e) In the case of any Advance made under this Section 3.6, each such Advance shall be disbursed notwithstanding any failure to satisfy any conditions for disbursement of any

Advance set forth in Article 2 hereof or Article 5 hereof, and, to the extent of the Advance so disbursed, the Reimbursement Obligation of Borrower to the Agent under this Section 3.6 shall be deemed satisfied (unless, in each case, taking into account any such deemed Advances, the aggregate outstanding principal amount of Advances of the Revolving Credit and the Swing Line, plus the Letter of Credit Obligations (other than the Reimbursement Obligations to be reimbursed by this Advance) on such date exceed the then applicable Revolving Credit Aggregate Commitment).

(f) If the Issuing Lender shall honor a draft or other demand for payment presented or made under any Letter of Credit, the Issuing Lender shall provide notice thereof to Borrower on the date such draft or demand is honored, and to each Revolving Credit Lender on such date unless Borrower shall have satisfied its reimbursement obligations by payment to the Agent (for the benefit of the Issuing Lender) as required under this Section 3.6. The Issuing Lender shall further use reasonable efforts to provide notice to Borrower prior to honoring any such draft or other demand for payment, but such notice, or the failure to provide such notice, shall not affect the rights or obligations of the Issuing Lender with respect to any Letter of Credit or the rights and obligations of the parties hereto, including without limitation the obligations of Borrower under this Section 3.6.

(g) Notwithstanding the foregoing however no Revolving Credit Lender shall be deemed to have acquired a participation in a Letter of Credit if the officers of the Issuing Lender immediately responsible for matters concerning this Agreement shall have received written notice from Agent or any Lender at least two (2) Business Days prior to the date of the issuance or extension of such Letter of Credit or, with respect to any Letter of Credit subject to automatic extension, at least five (5) Business Days prior to the date that the beneficiary under such Letter of Credit must be notified that such Letter of Credit will not be renewed, that the issuance or extension of Letters of Credit should be suspended based on the occurrence and continuance of a Default or Event of Default and stating that such notice is a "notice of default"; provided, however that the Revolving Credit Lenders shall be deemed to have acquired such a participation upon the date on which such Default or Event of Default has been waived by the requisite Lenders, as applicable. In the event that the Issuing Lender receives such a notice, the Issuing Lender shall have no obligation to issue any Letter of Credit until such notice is withdrawn by Agent or such Lender or until the requisite Lenders have waived such Default or Event of Default in accordance with the terms of this Agreement.

(h) Nothing in this Agreement shall be construed to require or authorize any Revolving Credit Lender to issue any Letter of Credit, it being recognized that the Issuing Lender shall be the sole issuer of Letters of Credit under this Agreement.

(i) In the event that any Revolving Credit Lender becomes an Impaired Lender, the Issuing Lender may, at its option, require that the Borrower enter into arrangements satisfactory to Issuing Lender to eliminate the Issuing Lender's risk with respect to the participation in Letters of Credit by such Impaired Lender, including creation of a cash collateral account or delivery of other security to assure payment of such Impaired Lender's Percentage of all outstanding Letter of Credit Obligations.

3.7 Obligations Irrevocable. The obligations of Borrower to make payments to Agent for the account of Issuing Lender or the Revolving Credit Lenders with respect to Letter of Credit Obligations under Section 3.6 hereof, shall be unconditional and irrevocable and not subject to any qualification or exception whatsoever, including, without limitation:

(a) Any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Agreement, any other documentation relating to any Letter of Credit, this Agreement or any of the other Loan Documents (the "Letter of Credit Documents");

(b) Any amendment, modification, waiver, consent, or any substitution, exchange or release of or failure to perfect any interest in collateral or security, with respect to or under any Letter of Credit Document;

(c) The existence of any claim, setoff, defense or other right which Borrower may have at any time against any beneficiary or any transferee of any Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent, the Issuing Lender or any Revolving Credit Lender or any other Person, whether in connection with this Agreement, any of the Letter of Credit Documents, the transactions contemplated herein or therein or any unrelated transactions;

(d) Any draft or other statement or document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(e) Payment by the Issuing Lender to the beneficiary under any Letter of Credit against presentation of documents which do not comply with the terms of such Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(f) Any failure, omission, delay or lack on the part of the Agent, Issuing Lender or any Revolving Credit Lender or any party to any of the Letter of Credit Documents to enforce, assert or exercise any right, power or remedy conferred upon the Agent, Issuing Lender, any Revolving Credit Lender or any such party under this Agreement, any of the other Loan Documents or any of the Letter of Credit Documents, or any other acts or omissions on the part of the Agent, Issuing Lender, any Revolving Credit Lender or any such party; or

(g) Any other event or circumstance that would, in the absence of this Section 3.7, result in the release or discharge by operation of law or otherwise of Borrower from the performance or observance of any obligation, covenant or agreement contained in Section 3.6 hereof.

No setoff, counterclaim, reduction or diminution of any obligation or any defense of any kind or nature which Borrower has or may have against the beneficiary of any Letter of Credit shall be available hereunder to Borrower against the Agent, Issuing Lender or any Revolving Credit

Lender. With respect to any Letter of Credit, nothing contained in this Section 3.7 shall be deemed to prevent Borrower, after satisfaction in full of the absolute and unconditional obligations of Borrower hereunder with respect to such Letter of Credit, from asserting in a separate action any claim, defense, set off or other right which they (or any of them) may have against Agent, Issuing Lender or any Revolving Credit Lender in connection with such Letter of Credit.

3.8 Risk Under Letters of Credit.

(a) In the administration and handling of Letters of Credit and any security therefor, or any documents or instruments given in connection therewith, Issuing Lender shall have the sole right to take or refrain from taking any and all actions under or upon the Letters of Credit.

(b) Subject to other terms and conditions of this Agreement, Issuing Lender shall issue the Letters of Credit and shall hold the documents related thereto in its own name and shall make all collections thereunder and otherwise administer the Letters of Credit in accordance with Issuing Lender's regularly established practices and procedures and will have no further obligation (in the absence of gross negligence or willful misconduct) with respect thereto. In the administration of Letters of Credit, Issuing Lender shall not be liable for any action taken or omitted on the advice of counsel, accountants, appraisers or other experts selected by Issuing Lender with due care and Issuing Lender may rely upon any notice, communication, certificate or other statement from Borrower, beneficiaries of Letters of Credit, or any other Person which Issuing Lender believes to be authentic. Issuing Lender will, upon request, furnish the Revolving Credit Lenders with copies of Letter of Credit Documents related thereto.

(c) In connection with the issuance and administration of Letters of Credit and the assignments hereunder, Issuing Lender makes no representation and shall have no responsibility with respect to (i) the obligations of Borrower or the validity, sufficiency or enforceability of any document or instrument given in connection therewith, or the taking of any action with respect to same, (ii) the financial condition of, any representations made by, or any act or omission of Borrower or any other Person, or (iii) any failure or delay in exercising any rights or powers possessed by Issuing Lender in its capacity as issuer of Letters of Credit in the absence of its gross negligence or willful misconduct. Each of the Revolving Credit Lenders expressly acknowledges that it has made and will continue to make its own evaluations of Borrower's creditworthiness without reliance on any representation of Issuing Lender or Issuing Lender's officers, agents and employees.

(d) If at any time Issuing Lender shall recover any part of any unreimbursed amount for any draw or other demand for payment under a Letter of Credit, or any interest thereon, Agent or Issuing Lender, as the case may be, shall receive same for the pro rata benefit of the Revolving Credit Lenders in accordance with their respective Percentages and shall promptly deliver to each Revolving Credit Lender its share thereof, less such Revolving Credit Lender's pro rata share of the costs of such recovery, including court costs and attorney's fees. If at any time any Revolving Credit Lender shall receive from any source whatsoever any payment on any such unreimbursed amount or interest thereon in excess of such Revolving Credit Lender's Percentage of such payment, such Revolving Credit Lender will promptly pay over such excess to Agent, for redistribution in accordance with this Agreement.

3.9 Indemnification. Borrower hereby indemnifies and agrees to hold harmless the Revolving Credit Lenders, the Issuing Lender and the Agent and their respective Affiliates, and the respective officers, directors, employees and agents of such Persons (each an "L/C Indemnified Person"), from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature whatsoever which the Revolving Credit Lenders, the Issuing Lender or the Agent or any such Person may incur or which may be claimed against any of them by reason of or in connection with any Letter of Credit (collectively, the "L/C Indemnified Amounts"), and none of the Issuing Lender, any Revolving Credit Lender or the Agent or any of their respective officers, directors, employees or agents shall be liable or responsible for:

(a) the use which may be made of any Letter of Credit or for any acts or omissions of any beneficiary in connection therewith;

(b) the validity, sufficiency or genuineness of documents or of any endorsement thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged;

(c) payment by the Issuing Lender to the beneficiary under any Letter of Credit against presentation of documents which do not strictly comply with the terms of any Letter of Credit (unless such payment resulted from the gross negligence or willful misconduct of the Issuing Lender), including failure of any documents to bear any reference or adequate reference to such Letter of Credit;

(d) any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit; or

(e) any other event or circumstance whatsoever arising in connection with any Letter of Credit.

It is understood that in making any payment under a Letter of Credit the Issuing Lender will rely on documents presented to it under such Letter of Credit as to any and all matters set forth therein without further investigation and regardless of any notice or information to the contrary.

With respect to subparagraphs (a) through (e) hereof, (i) no Borrower shall be required to indemnify any L/C Indemnified Person for any L/C Indemnified Amounts to the extent such amounts result from the gross negligence or willful misconduct of such L/C Indemnified Person or any officer, director, employee or agent of such L/C Indemnified Person and (ii) the Agent and the Issuing Lender shall be liable to each Borrower to the extent, but only to the extent, of any direct, as opposed to consequential or incidental, damages suffered by Borrower which were caused by the gross negligence or willful misconduct of the Issuing Lender or any officer, director, employee or agent of the Issuing Lender or by the Issuing Lender's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit.

3.10 Right of Reimbursement. Each Revolving Credit Lender agrees to reimburse the Issuing Lender on demand, pro rata in accordance with its respective Revolving Credit Percentage, for (i) the reasonable out-of-pocket costs and expenses of the Issuing Lender to be reimbursed by Borrower pursuant to any Letter of Credit Agreement or any Letter of Credit, to the extent not reimbursed by Borrower or any other Credit Party and (ii) any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, fees, reasonable out-of-pocket expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against Issuing Lender in any way relating to or arising out of this Agreement (including Section 3.6(c) hereof), any Letter of Credit, any documentation or any transaction relating thereto, or any Letter of Credit Agreement, to the extent not reimbursed by Borrower, except to the extent that such liabilities, losses, costs or expenses were incurred by Issuing Lender as a result of Issuing Lender's gross negligence or willful misconduct or by the Issuing Lender's wrongful dishonor of any Letter of Credit after the presentation to it by the beneficiary thereunder of a draft or other demand for payment and other documentation strictly complying with the terms and conditions of such Letter of Credit.

4. TERM LOAN.

4.1 Term Loan. Subject to the terms and conditions hereof, each Term Loan Lender, severally and for itself alone, agrees to lend to Borrower, in a single disbursement in Dollars on the Effective Date an amount equal to such Lender's Percentage of Term Loan.

4.2 Accrual of Interest and Maturity; Evidence of Indebtedness.

(a) Borrower hereby unconditionally promises to pay to the Agent for the account of each Term Loan Lender such Lender's Percentage of the then unpaid aggregate principal amount of Term Loan outstanding on the Term Loan Maturity Date and on such other dates and in such other amounts as may be required from time to time pursuant to this Agreement. Subject to the terms and conditions hereof, the unpaid principal Indebtedness outstanding under Term Loan shall, from the Effective Date (until paid), bear interest at the Applicable Interest Rate. There shall be no readvance or reborrowings of any principal reductions of the Term Loan.

(b) Each Term Loan Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of Borrower to the appropriate lending office of such Term Loan Lender resulting from each Advance of the Term Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable thereon and paid to such Term Loan Lender from time to time under this Agreement.

(c) The Agent shall maintain the Register pursuant to Section 13.8(g), and a subaccount therein for each Term Loan Lender, in which Register and subaccounts (taken together) shall be recorded (i) the amount of each Advance of the Term Loan made hereunder, the type thereof and each Eurodollar-Interest Period applicable to any Eurodollar-based Advance, (ii) the amount of any principal or interest due and payable or to become due and payable from Borrower to each Term Loan Lender hereunder in respect of the Advances of the Term Loan and (iii) both the amount of any sum received by the Agent hereunder from Borrower in respect of the Advances of the Term Loan and each Term Loan Lender's share thereof.

(d) The entries made in the Register pursuant to paragraph (c) of this Section 4.2 shall, absent manifest error, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of Borrower therein recorded; provided, however, that the failure of any Term Loan Lender or the Agent to maintain the Register or any such account, as applicable, or any error therein, shall not in any manner affect the obligation of Borrower to repay the Advances of each of the Term Loan (and all other amounts owing with respect thereto) made to Borrower by the Term Loan Lenders in accordance with the terms of this Agreement.

(e) Borrower agrees that, upon written request to the Agent by any Term Loan Lender, Borrower will execute and deliver to such Term Loan Lender, at Borrower's expense, a Term Loan Note evidencing the outstanding Advances under the Term Loan, owing to such Term Loan Lender.

4.3 Repayment of Principal. (a) Borrower shall repay the Term Loan as set forth below, each such quarterly principal installment to be paid on the first day of each calendar quarter, commencing on April 1, 2010, until the Term Loan Maturity Date, when all remaining outstanding principal plus accrued interest thereon shall be due and payable in full:

Installment No.	Payment
1-4	$ 875,000
5-8	$1,312,500
9-12	$3,062,500
13-16	$3,500,000
Term Loan Maturity Date	Any amounts of principal or interest then outstanding on the Term Loan

(b) Whenever any payment under this Section 4.3 shall become due on a day that is not a Business Day, the date for payment thereunder shall be extended to the next Business Day.

4.4 Term Loan Rate Requests; Refundings and Conversions of Advances of Term Loan. Borrower may refund all or any portion of any Advance of the Term Loan as a Term Loan Advance with a like Eurodollar-Interest Period or convert each such Advance of Term Loan to an Advance with a different Eurodollar-Interest Period, but only after delivery to Agent of a Term Loan Rate Request executed in connection with such Term Loan by an Authorized Signer and subject to the terms hereof and to the following:

(a) each Term Loan Rate Request shall set forth the information required on the Term Loan Rate Request form with respect to such Term Loan, including without limitation:

(i) whether the Term Loan Advance is a refunding or conversion of an outstanding Term Loan Advance;

(ii) in the case of a refunding or conversion of an outstanding Term Loan Advance, the proposed date of such refunding or conversion, which must be a Business Day; and

(iii) whether such Term Loan Advance (or any portion thereof) is to be a Base Rate Advance or a Eurodollar-based Advance, and, in the case of a Eurodollar-based Advance, the Eurodollar-Interest Period(s) applicable thereto.

(b) each such Term Loan Rate Request shall be delivered to Agent (i) by 1:00 p.m. (Pacific time) three (3) Business Days prior to the proposed date of the refunding or conversion of a Eurodollar-based Advance or (ii) by 1:00 p.m. (Pacific time) on the proposed date of the refunding or conversion of a Base Rate Advance;

(c) the principal amount of such Advance of the Term Loan plus the amount of any other Advance of the Term Loan to be then combined therewith having the same Applicable Interest Rate and Eurodollar-Interest Period, if any, shall be (i) in the case of a Base Rate Advance, at least Two Million Dollars ($2,000,000), or the remaining principal balance outstanding under the applicable Term Loan, whichever is less, and (ii) in the case of a Eurodollar-based Advance, at least Two Million Dollars ($2,000,000) or the remaining principal balance outstanding under the applicable Term Loan, whichever is less, or in each case a larger integral multiple of One Hundred Thousand Dollars ($100,000);

(d) no Term Loan Advance shall have a Eurodollar-Interest Period ending after the Term Loan Maturity Date and, notwithstanding any provision hereof to the contrary, Borrower shall select Eurodollar-Interest Periods (or the Base Rate) for sufficient portions of the Term Loan such that Borrower may make the required principal payments hereunder on a timely basis and otherwise in accordance with Section 4.5 below;

(e) at no time shall there be no more than three (3) Eurodollar-Interest Periods in effect for Advances of the Term Loan; and

(f) a Term Loan Rate Request, once delivered to Agent, shall not be revocable by Borrower.

4.5 Base Rate Advance in Absence of Election or Upon Default.In the event Borrower shall fail with respect to any Eurodollar-based Advance of the Term Loan to timely exercise their option to refund or convert such Advance in accordance with Section 4.4 hereof (and such Advance has not been paid in full on the last day of the Eurodollar-Interest Period applicable thereto according to the terms hereof), or, if on the last day of the applicable Eurodollar-Interest Period, a Default or Event of Default shall exist, then, on the last day of the applicable Eurodollar-Interest Period, the principal amount of such Advance which has not been prepaid shall be automatically converted to a Base Rate Advance and the Agent shall thereafter promptly notify Borrower thereof. All accrued and unpaid interest on any Advance converted to

a Base Rate Advance under this Section 4.5 shall be due and payable in full on the date such Advance is converted.

4.6 Interest Payments; Default Interest.

(a) Interest on the unpaid principal of all Base Rate Advances of the Term Loan from time to time outstanding shall accrue until paid at a per annum interest rate equal to the Base Rate, and shall be payable in immediately available funds quarterly in arrears commencing on April 1, 2010, and on the first day of each calendar quarter thereafter. Whenever any payment under this Section 4.6 shall become due on a day that is not a Business Day, the date for payment shall be extended to the next Business Day. Interest accruing at the Base Rate shall be computed on the basis of a 360 day year and assessed for the actual number of days elapsed, and in such computation effect shall be given to any change in the interest rate resulting from a change in the Base Rate on the date of such change in the Base Rate.

(b) Interest on the unpaid principal of each Eurodollar-based Advance of the Term Loan having a related Eurodollar-Interest Period of three (3) months or less shall accrue at its applicable Eurodollar-based Rate and shall be payable in immediately available funds on the last day of the Eurodollar-Interest Period applicable thereto. Interest accruing at the Eurodollar-based Rate shall be computed on the basis of a 360-day year and assessed for the actual number of days elapsed from the first day of the Eurodollar-Interest Period applicable thereto to, but not including, the last day thereof.

(c) Notwithstanding anything to the contrary in Section 4.6(a) or (b) hereof, all accrued and unpaid interest on any Term Loan Advance refunded or converted pursuant to Section 4.4 hereof shall be due and payable in full on the date such Term Loan Advance is refunded or converted.

(d) In the case of any Event of Default under Section 9.1(i), immediately upon the occurrence thereof, and in the case of any other Event of Default, upon notice from the Majority Term Loan Lenders, interest shall be payable on demand on the principal amount of all Advances of the Term Loan from time to time outstanding, as applicable, at a per annum rate equal to the Applicable Interest Rate in respect of each such Advance, plus, in the case of Eurodollar-based Advances, two percent (2%) for the remainder of the then existing Eurodollar-Interest Period, if any, and at all other such times and for all Base Rate Advances, at a per annum rate equal to the Base Rate plus two percent (2%).

4.7 Optional Prepayment of Term Loan.

(a) Subject to clause (b) hereof, Borrower (at its option), may prepay all or any portion of the outstanding principal of any Term Loan Advance bearing interest at the Base Rate at any time, and may prepay all or any portion of the outstanding principal of any Term Loan bearing interest at the Eurodollar-based Rate upon one (1) Business Day's notice to the Agent by facsimile or by telephone (confirmed by facsimile), with accrued interest on the principal being prepaid to the date of such prepayment. Any prepayment of a portion of the Term Loan as to which the Applicable Interest Rate is the Base Rate shall be without premium or penalty and any prepayment of a portion of the Term Loan as to which the Applicable Interest Rate is the

Eurodollar-based Rate shall be subject to the provisions of Section 11.1, but otherwise without premium or penalty.

(b) Each partial prepayment of the Term Loan shall be applied to all installments of such Term Loan due thereunder on a pro rata basis as follows: first to that portion of such Term Loan outstanding as a Base Rate Advance, second to that portion of such Term Loan outstanding as Eurodollar-based Advances which have Eurodollar-Interest Periods ending on the date of payment, and last to any remaining Advances of such Term Loan being carried at the Eurodollar-based Rate.

(c) All prepayments of the Term Loan shall be made to the Agent for distribution ratably to the applicable Term Loan Lenders in accordance with their respective Term Loan Percentages.

4.8 Mandatory Prepayment of Term Loan.

(a) Subject to clauses (d) and (e) hereof, immediately upon receipt by any Credit Party of any Net Cash Proceeds from any Asset Sales exceeding Five Million Dollars ($5,000,000) per Fiscal Year (or in the case of any Fiscal Year ending after June 30, 2010, $2,500,000) which are not Reinvested as described in the following sentence, Borrower shall prepay the Term Loan by an amount equal to *one hundred percent (100%)* of such Net Cash Proceeds provided, however that Borrower shall not be obligated to prepay the Term Loan with such Net Cash Proceeds if the following conditions are satisfied: (i) promptly following the sale, Borrower provides to Agent a certificate executed by a Responsible Officer of the Borrower ("Reinvestment Certificate") stating (x) that the sale has occurred, (y) that no Default or Event of Default has occurred and is continuing either as of the date of the sale or as of the date of the Reinvestment Certificate, and (z) a description of the planned Reinvestment of the proceeds thereof, (ii) the Reinvestment of such Net Cash Proceeds is commenced within the Initial Reinvestment Period and completed within the Reinvestment Period, and (iii) no Default or Event of Default has occurred and is continuing at the time of the sale and at the time of the application of such proceeds to Reinvestment. If any such proceeds have not been Reinvested at the end of the Reinvestment Period, Borrower shall promptly pay such proceeds to Agent, to be applied to repay the Term Loan in accordance with clauses (d) and (e) hereof.

(b) Subject to clauses (d) and (e) hereof, immediately upon receipt by any Credit Party of Net Cash Proceeds from the issuance of any Equity Interests of such Person (other than Excluded Equity Issuances) or Net Cash Proceeds from the issuance of any Subordinated Debt after the Effective Date, Borrower shall prepay the Term Loan by an amount equal to twenty five percent (25%) of such Net Cash Proceeds in the case of the issuance of any such Equity Interests and one hundred percent (100%) of such Net Cash Proceeds in the case of issuance of Subordinated Debt (other than Debt permitted under the provisions of Section 8.1).

(c) Subject to clauses (d) and (e) hereof, immediately upon receipt by any Credit Party of any Insurance Proceeds or Condemnation Proceeds, Borrower shall be obligated to prepay the Term Loan by an amount equal to *one hundred percent (100%)* of such Insurance Proceeds or Condemnation Proceeds, as the case may be; provided, however, that any Insurance Proceeds or Condemnation Proceeds, as the case may be, may be Reinvested by the applicable

Credit Party if the following conditions are satisfied: (i) promptly following the receipt of such Insurance Proceeds or Condemnation Proceeds, as the case may be, Borrower provide to Agent a Reinvestment Certificate stating (x) that no Default or Event of Default has occurred and is continuing either as of the date of the receipt of such proceeds or as of the date of the Reinvestment Certificate, (y) that such Insurance Proceeds or Condemnation Proceeds have been received, and (z) a description of the planned Reinvestment of such Insurance Proceeds or Condemnation Proceeds, as the case may be), (ii) the Reinvestment of such proceeds is commenced within the Initial Reinvestment Period and completed within the Reinvestment Period, and (iii) no Default or Event of Default shall have occurred and be continuing at the time of the receipt of such proceeds and at the time of the application of such proceeds to Reinvestment. If any such proceeds have not been Reinvested at the end of the Reinvestment Period, Borrower shall promptly pay such proceeds to Agent, to be applied to repay the Term Loan in accordance with clauses (d) and (e) hereof.

(d) Subject to clause (e) hereof, each mandatory prepayment under this Section 4.8 or any other mandatory or optional prepayment under this Agreement shall be in addition to any scheduled installments or optional prepayments made prior thereto and shall be subject to Section 11.1. Each mandatory prepayment of the Term Loan shall be applied to installments of principal on the Term Loan in the inverse order of their maturities.

(e) To the extent that, on the date any mandatory prepayment of any Term Loan under this Section 4.8 is due, the Indebtedness under the Term Loan or any other Indebtedness to be prepaid is being carried, in whole or in part, at the Eurodollar-based Rate and no Default or Event of Default has occurred and is continuing, Borrower may deposit the amount of such mandatory prepayment in a cash collateral account to be held by the Agent, for and on behalf of the Lenders (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and upon such deposit, the obligation of each Borrower to make such mandatory prepayment shall be deemed satisfied. Subject to the terms and conditions of said cash collateral account, sums on deposit in said cash collateral account shall be applied (until exhausted) to reduce the principal balance of the Term Loan on the last day of each Eurodollar-Interest Period attributable to the Eurodollar-based Advances of the Term Loan, thereby avoiding breakage costs under Section 11.1.

4.9 Use of Proceeds. Proceeds of the Term Loan shall be used by Borrower to refinance existing Debt and for general corporate purposes.

5. CONDITIONS.

The obligations of the Lenders to make Advances or loans pursuant to this Agreement and the obligation of the Issuing Lender to issue Letters of Credit are subject to the following conditions:

5.1 Conditions of Initial Advances. The obligations of the Lenders to make initial Advances or loans pursuant to this Agreement and the obligation of the Issuing Lender to issue initial Letters of Credit, in each case, on the Effective Date only, are subject to the following conditions:

(a) Notes, this Agreement and the other Loan Documents. Borrower shall have executed and delivered to Agent for the account of each Lender requesting Notes, the Swing Line Note, the Revolving Credit Notes and/or the Term Notes, as applicable; Borrower shall have executed and delivered this Agreement; and each Credit Party shall have executed and delivered the other Loan Documents to which such Credit Party is required to be a party (including all schedules to the Disclosure Letter and other documents to be delivered pursuant hereto); and such Notes (if any), this Agreement and the other Loan Documents shall be in full force and effect.

(b) Corporate Authority. Agent shall have received, with a counterpart thereof for each Lender, from Borrower, a certificate of its Secretary or Assistant Secretary dated as of the Effective Date as to:

(i) corporate resolutions (or the equivalent) authorizing the transactions contemplated by this Agreement and the other Loan Documents approval of this Agreement and the other Loan Documents, in each case to which Borrower is party, and authorizing the execution and delivery of this Agreement and the other Loan Documents, and authorizing the execution and delivery of requests for Advances and the issuance of Letters of Credit hereunder,

(ii) the incumbency and signature of the officers or other authorized persons of Borrower executing any Loan Document and the officers who are authorized to execute any Requests for Advance, or requests for the issuance of Letters of Credit,

(iii) a certificate of good standing or continued existence (or the equivalent thereof) from the state of its incorporation or formation, and

(iv) copies of Borrower's articles of incorporation and bylaws or other constitutional documents, as in effect on the Effective Date.

(c) Collateral Documents, Guaranties and other Loan Documents. The Agent shall have received the following documents, each in form and substance satisfactory to Agent and fully executed by each party thereto:

(i) A Reaffirmation of Loan Documents in form and substance acceptable to Agent and fully executed by each party thereto and dated as of the Effective Date;

(ii) Any documents (including, without limitation, financing statements, amendments to financing statements and assignments of financing statements, stock powers executed in blank and any endorsements) requested by Agent and reasonably required to be provided in connection with the Collateral Documents to create, in favor of the Agent (for and on behalf of the Lenders), a first

priority perfected security interest in the Collateral thereunder shall have been filed, registered or recorded, or shall have been delivered to Agent in proper form for filing, registration or recordation.

(c) Insurance. The Agent shall have received evidence reasonably satisfactory to it that the Credit Parties have obtained the insurance policies required by Section 7.5 hereof and that such insurance policies are in full force and effect.

(d) Compliance with Certain Documents and Agreements. Each Credit Party shall have each performed and complied in all material respects with all agreements and conditions contained in this Agreement and the other Loan Documents, to the extent required to be performed or complied with by such Credit Party. No Person (other than Agent, Lenders and Issuing Lender) party to this Agreement or any other Loan Document shall be in material default in the performance or compliance with any of the terms or provisions of this Agreement or the other Loan Documents or shall be in material default in the performance or compliance with any of the material terms or material provisions of this Agreement or any other Loan Document, in each case to which such Person is a party.

(e) Opinions of Counsel. The Credit Parties shall furnish Agent prior to the initial Advance under this Agreement, with signed copies for each Lender, an opinion of in-house counsel to the Credit Parties, dated the Effective Date and covering such matters as reasonably required by and otherwise reasonably satisfactory in form and substance to the Agent and each of the Lenders.

(f) Payment of Fees. Borrower shall have paid (i) to Comerica Bank any fees due under the terms of the Fee Letter, (ii) to each Lender, fees due to such Lender in connection with the closing of this Agreement and (iii) any other fees, costs or expenses due and outstanding to the Agent or the Lenders as of the Effective Date (including reasonable fees, disbursements and other charges of counsel to Agent).

(g) Governmental and Other Approvals. Agent shall have received copies of all authorizations, consents, approvals, licenses, qualifications or formal exemptions, filings, declarations and registrations with, any court, governmental agency or regulatory authority or any securities exchange or any other person or party (whether or not governmental) received by any Credit Party in connection with the transactions contemplated by the Loan Documents to occur on the Effective Date.

(h) Closing Certificate. The Agent shall have received, with a signed counterpart for each Lender, a certificate of a Responsible Officer of Borrower dated the Effective Date (or, if different, the date of the initial Advance hereunder), stating that to the best of his or her respective knowledge after due inquiry, (a) the conditions set forth in this Section 5 have been satisfied to the extent required to be satisfied by any Credit Party; (b) the representations and warranties made by the Credit Parties in this Agreement or any of the other Loan Documents, as applicable, are true and correct in all material respects; (c) no Default or Event of Default shall have occurred and be continuing; and (d) since June 30, 2009, nothing shall have occurred which has had, or could reasonably be expected to have, a material adverse change on the business or

property, results of operations, conditions or financial condition of Borrower and the Credit Parties (taken as a whole).

5.2 Continuing Conditions. The obligations of each Lender to make Advances (including the initial Advance) under this Agreement and the obligation of the Issuing Lender to issue any Letters of Credit shall be subject to the continuing conditions that:

(a) No Default or Event of Default shall exist as of the date of the Advance or the request for the Letter of Credit, as the case may be; and

(b) Each of the representations and warranties contained in this Agreement and in each of the other Loan Documents shall be true and correct in all material respects as of the date of the Advance or Letter of Credit (as the case may be) as if made on and as of such date (other than any representation or warranty that expressly speaks only as of a different date).

6. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants to the Agent, the Lenders, the Swing Line Lender and the Issuing Lender as follows:

6.1 Corporate Authority. Each Credit Party is a corporation (or other business entity) duly organized and existing in good standing under the laws of the state or jurisdiction of its incorporation or formation, as applicable, and each Credit Party is duly qualified and authorized to do business as a foreign corporation in each jurisdiction where the character of its assets or the nature of its activities makes such qualification and authorization necessary except where failure to be so qualified or be in good standing could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has all requisite corporate, limited liability or partnership power and authority to own all its property (whether real, personal, tangible or intangible or of any kind whatsoever) and to carry on its business.

6.2 Due Authorization. Execution, delivery and performance of this Agreement, and the other Loan Documents, to which each Credit Party is party, and the issuance of the Notes by Borrower (if requested) are within such Person's corporate, limited liability or partnership power, have been duly authorized, are not in contravention of any law applicable to such Credit Party or the terms of such Credit Party's organizational documents and, except as have been previously obtained or as referred to in Section 6.10, below, do not require the consent or approval of any governmental body, agency or authority or any other third party except to the extent that such consent or approval is not material to the transactions contemplated by the Loan Documents.

6.3 Good Title; Leases; Assets; No Liens. (a) Each Credit Party, to the extent applicable, has good and valid title (or, in the case of real property, good and marketable title) to all assets owned by it that are material to the conduct of its business, subject only to the Liens permitted under section 8.2 hereof, and each Credit Party has a valid leasehold or interest as a lessee or a licensee in all of its leased real property;

(b) Schedule 6.3(b) to the Disclosure Letter identifies all of the real property owned or leased, as lessee thereunder, by the Obligors on the Effective Date, including all warehouse or bailee locations;

(c) The Credit Parties will collectively own or collectively have a valid leasehold interest in all assets that were owned or leased (as lessee) by the Credit Parties immediately prior to the Effective Date to the extent that such assets are necessary for the continued operation of the Credit Parties' businesses in substantially the manner as such businesses were operated immediately prior to the Effective Date;

(d) Each Credit Party owns or has a valid leasehold interest in all real property necessary for its continued operations and, to the best knowledge of Borrower, no material condemnation, eminent domain or expropriation action has been commenced or threatened against any such owned or leased real property; and

(e) There are no Liens on and no financing statements on file with respect to any of the assets owned by the Credit Parties, except for the Liens permitted pursuant to Section 8.2 of this Agreement.

6.4 Taxes. Except as set forth on Schedule 6.4 to the Disclosure Letter, each Credit Party has filed on or before their respective due dates or within the applicable grace periods, all United States federal, state, local and other tax returns which are required to be filed or has obtained extensions for filing such tax returns and is not delinquent in filing such returns in accordance with such extensions and has paid all material taxes which have become due pursuant to those returns or pursuant to any assessments received by any such Credit Party, as the case may be, to the extent such taxes have become due, except to the extent such taxes are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate provision has been made on the books of such Credit Party as may be required by GAAP.

6.5 No Defaults. No Credit Party is in default under or with respect to any material agreement, instrument or undertaking to which is a party or by which it or any of its property is bound which would cause or would reasonably be expected to cause a Material Adverse Effect.

6.6 Enforceability of Agreement and Loan Documents. This Agreement and each of the other Loan Documents to which any Credit Party is a party (including without limitation, each Request for Advance), have each been duly executed and delivered by its duly authorized officers and constitute the valid and binding obligations of such Credit Party, enforceable against such Credit Party in accordance with their respective terms, except as enforcement thereof may be limited by applicable bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium or similar laws affecting the enforcement of creditor's rights, generally and by general principles of equity (regardless of whether enforcement is considered in a proceeding in law or equity).

6.7 Compliance with Laws. (a) Except as disclosed on Schedule 6.7 to the Disclosure Letter and to the knowledge of each Credit Parties, each Credit Party has complied with all applicable federal, state and local laws, ordinances, codes, rules, regulations and guidelines

(including consent decrees and administrative orders) including but not limited to Hazardous Material Laws, and is in compliance with any Requirement of Law, in each case, except to the extent that failure to comply therewith could not reasonably be expected to have a Material Adverse Effect; and (b) neither the extension of credit made pursuant to this Agreement or the use of the proceeds thereof by the Credit Parties will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto, or The United and Strengthening America by providing appropriate Tools Required to Intercept and Obstruct Terrorism ("USA Patriot Act") Act of 2001, Public Law 10756, October 26, 2001 or Executive Order 13224 of September 23, 2001 issued by the President of the United States (66 Fed. Reg. 49049 (2001)).

6.8 Non-contravention. The execution, delivery and performance of this Agreement and the other Loan Documents (including each Request for Advance) to which each Credit Party is a party are not in contravention of the terms of any indenture, agreement or undertaking to which such Credit Party is a party or by which it or its properties are bound where such violation could reasonably be expected to have a Material Adverse Effect.

6.9 Litigation. Except as set forth on Schedule 6.9 to the Disclosure Letter, there is no suit, action, proceeding, including, without limitation, any bankruptcy proceeding or governmental investigation pending against or to the knowledge of Borrower, threatened against any Credit Party (other than any suit, action or proceeding in which a Credit Party is the plaintiff and in which no counterclaim or cross-claim against such Credit Party has been filed), or any judgment, decree, injunction, rule, or order of any court, government, department, commission, agency, instrumentality or arbitrator outstanding against any Credit Party, nor is any Credit Party in violation of any applicable law, regulation, ordinance, order, injunction, decree or requirement of any governmental body or court which could in any of the foregoing events reasonably be expected to have a Material Adverse Effect.

6.10 Consents, Approvals and Filings, Etc. Except as set forth on Schedule 6.10 to the Disclosure Letter, no material authorization, consent, approval, license, qualification or formal exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority or any securities exchange or any other Person (whether or not governmental) (each, a "Filing") is required in connection with the execution, delivery and performance: (a) by any Credit Party of this Agreement and any of the other Loan Documents to which such Credit Party is a party or (b) by the Credit Parties of the grant of Liens granted, conveyed or otherwise established (or to be granted, conveyed or otherwise established) by or under this Agreement or the other Loan Documents, as applicable, except in each case for (i) Filings which have been previously obtained, (ii) Filings to be made concurrently herewith or promptly following the Effective Date as are required by the Collateral Documents to perfect Liens in favor of the Agent, (iii) Filings required to be obtain and maintain existence, good standing and similar matters, (iv) routine Filings necessary in the ordinary course of business, (v) Filings required in connection with the performance of the Loan Documents, and (vi) Filings required in connection with the exercise of remedies under the Loan Documents. All such material authorizations, consents, approvals, licenses, qualifications, exemptions, filings, declarations and registrations which have previously been obtained or made, as the case may be, are in full force and effect and, to the best knowledge of Borrower, are not the subject of any

attack or threatened attack (in each case in any material respect) by appeal or direct proceeding or otherwise.

6.11 Agreements Affecting Financial Condition. No Credit Party is party to any agreement or instrument or subject to any charter or other corporate restriction which could reasonably be expected to have a Material Adverse Effect.

6.12 No Investment Company or Margin Stock. No Credit Party is an "investment company" within the meaning of the Investment Company Act of 1940, as amended. No Credit Party is engaged principally, or as one of its important activities, directly or indirectly, in the business of extending credit for the purpose of purchasing or carrying margin stock. None of the proceeds of any of the Advances will be used by any Credit Party to purchase or carry margin stock. Terms for which meanings are provided in Regulation U of the Board of Governors of the Federal Reserve System or any regulations substituted therefore, as from time to time in effect, are used in this paragraph with such meanings.

6.13 ERISA. No Credit Party maintains or contributes to any Pension Plan subject to Title IV of ERISA, except as set forth on Schedule 6.13 to the Disclosure Letter or otherwise disclosed to the Agent in writing. There is no accumulated funding deficiency within the meaning of Section 412 of the Internal Revenue Code or Section 302 of ERISA, or any outstanding liability with respect to any Pension Plans owed to the PBGC other than future premiums due and owing pursuant to Section 4007 of ERISA, and no "reportable event" as defined in Section 4043(c) of ERISA has occurred with respect to any Pension Plan other than an event for which the notice requirement has been waived by the PBGC. None of the Credit Parties has engaged in a prohibited transaction with respect to any Pension Plan, other than a prohibited transaction for which an exemption is available and has been obtained, which could subject such Credit Parties to a material tax or penalty imposed by Section 4975 of the Internal Revenue Code or Section 502(i) of ERISA. Each Pension Plan is being maintained and funded in accordance with its terms and is in material compliance with the requirements of the Internal Revenue Code and ERISA. No Credit Party has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to have resulted in any Withdrawal Liability and, except as notified to Agent in writing following the Effective Date, no such Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA) or insolvent (within the meaning of Section 4245 of ERISA).

6.14 Conditions Affecting Business or Properties. Neither the respective businesses nor the properties of any Credit Party are affected by any fire, explosion, accident, strike, lockout or other dispute, drought, storm, hail, earthquake, embargo, Act of God, or other casualty (except to the extent such event is covered by insurance sufficient to ensure that upon application of the proceeds thereof, no Material Adverse Effect could reasonably be expected to occur) which could reasonably be expected to have a Material Adverse Effect.

6.15 Environmental and Safety Matters. Except as set forth in Schedules 6.9, 6.10 and 6.15 to the Disclosure Letter or as would not reasonably be expected to have a Material Adverse Effect:

(a) all facilities and property owned or leased by the Credit Parties are in compliance with all applicable Hazardous Material Laws;

(b) to the best knowledge of Borrower, there have been no unresolved and outstanding past, and there are no pending or threatened in writing:

(i) claims, complaints, notices or requests for information received by any Credit Party with respect to any alleged violation of any applicable Hazardous Material Law, or

(ii) written complaints, notices or inquiries to any Credit Party regarding potential liability of any Credit Parties under any applicable Hazardous Material Law; and

(c) to the best knowledge of Borrower, no conditions exist at, on or under any property now or previously owned or leased by any Credit Party which, with the passage of time, or the giving of notice or both, are reasonably likely to give rise to liability under any applicable Hazardous Material Law or create a significant adverse effect on the value of the property.

6.16 Subsidiaries. Except as disclosed on Schedule 6.16 to the Disclosure Letter as of the Effective Date, and thereafter, except as disclosed to the Agent in writing from time to time, no Credit Party has any Subsidiaries.

6.17 Management Agreements. Schedule 6.17 to the Disclosure Letter is an accurate and complete list of all management and significant employment agreements (excluding offer letters) in effect on or as of the Effective Date to which any Credit Party is a party or is bound.

6.18 [Intentionally Deleted].

6.19 Franchises, Patents, Copyrights, Tradenames, etc. The Credit Parties possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of their business substantially as now conducted without known conflict with any rights of others. Schedule 6.19 contains a true and accurate list of all trade names and any and all other names used by any Credit Party during the five-year period ending as of the Effective Date.

6.20 Capital Structure. Schedule 6.20 to the Disclosure Letter sets forth all issued and outstanding Equity Interests of each Credit Party, including the number of authorized, issued and outstanding Equity Interests of each Credit Party and the par value of such Equity Interests, all on and as of the Effective Date. All issued and outstanding Equity Interests of each Credit Party are duly authorized and validly issued, fully paid, nonassessable, free and clear of all Liens (except for the benefit of Agent) and such Equity Interests were issued in compliance with all applicable state, federal and foreign laws concerning the issuance of securities. Except as disclosed on Schedule 6.20 to the Disclosure Letter, there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Credit Party, of any Equity Interests of any Credit Party other than rights of the Borrower.

6.21 Accuracy of Information. (a) The audited financial statements for the Fiscal Year ended June 30, 2009, furnished to Agent and the Lenders prior to the Effective Date fairly present in all material respects the financial condition of the Borrower and its Subsidiaries and the results of their operations for the periods covered thereby, and have been prepared in accordance with GAAP. The projections, the Pro Forma Balance Sheet and the other pro forma financial information delivered to the Agent prior to the Effective Date are based upon good faith estimates and assumptions believed by management of the Borrower to be accurate and reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein.

(b) Since June 30, 2009, there has been no material adverse change in the business, operations, financial condition or property of the Credit Parties, taken as a whole.

(c) To the best knowledge of the Credit Parties, as of the Effective Date, (i) the Credit Parties do not have any material contingent obligations (including any liability for taxes) not disclosed by or reserved against in the opening balance sheet to be delivered hereunder and (ii) there are no unrealized or anticipated losses from any present commitment of the Credit Parties which contingent obligations and losses in the aggregate could reasonably be expected to have a Material Adverse Effect.

6.22 Solvency. After giving effect to the consummation of the transactions contemplated by this Agreement and other Loan Documents, each Credit Party will be solvent, able to pay its indebtedness as it matures and will have capital sufficient to carry on its businesses and all business in which it is about to engage. This Agreement is being executed and delivered by the Borrower to Agent and the Lenders in good faith and in exchange for fair, equivalent consideration. The Credit Parties do not intend to nor does management of the Credit Parties believe the Credit Parties will incur debts beyond their ability to pay as they mature. The Credit Parties do not contemplate filing a petition in bankruptcy or for an arrangement or reorganization under the Bankruptcy Code or any similar law of any jurisdiction now or hereafter in effect relating to any Credit Party, nor does any Credit Party have any knowledge of any threatened bankruptcy or insolvency proceedings against a Credit Party.

6.23 Employee Matters. There are no strikes, slowdowns, work stoppages, unfair labor practice complaints, grievances, arbitration proceedings or controversies pending or, to the best knowledge of the Borrower, threatened against any Credit Party by any employees of any Credit Party, other than non-material employee grievances or controversies arising in the ordinary course of business. Set forth on Schedule 6.23 to the Disclosure Letter are all union contracts or agreements to which any Credit Party is party as of the Effective Date and the related expiration dates of each such contract.

6.24 No Misrepresentation. Neither this Agreement nor any other Loan Document, certificate, information or report furnished or to be furnished by or on behalf of a Credit Party to Agent or any Lender in connection with any of the transactions contemplated hereby or thereby, contains a misstatement of material fact, or omits to state a material fact required to be stated in order to make the statements contained herein or therein, taken as a whole, not misleading in the

light of the circumstances under which such statements were made. There is no fact, other than information known to the public generally, known to any Credit Party after diligent inquiry, that could reasonably be expect to have a Material Adverse Effect that has not expressly been disclosed to Agent in writing.

6.25 Corporate Documents and Corporate Existence. As to each Obligor, (a) it is an organization as described on Schedule 1.3 hereto and has provided the Agent and the Lenders with complete and correct copies of its articles of incorporation, by-laws and all other applicable charter and other organizational documents, and, if applicable, a good standing certificate and (b) its correct legal name, business address, type of organization and jurisdiction of organization, tax identification number and other relevant identification numbers are set forth on Schedule 1.3 hereto.

7. AFFIRMATIVE COVENANTS.

Borrower covenants and agrees, so long as any Lender has any commitment to extend credit hereunder, or any of the Indebtedness remains outstanding and unpaid, that it will, and, as applicable, it will cause each of its Subsidiaries to:

7.1 Financial Statements. Furnish to the Agent, in form and detail satisfactory to Agent, with sufficient copies for each Lender, the following documents:

(a) as soon as available, but in any event within one hundred twenty (120) days after the end of each Fiscal Year, a copy of the audited Consolidated and, if reasonably requested by the Agent, unaudited Consolidating financial statements of the Borrower and its Consolidated Subsidiaries as at the end of such Fiscal Year and the related audited Consolidated and if reasonably requested by the Agent, unaudited Consolidating statements of income, stockholders equity, and cash flows of the Borrower and its Consolidated Subsidiaries for such Fiscal Year or partial Fiscal Year and underlying assumptions, setting forth in each case in comparative form the figures for the previous Fiscal Year, certified as being fairly stated in all material respects by an independent, nationally recognized certified public accounting firm reasonably satisfactory to the Agent; and

(b) as soon as available, but in any event within forty five (45) days after the end of each fiscal quarter of the Credit Parties (except the last quarter of each Fiscal Year), Borrower prepared unaudited Consolidated and if reasonably requested by the Agent, Consolidating balance sheets of the Borrower and its Consolidated Subsidiaries as at the end of such quarter and the related unaudited statements of income, stockholders equity and cash flows of the Borrower and its Consolidated Subsidiaries for the portion of the Fiscal Year through the end of such quarter, setting forth in each case in comparative form the figures for the corresponding periods in the previous Fiscal Year, and certified by a Responsible Officer of the Borrower as being fairly stated in all material respects;

all such financial statements to fairly present in all material respects the financial condition and results of operations for such periods and shall be prepared in accordance with GAAP throughout the periods reflected therein and with prior periods (except as approved by a Responsible Officer and disclosed therein), provided however that the financial statements delivered pursuant to clause (b) hereof will not be required to include footnotes and will be subject to change from audit and year-end adjustments.

7.2 Certificates; Other Information. Furnish to the Agent, in form and detail reasonably acceptable to Agent, with sufficient copies for each Lender, the following documents:

(a) Concurrently with the delivery of the financial statements described in Sections 7.1(a) for each fiscal year end, and 7.1(b) for each fiscal quarter end, a Covenant Compliance Report (or, in the case of the Borrower prepared financial statements for the last fiscal quarter of each fiscal year, a draft Covenant Compliance Certificate) duly executed by a Responsible Officer of Borrower;

(b) Promptly upon receipt thereof, copies of all significant reports submitted by the Credit Parties' firm(s) of certified public accountants in connection with each annual, interim or special audit or review of any type of the financial statements or related internal control systems of the Credit Parties made by such accountants, including any comment letter submitted by such accountants to management in connection with their services;

(c) Any financial reports, statements, press releases, other material information or written notices delivered to the holders of the Subordinated Debt pursuant to any applicable Subordinated Debt Documents (to the extent not otherwise required hereunder), as and when delivered to such Persons and, if applicable, all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission;

(d) Within forty five (45) days after the end of each Fiscal Year, an annual budget reviewed by Borrower's Board of Directors certified by a Responsible Officer of the Borrower;

(e) Within forty five (45) days after and as of the end of each fiscal quarter, including the last fiscal quarter of each Fiscal Year, (i) the quarterly aging of the accounts receivable and accounts payable of the Credit Parties and (ii) a report signed by a Responsible Officer, in form reasonably acceptable to Agent, listing any applications or registrations that Borrower or any Guarantor has made or filed in respect of any Patents, Trademarks or Copyrights and the status of any outstanding applications or registrations, as well as any material change in the Intellectual Property Collateral (as defined in the Collateral Documents), including but not limited to any Patent, Trademark or Copyright not specified in the exhibits to the Security Agreement;

(f) Any additional information as required by any Loan Document, and such additional schedules to the Disclosure Letter, certificates and reports respecting all or any of the Collateral, the items or amounts received by the Credit Parties in full or partial payment thereof, and any goods (the sale or lease of which shall have given rise to any of the Collateral) possession of which has been obtained by the Credit Parties, all to such extent as Agent may reasonably request from time to time, any such schedule, certificate or report to be certified as true and correct in all material respects by a Responsible Officer of the applicable Credit Party and shall be in such form and detail as Agent may reasonably specify; and

(g) Such additional financial and/or other information as Agent or any Lender may from time to time reasonably request, promptly following such request.

7.3 Payment of Obligations. Pay, discharge or otherwise satisfy, at or before maturity or before they become delinquent, as the case may be, all of its material obligations of whatever nature, including without limitation all assessments, governmental charges, claims for labor, supplies, rent or other obligations, except where the amount or validity thereof is currently being appropriately contested in good faith and reserves in conformity with GAAP with respect thereto have been provided on the books of the Credit Parties.

7.4 Conduct of Business and Maintenance of Existence; Compliance with Laws.

(a) Continue to engage in their respective business and operations substantially as conducted immediately prior to the Effective Date other than the Direct Selling Services division;

(b) Preserve, renew and keep in full force and effect its existence and maintain its qualifications to do business in each jurisdiction where such qualifications are necessary for its operations, except as otherwise permitted pursuant to Section 8.4 and except where failure to do so could not reasonably be expected to have a Material Adverse Effect;

(c) Take all action it deems necessary in its reasonable business judgment to maintain all rights, privileges, licenses and franchises necessary for the normal conduct of its business except where the failure to so maintain such rights, privileges or franchises could not, either singly or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(d) Comply with all applicable Requirements of Law, except to the extent that failure to comply therewith could not, either singly or in the aggregate, reasonably be expected to have a Material Adverse Effect; and

(e) (i) Continue to be a Person whose property or interests in property is not blocked or subject to blocking pursuant to Section 1 of Executive Order 13224 of September 23, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Order"), (ii) not engage in the transactions prohibited by Section 2 of that Order or become associated with Persons such that a violation of Section 2 of the Order would arise, and (iii) not become a Person on the list of

Specially Designated National and Blocked Persons, or (iv) otherwise not become subject to the limitation of any OFAC regulation or executive order.

7.5 Maintenance of Property; Insurance. (a) Keep all material property it deems, in its reasonable business judgment, useful and necessary in its business in working order (ordinary wear and tear excepted); (b) maintain insurance coverage with financially sound and reputable insurance companies on physical assets and against other business risks in such amounts and of such types as are customarily carried by companies similar in size and nature (including without limitation casualty and public liability and property damage insurance), and in the event of acquisition of additional property, real or personal, or of the incurrence of additional risks of any nature, increase such insurance coverage in such manner and to such extent as prudent business judgment and present practice or any applicable Requirements of Law would dictate; provided, however, if Borrower loses its insurance coverage because of the insolvency of its insurer, Borrower shall obtain replacement coverage meeting the requirements of the Loan Documents as soon as is reasonably practicable after the loss of such coverage and in any event within thirty (30) days after such loss and the failure to have insurance coverage during the interim period shall not constitute an Event of Default; (c) in the case of all insurance policies covering any Collateral, such insurance policies shall provide that the loss payable thereunder shall be payable to the applicable Credit Party, and to the Agent (as mortgagee, or, in the case of personal property interests, lender loss payee) as their respective interests may appear; (d) in the case of all public liability insurance policies, such policies shall list the Agent as an additional insured, as Agent may reasonably request; and (e) if requested by Agent, certificates evidencing such policies, including all endorsements thereto, to be deposited with Agent, such certificates being in form and substance reasonably acceptable to Agent.

7.6 Inspection of Property; Books and Records, Discussions. Permit Agent and each Lender, through their authorized attorneys, accountants and representatives (a) at all reasonable times during normal business hours, upon the request of Agent or such Lender, to examine each Credit Party's books, accounts, records, ledgers and assets and properties; (b) from time to time, during normal business hours, upon the request of the Agent, to conduct full or partial collateral audits of the Accounts and Inventory of the Credit Parties and appraisals of all or a portion of the fixed assets (including real property) of the Credit Parties, such audits and appraisals to be completed by an appraiser as may be selected by Agent and consented to by Borrower (such consent not to be unreasonably withheld), with all reasonable costs and expenses of such audits to be reimbursed by the Credit Parties (provided that unless an Event of Default has occurred and is continuing, the Credit Parties shall not be obligated to reimburse the Agent for more than one (1) such audit or appraisal per calendar year), (c) during normal business hours and at their own risk, to enter onto the real property owned or leased by any Credit Party to conduct inspections, investigations or other reviews of such real property; and (d) at reasonable times during normal business hours with prior notice to Borrower and at reasonable intervals, to visit all of the Credit Parties' offices, discuss each Credit Party's respective financial matters with their respective officers, as applicable, and, by this provision, Borrower authorizes, and will cause each of their respective Subsidiaries to authorize, its independent certified or chartered public accountants to discuss the finances and affairs of any Credit Party and examine any of such Credit Party's books, reports or records held by such accountants.

7.7 Notices. Promptly give written notice to the Agent of:

(a) the occurrence of any Default or Event of Default of which any Credit Party has knowledge;

(b) any (i) litigation or proceeding existing at any time between any Credit Party and any Governmental Authority or other third party, or any investigation of any Credit Party conducted by any Governmental Authority, which in any case if adversely determined would have a Material Adverse Effect or which could reasonably be expected to result in damages or costs to Borrower or any Subsidiary of Two Million Five Hundred Thousand Dollars ($2,500,000) or more or (ii) any material adverse change in the financial condition of any Credit Party since the date of the last audited financial statements delivered pursuant to Section 7.1(a) hereof;

(c) the occurrence of any event which any Credit Party believes could reasonably be expected to have a Material Adverse Effect, promptly after concluding that such event could reasonably be expected to have such a Material Adverse Effect;

(d) promptly after becoming aware thereof, the taking by the Internal Revenue Service or any foreign taxing jurisdiction of a written tax position (or any such tax position taken by any Credit Party in a filing with the Internal Revenue Service or any foreign taxing jurisdiction) which could reasonably be expected to have a Material Adverse Effect, setting forth the details of such position and the financial impact thereof;

(e) (i) the acquisition or creation of any new Subsidiaries, (iii) any material change after the Effective Date in the authorized and issued Equity Interests of any Obligor or any other material amendment to any Obligor's charter, by-laws or other organizational documents, such notice, in each case, to identify the applicable jurisdictions, capital structures or amendments as applicable, provided that such notice shall be given not less than five (5) Business Days prior to the proposed effectiveness of such changes, acquisition or creation, as the case may be (or such shorter period to which Agent may consent);

(f) not less than ten (10) Business Days (or such other shorter period to which Agent may agree) prior to the proposed effective date thereof, any proposed material amendments, restatements or other modifications to any Subordinated Debt Documents which would have an adverse effect on the Lenders (it being acknowledged by Borrower that any change in term, interest rate, prepayment provisions, amortization, financial covenants or default provisions shall be deemed to have an adverse effect on the Lenders); and

(g) any default or event of default by any Person under any Subordinated Debt Document, concurrently with delivery or promptly after receipt (as

the case may be) of any notice of default or event of default under the applicable document, as the case may be.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of Borrower setting forth details of the occurrence referred to therein and, in the case of notices referred to in clauses (a), (b), (c), (d) and (g) hereof stating what action the applicable Credit Party has taken or proposes to take with respect thereto.

7.8 Hazardous Material Laws.

(a) Use and operate all of its facilities and properties in material compliance with all applicable Hazardous Material Laws, keep all material required permits, approvals, certificates, licenses and other authorizations required under such Hazardous Material Laws in effect and remain in compliance therewith, and handle all Hazardous Materials in material compliance with all applicable Hazardous Material Laws;

(b) (i) Promptly notify Agent and provide copies upon receipt of all written claims, complaints, notices or inquiries received by any Credit Party relating to its facilities and properties or compliance with applicable Hazardous Material Laws which, if adversely determined, could reasonably be expected to have a Material Adverse Effect and (ii) promptly cure and have dismissed with prejudice to the reasonable satisfaction of Agent and the Majority Lenders any material actions and proceedings relating to compliance with applicable Hazardous Material Laws to which any Credit Party is named a party, other than such actions or proceedings being contested in good faith and with the establishment of reasonable reserves;

(c) To the extent necessary to comply in all material respects with applicable Hazardous Material Laws, remediate or monitor contamination arising from a release or disposal of Hazardous Material, which solely, or together with other releases or disposals of Hazardous Materials could reasonably be expected to have a Material Adverse Effect;

(d) Provide such information and certifications which Agent or any Lender may reasonably request from time to time to evidence compliance with this Section 7.8.

7.9 Financial Covenants.

(a) Maintain as of the end of each fiscal quarter, an Adjusted Quick Ratio of not less than 1.15 to 1.00;

(b) Maintain as of the end of each fiscal quarter, a Fixed Charge Coverage Ratio of not less than 1.15 to 1.00.

(c) Maintain as of the end of each fiscal quarter a Funded Debt to EBITDA Ratio of not more than (i) 2.75 to 1.00 for December 31, 2009 through December 30, 2010, and (ii) 2.50 to 1.00 from December 31, 2010 and for all fiscal quarters thereafter.

7.10 Governmental and Other Approvals. Apply for, obtain and/or maintain in effect, as applicable, all authorizations, consents, approvals, licenses, qualifications, exemptions, filings, declarations and registrations (whether with any court, governmental agency, regulatory

authority, securities exchange or otherwise) which are necessary or reasonably requested by Agent in connection with the execution, delivery and performance by any Credit Party of, as applicable, this Agreement, the other Loan Documents, the Subordinated Debt Documents, or any other documents or instruments to be executed and/or delivered by any Credit Party, as applicable in connection therewith or herewith, except where the failure to so apply for, obtain or maintain could not reasonably be expected to have a Material Adverse Effect.

7.11 Compliance with ERISA; ERISA Notices. (a) Comply in all material respects with all material requirements imposed by ERISA and the Internal Revenue Code, including, but not limited to, the minimum funding requirements for any Pension Plan, except to the extent that any noncompliance could not reasonably be expected to have a Material Adverse Effect.

(b) Promptly notify Agent upon the occurrence of any of the following events in writing: (i) the termination, other than a standard termination, as defined in ERISA, of any Pension Plan subject to Subtitle C of Title IV of ERISA by any Credit Party; (ii) the appointment of a trustee by a United States District Court to administer any Pension Plan subject to Title IV of ERISA; (iii) the commencement by the PBGC, of any proceeding to terminate any Pension Plan subject to Title IV of ERISA; (iv) the failure of any Credit Party to make any payment in respect of any Pension Plan required under Section 412 of the Internal Revenue Code or Section 302 of ERISA; (v) the withdrawal of any Credit Party from any Multiemployer Plan if any Credit Party reasonably believes that such withdrawal would give rise to the imposition of Withdrawal Liability with respect thereto; or (vi) the occurrence of (x) a "reportable event" which is required to be reported by a Credit Party under Section 4043 of ERISA other than any event for which the reporting requirement has been waived by the PBGC or (y) a "prohibited transaction" as defined in Section 406 of ERISA or Section 4975 of the Internal Revenue Code other than a transaction for which a statutory exemption is available or an administrative exemption has been obtained, except to the extent such event could not reasonably be expected to have a Material Adverse Effect or result in any Lien on the assets of any Credit Party.

7.12 Defense of Collateral. Defend the Collateral from any Liens other than Liens permitted by Section 8.2.

7.13 Future Subsidiaries; Additional Collateral.

(a) With respect to each Person which becomes a Domestic Subsidiary of Borrower (directly or indirectly) subsequent to the Effective Date, whether by Permitted Acquisition or otherwise, cause such Domestic Subsidiary which is a Material Subsidiary to execute and deliver to the Agent, for and on behalf of each of the Lenders (unless waived by Agent):

(i) within thirty (30) days after the date such Person becomes a Material Subsidiary (or such longer time period as the Agent may determine), a Guaranty, or in the event that a Guaranty already exists, a joinder agreement to the Guaranty whereby such Domestic Subsidiary becomes obligated as a Guarantor under the Guaranty; and

(ii) within thirty (30) days after the date such Person becomes a Material Subsidiary (or such longer time period as the Agent may determine), a joinder agreement to the Security Agreement whereby such Domestic Subsidiary grants a Lien over its assets (other than Equity Interests which should be governed by (b) of this Section 7.13) as set forth in the Security Agreement, and such Domestic Subsidiary shall take such additional actions as may be necessary to ensure a valid first priority perfected Lien over such assets of such Domestic Subsidiary, subject only to the other Liens permitted pursuant to Section 8.2 of this Agreement.

Notwithstanding the foregoing, upon the request of Agent, Borrower shall cause Domestic Subsidiaries which are not Material Subsidiaries to provide the items required above within the time periods specified above so that at all times Agent has received Guaranties and Security Agreements from Credit Parties which on a combined basis account for not less than 90% of the Total Assets of Borrower and its consolidated Subsidiaries and not less than 90% of the gross revenues of Borrower and its consolidated Subsidiaries.

(b) With respect to the Equity Interests of each Person which becomes (whether by Permitted Acquisition or otherwise) (i) a Domestic Subsidiary subsequent to the Effective Date, cause the Borrower and each Guarantor that holds such Equity Interests to execute and deliver such Pledge Agreements, and take such actions as may be necessary to ensure a valid first priority perfected Lien over one hundred percent (100%) of the Equity Interests of such Domestic Subsidiary held by such Person, such Pledge Agreements to be executed and delivered (unless waived by Agent) within thirty (30) days after the date such Person becomes a Domestic Subsidiary (or such longer time period as Agent may determine); and (ii) a Foreign Subsidiary which is a Material Subsidiary subsequent to the Effective Date, the Equity Interests of which is held directly by Borrower or one of its Domestic Subsidiaries, cause the Credit Party that holds such Equity Interests to execute and deliver such Pledge Agreements and take such actions as may be necessary to ensure a valid first priority perfected Lien over sixty-five percent (65%) of the Equity Interests of such Subsidiary, such Pledge Agreements to be executed and delivered (unless waived by Agent) within thirty (30) days after the date such Person becomes a Foreign Subsidiary (or such longer time period as Agent may determine); and

(c) With respect to the acquisition of a fee interest in real property by any Credit Party with a fair market value in excess of Two Million Five Hundred Thousand Dollars ($2,500,000) after the Effective Date (whether by Permitted Acquisition or otherwise), not later than sixty (60) days after the acquisition is consummated or the owner of such property becomes a Domestic Subsidiary (or such longer time period as Agent may determine), such Credit Party shall execute or cause to be executed (unless waived by Agent), a Mortgage (or an amendment to an existing mortgage, where appropriate) covering such real property, together with such additional real estate documentation, environmental reports, title policies and surveys as may be reasonably required by Agent;

in each case in form reasonably satisfactory to the Agent, in its reasonable discretion, together with such supporting documentation, including without limitation corporate authority items, certificates and opinions of counsel, as reasonably required by the Agent. Upon the Agent's

request, Credit Parties shall take, or cause to be taken, such additional steps as are necessary or advisable under applicable law to perfect and ensure the validity and priority of the Liens granted under this Section 7.13.

7.14 Accounts. Maintain all deposit accounts and securities accounts of any Credit Party with Agent, a Lender, an Affiliate of a Lender or any other financial institution reasonably acceptable to Agent, provided that, with respect to any such accounts maintained with any Person (other than Agent), such Credit Party (i) shall cause to be executed and delivered an Account Control Agreement in form and substance satisfactory to Agent and (ii) has taken all other steps necessary, or in the opinion of the Agent, desirable to ensure that Agent has a perfected security interest in such account.

7.15 Use of Proceeds. Use all Advances of the Revolving Credit as set forth in Section 2.12 hereof and the proceeds of the Term Loan as set forth in Section 4.9 hereof. Borrower shall not use any portion of the proceeds of any such advances for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U of the Board of Governors of the Federal Reserve System) in any manner which violates the provisions of Regulation T, U or X of said Board of Governors or for any other purpose in violation of any applicable statute or regulation.

7.16 [Reserved].

7.17 Further Assurances and Information. (a) Take such actions as the Agent or Majority Lenders may from time to time reasonably request to establish and maintain first priority perfected security interests in and Liens on all of the Collateral, subject only to those Liens permitted under Section 8.2 hereof, including executing and delivering such additional pledges, assignments, mortgages, lien instruments or other security instruments covering any or all of the Credit Parties' assets as Agent may reasonably require, such documentation to be in form and substance reasonably acceptable to Agent, and prepared at the expense of the Borrower.

(b) Execute and deliver or cause to be executed and delivered to Agent within a reasonable time following Agent's request, and at the expense of the Borrower, such other documents or instruments as Agent may reasonably require to effectuate more fully the purposes of this Agreement or the other Loan Documents.

(c) Provide the Agent and the Lenders with any other information required by Section 326 of the USA Patriot Act or necessary for the Agent and the Lenders to verify the identity of any Credit Party as required by Section 326 of the USA Patriot Act.

8. NEGATIVE COVENANTS.

Borrower covenants and agrees that, so long as any Lender has any commitment to extend credit hereunder, or any of the Indebtedness remains outstanding and unpaid, it will not, and, as applicable, it will not permit any of its Subsidiaries to:

8.1 Limitation on Debt. Create, incur, assume or suffer to exist any Debt, except:

(a) Indebtedness of any Credit Party to Agent and the Lenders under this Agreement and/or the other Loan Documents;

(b) any Debt existing on the Effective Date and set forth in Schedule 8.1 to the Disclosure Letter and any renewals or refinancing of such Debt (provided that (i) the aggregate principal amount of such renewed or refinanced Debt shall not exceed the aggregate principal amount of the original Debt outstanding on the Effective Date (less any principal payments and the amount of any commitment reductions made thereon on or prior to such renewal or refinancing), (ii) the renewal or refinancing of such Debt shall be on substantially the same or better terms as in effect with respect to such Debt on the Effective Date, and shall otherwise be in compliance with this Agreement, and (iii) at the time of such renewal or refinancing no Default or Event of Default has occurred and is continuing or would result from the renewal or refinancing of such Debt;

(c) any Debt of Borrower or any Subsidiary incurred to finance the acquisition of fixed or capital assets, whether pursuant to a loan or a Capitalized Lease provided that both at the time of and immediately after giving effect to the incurrence thereof (i) no Default or Event of Default shall have occurred and be continuing, and (ii) the aggregate amount of all such Debt at any one time outstanding (including, without limitation, any Debt of the type described in this clause (c) which is set forth on Schedule 8.1 to the Disclosure Letter) shall not exceed $10,000,000, and any renewals or refinancings of such Debt on terms substantially the same or better than those in effect at the time of the original incurrence of such Debt;

(d) Subordinated Debt;

(e) Debt under any Hedging Transactions, provided that such transaction is entered into for risk management purposes and not for speculative purposes;

(f) Debt arising from judgments or decrees not deemed to be a Default or Event of Default under subsection (g) of Section 9.1;

(g) Debt owing to a Person that is a Credit Party, but only to the extent permitted under Section 8.7 hereof;

(h) Debt incurred under Seller Notes (including any Seller Notes listed in Schedule 8.1 to the Disclosure Letter) not to exceed Thirty Million Dollars ($30,000,000) in the aggregate during the term of this Agreement;

(i) Guaranty Obligations of Indebtedness otherwise permitted hereunder of any Credit Party and Guaranties in the ordinary course of business of the obligations of suppliers, customers and licensees of any Credit Party;

(j) Debt of Foreign Subsidiaries not to exceed $2,500,000 in the aggregate;

(k) Debt relating to premium financing arrangements for property and casualty insurance plans and health and welfare benefit plans (including health and workers compensation insurance, employment practices liability insurance and directors and officers insurance);

(l) Debt relating to tenant improvement loans and real estate commissions in an amount not exceeding $2,500,000 in the aggregate;

(m) Debt in respect of performance bonds securing obligations not constituting Debt for borrowed money (including worker's compensation claims, health benefits and local, state and federal payroll taxes) and obligations in connection with self-insurance or similar requirements, in each case provided in the ordinary course of business;

(n) third-party indebtedness assumed pursuant to a Permitted Acquisition completed in compliance with this Agreement of a type which is permitted under this Agreement (except as a result of giving effect to a Dollar limitation contained in this Section 8.1) in an amount not exceeding $5,000,000 in the aggregate;

(o) non-recourse Debt with a maturity of less than 15 days incurred in connection with a Permitted Acquisition with respect to which an I.R.C. Section 338(h) election has been made; provided that no such Debt shall be permitted following the initial maturity date of such Debt; and

(p) additional unsecured Debt not otherwise described above, provided that both at the time of and immediately after giving effect to the incurrence thereof (i) no Default or Event of Default shall have occurred and be continuing or result therefrom and (ii) the aggregate amount of all such Debt shall not exceed $7,500,000 at any one time outstanding.

8.2 Limitation on Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except for:

(a) Permitted Liens;

(b) Liens securing Debt permitted by Section 8.1(c), provided that (i) such Liens are created upon fixed or capital assets acquired by the applicable Credit Party after the date of this Agreement (including without limitation by virtue of a loan or a Capitalized Lease), (ii) any such Lien is created solely for the purpose of securing indebtedness representing or incurred to finance the cost of the acquisition of the item of property subject thereto, (iii) the principal amount of the Debt secured by any such Lien shall at no time exceed 100% of the sum of the purchase price or cost of the applicable property, equipment or improvements and the related costs and charges imposed by the vendors thereof and (iv) the Lien does not cover any property other than the fixed or capital asset acquired; provided, however, that no such Lien shall be created over any owned real property

of any Credit Party for which Agent has received a Mortgage or for which such Credit Party is required to execute a Mortgage pursuant to the terms of this Agreement;

(c) any Lien securing third-party indebtedness assumed pursuant to any Permitted Acquisition conducted in compliance with this Agreement; provided that such Lien is limited to the property so acquired, was not entered into, extended or renewed in contemplation of such acquisition and is of a type of Lien permitted under this Agreement (except as a result of giving effect to a Dollar limitation contained in this Section 8.2);

(d) Liens on intellectual property assets and tangible personal property of the applicable seller granted in connection with Seller Notes;

(e) Liens created pursuant to the Loan Documents;

(f) Liens on the assets of Foreign Subsidiaries to secure the Debt permitted under Section 8.1(j);

(g) Liens on unearned premiums under insurance policies to secure the Debt permitted under Section 8.1(k);

(h) Liens on tenant improvements to secure the Debt permitted under Section 8.1(l); and

(i) other Liens, existing on the Effective Date, set forth on Schedule 8.2 to the Disclosure Letter and renewals, refinancings and extensions thereof on substantially the same or better terms as in effect on the Effective Date and otherwise in compliance with this Agreement.

Regardless of the provisions of this Section 8.2, no Lien over the Equity Interests of Borrower or any Subsidiary of Borrower (except for those Liens for the benefit of Agent and the Lenders) shall be permitted under the terms of this Agreement.

8.3 Acquisitions. Except for Permitted Acquisitions and acquisitions permitted under Section 8.7, if any, purchase or otherwise acquire or become obligated for the purchase of all or substantially all or any material portion of the assets or business interests or a division or other business unit of any Person, or any Equity Interest of any Person, or any business or going concern.

8.4 Limitation on Mergers, Dissolution or Sale of Assets. Enter into any merger or consolidation or convey, sell, lease, assign, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, Equity Interests, receivables and leasehold interests), whether now owned or hereafter acquired or liquidate, wind up or dissolve, except:

(a) Inventory leased or sold in the ordinary course of business;

(b) obsolete, damaged, uneconomic or worn out machinery, parts, property or equipment, or property or equipment no longer used or useful in the conduct of the applicable Credit Party's business;

(c) Permitted Acquisitions;

(d) mergers or consolidations of any Subsidiary of Borrower with or into Borrower or any Guarantor so long as the Borrower or such Guarantor shall be the continuing or surviving entity; provided that at the time of each such merger or consolidation, both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or result from such merger or consolidation;

(e) any Subsidiary of Borrower may liquidate or dissolve into Borrower or a Guarantor if Borrower determines in good faith that such liquidation or dissolution is in the best interests of Borrower, so long as no Default or Event of Default has occurred and is continuing or would result therefrom;

(f) sales or transfers, including without limitation upon voluntary liquidation from any Credit Party to Borrower or a Guarantor, provided that the applicable Borrower or Guarantor takes such actions as Agent may reasonably request to ensure the perfection and priority of the Liens in favor of the Lenders over such transferred assets;

(g) sales or transfers from any Foreign Subsidiary to any other Foreign Subsidiary;

(h) subject to Section 4.8(a) hereof, (i) Asset Sales (exclusive of asset sales permitted pursuant to all other subsections of this Section 8.4) in which the sales price is at least equal to the fair market value of the assets sold and the consideration received is cash or cash equivalents, Equity Interests or Debt of any Credit Party being assumed by the purchaser, provided that (A) the aggregate amount of such Asset Sales does not exceed five percent (5%) of Borrower's Total Assets in any Fiscal Year and no Default or Event of Default has occurred and is continuing at the time of each such sale (both before and after giving effect to such Asset Sale), and (B) the aggregate amount received in Equity Interests during the term of this Agreement shall not exceed $5,000,000 and (ii) other Asset Sales approved by the Majority Lenders in their sole discretion;

(i) the sale or disposition of Permitted Investments and other cash equivalents in the ordinary course of business;

(j) dispositions of owned or leased vehicles in the ordinary course of business;

(k) licenses and similar arrangements for the use of property of any Credit Party in the ordinary course of business;

(l) notes or accounts receivable in order to resolve disputes that occur in the ordinary course of business, and discounts thereof;

(m) condemned property to the respective governmental authority or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise), and transfers of properties that have been subject to a casualty of the respective insurer of such property or its designee as party of any insurance settlement; and

(n) the sale or disposition of the Direct Selling Services division.

The Lenders hereby consent and agree to the release by Agent of any and all Liens on the property sold or otherwise disposed of in compliance with this Section 8.4.

8.5 Restricted Payments. Declare or make any distributions, dividend, payment or other distribution of assets, properties, cash, rights, obligations or securities (collectively, "Distributions") on account of any of its Equity Interests, as applicable, or purchase, redeem or otherwise acquire for value any of its Equity Interests, as applicable, or any warrants, rights or options to acquire any of its Equity Interests, now or hereafter outstanding (collectively, "Purchases"), except that:

(a) each Credit Parties may pay cash Distributions to the Borrower or any Guarantor;

(b) each Credit Party may declare and make Distributions payable in the Equity Interests of such Credit Party, provided that the issuance of such Equity Interests does not otherwise violate the terms of this Agreement and no Default or Event of Default has occurred and is continuing at the time of making such Distribution or would result from the making of such Distribution;

(c) Borrower may (i) repurchase Equity Interests of former or current employees, officers and directors pursuant to stock purchase agreements or stock purchase plans so long as no Default or Event of Default exists prior to such repurchase or would exist after giving effect to such repurchase, and (ii) repurchase Equity Interests of former or current employees, officers and directors pursuant to stock purchase agreements or stock purchase plans by the cancellation of debt owed by such former employee to Borrower regardless of whether a Default or Event of Default exists;

(d) Borrower may pay dividends to its shareholders so long as at the time paid and after giving effect thereto no Default or Event of Default shall exist;

(e) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities;

(f) Borrower may distribute securities to employees, officers or directors upon exercise of their options;

(g) Borrower may make any redemption of Equity Interests with the proceeds received from a substantially concurrent issue of Equity Interests;

(h) Borrower any distribute and redeem rights under any stockholder rights plan;

(i) any Credit Party may make capital contributions if such capital contribution is otherwise permitted as an Investment pursuant to Section 8.7; and

(j) Borrower may issue Equity Interests in connection with a Permitted Acquisition.

8.6 [Intentionally Deleted].

8.7 Limitation on Investments, Loans and Advances. Make or allow to remain outstanding any Investment (whether such investment shall be of the character of investment in shares of stock, evidences of indebtedness or other securities or otherwise) in, or any loans or advances to, any Person other than:

(a) Permitted Investments;

(b) Investments existing on the Effective Date and listed on Schedule 8.7 to the Disclosure Letter;

(c) sales on open account in the ordinary course of business;

(d) intercompany loans or intercompany Investments made by any Credit Party to or in any Guarantor or Borrower; provided that, in each case, no Default or Event of Default shall have occurred and be continuing at the time of making such intercompany loan or intercompany Investment or result from such intercompany loan or intercompany Investment being made and that any intercompany loans shall, if requested by Agent, be evidenced by and funded under an Intercompany Note pledged to the Agent under the appropriate Collateral Documents;

(e) Intercompany loans or intercompany Investments to a Credit Party that is that is not a Guarantor or Borrower; provided that, the aggregate amount from time to time outstanding in respect thereof shall not exceed Five Million Dollars ($5,000,000) in any Fiscal Year;

(f) Investments in respect of Hedging Transactions provided that such transaction is entered into for risk management purposes and not for speculative purposes;

(g) Investments not to exceed Two Million Five Hundred Thousand Dollars ($2,500,000) in the aggregate consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of Equity Interests of Borrower or its Subsidiaries pursuant to employee stock purchase plan agreements approved by Borrower's Board of Directors;

(h) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the license of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed $2,500,000 in any Fiscal Year;

(i) Permitted Acquisitions and Investments in any Person acquired pursuant to a Permitted Acquisition;

(j) Investments constituting deposits made in connection with the purchase of goods or services in the ordinary course of business or in satisfaction of requirements imposed by governmental authorities in an aggregate amount for such deposits not to exceed $2,500,000 at any one time outstanding;

(k) Investments accepted in connection with permitted transfers under Section 8.4;

(l) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this subparagraph shall not apply to Investments of Borrower in any Subsidiary;

(m) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(n) Investments made prior to the consummation of any Permitted Acquisition consisting of reasonable earnest money deposits, working fees or other similar prepaid consideration or similar amounts that would be applied toward consideration upon consummation of such Permitted Acquisition (in each case whether or not refundable under any circumstances);

(o) Investments by any Foreign Subsidiary in any other Foreign Subsidiary or Borrower or parent, provided that 65% of the ownership interest in each such Foreign Subsidiary has been pledged to Agent; and

(p) other Investments not described above provided that both at the time of and immediately after giving effect to any such Investment (i) no Default or Event of Default shall have occurred and be continuing or shall result

from the making of such Investment and (ii) the aggregate amount of all such Investments shall not exceed $2,500,000 in any Fiscal Year.

In valuing any Investments for the purpose of applying the limitations set forth in this Section 8.7 (except as otherwise expressly provided herein), such Investment shall be taken at the original cost thereof, without allowance for any subsequent write-offs or appreciation or depreciation, but less any amount repaid or recovered on account of capital or principal.

8.8 Transactions with Affiliates. Except as set forth in Schedule 8.8 to the Disclosure Letter, enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of property or the rendering of any service, with any Affiliates of the Credit Parties except: (a) transactions with Affiliates that are the Credit Parties; (b) transactions otherwise permitted under this Agreement; and (c) transactions in the ordinary course of a Credit Party's business and upon fair and reasonable terms no less favorable to such Credit Party than it would obtain in a comparable arms length transaction from unrelated third parties. Section 8.8 shall not prohibit, to the extent otherwise permitted under this Agreement and so long as no Event of Default has occurred and is continuing or would occur as a result, (i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and other benefit plans, (ii) loans or advances to employees, officers or other directors of the Credit Parties, (iii) the payment of fees and indemnities to directors, officers, employees and consultants of the Credit Parties in the ordinary course of business, (iv) any agreements with employees, officers and directors entered into by the Credit Parties in the ordinary course of business, (v) sales of equity interests to Affiliates, (vii) reasonable and customary fees paid to directors of the Credit Parties, (viii) raising of new equity for the Credit Parties with respect to the pricing of such equity, and (ix) any payments or other transactions pursuant to any tax sharing agreement.

8.9 Sale-Leaseback Transactions. Enter into any arrangement with any Person providing for the leasing by a Credit Party of real or personal property which has been or is to be sold or transferred by such Credit Party to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Credit Party, as the case may be.

8.10 Limitations on Other Restrictions. Except for this Agreement or any other Loan Document, enter into any agreement, document or instrument which would (i) restrict the ability of any Subsidiary of the Borrower to pay or make dividends or distributions in cash or kind to Borrower or any Guarantor, to make loans, advances or other payments of whatever nature to any Credit Party, or to make transfers or distributions of all or any part of its assets to any Credit Party; or (ii) restrict or prevent any Credit Party from granting Agent on behalf of Lenders Liens upon, security interests in and pledges of their respective assets, except to the extent such restrictions exist in documents creating Liens permitted by Section 9.2(b) hereunder except: (a) negative pledges incurred or provided in favor of any holder of Indebtedness permitted under Section 8.1(c) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; (b) restrictions and conditions imposed by any governmental authority; (c) restrictions and conditions existing on the date hereof identified on Schedule 8.10 to the Disclosure Letter and any extension or renewal of, or any amendment or modification of, any such restriction or condition; (d) customary restrictions and conditions contained in

agreements relating to the sale of a Subsidiary pending such sale, provided that (x) such restrictions and conditions apply only to the Subsidiary that is to be sold and (y) such sale is permitted hereunder; (e) customary provisions in leases, licenses, subleases, sublicenses and other contracts restricting the assignment thereof; (f) customary restrictions imposed on the transfer of copyrighted or patented materials or other intellectual property and customary provisions in agreements that restrict the assignment of such agreements or any rights thereunder; (g) any restrictions imposed by contracts or leases entered into in the ordinary course of business by the Borrower or any of its Subsidiaries with such Person's customers, lessors or suppliers; (h) restrictions or conditions imposed by any agreement relating to Debt and Liens permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness; and (i) any restrictions imposed by contracts or leases entered into in the ordinary course of business by any Person acquired by the Borrower or any of its Subsidiaries with such Person's customers, lessors or suppliers and not in connection with or in contemplation of the acquisition such Person by the Borrower or such Subsidiary, which restrictions are not applicable to any Person, or the property or assets of any Person, other than the property or assets of the Person so acquired.

8.11 Prepayment of Debt. Make any prepayment (whether optional or mandatory), repurchase, redemption, defeasance or any other payment in respect of any Subordinated Debt other than (i) as permitted to be refinanced under Section 8.1, (ii) regularly scheduled payments of principal and interest on such Subordinated Debt and (iii) the prepayment, redemption, purchase or repayment of any such Subordinated Debt from the proceeds of any issuance of any Equity Interests issued on terms acceptable to Agent in the exercise of its reasonable credit judgment.

8.12 Amendment of Subordinated Debt Documents. Amend, modify or otherwise alter (or suffer to be amended, modified or altered) the Subordinated Debt Documents except as permitted in the applicable Subordinated Debt Documents and Subordination Agreements, or if no such restrictions exist in the applicable Subordinated Debt Documents or Subordination Agreements, except to the extent any such amendments would not reasonably be expected to have a material adverse effect on the Interest of the Lenders and except with the prior written consent of the Agent.

8.13 Modification of Certain Agreements. Make, permit or consent to any amendment or other modification to the constitutional documents of any Obligor except to the extent that any such amendment or modification (i) does not violate the terms and conditions of this Agreement or any of the other Loan Documents, (ii) does not materially adversely affect the interest of the Lenders as creditors and/or secured parties under any Loan Document and (iii) could not reasonably be expected to have a Material Adverse Effect and except for any reincorporation of any Obligor in another state of the United States after fifteen (15) days prior written notice to Agent.

8.14 Management Fees. Pay or otherwise advance, directly or indirectly, any management, consulting or other fees to an Affiliate.

8.15 Fiscal Year. Permit the Fiscal Year of any Credit Party to end on a day other than June 30.

9. DEFAULTS.

9.1 Events of Default. The occurrence of any of the following events shall constitute an Event of Default hereunder:

(a) non-payment when due of (i) the principal or interest on the Indebtedness under the Revolving Credit (including the Swing Line) or the Term Loan or (ii) any Reimbursement Obligation;

(b) non-payment of any Fees or any other amounts due and owing by Borrower under this Agreement or by any Credit Party under any of the other Loan Documents to which it is a party, other than as set forth in subsection (a) above, within three (3) Business Days after the same is due and payable;

(c) default in the observance or performance of any of the conditions, covenants or agreements of Borrower set forth in Article 7 or Article 8 which continues for ten (10) Business Days;

(d) default in the observance or performance of any of the other conditions, covenants or agreements set forth in this Agreement or any of the other Loan Documents by any Credit Party and continuance thereof for a period of thirty (30) days after Borrower receives notice thereof or any officer of Borrower becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the thirty (30) day period or cannot after diligent attempts by Borrower be cured within such thirty (30) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed forty five (45) days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Advances or other credit extensions will be made;

(e) any representation or warranty made by any Credit Party herein or in any certificate, instrument or other document submitted pursuant hereto proves untrue or misleading in any material adverse respect when made;

(f) (i) default by any Credit Party in the payment of any indebtedness for borrowed money, whether under a direct obligation or guaranty (other than Indebtedness hereunder) of any Credit Party in excess of Two Million Five Hundred Thousand Dollars ($2,500,000) (or the equivalent thereof in any currency other than Dollars) individually or in the aggregate when due and continuance thereof beyond any applicable period of cure or grace and or (ii) failure to comply with the terms of any other obligation of any Credit Party with respect to any indebtedness for borrowed money (other than Indebtedness hereunder) in excess of Two Million Five Hundred Thousand Dollars ($2,500,000) (or the equivalent thereof in any currency

other than Dollars) individually or in the aggregate, which continues beyond any applicable period of cure or grace and which would permit the holder or holders thereto to accelerate such other indebtedness for borrowed money, or require the prepayment, repurchase, redemption or defeasance of such indebtedness;

(g) the rendering of any judgment(s) (not covered by adequate insurance from a solvent carrier which is defending such action without reservation of rights) for the payment of money in excess of the sum of Two Million Five Hundred Thousand Dollars ($2,500,000) (or the equivalent thereof in any currency other than Dollars) (or if covered by such insurance, in excess of $5,000,000) individually or in the aggregate against any Credit Party, and such judgments shall remain unpaid, unvacated, unbonded or unstayed by appeal or otherwise for a period of thirty (30) consecutive days from the date of its entry;

(h) the occurrence of (i) a "reportable event", as defined in ERISA, which is determined by the PBGC to constitute grounds for a distress termination of any Pension Plan subject to Title IV of ERISA maintained or contributed to by or on behalf of any Credit Party for the benefit of any of its employees or for the appointment by the appropriate United States District Court of a trustee to administer such Pension Plan and such reportable event is not corrected and such determination is not revoked within sixty (60) days after notice thereof has been given to the plan administrator of such Pension Plan (without limiting any of Agent's or any Lender's other rights or remedies hereunder), or (ii) the termination or the institution of proceedings by the PBGC to terminate any such Pension Plan, or (iii) the appointment of a trustee by the appropriate United States District Court to administer any such Pension Plan, or (iv) the reorganization (within the meaning of Section 4241 of ERISA) or insolvency (within the meaning of Section 4245 of ERISA) of any Multiemployer Plan, or receipt of notice from any Multiemployer Plan that it is in reorganization or insolvency, or the complete or partial withdrawal by any Credit Party from any Multiemployer Plan, which in the case of any of the foregoing, could reasonably be expected to have a Material Adverse Effect;

(i) except as expressly permitted under this Agreement, any Credit Party (other than a dissolution of a Subsidiary of Borrower which is not a Guarantor or Borrower) shall be dissolved or liquidated (or any judgment, order or decree therefor shall be entered) except as otherwise permitted herein; or if a creditors' committee shall have been appointed for the business of any Credit Party (other than a dissolution of any Subsidiary which is not a Material Subsidiary); or if any Credit Party (other than a dissolution of any Subsidiary which is not a Material Subsidiary) shall have made a general assignment for the benefit of creditors or shall have been adjudicated bankrupt and if not an adjudication based on a filing by a

Credit Party (other than a dissolution of any Subsidiary which is not a Material Subsidiary), it shall not have been dismissed within sixty (60) days, or shall have filed a voluntary petition in bankruptcy or for reorganization or to effect a plan or arrangement with creditors or shall fail to pay its debts generally as such debts become due in the ordinary course of business (except as contested in good faith and for which adequate reserves are made in such party's financial statements); or shall file an answer to a creditor's petition or other petition filed against it, admitting the material allegations thereof for an adjudication in bankruptcy or for reorganization; or shall have applied for or permitted the appointment of a receiver or trustee or custodian for any of its property or assets; or such receiver, trustee or custodian shall have been appointed for any of its property or assets (otherwise than upon application or consent of a Credit Party) and shall not have been removed within sixty (60) days; or if an order shall be entered approving any petition for reorganization of any Credit Party (other than a dissolution of any Subsidiary which is not a Material Subsidiary) and shall not have been reversed or dismissed within sixty (60) days;

(j) the validity, binding effect or enforceability of any subordination provisions relating to any Subordinated Debt shall be contested by any Person party thereto (other than any Lender, Agent, Issuing Lender or Swing Line Lender), or such subordination provisions shall fail to be enforceable by Agent and the Lenders in accordance with the terms thereof, or the Indebtedness shall for any reason not have the priority contemplated by this Agreement or such subordination provisions, and such failure or lack of priority shall continue for more than five (5) days after the Borrower receives notice or knowledge thereof; or

(k) any Loan Document shall at any time for any reason cease to be in full force and effect (other than in accordance with the terms thereof or the terms of any other Loan Document), as applicable, or the validity, binding effect or enforceability thereof shall be contested by any party thereto (other than any Lender, Agent, Issuing Lender or Swing Line Lender), or any Person shall deny that it has any or further liability or obligation under any Loan Document, or any such Loan Document shall be terminated (other than in accordance with the terms thereof or the terms of any other Loan Document), invalidated, revoked or set aside or in any way cease to give or provide to the Lenders and the Agent the benefits purported to be created thereby, or any Loan Document purporting to grant a Lien to secure any Indebtedness shall, at any time after the delivery of such Loan Document, fail to create a valid and enforceable Lien on any Collateral purported to be covered thereby or such Lien shall fail to cease to be a perfected Lien with the priority required in the relevant Loan Document; or

(l) if there shall occur any circumstance or circumstances that could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's interest in, or the value, perfection or priority of Agent's Lien in a material portion of the Collateral; or

(m) if there shall occur a Change of Control.

9.2 Exercise of Remedies. If an Event of Default has occurred and is continuing hereunder: (a) the Agent may, and shall, upon being directed to do so by the Majority Revolving Credit Lenders, declare the Revolving Credit Aggregate Commitment terminated; (b) the Agent may, and shall, upon being directed to do so by the Majority Lenders, declare the entire unpaid principal Indebtedness, including the Notes, immediately due and payable, without presentment, notice or demand, all of which are hereby expressly waived by the Borrower; (c) upon the occurrence of any Event of Default specified in Section 9.1(i) and notwithstanding the lack of any declaration by Agent under preceding clauses (a) or (b), the entire unpaid principal Indebtedness shall become automatically and immediately due and payable, and the Revolving Credit Aggregate Commitment shall be automatically and immediately terminated; (d) the Agent shall, upon being directed to do so by the Majority Revolving Credit Lenders, demand immediate delivery of cash collateral, and each Borrower agrees to deliver such cash collateral upon demand, in an amount equal to 105% of the maximum amount that may be available to be drawn at any time prior to the stated expiry of all outstanding Letters of Credit, for deposit into an account controlled by the Agent; (e) the Agent may, and shall, upon being directed to do so by the Majority Lenders, notify Borrower or any Credit Party that interest shall be payable on demand on all Indebtedness (other than Revolving Credit Advances, Swing Line Advances and Term Loan Advances with respect to which Sections 2.6 and 4.6 hereof shall govern) owing from time to time to the Agent or any Lender, at a per annum rate equal to the then applicable Base Rate plus two percent (2%); and (f) the Agent may, and shall, upon being directed to do so by the Majority Lenders or the Lenders, as applicable (subject to the terms hereof), exercise any remedy permitted by this Agreement, the other Loan Documents or law.

9.3 Rights Cumulative. No delay or failure of Agent and/or Lenders in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, or the exercise of any other power, right or privilege. The rights of Agent and Lenders under this Agreement are cumulative and not exclusive of any right or remedies which Lenders would otherwise have.

9.4 Waiver by Borrower of Certain Laws. To the extent permitted by applicable law, each Borrower hereby agrees to waive, and does hereby absolutely and irrevocably waive and relinquish the benefit and advantage of any valuation, stay, appraisement, extension or redemption laws now existing or which may hereafter exist, which, but for this provision, might be applicable to any sale made under the judgment, order or decree of any court, on any claim for interest on the Notes, or any security interest or mortgage contemplated by or granted under or in connection with this Agreement. These waivers have been voluntarily given, with full knowledge of the consequences thereof.

9.5 Waiver of Defaults. No Event of Default shall be waived by the Lenders except in a writing signed by an officer of the Agent in accordance with Section 13.10 hereof. No single

or partial exercise of any right, power or privilege hereunder, nor any delay in the exercise thereof, shall preclude other or further exercise of their rights by Agent or the Lenders. No waiver of any Event of Default shall extend to any other or further Event of Default. No forbearance on the part of the Agent or the Lenders in enforcing any of their rights shall constitute a waiver of any of their rights. The Borrower expressly agrees that this Section may not be waived or modified by the Lenders or Agent by course of performance, estoppel or otherwise.

9.6 Set Off. Upon the occurrence and during the continuance of any Event of Default, each Lender may at any time and from time to time, without notice to Borrower but subject to the provisions of Section 10.3 hereof (any requirement for such notice being expressly waived by Borrower), setoff and apply against any and all of the obligations of Borrower now or hereafter existing under this Agreement, whether owing to such Lender, any Affiliate of such Lender or any other Lender or the Agent, any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of Borrower and any property of Borrower from time to time in possession of such Lender, irrespective of whether or not such deposits held or indebtedness owing by such Lender may be contingent and unmatured and regardless of whether any Collateral then held by Agent or any Lender is adequate to cover the Indebtedness. Promptly following any such setoff, such Lender shall give written notice to Agent and Borrower of the occurrence thereof. Borrower hereby grants to the Lenders and the Agent a lien on and security interest in all such deposits, indebtedness and property as collateral security for the payment and performance of all of the obligations of Borrower under this Agreement. The rights of each Lender under this Section 9.6 are in addition to the other rights and remedies (including, without limitation, other rights of setoff) which such Lender may have.

10. PAYMENTS, RECOVERIES AND COLLECTIONS.

10.1 Payment Procedure.

(a) All payments to be made by Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise provided herein, all payments made by the Borrower of principal, interest or fees hereunder shall be made without setoff or counterclaim on the date specified for payment under this Agreement and must be received by Agent not later than 12:00 p.m. (Pacific time) on the date such payment is required or intended to be made in Dollars in immediately available funds to Agent at Agent's office located at 500 Woodward Avenue, MC3289, Detroit, Michigan 48226, for the ratable benefit of the Revolving Credit Lenders in the case of payments in respect of the Revolving Credit and any Letter of Credit Obligations, for the ratable benefit of the Term Loan Lenders. Any payment received by the Agent after 12:00 p.m. (Pacific time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. Upon receipt of each such payment, the Agent shall make prompt payment to each applicable Lender, or, in respect of Eurodollar-based Advances, such Lender's Eurodollar Lending Office, in like funds and currencies, of all amounts received by it for the account of such Lender.

(b) Unless the Agent shall have been notified in writing by Borrower at least two (2) Business Days prior to the date on which any payment to be made by Borrower is due that

Borrower does not intend to remit such payment, the Agent may, in its sole discretion and without obligation to do so, assume that Borrower has remitted such payment when so due and the Agent may, in reliance upon such assumption, make available to each Revolving Credit Lender or Term Loan Lender, as the case may be, on such payment date an amount equal to such Lender's share of such assumed payment. If Borrower has not in fact remitted such payment to the Agent, each Lender shall forthwith on demand repay to the Agent the amount of such assumed payment made available or transferred to such Lender, together with the interest thereon, in respect of each day from and including the date such amount was made available by the Agent to such Lender to the date such amount is repaid to the Agent at a rate per annum equal to the Federal Funds Effective Rate for the first two (2) Business Days that such amount remains unpaid, and thereafter at a rate of interest then applicable to such Revolving Credit Advances.

(c) Subject to the definition of "Interest Period" in Section 1 of this Agreement, whenever any payment to be made hereunder shall otherwise be due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall be included in computing interest, if any, in connection with such payment.

(d) All payments to be made by Borrower under this Agreement or any of the Notes (including without limitation payments under the Swing Line and/or Swing Line Note) shall be made without setoff or counterclaim, as aforesaid, and, subject to full compliance by each Lender (and each assignee and participant pursuant to Section 13.8) with Section 13.13, without deduction for or on account of any present or future withholding or other taxes of any nature imposed by any governmental authority or of any political subdivision thereof or any federation or organization of which such governmental authority may at the time of payment be a member (other than any taxes on the overall income, net income, net profits or net receipts or similar taxes (or any franchise taxes imposed in lieu of such taxes) on the Agent or any Lender (or any branch maintained by Agent or a Lender) as a result of a present or former connection between the Agent or such Lender and the governmental authority, political subdivision, federation or organization imposing such taxes), unless Borrower is compelled by law to make payment subject to such tax. In such event, Borrower shall:

(i) pay to the Agent for Agent's own account and/or, as the case may be, for the account of the Lenders such additional amounts as may be necessary to ensure that the Agent and/or such Lender or Lenders (including the Swing Line Lender) receive a net amount equal to the full amount which would have been receivable had payment not been made subject to such tax; and

(ii) remit such tax to the relevant taxing authorities according to applicable law, and send to the Agent or the applicable Lender or Lenders (including the Swing Line Lender), as the case may be, such certificates or certified copy receipts as the Agent or such Lender or Lenders shall reasonably require as proof of the payment by Borrower of any such taxes payable by Borrower.

As used herein, the terms “tax”, “taxes” and “taxation” include all taxes, levies, imposts, duties, fees, deductions and withholdings or similar charges together with interest (and any taxes payable upon the amounts paid or payable pursuant to this Section 10.1) thereon. Borrower shall be reimbursed by the applicable Lender for any payment made by Borrower under this Section 10.1 if the applicable Lender is not in compliance with its obligations under Section 13.13 at the time of the Borrower’s payment.

10.2 Application of Proceeds of Collateral. Notwithstanding anything to the contrary in this Agreement, in the case of any Event of Default under Section 9.1(i), immediately following the occurrence thereof, and in the case of any other Event of Default: (a) upon the termination of the Revolving Credit Aggregate Commitment, (b) the acceleration of any Indebtedness arising under this Agreement, (c) at the Agent’s option, or (d) upon the request of the Majority Lenders after the commencement of any remedies hereunder, the Agent shall apply the proceeds of any Collateral, together with any offsets, voluntary payments by any Credit Party or others and any other sums received or collected in respect of the Indebtedness first, to pay all incurred and unpaid fees and expenses of the Agent under the Loan Documents and any protective advances made by Agent with respect to the Collateral under or pursuant to the terms of any Loan Document, next, to pay any fees and expenses owed to the Issuing Lender hereunder, next, to the Indebtedness under the Revolving Credit (including the Swing Line and any Reimbursement Obligations), Indebtedness under the Term Loan and under the Lender Products, on a pro rata basis, next to any obligations owing by any Credit Party under any Hedging Agreements on a pro rata basis, next, to any other Indebtedness on a pro rata basis, and then, if there is any excess, to the Credit Parties, as the case may be.

10.3 Pro-rata Recovery. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of principal of, or interest on, any of the Advances made by it, or the participations in Letter of Credit Obligations or Swing Line Advances held by it in excess of its pro rata share of payments then or thereafter obtained by all Lenders upon principal of and interest on all such Indebtedness, such Lender shall purchase from the other Lenders such participations in the Revolving Credit, the Term Loan and/or the Letter of Credit Obligation held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably in accordance with the applicable Percentages of the Lenders; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing holder, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

10.4 Treatment of a Defaulting Lender.

(a) The obligation of any Lender to make any Advance hereunder shall not be affected by the failure of any other Lender to make any Advance under this Agreement, and no Lender shall have any liability to Borrower or any of their Subsidiaries, the Agent, any other Lender, or any other Person for another Lender’s failure to make any loan or Advance hereunder.

(b) If any Lender shall become a Defaulting Lender, then such Defaulting Lender’s right to participate in the administration of the loans, this Agreement and the other Loan Documents, including without limitation any right to vote in respect of any amendment, consent

or waiver of the terms of this Agreement or such other Loan Documents, or to direct or approve any action or inaction by the Agent shall be suspended for the entire period that such Lender remains a Defaulting Lender and the stated commitment amounts and outstanding Advances of such Defaulting Lender shall not be included in determining whether all Lenders or the Majority Lender (or any class thereof), as the case may be, have taken or may take any action hereunder (including, without limitation, any action to approve any consent, waiver or amendment to this Agreement or the other Loan Documents); provided, however, that the foregoing shall not permit (i) an increase in such Defaulting Lender's stated commitment amounts, (ii) the waiver, forgiveness or reduction of the principal amount of any Indebtedness outstanding to such Defaulting Lender (unless all other Lenders affected thereby are treated similarly), (iii) the extension of the final maturity date(s) of such Defaulting Lenders' portion of any of the loans or other extensions of credit or other obligations of Borrower owing to such Defaulting Lender, in each case without such Defaulting Lender's consent, (iv) any other modification which under Section 13.10 requires the consent of all Lenders or the Lender(s) affected thereby which affects the Defaulting Lender differently than the Non-Defaulting Lenders affected by such modification, other than a change to or waiver of the requirements of Section 10.3 which results in a reduction of the Defaulting Lender's commitment or its share of the Indebtedness on a non pro-rata basis.

(c) To the extent and for so long as a Lender remains a Defaulting Lender and notwithstanding the provisions of Section 10.3 hereof, the Agent shall be entitled, without limitation, (i) to withhold or setoff and to apply in satisfaction of those obligations for payment (and any related interest) in respect of which the Defaulting Lender shall be delinquent or otherwise in default to Agent or any Lender (or to hold as cash collateral for such delinquent obligations or any future defaults) the amounts otherwise payable to such Defaulting Lender under this Agreement or any other Loan Document, (ii) if the amount of Advances made by such Defaulting Lender is less than its Percentage requires, apply payments of principal made by the Borrower amongst the Non-Defaulting Lenders on a pro rata basis until all outstanding Advances are held by all Lenders according to their respective Percentages and (iii) to bring an action or other proceeding, in law or equity, against such Defaulting Lender in a court of competent jurisdiction to recover the delinquent amounts, and any related interest. Performance by Borrower of their respective obligations under this Agreement and the other Loan Documents shall not be excused or otherwise modified as a result of the operation of this Section, except to the extent expressly set forth herein and in any event the Borrower shall not be required to pay any Revolving Credit Facility Fee under Section 2.9 of this Agreement in respect of such Defaulting Lender's Unfunded Portion of the Revolving Credit for the period during which such Lender is a Defaulting Lender. Furthermore, the rights and remedies of Borrower, the Agent, the Issuing Lender, the Swing Line Lender and the other Lenders against a Defaulting Lender under this section shall be in addition to any other rights and remedies such parties may have against the Defaulting Lender under this Agreement or any of the other Loan Documents, applicable law or otherwise, and the Borrower waive no rights or remedies against any Defaulting Lender.

11. CHANGES IN LAW OR CIRCUMSTANCES; INCREASED COSTS.

11.1 Reimbursement of Prepayment Costs. If (i) Borrower makes any payment of principal with respect to any Eurodollar-based Advance or Quoted Rate Advance on any day other than the last day of the Interest Period applicable thereto (whether voluntarily, pursuant to

any mandatory provisions hereof, by acceleration, or otherwise); (ii) Borrower converts or refunds (or attempts to convert or refund) any such Advance on any day other than the last day of the Interest Period applicable thereto (except as described in Section 2.5(e)); (iii) Borrower fails to borrow, refund or convert any Eurodollar-based Advance or Quoted Rate Advance after notice has been given by Borrower to Agent in accordance with the terms hereof requesting such Advance; or (iv) or if the Borrower fails to make any payment of principal in respect of a Eurodollar-based Advance or Quoted Rate Advance when due (other than at the end of the applicable Interest Period), the Borrower shall reimburse Agent for itself and/or on behalf of any Lender, as the case may be, within ten (10) Business Days of written demand therefor for any resulting loss, cost or expense incurred (excluding the loss of any Applicable Margin) by Agent and Lenders, as the case may be, as a result thereof, including, without limitation, any such loss, cost or expense incurred in obtaining, liquidating, employing or redeploying deposits from third parties, whether or not Agent and Lenders, as the case may be, shall have funded or committed to fund such Advance. The amount payable hereunder by Borrower to Agent for itself and/or on behalf of any Lender, as the case may be, shall be deemed to equal an amount equal to the excess, if any, of (a) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, refunded or converted, for the period from the date of such prepayment or of such failure to borrow, refund or convert, through the last day of the relevant Interest Period, at the applicable rate of interest for said Advance(s) provided under this Agreement, over (b) the amount of interest (as reasonably determined by Agent and Lenders, as the case may be) which would have accrued to Agent and Lenders, as the case may be, on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurocurrency market. Calculation of any amounts payable to any Lender under this paragraph shall be made as though such Lender shall have actually funded or committed to fund the relevant Advance through the purchase of an underlying deposit in an amount equal to the amount of such Advance and having a maturity comparable to the relevant Interest Period; provided, however, that any Lender may fund any Eurodollar-based Advance or Quoted Rate Advance, as the case may be, in any manner it deems fit and the foregoing assumptions shall be utilized only for the purpose of the calculation of amounts payable under this paragraph. Upon the written request of Borrower, Agent and Lenders shall deliver to Borrower a certificate setting forth the basis for determining such losses, costs and expenses, which certificate shall be conclusively presumed correct, absent manifest error.

11.2 Eurodollar Lending Office. For any Eurodollar Advance, if Agent or a Lender, as applicable, shall designate a Eurodollar Lending Office which maintains books separate from those of the rest of Agent or such Lender, Agent or such Lender, as the case may be, shall have the option of maintaining and carrying the relevant Advance on the books of such Eurodollar Lending Office.

11.3 Circumstances Affecting LIBOR Rate Availability. If Agent or the Majority Lenders (after consultation with Agent) shall determine in good faith that, by reason of circumstances affecting the foreign exchange and interbank markets generally, deposits in eurodollars in the applicable amounts are not being offered to the Agent or such Lenders at the applicable LIBOR Rate, then Agent shall forthwith give notice thereof to Borrower. Thereafter, until Agent notifies Borrower that such circumstances no longer exist, (i) the obligation of Lenders to make Advances which bear interest at or by reference to the LIBOR Rate, and the right of Borrower to convert an Advance to or refund an Advance as an Advance which bear

interest at or by reference to the LIBOR Rate shall be suspended, (ii) effective upon the last day of each Eurodollar-Interest Period related to any existing Eurodollar-based Advance, each such Eurodollar-based Advance shall automatically be converted into an Advance which bears interest at or by reference to the Base Rate (without regard to the satisfaction of any conditions to conversion contained elsewhere herein), and (iii) effective immediately following such notice, each Advance which bears interest at or by reference to the Daily Adjusting LIBOR Rate shall automatically be converted into an Advance which bears interest at or by reference to the Base Rate (without regard to the satisfaction of any conditions to conversion contained elsewhere herein)

11.4 Laws Affecting LIBOR Rate Availability. If, after the date of this Agreement, the adoption or introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Eurodollar Lending Offices) with any request or directive (whether or not having the force of law) of any such authority, shall make it unlawful or impossible for any of the Lenders (or any of their respective Eurodollar Lending Offices) to honor its obligations hereunder to make or maintain any Advance which bears interest at or by reference to the LIBOR Rate, such Lender shall forthwith give notice thereof to Borrower and to Agent. Thereafter, (a) the obligations of the applicable Lenders to make Advances which bear interest at or by reference to the LIBOR Rate and the right of Borrower to convert an Advance into or refund an Advance as an Advance which bears interest at or by reference to the LIBOR Rate shall be suspended and thereafter only the Base Rate shall be available, and (b) if any of the Lenders may not lawfully continue to maintain an Advance which bears interest at or by reference to the LIBOR Rate, the applicable Advance shall immediately be converted to an Advance which bears interest at or by reference to the Base Rate. For purposes of this Section, a change in law, rule, regulation, interpretation or administration shall include, without limitation, any change made or which becomes effective on the basis of a law, rule, regulation, interpretation or administration presently in force, the effective date of which change is delayed by the terms of such law, rule, regulation, interpretation or administration.

11.5 Increased Cost of Advances Carried at the LIBOR Rate. If, after the date of this Agreement, the adoption or introduction of, or any change in, any applicable law, rule or regulation or in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Eurodollar Lending Offices) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(a) shall subject any of the Lenders (or any of their respective Eurodollar Lending Offices) to any tax, duty or other charge with respect to any Advance or shall change the basis of taxation of payments to any of the Lenders (or any of their respective Eurodollar Lending Offices) of the principal of or interest on any Advance or any other amounts due under this Agreement in respect thereof (except for changes in the rate of tax on the overall net income of any of the Lenders or any of their respective Eurodollar Lending Offices); or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any of the Lenders (or any of their respective Eurodollar Lending Offices) or shall impose on any of the Lenders (or any of their respective Eurodollar Lending Offices) or the foreign exchange and interbank markets any other condition affecting any Advance;

and the result of any of the foregoing matters is to increase the costs to any of the Lenders of maintaining any part of the Indebtedness hereunder as an Advance which bears interest at or by reference to the LIBOR Rate to reduce the amount of any sum received or receivable by any of the Lenders under this Agreement in respect of an Advance which bears interest at or by reference to the LIBOR Rate, then such Lender shall promptly notify Agent, and Agent shall promptly notify Borrower of such fact and demand compensation therefor and, within ten (10) Business Days after such notice, Borrower agrees to pay to such Lender or Lenders such additional amount or amounts as will compensate such Lender or Lenders for such increased cost or reduction, provided that each Lender agrees to take any reasonable action, to the extent such action could be taken without cost or administrative or other burden or restriction to such Lender, to mitigate or eliminate such cost or reduction, within a reasonable time after becoming aware of the foregoing matters. Agent will promptly notify Borrower of any event of which it has knowledge which will entitle Lenders to compensation pursuant to this Section, or which will cause Borrower to incur additional liability under Section 11.1 hereof, provided that Agent shall incur no liability whatsoever to the Lenders or Borrower in the event it fails to do so. A certificate of Agent (or such Lender, if applicable) setting forth the basis for determining such additional amount or amounts necessary to compensate such Lender or Lenders shall accompany such demand and shall be conclusively presumed to be correct absent manifest error.

11.6 Capital Adequacy and Other Increased Costs.

(a) If, after the date of this Agreement, the adoption or introduction of, or any change in any applicable law, treaty, rule or regulation (whether domestic or foreign) now or hereafter in effect and whether or not presently applicable to any Lender or Agent, or any interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Lender or Agent with any guideline, request or directive of any such authority (whether or not having the force of law), including any risk based capital guidelines, affects or would affect the amount of capital required to be maintained by such Lender or Agent (or any corporation controlling such Lender or Agent) and such Lender or Agent, as the case may be, determines that the amount of such capital is increased by or based upon the existence of such Lender's or Agent's obligations or Advances hereunder and such increase has the effect of reducing the rate of return on such Lender's or Agent's (or such controlling corporation's) capital as a consequence of such obligations or Advances hereunder to a level below that which such Lender or Agent (or such controlling corporation) could have achieved but

for such circumstances (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Lender or Agent to be material (collectively, "Increased Costs"), then Agent or such Lender shall notify Borrower, and thereafter Borrower shall pay to such Lender or Agent, as the case may be, within ten (10) Business Days of written demand therefor from such Lender or Agent, additional amounts sufficient to compensate such Lender or Agent (or such controlling corporation) for any increase in the amount of capital and reduced rate of return which such Lender or Agent reasonably determines to be allocable to the existence of such Lender's or Agent's obligations or Advances hereunder. A statement setting forth the amount of such compensation, the methodology for the calculation and the calculation thereof which shall also be prepared in good faith and in reasonable detail by such Lender or Agent, as the case may be, shall be submitted by such Lender or by Agent to Borrower, reasonably promptly after becoming aware of any event described in this Section 11.6(a) and shall be conclusively presumed to be correct, absent manifest error.

(b) Notwithstanding the foregoing, however, Borrower shall not be required to pay any increased costs under Sections 11.5, 11.6 or 3.4(c) for any period ending prior to the date that is 120 days prior to the making of a Lender's initial request for such additional amounts unless the applicable change in law or other event resulting in such increased costs is effective retroactively to a date more than 120 days prior to the date of such request, in which case a Lender's request for such additional amounts relating to the period more than 120 days prior to the making of the request must be given not more than 120 days after such Lender becomes aware of the applicable change in law or other event resulting in such increased costs.

11.7 Right of Lenders to Fund through Branches and Affiliates. Each Lender (including without limitation the Swing Line Lender) may, if it so elects, fulfill its commitment as to any Advance hereunder by designating a branch or Affiliate of such Lender to make such Advance; provided that (a) such Lender shall remain solely responsible for the performances of its obligations hereunder and (b) no such designation shall result in any material increased costs to Borrower.

11.8 Margin Adjustment. Adjustments to the Applicable Margins and the Applicable Fee Percentages, based on Schedule 1.1, shall be implemented on a quarterly basis as follows:

(a) Such adjustments shall be given prospective effect only, effective as to all Advances outstanding hereunder, the Applicable Fee Percentage and the Letter of Credit Fee, upon the date of delivery of the financial statements under Sections 7.1(a) and 7.1(b) hereunder and the Covenant Compliance Report under Section 7.2(a) hereof, in each case establishing applicability of the appropriate adjustment and in each case with no retroactivity or claw-back. In the event Borrower shall fail timely to deliver such financial statements or the Covenant Compliance Report and such failure continues

for three (3) days, then (but without affecting the Event of Default resulting therefrom) from the date delivery of such financial statements and report was required until such financial statements and report are delivered, the Applicable Margins and Applicable Fee Percentages shall be at the highest level on the Pricing Matrix attached to this Agreement as Schedule 1.1.

(b) From the Effective Date until the required date of delivery (or, if earlier, delivery) of the financial statements under Section 7.1(a) or 7.1(b) hereof, as applicable, and the Covenant Compliance Report under Section 7.2(a) hereof, for the fiscal quarter ending December 31, 2009, the Applicable Margins and Applicable Fee Percentages shall be those set forth under the Level II column of the pricing matrix attached to this Agreement as Schedule 1.1. Thereafter, Applicable Margins and Applicable Fee Percentages shall be based upon the quarterly financial statements and Covenant Compliance Reports, subject to recalculation as provided in Section 11.8(a) above.

(c) Notwithstanding the foregoing, however, if, prior to the payment and discharge in full (in cash) of the Indebtedness and the termination of any and all commitments hereunder, as a result of any restatement of or adjustment to the financial statements of Borrower and any of its Subsidiaries (relating to the current or any prior fiscal period) or for any other reason, Agent determines that the Applicable Margin and/or the Applicable Fee Percentages as calculated by Borrower as of any applicable date of determination were inaccurate in any respect and a proper calculation thereof would have resulted in different pricing for any fiscal period, then (x) if the proper calculation thereof would have resulted in higher pricing for any such period, Borrower shall automatically and retroactively be obligated to pay to Agent, promptly upon demand by Agent or the Majority Lenders, an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period and, if the current fiscal period is affected thereby, the Applicable Margin and/or the Applicable Fee Percentages for the current period shall be adjusted based on such recalculation; and (y) if the proper calculation thereof would have resulted in lower pricing for such period, Agent and Lenders shall have no obligation to recalculate such interest or fees or to repay any interest or fees to the Borrower.

12. AGENT.

12.1 Appointment of Agent. Each Lender and the holder of each Note (if issued) irrevocably appoints and authorizes the Agent to act on behalf of such Lender or holder under this Agreement and the other Loan Documents and to exercise such powers hereunder and thereunder as are specifically delegated to Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto, including without limitation the power to

execute or authorize the execution of financing or similar statements or notices, and other documents. In performing its functions and duties under this Agreement, the Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation towards or relationship of agency or trust with or for any Credit Party.

12.2 Deposit Account with Agent or any Lender. Borrower authorizes Agent and each Lender, in Agent's or such Lender's sole discretion, upon notice to the Borrower to charge its general deposit account(s), if any, maintained with the Agent or such Lender for the amount of any principal, interest, or other amounts or costs due under this Agreement when the same become due and payable under the terms of this Agreement or the Notes. Upon request of Borrower, Agent shall promptly provide to Borrower a statement prepaid in good faith and in reasonable detail, setting forth the amount of such charges, the methodology of the calculation thereof and the calculation thereof.

12.3 Scope of Agent's Duties. The Agent shall have no duties or responsibilities except those expressly set forth herein, and shall not, by reason of this Agreement or otherwise, have a fiduciary relationship with any Lender (and no implied covenants or other obligations shall be read into this Agreement against the Agent). None of Agent, its Affiliates nor any of their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it or them under this Agreement or any document executed pursuant hereto, or in connection herewith or therewith with the consent or at the request of the Majority Lenders (or all of the Lenders for those acts requiring consent of all of the Lenders) (except for its or their own willful misconduct or gross negligence), nor be responsible for or have any duties to ascertain, inquire into or verify (a) any recitals or warranties made by the Credit Parties or any Affiliate of the Credit Parties, or any officer thereof contained herein or therein, (b) the effectiveness, enforceability, validity or due execution of this Agreement or any document executed pursuant hereto or any security thereunder, (c) the performance by the Credit Parties of their respective obligations hereunder or thereunder, or (d) the satisfaction of any condition hereunder or thereunder, including without limitation in connection with the making of any Advance or the issuance of any Letter of Credit. Agent and its Affiliates shall be entitled to rely upon any certificate, notice, document or other communication (including any cable, telegraph, telex, facsimile transmission or oral communication) believed by it to be genuine and correct and to have been sent or given by or on behalf of a proper person. Agent may treat the payee of any Note as the holder thereof. Agent may employ agents and may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable to the Lenders (except as to money or property received by them or their authorized agents), for the negligence or misconduct of any such agent selected by it with reasonable care or for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

12.4 Successor Agent. Agent may resign as such at any time upon at least thirty (30) days prior notice to Borrower and each of the Lenders. If Agent at any time shall resign or if the office of Agent shall become vacant for any other reason, Majority Lenders shall, by written instrument, appoint successor agent(s) ("Successor Agent") satisfactory to such Majority Lenders and, so long as no Default or Event of Default has occurred and is continuing, to Borrower (which approval shall not be unreasonably withheld or delayed); provided, however that any such successor Agent shall be a bank or a trust company or other financial institution

which maintains an office in the United States, or a commercial bank organized under the laws of the United States or any state thereof, or any Affiliate of such bank or trust company or other financial institution which is engaged in the banking business, and shall have a combined capital and surplus of at least $500,000,000. Such Successor Agent shall thereupon become the Agent hereunder, as applicable, and Agent shall deliver or cause to be delivered to any successor agent such documents of transfer and assignment as such Successor Agent may reasonably request. If a Successor Agent is not so appointed or does not accept such appointment before the resigning Agent's resignation becomes effective, the resigning Agent may appoint a temporary successor to act until such appointment by the Majority Lenders and, if applicable, Borrower, is made and accepted, or if no such temporary successor is appointed as provided above by the resigning Agent, the Majority Lenders shall thereafter perform all of the duties of the resigning Agent hereunder until such appointment by the Majority Lenders and, if applicable, Borrower, is made and accepted. Such Successor Agent shall succeed to all of the rights and obligations of the resigning Agent as if originally named. The resigning Agent shall duly assign, transfer and deliver to such Successor Agent all moneys at the time held by the resigning Agent hereunder after deducting therefrom its expenses for which it is entitled to be reimbursed hereunder. Upon such succession of any such Successor Agent, the resigning Agent shall be discharged from its duties and obligations, in its capacity as Agent hereunder, except for its gross negligence or willful misconduct arising prior to its resignation hereunder, and the provisions of this Article 12 shall continue in effect for the benefit of the resigning Agent in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

12.5 Credit Decisions. Each Lender acknowledges that it has, independently of Agent and each other Lender and based on the financial statements of Borrower and such other documents, information and investigations as it has deemed appropriate, made its own credit decision to extend credit hereunder from time to time. Each Lender also acknowledges that it will, independently of Agent and each other Lender and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement, any Loan Document or any other document executed pursuant hereto.

12.6 Authority of Agent to Enforce This Agreement. Each Lender, subject to the terms and conditions of this Agreement, grants the Agent full power and authority as attorney-in-fact to institute and maintain actions, suits or proceedings for the collection and enforcement of any Indebtedness outstanding under this Agreement or any other Loan Document and to file such proofs of debt or other documents as may be necessary to have the claims of the Lenders allowed in any proceeding relative to any Credit Party, or their respective creditors or affecting their respective properties, and to take such other actions which Agent considers to be necessary or desirable for the protection, collection and enforcement of the Notes, this Agreement or the other Loan Documents.

12.7 Indemnification of Agent. The Lenders agree (which agreement shall survive the expiration or termination of this Agreement) to indemnify the Agent and its Affiliates (to the extent not reimbursed by Borrower, but without limiting any obligation of Borrower to make such reimbursement), ratably according to their respective Weighted Percentages, from and against any and all claims, damages, losses, liabilities, costs or expenses of any kind or nature

whatsoever (including, without limitation, reasonable fees and expenses of house and outside counsel) which may be imposed on, incurred by, or asserted against the Agent and its Affiliates in any way relating to or arising out of this Agreement, any of the other Loan Documents or the transactions contemplated hereby or any action taken or omitted by the Agent and its Affiliates under this Agreement or any of the Loan Documents; provided, however, that no Lender shall be liable for any portion of such claims, damages, losses, liabilities, costs or expenses resulting from the Agent's or its Affiliate's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent and its Affiliates promptly upon demand for its ratable share of any reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of house and outside counsel) incurred by the Agent and its Affiliates in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents, to the extent that the Agent and its Affiliates are not reimbursed for such expenses by Borrower, but without limiting the obligation of Borrower to make such reimbursement. Each Lender agrees to reimburse the Agent and its Affiliates promptly upon demand for its ratable share of any amounts owing to the Agent and its Affiliates by the Lenders pursuant to this Section, provided that, if the Agent or its Affiliates are subsequently reimbursed by Borrower for such amounts, they shall refund to the Lenders on a pro rata basis the amount of any excess reimbursement. If the indemnity furnished to the Agent and its Affiliates under this Section shall become impaired as determined in the Agent's reasonable judgment or Agent shall elect in its sole discretion to have such indemnity confirmed by the Lenders (as to specific matters or otherwise), Agent shall give notice thereof to each Lender and, until such additional indemnity is provided or such existing indemnity is confirmed, the Agent may cease, or not commence, to take any action. Any amounts paid by the Lenders hereunder to the Agent or its Affiliates shall be deemed to constitute part of the Indebtedness hereunder.

12.8 Knowledge of Default. It is expressly understood and agreed that the Agent shall be entitled to assume that no Default or Event of Default has occurred and is continuing, unless the officers of the Agent immediately responsible for matters concerning this Agreement shall have received a written notice from a Lender or a Borrower specifying such Default or Event of Default and stating that such notice is a "notice of default". Upon receiving such a notice, the Agent shall promptly notify each Lender of such Default or Event of Default and provide each Lender with a copy of such notice and shall endeavor to provide such notice to the Lenders within three (3) Business Days (but without any liability whatsoever in the event of its failure to do so). The Agent shall also furnish the Lenders, promptly upon receipt, with copies of all other notices or other information required to be provided by Borrower hereunder.

12.9 Agent's Authorization; Action by Lenders. Except as otherwise expressly provided herein, whenever the Agent is authorized and empowered hereunder on behalf of the Lenders to give any approval or consent, or to make any request, or to take any other action on behalf of the Lenders (including without limitation the exercise of any right or remedy hereunder or under the other Loan Documents), the Agent shall be required to give such approval or consent, or to make such request or to take such other action only when so requested in writing by the Majority Lenders or the Lenders, as applicable hereunder. Action that may be taken by the Majority Lenders, any other specified Percentage of the Lenders or all of the Lenders, as the case may be (as provided for hereunder) may be taken (i) pursuant to a vote of the requisite

percentages of the Lenders as required hereunder at a meeting (which may be held by telephone conference call), provided that Agent exercises good faith, diligent efforts to give all of the Lenders reasonable advance notice of the meeting, or (ii) pursuant to the written consent of the requisite percentages of the Lenders as required hereunder, provided that all of the Lenders are given reasonable advance notice of the requests for such consent.

12.10 Enforcement Actions by the Agent. Except as otherwise expressly provided under this Agreement or in any of the other Loan Documents and subject to the terms hereof, Agent will take such action, assert such rights and pursue such remedies under this Agreement and the other Loan Documents as the Majority Lenders or all of the Lenders, as the case may be (as provided for hereunder), shall direct; provided, however, that the Agent shall not be required to act or omit to act if, in the reasonable judgment of the Agent, such action or omission may expose the Agent to personal liability for which Agent has not been satisfactorily indemnified hereunder or is contrary to this Agreement, any of the Loan Documents or applicable law. Except as expressly provided above or elsewhere in this Agreement or the other Loan Documents, no Lender (other than the Agent, acting in its capacity as agent) shall be entitled to take any enforcement action of any kind under this Agreement or any of the other Loan Documents.

12.11 Collateral Matters.

(a) The Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time to take any action with respect to any Collateral or the Collateral Documents which may be necessary to perfect and maintain a perfected security interest in and Liens upon the Collateral granted pursuant to the Loan Documents.

(b) The Lenders irrevocably authorize the Agent, in its reasonable discretion, to the full extent set forth in the post-amble to Section 13.10 hereof, (1) to release or terminate any Lien granted to or held by the Agent upon any Collateral (a) upon termination of the Revolving Credit Aggregate Commitment and payment in full of all Indebtedness payable under this Agreement and under any other Loan Document; (b) constituting property (including, without limitation, Equity Interests in any Person) sold or to be sold or disposed of as part of or in connection with any disposition (whether by sale, by merger or by any other form of transaction and including the property of any Subsidiary that is disposed of as permitted hereby) permitted in accordance with the terms of this Agreement; (c) constituting property in which a Credit Party owned no interest at the time the Lien was granted or at any time thereafter; or (d) if approved, authorized or ratified in writing by the Majority Lenders, or all the Lenders, as the case may be, as provided in Section 13.10; (2) to subordinate the Lien granted to or held by Agent on any Collateral to any other holder of a Lien on such Collateral which is permitted by Section 8.2(b) hereof; and (3) if all of the Equity Interests held by the Credit Parties in any Person are sold or otherwise transferred to any transferee other than Borrower or a Subsidiary of Borrower as part of or in connection with any disposition (whether by sale, by merger or by any other form of transaction) permitted in accordance with the terms of this Agreement, to release such Person from all of its obligations under the Loan Documents (including, without limitation, under any Guaranty). Upon request by the Agent at any time, the Lenders will confirm in writing the

Agent's authority to release particular types or items of Collateral pursuant to this Section 12.11(b).

12.12 Agents in their Individual Capacities. Comerica Bank and its Affiliates, successors and assigns shall each have the same rights and powers hereunder as any other Lender and may exercise or refrain from exercising the same as though such Lender were not the Agent. Comerica Bank and its Affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with the Credit Parties as if such Lender were not acting as the Agent hereunder, and may accept fees and other consideration therefor without having to account for the same to the Lenders.

12.13 Agent's Fees. Until the Indebtedness has been repaid and discharged in full and no commitment to extend any credit hereunder is outstanding, Borrower shall pay to the Agent, as applicable, any agency or other fee(s) set forth (or to be set forth from time to time) in the applicable Fee Letter on the terms set forth therein. The agency fees referred to in this Section 12.13 shall not be refundable under any circumstances.

12.14 Documentation Agent or other Titles. Any Lender identified on the facing page or signature page of this Agreement or in any amendment hereto or as designated with consent of the Agent in any assignment agreement as Lead Arranger, Documentation Agent, Syndications Agent or any similar titles, shall not have any right, power, obligation, liability, responsibility or duty under this Agreement as a result of such title other than those applicable to all Lenders as such. Without limiting the foregoing, the Lenders so identified shall not have or be deemed to have any fiduciary relationship with any Lender as a result of such title. Each Lender acknowledges that it has not relied, and will not rely, on the Lender so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

12.15 No Reliance on Agent's Customer Identification Program.

(a) Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may relay on the Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with Borrower or any of its Subsidiaries, any of their respective Affiliates or agents, the Loan Documents or the transactions hereunder: (i) any identify verification procedures, (ii) any record keeping, (iii) any comparisons with government lists, (iv) any customer notices or (v) any other procedures required under the CIP Regulations or such other laws.

(b) Each Lender or assignee or participant of a Lender that is not organized under the laws of the United States or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (i) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (ii) subject to provision by a

banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Administrative Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (x) within 10 days after the Effective Date, and (y) at such other times as are required under the USA Patriot Act.

13. MISCELLANEOUS.

13.1 Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, it shall be done, unless otherwise specified herein, in accordance with GAAP.

13.2 Consent to Jurisdiction. The Borrower, the Agent and Lenders hereby irrevocably submit to the non-exclusive jurisdiction of any United States Federal Court or California state court sitting in the County of Santa Clara, California in any action or proceeding arising out of or relating to this Agreement or any of the Loan Documents and the Borrower, Agent and Lenders hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in any such United States Federal Court or California state court. Each Borrower irrevocably consents to the service of any and all process in any such action or proceeding brought in any court in or of the State of California by the delivery of copies of such process to it at the applicable addresses specified on the signature page hereto or by certified mail directed to such address or such other address as may be designated by it in a notice to the other parties that complies as to delivery with the terms of Section 13.6. Nothing in this Section shall affect the right of the Lenders and the Agent to serve process in any other manner permitted by law or limit the right of the Lenders or the Agent (or any of them) to bring any such action or proceeding against any Credit Party or any of their property in the courts with subject matter jurisdiction of any other jurisdiction. Borrower irrevocably waives any objection to the laying of venue of any such suit or proceeding in the above described courts.

13.3 Law of California. This Agreement, the Notes and, except where otherwise expressly specified therein to be governed by local law, the other Loan Documents shall be governed by and construed and enforced in accordance with the laws of the State of California (without regard to its conflict of laws provisions). Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

13.4 Interest. In the event the obligation of Borrower to pay interest on the principal balance of the Notes or on any other amounts outstanding hereunder or under the other Loan Documents is or becomes in excess of the maximum interest rate which Borrower is permitted by law to contract or agree to pay, giving due consideration to the execution date of this Agreement, then, in that event, the rate of interest applicable thereto with respect to such Lender's applicable Percentages shall be deemed to be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not of interest.

13.5 Closing Costs and Other Costs; Indemnification.

(a) Borrower shall pay or reimburse (a) Agent and its Affiliates for payment of, on demand, all reasonable costs and expenses, including, by way of description and not limitation, reasonable in-house and outside attorney fees and advances, appraisal and accounting fees, lien search fees, and required travel costs, incurred by Agent and its Affiliates in connection with the commitment, consummation and closing of the loans contemplated hereby, or in connection with the administration or enforcement of this Agreement or the other Loan Documents (including the obtaining of legal advice regarding the rights and responsibilities of the parties hereto) or any refinancing or restructuring of the loans or Advances provided under this Agreement or the other Loan Documents, or any amendment or modification thereof requested by Borrower, and (b) Agent and its Affiliates and each of the Lenders, as the case may be, for all stamp and other taxes and duties payable or determined to be payable in connection with the execution, delivery, filing or recording of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby, and any and all liabilities with respect to or resulting from any delay in paying or omitting to pay such taxes or duties. Furthermore, all reasonable costs and expenses, including without limitation attorney fees, incurred by Agent and its Affiliates and, after the occurrence and during the continuance of an Event of Default, by the Lenders in revising, preserving, protecting, exercising or enforcing any of its or any of the Lenders' rights against Borrower or any other Credit Party, or otherwise incurred by Agent and its Affiliates and the Lenders in connection with any Event of Default or the enforcement of the loans (whether incurred through negotiations, legal proceedings or otherwise), including by way of description and not limitation, such charges in any court or bankruptcy proceedings or arising out of any claim or action by any person against Agent, its Affiliates, or any Lender which would not have been asserted were it not for Agent's or such Affiliate's or Lender's relationship with Borrower hereunder or otherwise, shall also be paid by Borrower. All of said amounts required to be paid by Borrower hereunder and not paid forthwith upon demand, as aforesaid, shall bear interest, from the date incurred to the date payment is received by Agent, at the Base Rate, plus two percent (2%) but in no event in excess of the maximum interest rate permitted by applicable law.

(b) Borrower agrees to indemnify and hold Agent and each of the Lenders (and their respective Affiliates) harmless from all loss, cost, damage, liability or expenses, including reasonable house and outside attorneys' fees and disbursements (but without duplication of such fees and disbursements for the same services), incurred by Agent and each of the Lenders by reason of an Event of Default, or enforcing the obligations of any Credit Party under this Agreement or any of the other Loan Documents, as applicable, or in the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with this Agreement or any of the Loan Documents, excluding, however, any loss, cost, damage, liability or expenses to the extent arising as a result of the gross negligence or willful misconduct of the party seeking to be indemnified under this Section 13.5(b), provided that, the Borrower shall be obligated to reimburse Agent and the Lenders for only a single financial consultant selected by Agent in consultation with the Lenders.

(c) The Borrower agrees to defend, indemnify and hold harmless Agent and each Lender (and their respective Affiliates), and their respective employees, agents, officers and directors from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses of whatever kind or nature (including without limitation, reasonable

attorneys and consultants fees, investigation and laboratory fees, environmental studies required by Agent or any Lender in connection with the violation of Hazardous Material Laws), court costs and litigation expenses, arising out of or related to (i) the presence, use, disposal, release or threatened release of any Hazardous Materials on, from or affecting any premises owned or occupied by any Credit Party in violation of or the non-compliance with applicable Hazardous Material Laws, (ii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials, (iii) any lawsuit or other proceeding brought or threatened, settlement reached or governmental order or decree relating to such Hazardous Materials, and/or (iv) complying or coming into compliance with all Hazardous Material Laws (including the cost of any remediation or monitoring required in connection therewith) or any other Requirement of Law; provided, however, that the Borrower shall have no obligations under this Section 13.5(c) with respect to claims, demands, penalties, fines, liabilities, settlements, damages, costs or expenses to the extent arising as a result of the gross negligence or willful misconduct of the Agent or such Lender, as the case may be. The obligations of Borrower under this Section 13.5(c) shall be in addition to any and all other obligations and liabilities Borrower may have to Agent or any of the Lenders at common law or pursuant to any other agreement.

13.6 Notices.

(a) Except as expressly provided otherwise in this Agreement (and except as provided in clause (b) below), all notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing and shall be given by personal delivery, by mail, by reputable overnight courier or by facsimile and addressed or delivered to it at its address set forth on Schedule 13.6 to the Disclosure Letter or at such other address as may be designated by such party in a notice to the other parties that complies as to delivery with the terms of this Section 13.6 or posted to an E-System set up by or at the direction of Agent (as set forth below). Any notice, if personally delivered or if mailed and properly addressed with postage prepaid and sent by registered or certified mail, shall be deemed given when received or when delivery is refused; any notice, if given to a reputable overnight courier and properly addressed, shall be deemed given two (2) Business Days after the date on which it was sent, unless it is actually received sooner by the named addressee; and any notice, if transmitted by facsimile, shall be deemed given when received. The Agent may, but, except as specifically provided herein, shall not be required to, take any action on the basis of any notice given to it by telephone, but the giver of any such notice shall promptly confirm such notice in writing, by facsimile, and such notice will not be deemed to have been received until such confirmation is deemed received in accordance with the provisions of this Section set forth above. If such telephonic notice conflicts with any such confirmation, the terms of such telephonic notice shall control. Any notice given by the Agent or any Lender to the Borrower shall be deemed to be a notice to all of the Credit Parties.

(b) Notices and other communications provided to the Agent and the Lenders party hereto under this Agreement or any other Loan Document may be delivered or furnished by electronic communication (including email and Internet or intranet websites) pursuant to procedures approved by the Agent. The Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications (including email and any E-System) pursuant to procedures approved by it. Unless otherwise agreed to in a writing by and among the parties to a particular communication, (i) notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, return email, or other written acknowledgment) and (ii) notices and other communications posted to any E-System shall be deemed received upon the deemed receipt by the intended recipient at its email address as described in the foregoing clause (i) of notification that such notice or other communication is available and identifying the website address therefore.

13.7 Further Action. Borrower, from time to time, upon written request of Agent will make, execute, acknowledge and deliver or cause to be made, executed, acknowledged and delivered, all such further and additional instruments, and take all such further action as may reasonably be required to carry out the intent and purpose of this Agreement or the Loan Documents, and to provide for Advances under and payment of the Notes, according to the intent and purpose herein and therein expressed.

13.8 Successors and Assigns; Participations; Assignments.

(a) This Agreement shall be binding upon and shall inure to the benefit of the Borrower and the Lenders and their respective successors and assigns.

(b) The foregoing shall not authorize any assignment by Borrower of its rights or duties hereunder, and, except as otherwise provided herein, no such assignment shall be made (or be effective) without the prior written approval of the Lenders.

(c) No Lenders may at any time assign or grant participations in such Lender's rights and obligations hereunder and under the other Loan Documents except (i) by way of assignment to any Eligible Assignee in accordance with clause (d) of this Section, (ii) by way of a participation in accordance with the provisions of clause (e) of this Section or (iii) by way of a pledge or assignment of a security interest subject to the restrictions of clause (f) of this Section (and any other attempted assignment or transfer by any Lender shall be deemed to be null and void).

(d) Each assignment by a Lender of all or any portion of its rights and obligations hereunder and under the other Loan Documents, shall be subject to the following terms and conditions:

(i) each such assignment shall be made on a pro rata basis, and shall be in a minimum amount of the lesser of (x) Five Million Dollars ($5,000,000) or such lesser amount as the Agent shall agree and (y) the entire remaining amount of assigning Lender's aggregate interest in the Revolving Credit (and participations in any outstanding Letters of Credit) and the Term Loan; provided however that, after giving effect to such assignment, in no event shall the entire remaining amount (if any) of assigning Lender's aggregate interest in the Revolving Credit (and participations in any outstanding Letters of Credit) and the Term Loan be less than $5,000,000; and

(ii) the parties to any assignment shall execute and deliver to Agent an Assignment Agreement substantially (as determined by Agent) in the form annexed hereto as Exhibit H (with appropriate insertions acceptable to Agent), together with a processing and recordation fee in the amount, if any, required as set forth in the Assignment Agreement (provided however that such Lender need not deliver an Assignment Agreement in connection with assignments to such Lender's Affiliates or to a Federal Reserve Bank).

Until the Assignment Agreement becomes effective in accordance with its terms, and Agent has confirmed that the assignment satisfies the requirements of this Section 13.8, the Borrower and the Agent shall be entitled to continue to deal solely and directly with the assigning Lender in connection with the interest so assigned. From and after the effective date of each Assignment Agreement that satisfies the requirements of this Section 13.8, the assignee thereunder shall be deemed to be a party to this Agreement, such assignee shall have the rights and obligations of a Lender under this Agreement and the other Loan Documents (including without limitation the right to receive fees payable hereunder in respect of the period following such assignment) and the assigning Lender shall relinquish its rights and be released from its obligations under this Agreement and the other Loan Documents.

Upon request, Borrower shall execute and deliver to the Agent, new Note(s) payable to the order of the assignee in an amount equal to the amount assigned to the assigning Lender pursuant to such Assignment Agreement, and with respect to the portion of the Indebtedness retained by the assigning Lender, to the extent applicable, new Note(s) payable to the order of the assigning Lender in an amount equal to the amount retained by such Lender hereunder. The Agent, the Lenders and the Borrower acknowledges and agrees that any such new Note(s) shall be given in renewal and replacement of the Notes issued to the assigning lender prior to such assignment and shall not effect or constitute a novation or discharge of the Indebtedness evidenced by such prior Note, and each such new Note may contain a provision confirming such agreement.

(e) The Borrower and the Agent acknowledge that each of the Lenders may at any time and from time to time, subject to the terms and conditions hereof, grant participations in such Lender's rights and obligations hereunder (on a pro rata basis only) and under the other Loan Documents to any Person (other than a natural person or to Borrower or any of Borrower's

Affiliates or Subsidiaries); provided that any participation permitted hereunder shall comply with all applicable laws and shall be subject to a participation agreement that incorporates the following restrictions:

(i) such Lender shall remain the holder of its Notes hereunder (if such Notes are issued), notwithstanding any such participation;

(ii) a participant shall not reassign or transfer, or grant any sub-participations in its participation interest hereunder or any part thereof; and

(iii) such Lender shall retain the sole right and responsibility to enforce the obligations of the Credit Parties relating to the Notes and the other Loan Documents, including, without limitation, the right to proceed against any Guarantors, or cause the Agent to do so (subject to the terms and conditions hereof), and the right to approve any amendment, modification or waiver of any provision of this Agreement without the consent of the participant (unless such participant is an Affiliate of such Lender), except for those matters covered by Section 13.10(a) through (e) hereof (provided that a participant may exercise approval rights over such matters only on an indirect basis, acting through such Lender and the Credit Parties, Agent and the other Lenders may continue to deal directly with such Lender in connection with such Lender's rights and duties hereunder). Notwithstanding the foregoing, however, in the case of any participation granted by any Lender hereunder, the participant shall not have any rights under this Agreement or any of the other Loan Documents against the Agent, any other Lender or any Credit Party; provided, however that the participant may have rights against such Lender in respect of such participation as may be set forth in the applicable participation agreement and all amounts payable by the Credit Parties hereunder shall be determined as if such Lender had not sold such participation. Each such participant shall be entitled to the benefits of Article 11 of this Agreement to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (d) of this Section, provided that no participant shall be entitled to receive any greater amount pursuant to such the provisions of Article 11 than the issuing Lender would have been entitled to receive in respect of the amount of the participation transferred by such issuing Lender to such participant had no such transfer occurred and each such participant shall also be entitled to the benefits of Section 9.6 hereof as though it were a Lender, provided that such participant agrees to be subject to Section 10.3 hereof as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including its Notes, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledge or assignee for such Lender as a party hereto.

(g) The Agent shall maintain at its principal office a copy of each Assignment Agreement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders, the Percentages of such Lenders and the principal amount of each type of Advance owing to each such Lender from time to time. The entries in the Register shall be conclusive evidence, absent manifest error, and the Borrower, the Agent, and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Advances recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender upon reasonable notice to the Agent and a copy of such information shall be provided to any such party on their prior written request. The Agent shall give prompt written notice to the Borrower of the making of any entry in the Register or any change in such entry.

(h) Borrower authorizes each Lender to disclose to any prospective assignee or participant which has satisfied the requirements hereunder, any and all financial information in such Lender's possession concerning the Credit Parties which has been delivered to such Lender pursuant to this Agreement, provided that each such prospective assignee or participant shall execute a confidentiality agreement consistent with the terms of Section 13.11 hereof or shall otherwise agree to be bound by the terms thereof.

(i) Nothing in this Agreement, the Notes or the other Loan Documents, expressed or implied, is intended to or shall confer on any Person other than the respective parties hereto and thereto and their successors and assignees and participants permitted hereunder and thereunder any benefit or any legal or equitable right, remedy or other claim under this Agreement, the Notes or the other Loan Documents.

13.9 Counterparts. This Agreement may be executed in several counterparts, and each executed copy shall constitute an original instrument, but such counterparts shall together constitute but one and the same instrument.

13.10 Amendment and Waiver.

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Agent and the Majority Lenders (or by the Agent at the written request of the Majority Lenders) or, if this Agreement expressly so requires with respect to the subject matter thereof, by all Lenders (and, with respect to any amendments to this Agreement or the other Loan Documents, by any Credit Party or the Guarantors that are signatories thereto), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Lender or Lenders affected thereby, do any of the following: (a) increase the stated amount of such Lender's

commitment hereunder, (b) reduce the principal of, or interest on, any outstanding Indebtedness or any Fees or other amounts payable hereunder, (c) postpone any date fixed for any payment of principal of, or interest on, any outstanding Indebtedness or any Fees or other amounts payable hereunder, (d) except as expressly permitted hereunder or under the Collateral Documents, release all or substantially all of the Collateral (provided that neither Agent nor any Lender shall be prohibited thereby from proposing or participating in a consensual or nonconsensual debtor-in-possession or similar financing), or release any material guaranty provided by any Person in favor of Agent and the Lenders, provided however that Agent shall be entitled, without notice to or any further action or consent of the Lenders, to release any Collateral which any Credit Party is permitted to sell, assign or otherwise transfer in compliance with this Agreement or the other Loan Documents or release any guaranty to the extent expressly permitted in this Agreement or any of the other Loan Documents (whether in connection with the sale, transfer or other disposition of the applicable Guarantor or otherwise), (e) terminate or modify any indemnity provided to the Lenders hereunder or under the other Loan Documents, except as shall be otherwise expressly provided in this Agreement or any other Loan Document, or (f) change the definitions of "Revolving Credit Percentage", "Term Loan Percentage", "Weighted Percentage", "Interest Periods", "Majority Lenders", "Majority Revolving Credit Lenders", "Majority Term Loan Lenders," Sections 10.2 or 10.3 hereof or this Section 13.10; provided, further, that the Revolving Credit Maturity Date may be postponed or extended, only with the consent of all of the Revolving Credit Lenders; the Term Loan Maturity Date may be postponed or extended only with the consent of all the Term Loan Lenders; and provided further, that no amendment, waiver or consent shall, unless in a writing signed by the Swing Line Lender, do any of the following: (x) reduce the principal of, or interest on, the Swing Line Note, (y) postpone any date fixed for any payment of principal of, or interest on, the Swing Line Note or (z) otherwise affect the rights and duties of the Swing Line Lender under this Agreement or any other Loan Document and provided further, that no amendment, waiver or consent shall, unless in a writing signed by Issuing Lender affect the rights or duties of Issuing Lender under this Agreement or any of the other Loan Documents and no amendment, waiver, or consent shall, unless in a writing signed by the Agent affect the rights or duties of the Agent under this Agreement or any other Loan Document. All references in this Agreement to "Lenders" or "the Lenders" shall refer to all Lenders, unless expressly stated to refer to Majority Lenders (or the like).

(b) The Agent shall, upon the written request of the Borrower, execute and deliver to the Credit Parties such documents as may be necessary to evidence (1) the release or subordination of any Lien granted to or held by the Agent upon any Collateral: (a) upon termination of the Revolving Credit Aggregate Commitment and payment in full of all Indebtedness payable under this Agreement and under any other Loan Document; (b) which constitutes property (including, without limitation, Equity Interests in any Person) sold or to be sold or disposed of as part of or in connection with any disposition (whether by sale, by merger or by any other form of transaction and including the property of any Subsidiary that is disposed of as permitted hereby) permitted in accordance with the terms of this Agreement; (c) which constitutes property in which a Credit Party owned no interest at the time the Lien was granted or at any time thereafter; or (d) if approved, authorized or ratified in writing by the Majority Lenders, or all the Lenders, as the case may be, as provided in this Section 13.10; or (2) the release of any Person from its obligations under the Loan Documents (including without limitation the Guaranty) if all of the Equity Interests of such Person that were held by a Credit Party are sold or otherwise transferred to any transferee other than Borrower or a Subsidiary of

Borrower as part of or in connection with any disposition (whether by sale, by merger or by any other form of transaction) permitted in accordance with the terms of this Agreement; provided that (i) Agent shall not be required to execute any such release or subordination agreement under clauses (1) or (2) above on terms which, in the Agent's opinion, would expose the Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty or such release shall not in any manner discharge, affect or impair the Indebtedness or any Liens upon any Collateral retained by any Credit Party, including (without limitation) the proceeds of the sale or other disposition, all of which shall constitute and remain part of the Collateral.

13.11 Confidentiality. Each Lender agrees that it will not disclose without the prior consent of the Borrower (other than to its employees, its Subsidiaries, another Lender, an Affiliate of a Lender or to its auditors or counsel) any information with respect to the Credit Parties which is furnished pursuant to this Agreement or any of the other Loan Documents; provided that any Lender may disclose any such information (a) as has become generally available to the public or has been lawfully obtained by such Lender from any third party under no duty of confidentiality to any Credit Party, (b) as may be required or appropriate in any report, statement or testimony submitted to, or in respect to any inquiry, by, any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Lender, including the Board of Governors of the Federal Reserve System of the United States, the Office of the Comptroller of the Currency or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation, ruling or other requirement of law applicable to such Lender, and (e) to any prospective assignee or participant in accordance with Section 13.8(f) hereof.

13.12 Substitution or Removal of Lenders. If (a) the obligation of any Lender to make Eurocurrency-based Advances has been suspended pursuant to Section 11.3 or 11.4, (b) any Lender has demanded compensation under Sections 3.4(c), 11.5 or 11.6, (c) any Lender has become an Impaired Lender or (d) any Lender has not approved an amendment, waiver or other modification of this Agreement, if such amendment, waiver or modification has been approved by the Majority Lenders and the consent of such Lender is required (in each case, an "Affected Lender"), then the Borrower shall have the following rights in addition to any other rights or remedies it may have hereunder:

(i) Subject to Section 13.8 hereof, the Borrower may, with the assistance of the Agent, seek a substitute Lender or Lenders (which may be one or more of the Lenders or other financial institutions that comply with the provisions of Section 13.8 hereof (the "Purchasing Lender" or "Purchasing Lenders")) to purchase the Advances of the Revolving Credit, Swing Line and/or the Term Loan, as the case may be and assume the Revolving Credit Aggregate Commitment (including without limitation the participations in Swing Line Advances and Letters of Credit) under this Agreement of such Affected Lender, and require the Affected Lender to sell its Advances of the Revolving Credit, Swing Line

and/or the Term Loan, as the case may be, and assign its Revolving Credit Aggregate Commitment to such Purchasing Lender or Purchasing Lenders within two (2) Business Days after receiving notice from the Borrower requiring it to do so, at an aggregate price equal to the outstanding principal amount thereof, plus unpaid interest accrued thereon up to but excluding the date of the sale, payable (in immediately available funds) in cash. In connection with any such sale, and as a condition thereof, the Borrower shall pay to the Affected Lender all fees accrued for its account hereunder to but excluding the date of such sale, plus, if demanded by the Affected Lender within ten (10) Business Days after such sale, (x) the amount of any compensation which would be due to the Affected Lender under Section 11.1 if the Borrower had prepaid the outstanding Eurocurrency-based Advances of the Affected Lender on the date of such sale (unless such Affected Lender is an Impaired Lender, in which case no such compensation shall be due) and (y) any additional compensation accrued for its account under Sections 3.4(c), 11.5 and 11.6 to but excluding said date. Upon such sale, the Purchasing Lender or Purchasing Lenders shall assume the Affected Lender's commitment, and the Affected Lender shall be released from its obligations hereunder to a corresponding extent. The Affected Lender, as assignor, such Purchasing Lender, as assignee, the Borrower and the Agent, shall enter into an Assignment Agreement pursuant to Section 13.8 hereof, whereupon such Purchasing Lender shall be a Lender party to this Agreement, shall be deemed to be an assignee hereunder and shall have all the rights and obligations of a Lender with a Revolving Credit Percentage equal to its ratable share of the then applicable Revolving Credit Aggregate Commitment and the applicable Percentages of the Term Loan of the Affected Lender, provided, however, that if the Affected Lender does not execute such Assignment Agreement within (2) Business Days of receipt thereof, the Agent may execute the Assignment Agreement as the Affected Lender's attorney-in-fact. Each of the Lenders hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of such Lender or in its own name to execute and deliver an Assignment Agreement while such Lender is an Affected Lender hereunder (such power of attorney to be deemed coupled with an interest and irrevocable). In connection with any assignment pursuant to this Section 13.12, the Borrower or the Purchasing Lender shall pay to the Agent the administrative fee for processing such assignment referred to in Section 13.8; and

(ii) With respect to any Affected Lender that is an Impaired Lender, the Borrower may, with the prior written consent of the Agent and

notwithstanding Section 10.3 of this Agreement or any other provisions requiring pro rata payments to the Lenders, elect to reduce the Revolving Credit Aggregate Commitment by the amount of the Revolving Credit Aggregate Commitment of such Affected Lender and repay all amounts (both any outstanding Term Loan Advances, subject to clause (iii), below if such Affected Lender is a Defaulting Lender, and any Revolving Credit Advances) owing to such Affected Lender, subject to the following:

(A) such Affected Lender shall receive an amount in cash equal to the outstanding principal amount owing to such Affected Lender under this Agreement, plus unpaid interest accrued thereon up to but excluding the date of the repayment. In addition, and as a condition thereof, the Borrower shall pay to the Affected Lender all fees accrued for its account hereunder to but excluding the date of such repayment, plus, if demanded by the Affected Lender within ten (10) Business Days after such repayment, (x) the amount of any compensation which would be due to the Affected Lender under Section 11.1 if the Borrower had prepaid the outstanding Eurocurrency-based Advances of the Affected Lender on the date of such repayment and (y) any additional compensation accrued for its account under Sections 3.4(c), 11.5 and 11.6 to but excluding said date;

(B) after giving effect to the reduction in the Revolving Credit Aggregate Commitment and the payments required under subclause (A) above, (1) the Borrower shall be in pro forma compliance with the financial covenants set forth in Section 7.9 for the fiscal quarter in which such reduction and payments are made and (2) no Default or Event of Default shall exist or result there from (unless this requirement is waived by the Majority Lenders);

(C) the stated dollar commitment of any other Lender is not increased thereby without such Lender's consent; and

(iii) if such Affected Lender is a Defaulting Lender and such Defaulting Lender holds no share of the Revolving Credit Aggregate Commitment, or with respect to which the Borrower has elected to reduce the Revolving Credit Aggregate Commitment of such Defaulting Lender by such Defaulting Lender's Revolving Credit Percentage in accordance with the foregoing provisions of clause (ii) the Borrower may repay all amounts owing to such Lender in connection with the Term Loan, provided that (A) the Majority Lenders have consented to such payment in writing,

(B) after giving effect to any reduction of the Revolving Credit Aggregate Commitment or payments on the Revolving Credit under clause (ii) above and payments on the Term Loan under this clause (iii), (x) the Borrower shall be in pro forma compliance with the financial covenants set forth in Section 7.9 for the fiscal quarter in which such reduction and payments are made and (y) no Default or Event of Default shall exist or result there from (unless this requirement is waived by the Majority Lenders), and (C) the stated dollar commitment of any other Lender is not increased thereby without such Lender's consent.

13.13 Withholding Taxes. If any Lender is not a "united states person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code, such Lender shall promptly (but in any event prior to the initial payment of interest hereunder or prior to its accepting any assignment under Section 13.8 hereof, as applicable) deliver to the Agent two original executed copies of (i) Internal Revenue Service Form W-8BEN or any successor form specifying the applicable tax treaty between the United States and the jurisdiction of such Lender's domicile which provides for the exemption from withholding on interest payments to such Lender, (ii) Internal Revenue Service Form W-8ECI or any successor form evidencing that the income to be received by such Lender hereunder is effectively connected with the conduct of a trade or business in the United States or (iii) other evidence satisfactory to the Agent that such Lender is exempt from United States income tax withholding with respect to such income; provided, however, that such Lender shall not be required to deliver to Agent the aforesaid forms or other evidence with respect to Advances to Borrower, if such Lender has assigned its entire interest hereunder (including its Revolving Credit Commitment Amount, any outstanding Advances hereunder and participations in Letters of Credit issued hereunder and any Notes issued to it by Borrower), to an Affiliate which is incorporated under the laws of the United States or a state thereof, and so notifies the Agent. Such Lender shall amend or supplement any such form or evidence as required to insure that it is accurate, complete and non-misleading at all times. Promptly upon notice from the Agent of any determination by the Internal Revenue Service that any payments previously made to such Lender hereunder were subject to United States income tax withholding when made, such Lender shall pay to the Agent the excess of the aggregate amount required to be withheld from such payments over the aggregate amount actually withheld by the Agent. In addition, from time to time upon the reasonable request and the sole expense of Borrower, each Lender and the Agent shall (to the extent it is able to do so based upon applicable facts and circumstances), complete and provide Borrower with such forms, certificates or other documents as may be reasonably necessary to allow Borrower, as applicable, to make any payment under this Agreement or the other Loan Documents without any withholding for or on the account of any tax under Section 10.1(d) hereof (or with such withholding at a reduced rate), provided that the execution and delivery of such forms, certificates or other documents does not adversely affect or otherwise restrict the rights and benefits (including without limitation economic benefits) available to such Lender or the Agent, as the case may be, under this Agreement or any of the other Loan Documents, or under or in connection with any transactions not related to the transactions contemplated hereby.

13.14 Taxes and Fees. Should any tax (other than as a result of a Lender's failure to comply with Section 13.13 or a tax based upon the net income or capitalization of any Lender or

the Agent by any jurisdiction where a Lender or the Agent is or has been located), or recording or filing fee become payable in respect of this Agreement or any of the other Loan Documents or any amendment, modification or supplement hereof or thereof, Borrower agrees to pay the same, together with any interest or penalties thereon arising from Borrower's actions or omissions, and agrees to hold the Agent and the Lenders harmless with respect thereto provided, however, that Borrower shall not be responsible for any such interest or penalties which were incurred prior to the date that notice is given to the Credit Parties of such tax or fees. Notwithstanding the foregoing, nothing contained in this Section 13.14 shall affect or reduce the rights of any Lender or the Agent under Section 11.5 hereof.

13.15 WAIVER OF JURY TRIAL. THE LENDERS, THE AGENT AND THE BORROWER KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN ANY LITIGATION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY RELATED INSTRUMENT OR AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR ANY COURSE OF CONDUCT, DEALING, STATEMENTS (WHETHER ORAL OR WRITTEN) OR ACTION OF ANY OF THEM. NEITHER THE LENDERS, THE AGENT NOR THE BORROWER SHALL SEEK TO CONSOLIDATE, BY COUNTERCLAIM OR OTHERWISE, ANY SUCH ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THESE PROVISIONS SHALL NOT BE DEEMED TO HAVE BEEN MODIFIED IN ANY RESPECT OR RELINQUISHED BY THE LENDERS AND THE AGENT OR THE BORROWER EXCEPT BY A WRITTEN INSTRUMENT EXECUTED BY ALL OF THEM.

(a) In the event that the jury trial waiver contained in this Section 13.15 is not enforceable, the parties elect to proceed as follows:

(b) With the exception of the items specified in clause (c), below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Agreement or any other Loan Document will be resolved by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Agreement, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "Court").

(c) The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Section does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section.

(d) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(e) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (a) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (b) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (c) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(f) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(g) Except as expressly set forth in this Section, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(h) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the

right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(i) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or Justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

THE PARTIES RECOGNIZE AND AGREE THAT ALL DISPUTES RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR CLAIM BETWEEN OR AMONG THEM WHICH ARISES OUT OF OR IS RELATED TO THE AGREEMENT.

13.16 USA Patriot Act Notice. Pursuant to Section 326 of the USA Patriot Act, the Agent and the Lenders hereby notify the Credit Parties that if they or any of their Subsidiaries open an account, including any loan, deposit account, treasury management account, or other extension of credit with Agent or any Lender, the Agent or the applicable Lender will request the applicable Person's name, tax identification number, business address and other information necessary to identify such Person (and may request such Person's organizational documents or other identifying documents) to the extent necessary for the Agent and the applicable Lender to comply with the USA Patriot Act.

13.17 Complete Agreement; Conflicts. This Agreement, the Notes (if issued), any Requests for Revolving Credit Advance, Requests for Swing Line Advance and Term Loan Rate Requests, and the Loan Documents contain the entire agreement of the parties hereto, superseding all prior agreements, discussions and understandings relating to the subject matter hereof, and none of the parties shall be bound by anything not expressed in writing. In the event of any conflict between the terms of this Agreement and the other Loan Documents, this Agreement shall govern.

13.18 Severability. In case any one or more of the obligations of the Credit Parties under this Agreement, the Notes or any of the other Loan Documents shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining obligations of the Credit Parties shall not in any way be affected or impaired thereby, and such invalidity, illegality or unenforceability in one jurisdiction shall not affect the validity, legality or enforceability of the obligations of the Credit Parties under this Agreement, the Notes or any of the other Loan Documents in any other jurisdiction.

13.19 Table of Contents and Headings; Section References. The table of contents and the headings of the various subdivisions hereof are for convenience of reference only and shall in no way modify or affect any of the terms or provisions hereof and references herein to "sections," "subsections," "clauses," "paragraphs," "subparagraphs," "exhibits" and "schedules" shall be to sections, subsections, clauses, paragraphs, subparagraphs, exhibits and schedules, respectively, of this Agreement unless otherwise specifically provided herein or unless the context otherwise clearly indicates.

13.20 Construction of Certain Provisions. If any provision of this Agreement or any of the Loan Documents refers to any action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, whether or not expressly specified in such provision.

13.21 Independence of Covenants. Each covenant hereunder shall be given independent effect (subject to any exceptions stated in such covenant) so that if a particular action or condition is not permitted by any such covenant (taking into account any such stated exception), the fact that it would be permitted by an exception to, or would be otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default.

13.22 Electronic Transmissions.

(a) Each of the Agent, the Credit Parties, the Lenders, and each of their Affiliates is authorized (but not required) to transmit, post or otherwise make or communicate, in its sole discretion, Electronic Transmissions in connection with any Loan Document and the transactions contemplated therein. The Borrower and each other Credit Party hereby acknowledges and agrees that the use of Electronic Transmissions is not necessarily secure and that there are risks associated with such use, including risks of interception, disclosure and abuse and each indicates it assumes and accepts such risks by hereby authorizing the transmission of Electronic Transmissions.

(b) All uses of an E-System shall be governed by and subject to, in addition to Section 13.6 and this Section 13.22, separate terms and conditions posted or referenced in such E-System and related contractual obligations executed by the Agent, the Credit Parties and the Lenders in connection with the use of such E-System.

(c) All E-Systems and Electronic Transmissions shall be provided "as is" and "as available". None of the Agent or any of its Affiliates warrants the accuracy, adequacy or completeness of any E-Systems or Electronic Transmission, and each disclaims all liability for errors or omissions therein. No warranty of any kind is made by the Agent or any of its Affiliates in connection with any E Systems or Electronic Transmission, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other

code defects. The Agent, the Credit Parties and the Lenders agree that the Agent has no responsibility for maintaining or providing any equipment, software, services or any testing required in connection with any Electronic Transmission or otherwise required for any E-System.

13.23 Advertisements. The Agent and the Lenders may disclose the names of the Credit Parties and the existence of the Indebtedness in general advertisements and trade publications.

13.24 Reliance on and Survival of Provisions. All terms, covenants, agreements, representations and warranties of the Credit Parties to any of the Loan Documents made herein or in any of the Loan Documents or in any certificate, report, financial statement or other document furnished by or on behalf of any Credit Party in connection with this Agreement or any of the Loan Documents shall be deemed to have been relied upon by the Lenders, notwithstanding any investigation heretofore or hereafter made by any Lender or on such Lender's behalf, and those covenants and agreements of the Borrower set forth in Section 13.5 hereof (together with any other indemnities of any Credit Party contained elsewhere in this Agreement or in any of the other Loan Documents) and of Lenders set forth in Section 12.7 hereof shall survive the repayment in full of the Indebtedness and the termination of any commitment to extend credit.

13.25 Amendment and Restatement; Assignment and Assumptions. Except as otherwise set forth herein, this Agreement is intended to and does, effective on the Effective Date, completely amend and restate, without novation, the Prior Credit Agreement.

13.26 Individual Employee Liability to Lenders. The parties acknowledge that, from time to time, employees of Borrower may be required to execute and deliver, in their capacity as an officer, director or employee of Borrower, certain certificates to Agent and Lenders in relation to this Agreement or the transactions contemplated by this Agreement ("Certificates"). Agent and Lenders shall have no cause of action against any individual employee of Borrower based on any inaccuracy in any Certificate executed by or delivered to Agent and Lenders by such employee provided the employee does not knowingly provide false or misleading Certificates, and has acted in good faith.

[Signatures Follow On Succeeding Page]

WITNESS the due execution hereof as of the day and year first above written.

COMERICA BANK,
as Administrative Agent

By: /s/ Philip Koblis
Its: SVP

COMERICA BANK,
as a Lender, as Issuing Lender
and as Swing Line Lender

By: /s/ Philip Koblis
Its: SVP

QUINSTREET, INC.

By: /s/ Douglas J. Valenti

Its: Douglas J. Valenti, CEO

CREDIT SUISSE AG, Cayman Islands Branch, as a Lender

By: /s/ Bill O'Daly
Its: Bill O'Daly, Director

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ Illegible
Its: Senior Vice President

UNION BANK OF CALIFORNIA,
as a Lender

By: /s/ Illegible
Its: Senior Vice President

J.P.MORGAN CHASE, N.A.,
as a Lender

By: /s/ John G. Kowalczuk
Its: John G. Kowalczuk, Executive Director

Schedule 1.1
Applicable Margin Grid
Revolving Credit and Term Loan Facility
(basis points per annum)

Basis for Pricing	Level I	Level II	Level III	Level IV
Funded Debt to EBITDA Ratio*	<0.75 to 1.0	[3]0.75 to 1.0 and <1.5 to 1.0	[3]1.5 to 1.0 and <2.25 to 1.0	[3]2.25 to 1.0
Revolving Credit Eurodollar Margin	212.5	237.5	262.5	287.5
Revolving Credit Base Rate Margin	100.00	100.0	125.0	150.0
Revolving Credit Facility Fee	37.50	37.50	37.50	37.50
Letter of Credit Fees (exclusive of facing fees)	212.5	237.5	262.5	287.5
Term Loan Eurodollar Margin	250.0	275.0	300.0	325.0
Term Loan Base Rate Margin	100.00	100.0	125.0	150.0

* Definitions as set forth in the Credit Agreement.

Schedule 1.2
Percentages and Allocations
Revolving Credit and Term Loan Facilities

LENDERS	REVOLVING CREDIT PERCENTAGE	REVOLVING CREDIT ALLOCATIONS	TERM LOAN PERCENTAGE	TERM LOAN ALLOCATIONS	WEIGHTED PERCENTAGE	TOTAL ALLOCATION
Comerica Bank	25.7142857%	$ 36,000,000	25.7142857%	$ 9,000,000	25.7142857%	$ 45,000,000
Union Bank of California	20.0000000%	$ 28,000,000	20.0000000%	$ 7,000,000	20.0000000%	$ 35,000,000
Bank of America	22.8571429%	$ 32,000,000	22.8571429%	$ 8,000,000	22.8571429%	$ 40,000,000
Credit Suisse	17.1428571%	$ 24,000,000	17.1428571%	$ 6,000,000	17.1428571%	$ 30,000,000
J.P. Morgan Chase	14.2857143%	$ 20,000,000	14.32857143%	$ 5,000,000	14.32857143%	$ 25,000,000
TOTALS	**100%**	**$140,000,000**	**100%**	**$35,000,000**	**100%**	**$175,000,000**

SCHEDULE 5.1(c)

Quinstreet, Inc.	**Delaware**
Quinstreet Properties, Inc.	**California**
Quinstreet LLC	**Illinois**
Quinstreet Media, Inc.	**Nevada**
Cyberspace Communications Corporation	**Oklahoma**
Reliableremodeler.com, Inc.	**Delaware**
HQ Publications LLC	**Illinois**

EXHIBIT A

FORM OF REQUEST FOR REVOLVING CREDIT ADVANCE

No. _____ Dated: _____, 20___

TO: Comerica Bank ("Agent")

RE: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

Pursuant to the terms and conditions of the Credit Agreement, Borrower hereby requests an Advance from Lenders, as described herein:

(A) Date of Advance: _____

(B) o (check if applicable)

This Advance is or includes a whole or partial refunding/conversion of:

Advance No(s). _____

(C) Type of Advance (check only one):

o Base Rate Advance

o Eurodollar-based Advance

(D) Amount of Advance:

$_____

(E) Interest Period (applicable to Eurodollar-based Advances)

_____ months

(F) Disbursement Instructions

o Comerica Bank Account No. _____

o Other: _____

_____

Borrower certifies to the matters specified in Section 2.3(f) of the Credit Agreement.

Capitalized terms used herein, except as defined to the contrary, have the meanings given them in the Credit Agreement.

QUINSTREET, INC.

By: _____

Its: _____

Agent Approval: _____

EXHIBIT B

FORM OF REVOLVING CREDIT NOTE

$_____ _____, 20___

On or before the Revolving Credit Maturity Date, FOR VALUE RECEIVED, QuinStreet, Inc. ("Borrower") promises to pay to the order of [insert name of applicable financial institution] ("Payee") at San Jose, California, care of Agent, in lawful money of the United States of America, so much of the sum of [Insert Amount derived from Percentages] Dollars ($_____), as may from time to time have been advanced by Payee and then be outstanding hereunder pursuant to the Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent"), and Borrower. Each of the Revolving Credit Advances made hereunder shall bear interest at the Applicable Interest Rate from time to time applicable thereto under the Credit Agreement or as otherwise determined thereunder, and interest shall be computed, assessed and payable on the unpaid principal amount of each Revolving Credit Advance made by the Payee from the date of such Revolving Credit Advance until paid at the rate and at the times set forth in the Credit Agreement.

This Note is a note under which Revolving Credit Advances (including refundings and conversions), repayments and readvances may be made from time to time, but only in accordance with the terms and conditions of the Credit Agreement. This Note evidences borrowings under, is subject to, is secured in accordance with, and may be accelerated or matured under, the terms of the Credit Agreement, to which reference is hereby made. Capitalized terms used herein, except as defined to the contrary, shall have the meanings given them in the Credit Agreement.

This Note shall be interpreted and the rights of the parties hereunder shall be determined under the laws of, and enforceable in, the State of California.

The Borrower hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Note and agrees that no obligation hereunder shall be discharged by reason of any extension, indulgence, release, or forbearance granted by any holder of this Note to any party now or hereafter liable hereon or any present or subsequent owner of any property, real or personal, which is now or hereafter security for this Note.

* * *

[SIGNATURES FOLLOW ON SUCCEEDING PAGE]

Nothing herein shall limit any right granted Payee by any other instrument or by law.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT C

FORM OF SWING LINE NOTE

$5,000,000 _____, 20___

On or before the Revolving Credit Maturity Date, FOR VALUE RECEIVED, QuinStreet, Inc. ("Borrower") promises to pay to the order of Comerica Bank ("Swing Line Lender") at San Jose, California in lawful money of the United States of America, so much of the sum of [Insert Amount derived from Percentages] Dollars ($_____), as may from time to time have been advanced to the Borrower by the Swing Line Lender and then be outstanding hereunder pursuant to the Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent"), and Borrower, together with interest thereon as hereinafter set forth.

Each of the Swing Line Advances made hereunder shall bear interest at the Applicable Interest Rate from time to time applicable thereto under the Credit Agreement or as otherwise determined thereunder, and interest shall be computed, assessed and payable on the unpaid principal amount of each Swing Line Advance made by the Swing Line Lender from the date of such Swing Line Advance until paid at the rates and at the times set forth in the Credit Agreement.

This Note is a Swing Line Note under which Swing Line Advances (including refundings and conversions), repayments and readvances may be made from time to time by the Swing Line Lender, but only in accordance with the terms and conditions of the Credit Agreement (including any applicable sublimits). This Note evidences borrowings under, is subject to, is secured in accordance with, and may be accelerated or matured under, the terms of the Credit Agreement to which reference is hereby made. Capitalized terms used herein, except as defined to the contrary, shall have the meanings given them in the Credit Agreement.

This Note shall be interpreted and the rights of the parties hereunder shall be determined under the laws of, and enforceable in, the State of California.

The Borrower hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Note and agrees that no obligation hereunder shall be discharged by reason of any extension, indulgence, release, or forbearance granted by any holder of this Note to any party now or hereafter liable hereon or any present or subsequent owner of any property, real or personal, which is now or hereafter security for this Note.

* * *

[SIGNATURES FOLLOW ON SUCCEEDING PAGE]

Nothing herein shall limit any right granted Swing Line Lender by any other instrument or by law.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT D

FORM OF REQUEST FOR SWING LINE ADVANCE

No. _____ Dated: _____

TO: Comerica Bank ("Swing Line Lender")

RE: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

Pursuant to the terms and conditions of the Credit Agreement, Borrower hereby requests an Advance from the Swing Line Lender, as described herein:

(A) Date of Advance: _____

(B) o (check if applicable)

This Advance is or includes a whole or partial refunding/conversion of:

Advance No(s). _____

(C) Type of Advance (check only one):—

o Base Rate Advance

o Quoted Rate Advance

(D) Amount of Advance:

$_____

(E) Interest Period (applicable to Quoted Rate Advances)

_____ months

(F) Disbursement Instructions

o Comerica Bank Account No. _____

o Other: _____

_____

Borrower certifies to the matters specified in Section 2.5(c)(vi) of the Credit Agreement.

Capitalized terms used herein, except as defined to the contrary, have the meanings given them in the Credit Agreement.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT E

FORM OF NOTICE OF ISSUANCE OF LETTER OF CREDIT

TO: Lenders

RE: Issuance of Letter of Credit pursuant to Article 3 of the Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

On _____, 20___,[1] Agent, in accordance with Article 3 of the Credit Agreement, issued its Letter of Credit number _____, in favor of _____[2] for the account of _____ _____.[3] The face amount of such Letter of Credit is $_____. The amount of each Lender's participation in such Letter of Credit is as follows:[4]

[Lender]	$_____
[Lender]	$_____
[Lender]	$_____
[Lender]	$_____

This notification is delivered this _____ day of _____, 20___, pursuant to Section 3.3 of the Credit Agreement. Except as otherwise defined, capitalized terms used herein have the meanings given them in the Credit Agreement.

Signed:

COMERICA BANK, as Agent

By: _____

Its: _____

1 Date of Issuance

2 Beneficiary

3 Name of applicable Borrower

4 Amounts based on Percentages

[This form of Letter of Credit Notice (including footnotes) is subject in all respects to the terms and conditions of the Credit Agreement which shall govern in the event of any inconsistencies or omissions.]

EXHIBIT F

FORM OF SECURITY AGREEMENT

Filed as separate exhibit.

EXHIBIT G

[Reserved]

EXHIBIT H

FORM OF ASSIGNMENT AGREEMENT

Date: _____

To: Borrower

and

Comerica Bank ("Agent")

Re: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

Ladies and Gentlemen:

Reference is made to Section 13.8 of the Credit Agreement. Unless otherwise defined herein or the context otherwise requires, all initially capitalized terms used herein without definition shall have the meanings specified in the Credit Agreement.

This Agreement constitutes notice to each of you of the proposed assignment and delegation by [insert name of assignor] (the "Assignor") to [insert name of assignee] (the "Assignee"), and, subject to the terms and conditions of the Credit Agreement, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, effective on the "Effective Date" (as hereafter defined) that undivided interest in each of Assignor's rights and obligations under the Credit Agreement and the other Loan Documents in the amounts as set forth on the attached Schedule 1, such that, after giving effect to the foregoing assignment and assumption, and the concurrent assignment by Assignor to Assignee on the date hereof, the Assignee's interest in the Revolving Credit (and participations in any outstanding Letters of Credit and Swing Line Advances) and the Term Loan shall be as set forth in the attached Schedule 2 with respect to the Assignee.

The Assignor hereby instructs the Agent to make all payments from and including the Effective Date hereof in respect of the interest assigned hereby, directly to the Assignee. The Assignor and the Assignee agree that all interest and fees accrued up to, but not including, the Effective Date of the assignment and delegation being made hereby are the property of the Assignor, and not the Assignee. The Assignee agrees that, upon receipt of any such interest or fees accrued up to the Effective Date, the Assignee will promptly remit the same to the Assignor.

The Assignee hereby confirms that it has received a copy of the Credit Agreement and the exhibits and schedules referred to therein, and all other Loan Documents which it considers necessary, together with copies of the other documents which were required to be delivered under the Credit Agreement as a condition to the making of the loans thereunder. The Assignee acknowledges and agrees that it: (a) has made and will continue to make such inquiries and has taken and will take such care on its own behalf as would have been the case had its Percentage been granted and its loans been made directly by such Assignee to the Borrower without the intervention of the Agent, the Assignor or any other Lender; and (b) has made and will continue to make, independently and without reliance upon the Agent, the Assignor or any other Lender, and based on such documents and information as it has deemed appropriate, its own credit analysis and decisions relating to the Credit Agreement. The Assignee further acknowledges and agrees that neither the Agent, nor the Assignor has made any representations or warranties about the creditworthiness of the Borrower or any other party to the Credit Agreement or any other of the Loan Documents, or with respect to the legality, validity, sufficiency or enforceability of the Credit Agreement, or any other of the Loan Documents. This assignment shall be made without recourse to or warranty by the Assignor, except as set forth herein.

Assignee represents and warrants that it is a Person to which assignments are permitted pursuant to Section 13.8 of the Credit Agreement.

Except as otherwise provided in the Credit Agreement, effective as of the Effective Date:

(a) the Assignee: (i) shall be deemed automatically to have become a party to the Credit Agreement and the other Loan Documents, to have assumed all of the Assignor's obligations thereunder to the extent of the Assignee's percentage referred to in the second paragraph of this Assignment Agreement, and to have all the rights and obligations of a party to the Credit Agreement and the other Loan Documents, as if it were an original signatory thereto to the extent specified in the second paragraph hereof; and (ii) agrees to be bound by the terms and conditions set forth in the Credit Agreement and the other Loan Documents as if it were an original signatory thereto; and

(b) the Assignor's obligations under the Credit Agreement and the other Loan Documents shall be reduced by the Percentage referred to in the second paragraph of this Assignment Agreement.

As used herein, the term "Effective Date" means the date on which all of the following have occurred or have been completed, as reasonably determined by the Agent:

(1) the delivery to the Agent of an original of this Assignment Agreement executed by the Assignor and the Assignee;

(2) the payment to the Agent, of all accrued fees, expenses and other items for which reimbursement is then owing under the Credit Agreement;

(3) the payment to the Agent of the processing fee referred to in Section 13.8(d)(1) of the Credit Agreement; and

(4) all other restrictions and items noted in Section 13.8 of the Credit Agreement have been completed.

The Agent shall notify the Assignor and the Assignee, along with Borrower, of the Effective Date.

The Assignee hereby advises each of you of the following administrative details with respect to the assigned loans:

(A) Address for Notices:

Institution Name:

Address:

Attention:

Telephone:

Facsimile:

(B) Payment Instructions:

(C) Proposed effective date of assignment.

The Assignee has delivered to the Agent (or is delivering to the Agent concurrently herewith) the tax forms referred to in Section 13.13 of the Credit Agreement to the extent required thereunder, and other forms reasonably requested by the Agent. The Assignor has delivered to the Agent (or shall promptly deliver to Agent following the execution hereof), the original of each Note held by the Assignor under the Credit Agreement.

The laws of the State of California shall govern the validity, interpretation and enforcement of this Agreement.

* * *

Signatures Follow on Succeeding Pages

Please evidence your consent to and acceptance of the proposed assignment and delegation set forth herein by signing and returning counterparts hereof to the Assignor and the Assignee.

[ASSIGNOR]

By: _____

Its: _____

[ASSIGNEE]

By: _____

Its: _____

ASSIGNMENT AGREEMENT ACCEPTED AND CONSENTED TO
this _____ day of _____, 20 _____ BY:

COMERICA BANK, as Agent

By: _____

Its: _____

QUINSTREET, INC.*

By: _____

Its: _____

[*Borrower's consent will be required except as specified in Section 13.8 of the Credit Agreement.]

[This form of Assignment Agreement (including footnotes) is subject in all respects to the terms and conditions of the Credit Agreement which shall govern in the event of any inconsistencies or omissions.]

EXHIBIT I

FORM OF GUARANTY

GUARANTY

This GUARANTY is made as of September 29, 2008 and is effective as of the Effective Date by the undersigned guarantors (each a **"Guarantor"** and any and all collectively, the **"Guarantors"**) to Comerica Bank, as the Agent (**"Agent"**) for and on behalf of the Lenders (as defined below).

RECITALS:

2. QuinStreet, Inc. ("**Borrower**") has entered into that certain Revolving Credit and Term Loan Agreement dated as of September 29, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time the "**Credit Agreement**") with each of the financial institutions party thereto (collectively, including their respective successors and assigns, the "**Lenders**") and the Agent pursuant to which the Lenders have agreed, subject to the satisfaction of certain terms and conditions, to extend or to continue to extend financial accommodations to the Borrower, as provided therein.

3. As a condition to entering into and performing their respective obligations under the Credit Agreement, the Lenders and the Agent have required that each of the Guarantors provide to the Agent, for and on behalf of the Lenders, this Guaranty.

4. Each of the Guarantors desires to see the success of the Borrower and furthermore, each of the Guarantors shall receive direct and/or indirect benefits from extensions of credit made or to be made pursuant to the Credit Agreement to the Borrower.

5. The business operations of the Borrower and the Guarantors are interrelated and complement one another, and such entities have a common business purpose; and (i) to permit their uninterrupted and continuous operations, such entities now require and will from time to time hereafter require funds and credit accommodations for general business purposes and (ii) the proceeds of advances under the credit facilities extended under the Credit Agreement will directly or indirectly benefit the Borrowers and the Guarantors hereunder, severally and jointly.

6. The Agent is acting as agent for the Lenders pursuant to Section 12 of the Credit Agreement.

NOW, THEREFORE, to induce each of the Lenders to enter into and perform its obligations under the Credit Agreement, each of the Guarantors has executed and delivered this guaranty (as amended and otherwise modified from time to time, the **"Guaranty"**).

(a) **Definitions.** Unless otherwise provided herein, all capitalized terms in this Guaranty shall have the meanings specified in the Credit Agreement. The term **"Lenders"** as used herein shall include any successors or assigns of the Lenders in accordance with the Credit Agreement. In addition, the following term shall have the following meaning:

"Guaranteed Obligations" shall mean, collectively, all indebtedness, liabilities and obligations of the Borrower to the Lenders of every kind, nature or description under the Credit Agreement or any other Loan Document, including, without limitation, principal, interest (including interest accruing on or after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding by or against Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such a proceeding and including, without limitation, interest at the highest allowable per annum rate specified in any document, instrument or agreement applicable to any of the indebtedness), reimbursement obligations, fees, indemnities, and reasonable costs and expenses (including without limitation, all reasonable fees and disbursements of counsel to the Agent or any Lender) or otherwise, and any liabilities of any Credit Party to Agent or any Lender arising in connection with any Lender Products and payment obligations of any Credit Party to Agent or any Lender arising under Hedging Transactions evidenced by Hedging Agreements, and any and all other liabilities and obligations, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter incurred, which may arise under, out of, or in connection with the Credit Agreement and the other Loan Documents, whether such indebtedness is now existing or hereafter arising.

(b) **Guaranty.** Each of the Guarantors, hereby, jointly and severally, guarantees to the Lenders the due and punctual payment to the Lenders when due, whether by acceleration or otherwise, of the Guaranteed Obligations. Each of such Guarantors further jointly and severally agree to pay any and all expenses (including reasonable attorneys' fees), that may be paid or incurred by the Agent or any Lender in enforcing or preserving rights with respect to or collecting any or all of the Guaranteed Obligations and/or enforcing any rights with respect to, or collecting against the Guarantors under this Guaranty.

(c) **Unconditional Character of Guaranty**. The obligations of each of the Guarantors under this Guaranty shall be absolute and unconditional, and shall be a guaranty of payment and not of collection, irrespective of the validity, regularity or enforceability of the Credit Agreement or any of the other Loan Documents, or any provision thereof, the absence of any action to enforce the same, any waiver or consent with respect to or any amendment of any provision thereof (provided that any amendment of this Guaranty shall be in accordance with the terms hereof), the recovery of any judgment against any Person or action to enforce the same, any failure or delay in the enforcement of the obligations of the Borrower under the Credit Agreement or any of the other Loan Documents, or any setoff, counterclaim, recoupment, limitation, defense or termination whether with or without notice to the Guarantors. Each of the Guarantors hereby waives diligence, demand for payment, filing of claims with any court, any proceeding to enforce any provision of the Credit Agreement or any of the other Loan Documents, any right to require a proceeding first against Borrower or against any other Guarantor or other Person providing collateral, or to exhaust any security for the performance of the obligations of the Borrower, any protest, presentment, notice or demand whatsoever, and each Guarantor hereby covenants that this Guaranty shall not be terminated, discharged or released until, subject to Section 16 hereof, final payment in full of all of the Guaranteed Obligations due and to become due from the Borrower, no Letters of Credit shall be outstanding and the termination of any and all commitments to extend credit (whether optional or obligatory)

under the Credit Agreement or any other Loan Document, and only to the extent of any such payment, performance and discharge. Each Guarantor hereby further covenants that no security now or subsequently held by the Agent or the Lenders for the payment of the Guaranteed Obligations (including, without limitation, any security for any of the foregoing), whether in the nature of a security interest, pledge, lien, assignment, setoff, suretyship, guaranty, indemnity, insurance or otherwise, and no act, omission or other conduct of the Agent or the Lenders in respect of such security, shall affect in any manner whatsoever the unconditional obligations of this Guaranty, and that the Agent and each of the Lenders in their respective sole discretion and without notice to any of the Guarantors, may release, exchange, enforce, apply the proceeds of and otherwise deal with any such security without affecting in any manner the unconditional obligations of this Guaranty.

Without limiting the generality of the foregoing, the obligations of the Guarantors under this Guaranty, and the rights of the Agent to enforce the same, on behalf of the Lenders by proceedings, whether by action at law, suit in equity or otherwise, shall not be in any way affected to the extent permitted by applicable law, by (i) any insolvency, bankruptcy, liquidation, reorganization, readjustment, composition, dissolution, winding up or other proceeding involving or affecting Borrower, any or all of the Guarantors or any other Person or any of their respective Affiliates including any discharge of, or bar or stay against collecting, all or any of the Guaranteed Obligations in or as a result of any such proceeding; (ii) any change in the ownership of any of the capital stock (or other ownership interests) of Borrower or any or all of the Guarantors, or any other Person providing collateral for any of the Guaranteed Obligations, or any of their respective Affiliates; (iii) the election by the Agent or any Lender, in any bankruptcy proceeding of any Person, to apply or not apply Section 1111(b)(2) of the Bankruptcy Code; (iv) any extension of credit or the grant of any security interest or lien under Section 364 of the Bankruptcy Code; (v) any agreement or stipulation with respect to the provision of adequate protection in any bankruptcy proceeding of any Person; (vi) the avoidance of any security interest or lien in favor of the Agent or any Lender for any reason; (vii) any action taken by the Agent or any Lender that is authorized by this paragraph or any other provision of this Guaranty; or (viii) any other principle or provision of law, statutory or otherwise, which is or might be in conflict with the terms hereof.

(d) **Waivers.** Each of the Guarantors hereby waives to the fullest extent possible under applicable law:

(i) any defense based upon or arising by reason of:

(1) the doctrine of marshaling of assets or upon an election of remedies by Agent or the Lenders, including, without limitation, an election to proceed by non-judicial rather than judicial foreclosure;

(2) any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal;

(3) any disability or other defense of Borrower or any other Person;

(4) the cessation or limitation from any cause whatsoever, other than final and irrevocable payment in full, of the Guaranteed Obligations;

(5) any lack of authority of any officer, director, partner, agent or any other person acting or purporting to act on behalf of either Borrower, or any defect in the formation of either Borrower;

(6) the application by Borrower of the proceeds of any Guaranteed Obligations for purposes other than the purposes represented by the Borrower to the Lenders or intended or understood by the Lenders or the Guarantors;

(7) any act or omission by the Lenders which directly or indirectly results in or aids the discharge of Borrower or any Guaranteed Obligations by operation of law or otherwise; or

(8) any modification of Guaranteed Obligations, in any form whatsoever including without limit any modification made after effective termination, and including without limit, the renewal, extension, acceleration or other change in time for payment of the Guaranteed Obligations, or other change in the terms of any Guaranteed Obligations, including without limit increase or decrease of the interest rate;

(ii) any duty on the part of Agent or any of the Lenders to disclose to such Guarantor any facts Agent or the Lenders may now or hereafter know about Borrower, regardless of whether Agent or any Lender has reason to believe that any such facts materially increase the risk beyond that which such Guarantor intends to assume or has reason to believe that such facts are unknown to such Guarantor or has a reasonable opportunity to communicate such facts to such Guarantor;

(iii) any other event or action (excluding compliance by such Guarantor with the provisions hereof) that would result in the discharge by operation of law or otherwise of such Guarantor from the performance or observance of any obligation, covenant or agreement contained in this Guaranty; and

(iv) all rights to participate in any security now or hereafter held by the Agent or any Lender.

Each Guarantor understands that, absent this waiver, the Agent's election of remedies, including but not limited to its decision to proceed to nonjudicial foreclosure on any real property securing the Guaranteed Obligations, could preclude the Agent, on behalf of the Lenders, from obtaining a deficiency judgment against Borrower and each Guarantor pursuant to California Code of Civil Procedure Sections 580a, 580b, 580d or 726 and could also destroy any subrogation rights which such Guarantor has against Borrower. Each Guarantor further understands that, absent this waiver, California law, including without limitation, California Code of Civil Procedure Sections 580a, 580b, 580d or 726, could afford such Guarantor one or more affirmative defenses to any action maintained by the Agent, on behalf of the Lenders, against such Guarantor on this Guaranty.

Each Guarantor waives any and all rights and provisions of California Code of Civil Procedure Sections 580a, 580b, 580d and 726, including, but not limited to any provision thereof that: (i) may limit the time period for the Agent, on behalf of the Lenders, to commence a lawsuit against Borrower or any Guarantor to collect any of the Guaranteed Obligations owing by either Borrower or any Guarantor to Lenders; (ii) may entitle Borrower or any Guarantor to a judicial or nonjudicial determination of any deficiency owed by Borrower or any Guarantor to the Agent, on behalf of the Lenders, or to otherwise limit the Agent's right to collect a deficiency based on the fair market value of such real property security; (iii) may limit the Agent's right to collect a deficiency judgment after a sale of any real property securing the Guaranteed Obligations; (iv) may require the Agent to take only one action to collect the Guaranteed Obligations or that may otherwise limit the remedies available to the Agent to collect the Guaranteed Obligations.

Each Guarantor waives all rights and defenses arising out of an election of remedies by the Agent, on behalf of the Lenders, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Agent's and the Lenders' rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

Without limiting the generality of any other waiver or other provision set forth in this Guaranty, each Guarantor waives all rights and defenses that such Guarantor may have because the Guaranteed Obligations are secured by real property to the fullest extent permissible under applicable law. This means, among other things:

1. The Agent, on behalf of the Lenders, may collect from any Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower to secure the Guaranteed Obligations.

2. If the Agent, on behalf of the Lenders, forecloses on any real property collateral pledged by Borrower to secure the Guaranteed Obligations:

(a) The amount of the Guaranteed Obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(b) The Agent, on behalf of the Lenders, may collect from any Guarantor even if the Agent, on behalf of the Lenders, by foreclosing on the real property pledged as collateral, has destroyed any right that the any Guarantor may have to collect from either Borrower.

This is an unconditional and irrevocable waiver of any rights and defenses each Guarantor may have because the Guaranteed Obligations are secured by real property to the fullest extent permissible under applicable law. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

WITHOUT LIMITING THE GENERALITY OF ANY OTHER WAIVER OR OTHER PROVISION SET FORTH IN THIS GUARANTY, EACH GUARANTOR HEREBY WAIVES, TO THE MAXIMUM EXTENT SUCH WAIVER IS PERMITTED BY LAW, ANY AND ALL

BENEFITS, DEFENSES TO PAYMENT OR PERFORMANCE, OR ANY RIGHT TO PARTIAL OR COMPLETE EXONERATION ARISING DIRECTLY OR INDIRECTLY UNDER ANY ONE OR MORE OF CALIFORNIA CIVIL CODE SECTIONS 2799, 2808, 2809, 2810, 2815, 2819, 2820, 2821, 2822, 2838, 2839, 2845, 2847, 2848, 2849, AND 2850.

Each of the Guarantors acknowledges and agrees that this is a knowing and informed waiver of the undersigned's rights as discussed above and that the Agent and the Lenders are relying on this waiver in extending credit to the Borrower.

(e) **Waiver of Subrogation**. Each Guarantor hereby waives any claim for reimbursement, contribution, exoneration, indemnity or subrogation, or any other similar claim, which such Guarantor may have or obtain against Borrower, by reason of the existence of this Guaranty, or by reason of the payment by such Guarantor of any of the Guaranteed Obligations or the performance of this Guaranty, the Credit Agreement or any of the other Loan Documents, until the Guaranteed Obligations have been repaid and discharged in full, no Letters of Credit shall remain outstanding and all commitments to extend credit under the Credit Agreement or any of the other Loan Documents (whether optional or obligatory) have been terminated. Any amounts paid to such Guarantor on account of any such claim at any time when the obligations of such Guarantor under this Guaranty shall not have been fully and finally paid shall be held by such Guarantor in trust for Agent and the Lenders, segregated from other funds of such Guarantor, and forthwith upon receipt by such Guarantor shall be turned over to Agent in the exact form received by such Guarantor (duly endorsed to Agent by such Guarantor, if required), to be applied to such Guarantor's obligations under this Guaranty, whether matured or unmatured, in such order and manner as Agent may determine.

Each of the Guarantors acknowledges and agrees that this is a knowing and informed waiver of the undersigned's rights as discussed above and that the Agent and the Lenders are relying on this waiver in extending credit to the Borrower.

(f) **Other Transactions**. The Agent and each of the Lenders may deal with the Borrower and any security held by them for the obligations of the Borrower in the same manner and as freely as if this Guaranty did not exist and the Agent shall be entitled, on behalf of the Lenders, without notice to any of the Guarantors, among other things, to grant to the Borrower such extension or extensions of time to perform any act or acts as may seem advisable to the Agent (on behalf of the Lenders) at any time and from time to time, and to permit the Borrower to incur additional indebtedness to the Agent, the Lenders, or any of them, without terminating, affecting or impairing the validity or enforceability of this Guaranty or the obligations of the Guarantors hereunder.

(g) **Remedies; Right to Offset**. The Agent may proceed, either in its own name (on behalf of the Lenders) or in the name of each or any of the Guarantors, or otherwise, to protect and enforce any or all of its rights under this Guaranty by suit in equity, action at law or by other appropriate proceedings, or to take any action authorized or permitted under applicable law, and shall be entitled to require and enforce the performance of all acts and things required to be performed hereunder by the Guarantors. Each and every remedy of the Agent and of the Lenders shall, to the extent permitted by law, be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity.

At the option of the Agent, any or all of the Guarantors may be joined in any action or proceeding commenced by the Agent against Borrower or any of the other parties providing Collateral for any of the Guaranteed Obligations, and recovery may be had against any or all of the Guarantors in such action or proceeding or in any independent action or proceeding against any of them, without any requirement that the Agent or the Lenders first assert, prosecute or exhaust any remedy or claim against Borrower and/or any of the other parties providing Collateral for any of the Guaranteed Obligations.

Each of the Guarantors acknowledges the rights of the Agent and of each of the Lenders, subject to the applicable terms and conditions of the Credit Agreement, to offset against the Guaranteed Obligations of any Guarantor to the Lenders under this Guaranty, any amount owing by the Agent or the Lenders, or either or any of them to such Guarantors, whether represented by any deposit of such Guarantors (or any of them) with the Agent or any of the Lenders or otherwise.

(h) **Right to Cure**. Each of the Guarantors shall have the right to cure any Event of Default under the Credit Agreement or the other Loan Documents with respect to obligations of the other Guarantors thereunder; provided that such cure is effected within the applicable grace period or period for cure thereunder, if any; and provided further that such cure can be effected in compliance with the Credit Agreement. Except to the extent of payments of principal, interest and/or other sums actually received by the Agent or the Lenders pursuant to such cure, the exercise of such right to cure by any Guarantor shall not reduce or otherwise affect the liability of any other Guarantor under this Guaranty.

(i) **Borrower's Financial Condition**. Each Guarantor delivers this Guaranty based solely on its own independent investigation of (or decision not to investigate) the financial condition of the Borrower and is not relying on any information furnished by Agent or the Lenders. Each Guarantor assumes full responsibility to keep itself informed concerning the financial condition of the Borrower and all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligation, the status of the Guaranteed Obligations or any other matter which such Guarantor may deem necessary or appropriate, now or later.

(j) **Representations and Warranties; Covenants**. Each Guarantor (a) ratifies, confirms and, by reference thereto (as fully as though such matters were expressly set forth herein), represents and warrants with respect to itself those matters set forth in Article 6 of the Credit Agreement to the extent applicable to such Guarantor and those matters set forth in the recitals hereto**,** and such representations and warranties shall be deemed to be continuing representations and warranties true and correct in all material respects so long as this Guaranty shall be in effect; and (b) agrees to comply with the covenants set forth in Articles 7 and 8 of the Credit Agreement to the extent applicable to such Guarantor, and (ii) not to otherwise engage in any action or inaction, the result of which would cause a violation of any term or condition of the Credit Agreement.

(k) **Governing Law; Severability**. This Guaranty has been delivered in California and shall be interpreted and the rights of the parties hereunder shall be determined under the laws of, and be enforceable in, the State of California. If any term or provision of this Guaranty or the application thereof to any circumstance shall, to any extent, be invalid or unenforceable, the

remainder of this Guaranty, or the application of such term or provision to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Guaranty shall be valid and enforceable to the fullest extent permitted by law.

(l) **Notice**. All notices, requests, consents, approvals, waivers and other communications hereunder shall be in writing (including, by facsimile transmission) and mailed, faxed or delivered to the address or facsimile number specified for notices on ***Schedule 1*** hereto; or, to such other address or number as shall be designated by such party in a written notice to the other. All such notices, requests and communications shall, when sent by overnight delivery, or faxed, be effective when delivered for overnight (next business day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day (as defined in the Credit Agreement) after the date deposited into the U.S. mail, or if otherwise delivered, upon delivery.

(m) **Amendments; Future Subsidiaries**. The terms of this Guaranty may not be altered, modified, amended, supplemented or terminated in any manner whatsoever unless the same shall be in writing and signed by or on behalf of the requisite Lenders as determined pursuant to the Credit Agreement and the Guarantors. In accordance with the Credit Agreement, future Domestic Subsidiary of either Borrower shall become obligated as Guarantors hereunder (each as fully as though an original signatory hereto) by executing and delivering to the Agent and the Lenders that certain joinder agreement in the form attached hereto as Exhibit A.

(n) **No Waiver**. No waiver or release shall be deemed to have been made by the Agent or any of the Lenders of any of their respective rights hereunder unless the same shall be in writing and signed by or on behalf of the requisite Lenders as determined pursuant to the Credit Agreement, and any such waiver shall be a waiver or release only with respect to the specific matter and Guarantor or Guarantors involved, and shall in no way impair the rights of the Agent or any of the Lenders or the obligations of the Guarantors under this Guaranty in any other respect at any other time.

(o) **Joint and Several Obligation, etc**. The obligation of each of the Guarantors under this Guaranty shall be several and also joint, each with all and also each with any one or more of the others, and may be enforced against each severally, any two or more jointly, or some severally and some jointly. Any one or more of the Guarantors may be released from its obligations hereunder with or without consideration for such release and the obligations of the other Guarantors hereunder shall be in no way affected thereby. The Agent, on behalf of Lenders, may fail or elect not to prove a claim against any bankrupt or insolvent Guarantor and thereafter, the Agent and the Lenders may, without notice to any Guarantors, extend or renew any part or all of the obligations of the Borrower under the Credit Agreement or otherwise, and may permit any such Person to incur additional indebtedness, without affecting in any manner the unconditional obligation of each of the Guarantors hereunder. Such action shall not affect any right of contribution among the Guarantors.

(p) **Release; Reinstatement**. Upon the satisfaction of the obligations of the Guarantors hereunder, and when none of the Guarantors is subject to any obligation hereunder or under the Credit Agreement or any of the other Loan Documents, the Agent shall deliver to such

Guarantors, upon written request therefor, (a) a written release of this Guaranty and (b) appropriate discharges of any Collateral provided by the Guarantors for this Guaranty; provided however that, the effectiveness of this Guaranty shall continue or be reinstated, as the case may be, in the event: (x) that any payment received or credit given by the Agent or the Lenders, or any of them, is returned, disgorged, rescinded or required to be recontributed to any party as an avoidable preference, impermissible setoff, fraudulent conveyance, restoration of capital or otherwise under any applicable state, federal or law of any jurisdiction, including laws pertaining to bankruptcy or insolvency, and this Guaranty shall thereafter be enforceable against the Guarantors as if such returned, disgorged, recontributed or rescinded payment or credit has not been received or given by the Agent or the Lenders, and whether or not the Agent or any Lender relied upon such payment or credit or changed its position as a consequence thereof or (y) that any liability is imposed, or sought to be imposed against the Agent or the Lenders, or any of them, relating to the environmental condition of any of property mortgaged or pledged to the Agent on behalf of the Lenders by any Guarantor, Borrower or any other party as collateral (in whole or part) for any indebtedness or obligation evidenced or secured by this Guaranty, whether such condition is known or unknown, now exists or subsequently arises (excluding only conditions which arise after acquisition by the Agent or any Lender of any such property, in lieu of foreclosure or otherwise, due to the wrongful act or omission of the Agent or such Lenders, or any person other than the Borrower, the Subsidiaries, or Affiliates of the Borrower or the Subsidiaries), and this Guaranty shall thereafter be enforceable against the Guarantors to the extent of all such liabilities, costs and expenses (including reasonable attorneys' fees) incurred by the Agent or Lenders as the direct or indirect result of any such environmental condition but only for which the Borrower is obligated to the Agent and the Lenders pursuant to the Credit Agreement. For purposes of this Guaranty **"environmental condition"** includes, without limitation, conditions existing with respect to the surface or ground water, drinking water supply, land surface or subsurface strata and the ambient air.

(q) **Consent to Jurisdiction**. Each of the Guarantors hereby irrevocably submits to the non-exclusive jurisdiction of any United States federal or California state court sitting in the County of Santa Clara, California in any action or proceeding arising out of or relating to this Guaranty or any of the other Loan Documents and Guarantors hereby irrevocably agree that all claims in respect of such action or proceeding may be heard and determined in any such United States federal or California state court. Each of the Guarantors irrevocably consents to the service of any and all process in any such action or proceeding brought in any court in or of the State of California (and to the receipt of any and all notices hereunder) by the delivery of copies of such process to Guarantors at their respective addresses specified in ***Schedule 1*** hereof in the manner set forth therein.

(r) **Headings**. The headings, captions, and arrangements used in this Guaranty are for convenience only and shall not affect the interpretation of this Guaranty.

(s) **Counterparts**. This Guaranty may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(t) **JURY TRIAL WAIVER**. EACH GUARANTOR AND THE AGENT ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL ONE,

BUT THAT IT MAY BE WAIVED UNDER CERTAIN CIRCUMSTANCES. TO THE EXTENT PERMITTED BY LAW, EACH GUARANTOR AND THE AGENT, AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR CHOICE, KNOWINGLY AND VOLUNTARILY, AND FOR THEIR MUTUAL BENEFIT WAIVES ANY RIGHT TO TRIAL BY JURY IN THE EVENT OF LITIGATION REGARDING THE PERFORMANCE OR ENFORCEMENT OF, OR IN ANY WAY RELATED TO, THIS GUARANTY OR THE GUARANTEED OBLIGATIONS.

(a) In the event that the jury trial waiver contained in this Section 20 is not enforceable, the parties elect to proceed as follows:

(b) With the exception of the items specified in clause (c), below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to this Agreement or any other Loan Document will be resolved by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("CCP"), or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Except as otherwise provided in the Agreement, venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "Court").

(c) The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver and (iv) temporary, provisional or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This Section does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section.

(d) The referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the Presiding Judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to CCP § 170.6, each party shall have one peremptory challenge to the referee selected by the Presiding Judge of the Court (or his or her representative).

(e) The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (a) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (b) if practicable, try all issues of law or fact within one hundred twenty (120) days after the date of the conference and (c) report a statement of decision within twenty (20) days after the matter has been submitted for decision.

(f) The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

(g) Except as expressly set forth in this Section 16, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award costs to the prevailing party, the parties will equally share the cost of the referee and the court reporter at trial.

(h) The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, enter equitable orders that will be binding on the parties and rule on any motion which would be authorized in a trial, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding which disposes of all claims of the parties that are the subject of the reference. Pursuant to CCP § 644, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court and any such decision will be final, binding and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of laws, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

(i) If the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or Justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery set forth above shall apply to any such arbitration proceeding.

THE PARTIES RECOGNIZE AND AGREE THAT ALL DISPUTES RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF THEIR OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CONTROVERSY, DISPUTE OR

CLAIM BETWEEN OR AMONG THEM WHICH ARISES OUT OF OR IS RELATED TO THIS AGREEMENT.

(u) **Limitation under Applicable Insolvency Laws**. Notwithstanding anything to the contrary contained herein, it is the intention of the Guarantors, the Agent and the Lenders that the amount of the respective Guarantor's obligations hereunder shall be in, but not in excess of, the maximum amount thereof not subject to avoidance or recovery by operation of applicable law governing bankruptcy, reorganization, arrangement, adjustment of debts, relief of debtors, dissolution, insolvency, fraudulent transfers or conveyances or other similar laws (collectively, **"Applicable Insolvency Laws"**). To that end, but only in the event and to the extent that the Guarantor's respective obligations hereunder or any payment made pursuant thereto would, but for the operation of the foregoing proviso, be subject to avoidance or recovery under Applicable Insolvency Laws, the amount of the Guarantor's respective obligations hereunder shall be limited to the largest amount which, after giving effect thereto, would not, under Applicable Insolvency Laws, render the Guarantor's respective obligations hereunder unenforceable or avoidable or subject to recovery under Applicable Insolvency Laws. To the extent any payment actually made hereunder exceeds the limitation contained in this Section 21, then the amount of such excess shall, from and after the time of payment by the Guarantors (or any of them), be reimbursed by the Lenders upon demand by such Guarantors. The foregoing proviso is intended solely to preserve the rights of the Agent and the Lenders hereunder against the Guarantors to the maximum extent permitted by Applicable Insolvency Laws and neither the Borrower nor any Guarantor nor any other Person shall have any right or claim under this Section 21 that would not otherwise be available under Applicable Insolvency Laws.

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

IN WITNESS WHEREOF, each of the undersigned Guarantors has executed this Guaranty as of the date first above written.

QUINSTREET PROPERTIES, INC.

By: _____

Its: _____

QUINSTREET LLC

By: _____

Its: _____

QUINSTREET MEDIA, INC.

By: _____

Its: _____

CYBERSPACE COMMUNICATIONS CORPORATION

By: _____

Its: _____

RELIABLEREMODELER.COM, INC.

By: _____

Its: _____

HQ PUBLICATIONS LLC

By: _____

Its: _____

SCHEDULE 1

INFORMATION FOR NOTICES

Comerica Bank
75 East Trimble Road, M/C 4770
San Jose, California 95131
Attention: Manager
Fax No.: (408) 556-5091

With a copy to:

Comerica Bank
2 Embarcadero Center, Suite 300
San Francisco, CA 94111
Attn: Phil Koblis — Vice President
Fax No.: (415) 477-3260

[Guarantors]

_____

_____

Attention: _____
Phone: _____
Fax No.: _____

_____

_____

Attention: _____
Phone: _____
Fax No.: _____

EXHIBIT A

Joinder Agreement to Guaranty

THIS JOINDER AGREEMENT is dated as of _____, ___ by _____ (**"New Guarantor"**).

WHEREAS, pursuant to Section 7.14 of that certain Revolving Credit and Term Loan Agreement dated as of September 29, 2008 (as amended or otherwise modified from time to time, the **"Credit Agreement"**; capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement) by and among QuinStreet, Inc. ("**Borrower**"), Comerica Bank, as agent for the Lenders (the **"Agent"**) and the financial institutions which are parties thereto from time to time (**"Lenders"**), the Lenders have agreed to extend credit to the Borrower on the terms set forth in the Credit Agreement and pursuant to Section 13 of that certain Guaranty dated as of September 29, 2008 (as amended or otherwise modified from time to time, the **"Guaranty"**) executed and delivered by the Guarantors named therein (**"Guarantors"**) in favor of Agent, for and on behalf of the Lenders, the New Guarantor must execute and deliver a Joinder Agreement in accordance with the Credit Agreement and the Guaranty.

NOW THEREFORE, as a further inducement to each of the Lenders to continue to provide credit accommodations to the Borrower, New Guarantor hereby covenants and agrees as follows:

(a) All capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement unless expressly defined to the contrary.

(b) New Guarantor hereby enters into this Joinder Agreement in order to comply with Section 7.13 of the Credit Agreement and Section 13 of the Guaranty and does so in consideration of the extension of the Guaranteed Obligations, from which New Guarantor shall derive direct and indirect benefit as with the other Guarantors (all as set forth and on the same basis as in the Guaranty).

(c) New Guarantor shall be considered, and deemed to be, for all purposes of the Credit Agreement, the Guaranty and the other Loan Documents, a Guarantor under the Guaranty and hereby ratifies and confirms its obligations under the Guaranty, all in accordance with the terms thereof.

(d) No Default or Event of Default has occurred and is continuing under the Credit Agreement.

(e) This Joinder Agreement shall be governed by the laws of the State of California and shall be binding upon New Guarantor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned New Guarantor has executed and delivered this Joinder Agreement as of _____.

[NEW GUARANTOR]

By: _____

Its: _____

EXHIBIT J

FORM OF COVENANT COMPLIANCE REPORT

TO: Comerica Bank, as Agent

RE: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

This Covenant Compliance Report ("Report") is furnished pursuant to Section 7.2(a) of the Credit Agreement and sets forth various information as of _____, 20 _____ (the "Computation Date").

1. Adjusted Quick Ratio (Section 7.9(a)). On the Computation Date, the Adjusted Quick Ratio, which is required to be not less than ___ to 1.00 was _____ to 1.00, as computed in the supporting documents attached hereto as Schedule 1.

2. Fixed Charge Coverage Ratio (Section 7.9(b)). On the Computation Date, the Fixed Charge Coverage Ratio, which is required to be not less than _____ to 1.0 was _____ to 1.0 as computed in the supporting documents attached hereto as Schedule 2.

3. Funded Debt to EBITDA Ratio (Section 7.9(c)). On the Computation Date, the Funded Debt to EBITDA Ratio, which is required to be not more than _____ to 1.0 was _____ to 1.0 as computed in the supporting documents attached hereto as Schedule 2.

The Borrower's Representative hereby certifies that:

A. To the best of my knowledge, all of the information set forth in this Report (and in any Schedule attached hereto) is true and correct in all material respects.

B. To the best of my knowledge, the representation and warranties of the Credit Parties contained in the Credit Agreement and in the Loan Documents are true and correct in all material respects with the same effect as though such representations and warranties had been made on and at the date hereof, except to the extent that such representations and warranties expressly relate to an earlier specific date, in which case such representations and warranties were true and correct in all material respects as of the date when made.

C. I have reviewed the Credit Agreement and this Report is based on an examination sufficient to assure that this Report is accurate.

D. To the best of my knowledge, except as stated in Schedule 5 hereto (which shall describe any existing Default or Event of Default and the notice and period of existence thereof and any action taken with respect thereto or contemplated to be taken by Borrower or any other

Credit Party), no Default or Event of Default has occurred and is continuing on the date of this Report.

Capitalized terms used in this Report and in the Schedules hereto, unless specifically defined to the contrary, have the meanings given to them in the Credit Agreement.

IN WITNESS WHEREOF, Borrower have caused this Report to be executed and delivered by the Borrower Representative this _____ day of _____ , _____.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT K

FORM OF TERM NOTE

$_____ _____, 20__

FOR VALUE RECEIVED, QuinStreet, Inc. ("Borrower") promises to pay to the order of [insert name of applicable financial institution] ("Payee"), in care of Agent, at San Jose, California, the principal sum of [insert amount derived from Percentages] Dollars ($_____), or if less, the aggregate principal amount of the Term Loan Advances made by the Payee, in lawful money of the United States of America payable in quarterly principal installments each in the amount and on the dates set forth in the Credit Agreement (as defined below) until the Term Loan Maturity Date, when the entire unpaid balance of principal and interest thereon shall be due and payable. Interest shall be payable at the rate (including the default rate) and on the dates provided in the Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent"), and Borrower.

This Note evidences Term Loan Advances made under, is subject to, may be accelerated and may be prepaid in accordance with, the terms of the Credit Agreement, to which reference is hereby made.

This Note shall be interpreted and the rights of the parties hereunder shall be determined under the laws of, and enforceable in, the State of California.

Borrower hereby waives presentment for payment, demand, protest and notice of dishonor and nonpayment of this Note and agrees that no obligation hereunder shall be discharged by reason of any extension, indulgence, release, or forbearance granted by any holder of this Note to any party now or hereafter liable hereon or any present or subsequent owner of any property, real or personal, which is now or hereafter security for this Note.

Nothing herein shall limit any right granted Payee by any other instrument or by law.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT L

FORM OF TERM LOAN RATE REQUEST

No._____ Dated:_____

To: Comerica Bank, as Agent

RE: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

Pursuant to the Credit Agreement, the Borrower hereby requests that the Lenders refund or convert, as applicable, an Advance under the Term Loan from Lenders as follows:

(A) Date of Refunding or Conversion of Advance:_____

(B) Type of Activity:

- o Refunding
- o Conversion

(C) Type of Advance (check only one):

- o Base Rate Advance
- o Eurodollar-based Advance

(D) Amount of Advance:

$_____

(E) Interest Period (applicable to Eurodollar-based Advances)

_____ months (insert 1, 2 or 3)

(F) Disbursement Instructions

- o Comerica Bank Account No. _____
- o Other: _____

_____

Borrower hereby certifies as follows:

1. There is no Default or Event of Default in existence, and none will exist upon the refunding or conversion of such Advance (both before and immediately after giving effect to such Advance); and

2. The representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects and shall be true and correct in all material respects as of the date of this Request (both before and immediately after giving effect to such Request), other than any representation or warranty that expressly speaks only as of a different date.

Capitalized terms used herein, except as defined to the contrary, have the meanings given them in the Credit Agreement.

QUINSTREET, INC.

By: _____

Its: _____

EXHIBIT M

FORM OF SWING LINE PARTICIPATION CERTIFICATE

_____, ____

[Name of Lender**]**

_____

_____

Re: Amended and Restated Revolving Credit and Term Loan Agreement ("Agreement") is made as of the 13th day of January, 2010, (as amended, restated or otherwise modified from time to time, the "Credit Agreement") by and among the financial institutions from time to time signatory thereto (individually a "Lender," and any and all such financial institutions collectively the "Lenders"), Comerica Bank, as Administrative Agent for the Lenders (in such capacity, the "Agent") and QuinStreet, Inc. ("Borrower").

Ladies and Gentlemen:

Pursuant to subsection 2.5(e) of the Credit Agreement, the undersigned hereby acknowledges receipt from you of $_____ as payment for a participating interest in the following Swing Line Loan:

Date of Swing Line Loan:_____

Principal Amount of Swing Line Loan:_____

The participation evidenced by this certificate shall be subject to the terms and conditions of the Credit Agreement including without limitation Section 2.5(e) thereof.

Very truly yours,

Comerica Bank, as Agent

By: _____

Its: _____

EXHIBIT N

NEW LENDER ADDENDUM

THIS NEW LENDER ADDENDUM, dated _____, to the Amended and Restated Revolving Credit and Term Loan Agreement dated as of the 13th day of January, 2010 (as otherwise amended or modified from time to time, the "Credit Agreement"), among QuinStreet, Inc. ("Borrower"), each of the financial institutions parties thereto (collectively, the "Lenders") and Comerica Bank, as Agent for the Lenders.

W I T N E S S E T H:

WHEREAS, the Credit Agreement provides in Section 2.13 thereof that a financial institution, although not originally a party thereto, may become a party to the Credit Agreement with the consent of the Borrower and the Agent by executing and delivering to the Agent a New Lender Addendum to the Credit Agreement in substantially the form of this New Lender Addendum; and

WHEREAS, the undersigned New Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, the New Lender hereby agrees as follows:

The New Lender hereby confirms that it has received a copy of the Credit Agreement and the exhibits and schedules referred to therein, and all other Loan Documents which it considers necessary, together with copies of the other documents which were required to be delivered under the Credit Agreement as a condition to the making of the loans thereunder. The New Lender acknowledges and agrees that it: (a) has made and will continue to make such inquiries and has taken and will take such care on its own behalf as would have been the case had its commitment been granted and its loans been made directly by such New Lender to the Borrower without the intervention of the Agent or any other Lender; and (b) has made and will continue to make, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, its own credit analysis and decisions relating to the Credit Agreement. The New Lender further acknowledges and agrees that the Agent has made any representations or warranties about the creditworthiness of the Borrower or any other party to the Credit Agreement or any other of the Loan Documents, or with respect to the legality, validity, sufficiency or enforceability of the Credit Agreement, or any other of the Loan Documents.

New Lender represents and warrants that it is a Person to which assignments are permitted pursuant to Sections 13.8(c) and (d) of the Credit Agreement.

Except as otherwise provided in the Credit Agreement, effective as of the Effective Date (as defined below):

(b) the New Lender (i) shall be deemed automatically to have become a party to the Credit Agreement and the other Loan Documents, and to have all the rights and obligations of a party to the Credit Agreement and the other Loan Documents, as if it were an original signatory; and (ii) agrees to be bound by the terms and conditions set forth in the Credit Agreement and the other Loan Documents as if it were an original signatory thereto; and

(c) the New Lender shall be a Revolving Credit Lender and its Percentage of the Revolving Credit Aggregate Commitment (and its risk participation in Letters of Credit) shall be as set forth in the attached revised Schedule 1.2 (Percentages); provided any fees paid prior to the Effective Date, including any Letter of Credit Fees, shall not be recalculated, redistributed or reallocated by Borrower, Agent or the Lenders.

As used herein, the term "Effective Date" means the date on which all of the following have occurred or have been completed, as reasonably determined by the Agent:

(1) the Borrower shall have paid to the Agent, all interest, fees (including the Revolving Credit Facility Fee) and other amounts, if any, accrued to the Effective Date for which reimbursement is then owing under the Credit Agreement;

(2) New Lender shall have remitted to the Agent funds in an amount equal to its Percentage of all Advances of the Revolving Credit outstanding as of the Effective Date; and

(3) the Borrower shall have executed and delivered to the Agent for the New Lender, a new Revolving Credit Note payable to such New Lender in the face amount of such New Lender's Percentage of the Revolving Credit Maximum Amount (after giving effect to this New Lender Addendum, and any other New Lender Addendum executed concurrently herewith).

The Agent shall notify the New Lender, along with Borrower, of the Effective Date. The New Lender shall deliver herewith to the Agent administrative details with respect to the funding and distribution of Advances (and Letters of Credit) as requested by Agent.

Terms defined in the Credit Agreement and not otherwise defined herein shall have their defined meanings when used herein.

IN WITNESS WHEREOF, the undersigned has caused this New Lender Addendum to be executed and delivered by a duly authorized officer on the date first above written.

[Name of New Lender]

By: _____

Its: _____

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (the "**Agreement**") dated as of September 29, 2008 and is effective as of the Effective Date, is entered into by and among the Borrower (as defined below), such other entities which from time to time become parties hereto (collectively, including the Borrower, the "**Debtors**" and each individually a "**Debtor**") and Comerica Bank ("**Comerica**"), as Administrative Agent for and on behalf of the Banks (as defined below) (in such capacity, the "**Agent**"). The addresses for the Debtors and the Agent, as of the date hereof, are set forth on the signature pages attached hereto.

RECITALS:

A. QuinStreet, Inc. (the "**Borrower**") has entered into that certain Revolving Credit and Term Loan Agreement dated as of September 29, 2008 (as amended, supplemented, amended and restated or otherwise modified from time to time the "**Credit Agreement**") with each of the financial institutions party thereto (collectively, including their respective successors and assigns, the "**Banks**") and the Agent pursuant to which the Banks have agreed, subject to the satisfaction of certain terms and conditions, to extend or to continue to extend financial accommodations to the Borrower, as provided therein.

B. Pursuant to the Credit Agreement, the Banks have required that each of the Debtors grant (or cause to be granted) certain Liens to the Agent, for the benefit of the Banks, all to secure the obligations of the Borrower or any Debtor under the Credit Agreement or any related Loan Document (including any Guaranty).

C. The Debtors have directly and indirectly benefited and will directly and indirectly benefit from the transactions evidenced by and contemplated in the Credit Agreement and the other Loan Documents.

D. The Agent is acting as Agent for the Banks pursuant to the terms and conditions **Section 12** of the Credit Agreement.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1
Definitions

Section 1.1 Definitions. As used in this Agreement, capitalized terms not otherwise defined herein have the meanings provided for such terms in the Credit Agreement. References to "Sections," "subsections," "Exhibits" and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. All references to statutes and regulations shall include any amendments of the same and any successor statutes and regulations. References to particular sections of the UCC should be read to refer also to parallel sections of the Uniform Commercial Code as enacted in each state or

other jurisdiction which may be applicable to the grant and perfection of the Liens held by the Agent for the benefit of the Banks pursuant to this Agreement.

The following terms have the meanings indicated below, all such definitions to be equally applicable to the singular and plural forms of the terms defined:

"**Account**" means any "account," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all rights of such Debtor to payment for goods sold or leased or services rendered, whether or not earned by performance, (b) all accounts receivable of such Debtor, (c) all rights of such Debtor to receive any payment of money or other form of consideration, (d) all security pledged, assigned or granted to or held by such Debtor to secure any of the foregoing, (e) all guaranties of, or indemnifications with respect to, any of the foregoing, and (f) all rights of such Debtor as an unpaid seller of goods or services, including, but not limited to, all rights of stoppage in transit, replevin, reclamation and resale.

"**Chattel Paper**" means any "chattel paper," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and shall include both electronic Chattel Paper and tangible Chattel Paper.

"**Collateral**" has the meaning specified in **Section 2.1** of this Agreement.

"**Computer Records**" means any computer records now owned or hereafter acquired by any Debtor.

"**Copyright Collateral**" shall mean all Copyrights and Copyright Licenses of the Debtors.

"**Copyright Licenses**" shall mean all license agreements with any other Person in connection with any of the Copyrights or such other Person's copyrights, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on ***Schedule 1.1*** hereto and made a part hereof, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"**Copyrights**" shall mean all copyrights and mask works, whether or not registered, and all applications for registration of all copyrights and mask works, including, but not limited to all copyrights and mask works, and all applications for registration of all copyrights and mask works identified on ***Schedule 1.1*** attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof; (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Copyright Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof); and (c) all rights corresponding thereto and all modifications, adaptations, translations, enhancements and derivative works, renewals thereof, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto.

"**Deposit Account**" shall mean a demand, time, savings, passbook, or similar account maintained with a bank. The term does not include investment property, investment accounts or accounts evidenced by an instrument.

"**Document**" means any "document," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, including, without limitation, all documents of title and all receipts covering, evidencing or representing goods now owned or hereafter acquired by a Debtor.

"**Equipment**" means any "equipment," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, all machinery, equipment, furniture, trade fixtures, tractors, trailers, rolling stock, vessels, aircraft and Vehicles now owned or hereafter acquired by such Debtor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"**General Intangibles**" means any "general intangibles," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all of such Debtor's Intellectual Property Collateral; (b) all of such Debtor's books, records, data, plans, manuals, computer software, computer tapes, computer disks, computer programs, source codes, object codes and all rights of such Debtor to retrieve data and other information from third parties; (c) all of such Debtor's contract rights, commercial tort claims, partnership interests, membership interests, joint venture interests, securities, deposit accounts, investment accounts and certificates of deposit; (d) all rights of such Debtor to payment under chattel paper, documents, instruments and similar agreements; (e) letters of credit, letters of credit rights supporting obligations and rights to payment for money or funds advanced or sold of such Debtor; (f) all tax refunds and tax refund claims of such Debtor; (g) all choses in action and causes of action of such Debtor (whether arising in contract, tort or otherwise and whether or not currently in litigation) and all judgments in favor of such Debtor; (h) all rights and claims of such Debtor under warranties and indemnities, (i) all health care receivables; and (j) all rights of such Debtor under any insurance, surety or similar contract or arrangement.

"**Governmental Authority**" shall mean any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"**Instrument**" shall mean any "instrument," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by any Debtor, and, in any event, shall include all promissory notes (including without limitation, any Intercompany Notes held by such Debtor), drafts, bills of exchange and trade acceptances, whether now owned or hereafter acquired.

"**Insurance Proceeds**" shall have the meaning set forth in **Section 4.4** of this Agreement.

"**Intellectual Property Collateral**" shall mean Patents, Patent Licenses, Copyrights, Copyright Licenses, Trademarks, Trademark Licenses, trade secrets, registrations, goodwill, franchises, permits, proprietary information, customer lists, designs, inventions and all other intellectual property and proprietary rights, including without limitation those described on ***Schedule 1.1*** attached hereto and incorporated herein by reference.

"**Inventory**" means any "inventory," as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and, in any event, shall include, without limitation, each of the following, whether now owned or hereafter acquired by such Debtor: (a) all goods and other Personal property of such Debtor that are held for sale or lease or to be furnished under any contract of service; (b) all raw materials, work-in-process, finished goods, supplies and materials of such Debtor; (c) all wrapping, packaging, advertising and shipping materials of such Debtor; (d) all goods that have been returned to, repossessed by or stopped in transit by such Debtor; and (e) all Documents evidencing any of the foregoing.

"**Investment Property**" means any "investment property" as such term is defined in Article or Chapter 9 of the UCC, now owned or hereafter acquired by a Debtor, and in any event, shall include without limitation all shares of stock and other equity, partnership or membership interests constituting securities, of the Domestic Subsidiaries of such Debtor from time to time owned or acquired by such Debtor in any manner (including, without limitation, the Pledged Shares), and the certificates and all dividends, cash, instruments, rights and other property from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such shares, but excluding any shares of stock or other equity, partnership or membership interests in any Foreign Subsidiaries of such Debtor.

"**Patent Collateral**" shall mean all Patents and Patent Licenses of the Debtors.

"**Patent Licenses**" shall mean all license agreements with any other Person in connection with any of the Patents or such other Person's patents, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on ***Schedule 1.1*** hereto and made a part hereof, subject, in each case, to the terms of such license agreements and the right to prepare for sale, sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"**Patents**" shall mean all letters patent, patent applications and patentable inventions, including, without limitation, all patents and patent applications identified on ***Schedule 1.1*** attached hereto and made a part hereof, and including without limitation, (a) all inventions and improvements described and claimed therein, and patentable inventions, (b) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (c) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without limitation, payments under all Patent Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof), and (d) all rights corresponding thereto and all reissues, divisions, continuations, continuations-in-part, substitutes, renewals, and extensions thereof, all improvements thereon, and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto.

"**Pledged Shares**" means the shares of capital stock or other equity, partnership or membership interests described on ***Schedule 1.2*** attached hereto and incorporated herein by reference, and all other shares of capital stock or other equity, partnership or membership interests (other than in an entity which is a Foreign Subsidiary) acquired by any Debtor after the date hereof.

"**Proceeds**" means any "proceeds," as such term is defined in Article or Chapter 9 of the UCC and, in any event, shall include, but not be limited to, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to a Debtor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to a Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting, or purporting to act, for or on behalf of any Governmental Authority), and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"**Records**" are defined in **Section 3.2** of this Agreement.

"**Software**" means all (i) computer programs and supporting information provided in connection with a transaction relating to the program, and (ii) computer programs embedded in goods and any supporting information provided in connection with a transaction relating to the program whether or not the program is associated with the goods in such a manner that it customarily is considered part of the goods, and whether or not, by becoming the owner of the goods, a Person acquires a right to use the program in connection with the goods, and whether or not the program is embedded in goods that consist solely of the medium in which the program is embedded.

"**Trademark Collateral**" shall mean all Trademarks and Trademark Licenses of the Debtors.

"**Trademark Licenses**" shall mean all license agreements with any other Person in connection with any of the Trademarks or such other Person's names or trademarks, whether a Debtor is a licensor or a licensee under any such license agreement, including, without limitation, the license agreements listed on ***Schedule 1.1*** hereto and made a part hereof, subject, in each case, to the terms of such license agreements, and the right to prepare for sale, and to sell and advertise for sale, all inventory now or hereafter covered by such licenses.

"**Trademarks**" shall mean all trademarks, service marks, trade names, trade dress or other indicia of trade origin, trademark and service mark registrations, and applications for trademark or service mark registrations (except for "intent to use" applications for trademark or service mark registrations filed pursuant to Section 1(b) of the Lanham Act, unless and until an Amendment to Allege Use or a Statement of Use under Sections 1(c) and 1(d) of said Act has been filed), and any renewals thereof, including, without limitation, each registration and application identified on ***Schedule 1.1*** attached hereto and made a part hereof, and including without limitation (a) the right to sue or otherwise recover for any and all past, present and future infringements and misappropriations thereof, (b) all income, royalties, damages and other payments now and hereafter due and/or payable with respect thereto (including, without

limitation, payments under all Trademark Licenses entered into in connection therewith, and damages and payments for past or future infringements thereof) and (c) all rights corresponding thereto and all other rights of any kind whatsoever of a Debtor accruing thereunder or pertaining thereto, together in each case with the goodwill of the business connected with the use of, and symbolized by, each such trademark, service mark, trade name, trade dress or other indicia of trade origin.

"**UCC**" means the Uniform Commercial Code as in effect in the State of California; provided, that if, by applicable law, the perfection or effect of perfection or non-perfection of the security interest created hereunder in any Collateral is governed by the Uniform Commercial Code as in effect on or after the date hereof in any other jurisdiction, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or the effect of perfection or non-perfection.

"Vehicles" means all cars, trucks, trailers, construction and earth moving equipment and other vehicles covered by a certificate of title law of any state and all tires and other appurtenances to any of the foregoing.

ARTICLE 2
Security Interest

Section 2.1 Grant of Security Interest. As collateral security for the prompt payment and performance in full when due of the Indebtedness (whether at stated maturity, by acceleration or otherwise), each Debtor hereby pledges, assigns, transfers and conveys to the Agent as collateral, and grants the Agent a continuing Lien on and security interest in, all of such Debtor's right, title and interest in and to the following, whether now owned or hereafter arising or acquired and wherever located (collectively, the "**Collateral**"):

(a) all Accounts;

(b) all Chattel Paper;

(c) all General Intangibles;

(d) all Equipment;

(e) all Inventory;

(f) all Documents;

(g) all Instruments;

(h) all Deposit Accounts and any other cash collateral, deposit or investment accounts, including all cash collateral, deposit or investment accounts established or maintained pursuant to the terms of this Agreement or the other Loan Documents;

(i) all Computer Records and Software, whether relating to the foregoing Collateral or otherwise, but in the case of such Software, subject to the rights of any non-affiliated licensee of software;

(j) all Investment Property; and

(k) the Proceeds, in cash or otherwise, of any of the property described in the foregoing clauses (a) through (j) and all Liens, security, rights, remedies and claims of such Debtor with respect thereto (provided that the grant of a security interest in Proceeds set forth is in this subsection (k) shall not be deemed to give the applicable Debtor any right to dispose of any of the Collateral, except as may otherwise be permitted pursuant to the terms of the Credit Agreement);

provided, however, that "Collateral" shall not include rights under or with respect to any General Intangible, license, permit or authorization to the extent any such General Intangible, license, permit or authorization, by its terms or by law, prohibits the assignment of, or the granting of a Lien over the rights of a grantor thereunder or which would be invalid or unenforceable upon any such assignment or grant (the "**Restricted Assets**"), provided that (A) the Proceeds of any Restricted Asset shall be continue to be deemed to be "Collateral", and (B) this provision shall not limit the grant of any Lien on or assignment of any Restricted Asset to the extent that the UCC or any other applicable law provides that such grant of Lien or assignment is effective irrespective of any prohibitions to such grant provided in any Restricted Asset (or the underlying documents related thereto). Concurrently with any such Restricted Asset being entered into or arising after the date hereof, the applicable Debtor shall be obligated to use good faith commercially reasonable efforts to obtain any waiver or consent (in form and substance acceptable to the Agent) necessary to allow such Restricted Asset to constitute Collateral hereunder if the failure of such Debtor to have such Restricted Asset would have a Material Adverse Effect.

Section 2.2 Debtors Remain Liable. Notwithstanding anything to the contrary contained herein, (a) the Debtors shall remain liable under the contracts, agreements, documents and instruments included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Agent or any Bank of any of their respective rights or remedies hereunder shall not release the Debtors from any of their duties or obligations under the contracts, agreements, documents and instruments included in the Collateral, and (c) neither the Agent nor any of the Banks shall have any indebtedness, liability or obligation (by assumption or otherwise) under any of the contracts, agreements, documents and instruments included in the Collateral by reason of this Agreement, and none of them shall be obligated to perform any of the obligations or duties of the Debtors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

ARTICLE 3
Representations and Warranties

To induce the Agent to enter into this Agreement and the Agent and the Banks to enter into the Credit Agreement, each Debtor represents and warrants to the Agent and to each Bank as

follows, each such representation and warranty being a continuing representation and warranty, surviving until termination of this Agreement in accordance with the provisions of **Section 7.12** of this Agreement:

Section 3.1 Title. Such Debtor is, and with respect to Collateral acquired after the date hereof such Debtor will be, the legal and beneficial owner of the Collateral free and clear of any Lien or other encumbrance, except for the Permitted Liens, provided that, other than the Lien established under this Agreement, no Lien on any Pledged Shares shall constitute a Permitted Lien.

Section 3.2 Change in Form or Jurisdiction; Successor by Merger; Location of Books and Records. As of the date hereof, each Debtor (a) is duly organized and validly existing as a corporation (or other business organization) under the laws of its jurisdiction of organization; (b) is formed in the jurisdiction of organization and has the registration number and tax identification number set forth on ***Schedule 3.2*** attached hereto; (c) has not changed its respective corporate form or its jurisdiction of organization at any time during the five years immediately prior to the date hereof, except as set forth on such ***Schedule 3.2***; (d) except as set forth on such ***Schedule 3.2*** attached hereto, no Debtor has, at any time during the five years immediately prior to the date hereof, become the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise of any other Person, and (e) keeps true and accurate books and records regarding the Collateral (the "**Records**") in the office indicated on such ***Schedule 3.2***.

Section 3.3 Representations and Warranties Regarding Certain Types of Collateral.

(a) **Location of Inventory and Equipment.** As of the date hereof, (i) all Inventory (except Inventory in transit) and Equipment (except trailers, rolling stock, vessels, aircraft and Vehicles) of each Debtor are located at the places specified on ***Schedule 3.3(a)*** attached hereto, (ii) the name and address of the landlord leasing any location to any Debtor is identified on such ***Schedule 3.3(a)***, and (iii) the name of and address of each bailee or warehouseman which holds any Collateral and the location of such Collateral is identified on such ***Schedule 3.3(a)***.

(b) **Account Information.** As of the date hereof, all Deposit Accounts, cash collateral account or investment accounts of each Debtor (except for those Deposit Accounts located with the Agent) are located at the banks specified on ***Schedule 3.3(b)*** attached hereto which Schedule sets forth the true and correct name of each bank where such accounts are located, such bank's address, the type of account and the account number.

(c) **Documents.** As of the date hereof, except as set forth on ***Schedule 3.3(c)***, none of the Inventory or Equipment of such Debtor (other than trailers, rolling stock, vessels, aircraft and Vehicles) is evidenced by a Document (including, without limitation, a negotiable document of title).

(d) **Intellectual Property.** Set forth on ***Schedule 1.1*** (the same may be amended from time to time) is a true and correct list of the registered Patents, Patent Licenses, registered Trademarks, Trademark Licenses, registered Copyrights and Copyright Licenses owned by the Debtors (including, in the case of the Patents, Trademarks and Copyrights, the applicable name, date of registration (or of application if registration not completed) and application or registration number).

Section 3.4 Pledged Shares.

(a) **Duly Authorized and Validly Issued**. The Pledged Shares that are shares of a corporation have been duly authorized and validly issued and are fully paid and nonassessable, and the Pledged Shares that are membership interests or partnership units (if any) have been validly granted, under the laws of the jurisdiction of organization of the issuers thereof, and, to the extent applicable, are fully paid and nonassessable. No such membership or partnership interests constitute "securities" within the meaning of Article 8 of the UCC, and each Debtor covenants and agrees not to allow any such membership or partnership interest to become "securities" for purposes of Article 8 of the UCC.

(b) **Valid Title; No Liens; No Restrictions.** Each Debtor is the legal and beneficial owner of the Pledged Shares, free and clear of any Lien (other than the Liens created by this Agreement), and such Debtor has not sold, granted any option with respect to, assigned, transferred or otherwise disposed of any of its rights or interest in or to the Pledged Shares. None of the Pledged Shares are subject to any contractual or other restrictions upon the pledge or other transfer of such Pledged Shares, other than those imposed by securities laws generally. No issuer of Pledged Shares is party to any agreement granting "control" (as defined in Section 8-106 of the UCC) of such Debtor's Pledged Shares to any third party. All such Pledged Shares are held by each Debtor directly and not through any securities intermediary.

(c) **Description of Pledged Shares; Ownership.** The Pledged Shares constitute the percentage of the issued and outstanding shares of stock, partnership units or membership interests of the issuers thereof indicated on ***Schedule 1.2*** (as the same may be amended from time to time) and such Schedule contains a description of all shares of capital stock, membership interests and other equity interests of or in any Subsidiaries owned by such Debtor.

Section 3.5 Intellectual Property.

(a) **Filings and Recordation.** Each Debtor has made all necessary filings and recordations to protect and maintain its interest in the Trademarks, Patents and Copyrights set forth on ***Schedule 1.1*** (as the same may be amended from time to time), including, without limitation, all necessary filings and recordings, and payments of all maintenance fees, in the United States Patent and Trademark Office and United States Copyright Office to the extent such Trademarks, Patents and Copyrights are material to such Debtor's business. Also set forth on ***Schedule***

1.1 (as the same may be amended from time to time) is a complete and accurate list of all of the material Trademark Licenses, Patent Licenses and Copyright Licenses owned by the Debtors as of the date hereof.

(b) **Trademarks and Trademark Licenses Valid.** (i) Each Material Trademark of the Debtors set forth on ***Schedule 1.1*** (as the same may be amended from time to time) is subsisting and has not been adjudged invalid, unregisterable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, registrable and enforceable, except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) (ii) each of the Trademark Licenses set forth on ***Schedule 1.1*** (as the same may be amended from time to time) is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) and (iii) the Debtors have notified the Agent in writing of all uses of any material item of Trademark Collateral of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable, including unauthorized uses by third parties and uses which were not supported by the goodwill of the business connected with such Collateral.

(c) **Patents and Patent Licenses Valid.** (i) Each Material Patent of the Debtors set forth on ***Schedule 1.1*** (as the same may be amended from time to time) is subsisting and has not been adjudged invalid, unpatentable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, patentable and enforceable except as otherwise set forth on ***Schedule 1.1*** (as the same may be amended from time to time), except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) (ii) each of the Patent Licenses set forth on ***Schedule 1.1*** (as the same may be amended from time to time) is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) and (iii) the Debtors have notified the Agent in writing of all uses of any item of Patent Collateral material to any Debtor's business of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(d) **Copyright and Copyright Licenses Valid.** (i) Each Material Copyright of the Debtors set forth on ***Schedule 1.1*** (as the same may be amended from time to

time) is subsisting and has not been adjudged invalid, uncopyrightable or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid, copyrightable and enforceable, except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) (ii) each of the Copyright Licenses set forth on ***Schedule 1.1*** (as the same may be amended from time to time) is validly subsisting and has not been adjudged invalid or unenforceable, in whole or in part, and, to the Debtors' knowledge, is valid and enforceable, except as enforceability may be limited by bankruptcy insolvency, reorganization moratorium or similar laws affecting the enforcement of creditors rights generally and by equitable principles (whether enforcement is sought by proceedings in equity or at law) and (iii) the Debtors have notified the Agent in writing of all uses of any item of Copyright Collateral material to any Debtor's business of which any Debtor is aware which could reasonably be expected to lead to such item becoming invalid or unenforceable.

(e) **No Assignment.** The Debtors have not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale, transfer or encumbrance of any of the Intellectual Property Collateral, except with respect to non-exclusive licenses granted in the ordinary course of business or as permitted by this Agreement or the Loan Documents. No Debtor has granted any license, shop right, release, covenant not to sue, or non-assertion assurance to any Person with respect to any part of the Intellectual Property Collateral, except as set forth on ***Schedule 1.1*** or as otherwise disclosed to the Agent in writing.

(f) **Products Marked.** Each Debtor has marked its products with the trademark registration symbol, copyright notices, the numbers of all appropriate patents, the common law trademark symbol or the designation "patent pending," as the case may be, to the extent that Debtor, in good faith, believes is reasonably and commercially practicable.

(g) **Other Rights.** Except for the Trademark Licenses, Patent Licenses and Copyright Licenses listed on ***Schedule 1.1*** hereto under which a Debtor is a licensee, no Debtor has knowledge of the existence of any right or any claim (other than as provided by this Agreement) that is likely to be made under or against any item of Intellectual Property Collateral contained on ***Schedule 1.1*** to the extent such claim could reasonably be expected to have a Material Adverse Effect.

(h) **No Claims.** Except as set forth on ***Schedule 1.1*** or as otherwise disclosed to the Agent in writing, no claim has been made and is continuing or, to any Debtor's knowledge, threatened that the use by any Debtor of any item of Intellectual Property Collateral is invalid or unenforceable or that the use by any Debtor of any Intellectual Property Collateral does or may violate the rights of any Person, except to the extent such invalidity, unenforceability or violation could not reasonably be expected to have a Material Adverse Effect. To the Debtors'

knowledge, there is no infringement or unauthorized use of any item of Intellectual Property Collateral contained on ***Schedule 1.1*** or as otherwise disclosed to the Agent in writing and except to the extent such claim could not reasonably be expected to have a Material Adverse Effect.

(i) **No Consent.** No consent of any party (other than such Debtor) to any Patent License, Copyright License or Trademark License constituting Intellectual Property Collateral is required, or purports to be required, to be obtained by or on behalf of such Debtor in connection with the execution, delivery and performance of this Agreement that has not been obtained. To any Debtor's knowledge, each Patent License, Copyright License and Trademark License constituting Intellectual Property Collateral is in full force and effect and constitutes a valid and legally enforceable obligation of the applicable Debtor and (to the knowledge of the Debtors) each other party thereto except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditor's rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law). No consent or authorization of, filing with or other act by or in respect of any Governmental Authority is required in connection with the execution, delivery, performance, validity or enforceability of any of the Patent Licenses, Copyright Licenses or Trademark Licenses by any party thereto other than those which have been duly obtained, made or performed and are in full force and effect. Neither the Debtors nor (to the knowledge of any Debtor) any other party to any Patent License, Copyright License or Trademark License constituting Collateral is in default in the performance or observance of any of the terms thereof, except for such defaults as would not reasonably be expected, in the aggregate, to have a material adverse effect on the value of the Intellectual Property Collateral. To the knowledge of such Debtor, the right, title and interest of the applicable Debtor in, to and under each Patent License, Copyright License and Trademark License constituting Intellectual Property Collateral is not subject to any defense, offset, counterclaim or claim.

Section 3.6 **Priority**. No financing statement, security agreement or other Lien instrument covering all or any part of the Collateral is on file in any public office with respect to any outstanding obligation of such Debtor except (i) as may have been filed in favor of the Agent pursuant to this Agreement and the other Loan Documents and (ii) financing statements filed to perfect Permitted Liens (which shall not, in any event, grant a Lien over the Pledged Shares).

Section 3.7 **Perfection**. Upon (a) the filing of Uniform Commercial Code financing statements in the jurisdictions listed on ***Schedule 3.7*** attached hereto, and (b) the recording of this Agreement in the United States Patent and Trademark Office and the United States Copyright Office, the security interest in favor of the Agent created herein will constitute a valid and perfected Lien upon and security interest in the Collateral which may be created and perfected either under the UCC by filing financing statements or by a filing with the United States Patent and Trademark Office and the United States Copyright Office.

ARTICLE 4
Covenants

Each Debtor covenants and agrees with the Agent, until termination of this Agreement in accordance with the provisions of **Section 7.12** hereof, as follows:

Section 4.1 Covenants Regarding Certain Kinds of Collateral.

(a) Promissory Notes and Tangible Chattel Paper. If Debtors, now or at any time hereafter, collectively hold or acquire any promissory notes or tangible Chattel Paper for which the principal amount thereof or the obligations evidenced thereunder are, in the aggregate, in excess of $250,000, the applicable Debtors shall promptly notify the Agent in writing thereof and forthwith endorse, assign and deliver the same to the Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Agent may from time to time reasonably specify, and cause all such Chattel Paper to bear a legend reasonably acceptable to the Agent indicating that the Agent has a security interest in such Chattel Paper.

(b) Electronic Chattel Paper and Transferable Records. If Debtors, now or at any time hereafter, collectively hold or acquire an interest in any electronic Chattel Paper or any "transferable record," as that term is defined in the federal Electronic Signatures in Global and National Commerce Act, or in the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, worth, in the aggregate, in excess of $250,000, the applicable Debtors shall promptly notify the Agent thereof and, at the request and option of the Agent, shall take such action as the Agent may reasonably request to vest in the Agent control, under Section 9-105 of the UCC, of such electronic chattel paper or control under the federal Electronic Signatures in Global and National Commerce Act, or the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(c) Letter-of-Credit Rights. If Debtors, now or at any time hereafter, collectively are or become beneficiaries under letters of credit, with an aggregate face amount in excess of $250,000, the applicable Debtors shall promptly notify the Agent thereof and, at the request of the Agent, the applicable Debtors shall, pursuant to an agreement in form and substance reasonably satisfactory to the Agent either arrange (i) for the issuer and any confirmer of such letters of credit to consent to an assignment to the Agent of the proceeds of the letters of credit or (ii) for the Agent to become the transferee beneficiary of the letters of credit, together with, in each case, any such other actions as reasonably requested by the Agent to perfect its first priority Lien in such letter of credit rights. The applicable Debtor shall retain the proceeds of the applicable letters of credit until a Default or Event of Default has occurred and is continuing whereupon the proceeds are to be delivered to the Agent and applied as set forth in the Credit Agreement.

(d) Commercial Tort Claims. If Debtors, now or at any time hereafter, collectively hold or acquire any commercial tort claims, which, the reasonably estimated value of which are in aggregate excess of $250,000, the applicable Debtors shall immediately notify the Agent in a writing signed by such Debtors of the particulars thereof and grant to the Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Agent.

(e) Pledged Shares. All certificates or instruments representing or evidencing the Pledged Shares or any Debtor's rights therein shall be delivered to the Agent promptly upon Debtor gaining any rights therein, in suitable form for transfer by delivery or accompanied by duly executed stock powers or instruments of transfer or assignments in blank, all in form and substance reasonably acceptable to the Agent.

(f) Equipment and Inventory.

(i) **Location.** Each Debtor shall keep the Equipment (other than Vehicles) and Inventory (other than Inventory in transit) which is in such Debtor's possession or in the possession of any bailee or warehouseman at any of the locations specified on ***Schedule 3.3(a)*** attached hereto or as otherwise disclosed in writing to the Agent from time to time, subject to compliance with the other provisions of this Agreement, including subsection (ii) below.

(ii) **Landlord Consents and Bailee's Waivers.** Borrower shall provide a landlord consent in form acceptable to Agent for its corporate headquarters and upon the occurrence and during the continuance of an Event of Default, each Debtor shall provide, as applicable, a bailee's waiver or landlord consent, in form and substance acceptable to the Agent, for each non-Debtor owned location of Collateral disclosed on ***Schedule 3.3(a)*** or otherwise disclosed to the Agent in writing, promptly after leasing such location, and shall take all other actions required by the Agent to perfect the Agent's security interest in the Equipment and Inventory with the priority required by this Agreement.

(iii) **Maintenance.** Each Debtor shall maintain the Equipment and Inventory in such condition as may be specified by the terms of the Credit Agreement.

(g) Intellectual Property.

(i) **Trademarks.** Each Debtor agrees to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (x) defend, enforce, preserve the validity and ownership of, and maintain each Trademark registration and each Trademark License identified on ***Schedule 1.1*** hereto, and (y) pursue each trademark application now or hereafter identified on ***Schedule 1.1*** hereto, including, without limitation, the filing of responses to office actions issued by the United States Patent and Trademark Office, the filing of applications for renewal, the filing of affidavits under Sections 8 and 15 of the United States Trademark Act, and the participation in opposition, cancellation, infringement and misappropriation proceedings, except, in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Each Debtor agrees to take corresponding steps with respect to each

new or acquired Trademark registration, Trademark application or any rights obtained under any Trademark License, in each case, which it is now or later becomes entitled, except in each case in which such Debtor has determined, using its commercially reasonable judgment, that any of the foregoing is not of material economic value to it. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(ii) **Patents.** Each Debtor to take all necessary steps, including, without limitation, in the United States Patent and Trademark Office or in any court, to (x) defend, enforce, preserve the validity and ownership of, and maintain each Patent and each Patent License identified on ***Schedule 1.1*** hereto, and (y) pursue each patent application, now or hereafter identified on ***Schedule 1.1*** hereto, including, without limitation, the filing of divisional, continuation, continuation-in-part and substitute applications, the filing of applications for reissue, renewal or extensions, the payment of maintenance fees, and the participation in interference, reexamination, opposition, infringement and misappropriation proceedings, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Each Debtor agrees to take corresponding steps with respect to each new or acquired Patent, patent application, or any rights obtained under any Patent License, in each case, which it is now or later becomes entitled, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(iii) **Copyrights.** Each Debtor agrees to take all necessary steps, including, without limitation, in the United States Copyright Office or in any court, to (x) defend, enforce, and preserve the validity and ownership of each Copyright and each Copyright License identified on ***Schedule 1.1*** hereto, and (y) pursue each Copyright and mask work application, now or hereafter identified on ***Schedule 1.1*** hereto, including, without limitation, the payment of applicable fees, and the participation in infringement and misappropriation proceedings, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Each Debtor agrees to take corresponding steps with respect to each new or acquired Copyright, Copyright and mask work application, or any rights obtained under any Copyright License, in each case, which it is now or later becomes entitled, except in each case in which the Debtors have determined, using their commercially reasonable judgment, that any of the foregoing is not of material economic value to them. Any expenses incurred in connection with such activities shall be borne by the Debtors.

(iv) **No Abandonment.** The Debtors shall not abandon any Trademark, Patent, Copyright or any pending Trademark, Copyright, mask work or

Patent application, without the written consent of the Agent, unless the Debtors shall have previously determined, using their commercially reasonable judgment, that such use or the pursuit or maintenance of such Trademark registration, Patent, Copyright registration or pending Trademark, Copyright, mask work or Patent application is not of material economic value to it, in which case, the Debtors shall give notice of any such abandonment to the Agent promptly in writing after the determination to abandon such Intellectual Property Collateral is made.

(v) **No Infringement**. In the event that a Debtor becomes aware that any item of the Intellectual Property Collateral which such Debtor has determined, using its commercially reasonable judgment, to be material to its business is infringed or misappropriated by a third party, such Debtor shall promptly notify the Agent promptly and in writing, in reasonable detail, and shall take such actions as such Debtor or the Agent deems reasonably appropriate under the circumstances to protect such Intellectual Property Collateral, including, without limitation, suing for infringement or misappropriation and for an injunction against such infringement or misappropriation. Any expense incurred in connection with such activities shall be borne by the Debtors. Each Debtor will advise the Agent promptly and in writing, in reasonable detail, of any adverse determination or the institution of any proceeding (including, without limitation, the institution of any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding any material item of the Intellectual Property Collateral.

(h) **Accounts and Contracts**. Each Debtor shall, in accordance with its usual business practices in effect from time to time, endeavor to collect or cause to be collected from each account debtor under its Accounts, as and when due, any and all amounts owing under such Accounts. So long as no Default or Event of Default has occurred and is continuing and except as otherwise provided in **Section 6.3**, each Debtor shall have the right to collect and receive payments on its Accounts, and to use and expend the same in its operations in each case in compliance with the terms of each of the Credit Agreement.

(i) **Vehicles; Aircraft and Vessels**. Notwithstanding any other provision of this Agreement, no Debtor shall be required to make any filings as may be necessary to perfect the Agent's Lien on its Vehicles, aircraft and vessels, unless a Default or an Event of Default has occurred and is continuing, whereupon the Agent may require such filings be made.

(j) **[Intentionally Deleted].**

(k) **Deposit Accounts.** Each Debtor agrees to promptly notify the Agent in writing of all Deposit Accounts, cash collateral accounts or investments accounts opened after the date hereof (except with Agent), and such Debtor shall take such actions as may be necessary or deemed desirable by the Agent (including the execution

and delivery of an account control agreement in form and substance satisfactory to the Agent) to grant the Agent a perfected, first priority Lien over each of the Deposit Accounts, cash collateral accounts or investment accounts disclosed on ***Schedule 3.3(b)*** and over each of the additional accounts disclosed pursuant to this **Section 4.1(k)**.

Section 4.2 Encumbrances. Each Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against any Lien (other than the Permitted Liens, provided that no Lien, other than the Lien created hereunder, shall exist over the Pledged Shares) or any restriction upon the pledge or other transfer thereof (other than as specifically permitted in the Credit Agreement), and shall defend such Debtor's title to and other rights in the Collateral and the Agent's pledge and collateral assignment of and security interest in the Collateral against the claims and demands of all Persons. Except to the extent permitted by the Credit Agreement or in connection with any release of Collateral under **Section 7.13** hereof (but only to the extent of any Collateral so released), such Debtor shall do nothing to impair the rights of the Agent in the Collateral.

Section 4.3 Disposition of Collateral. Except as otherwise permitted under the Credit Agreement, no Debtor shall enter into or consummate any transfer or other disposition of Collateral.

Section 4.4 Insurance. The Collateral pledged by such Debtor or the Debtors will be insured (to the extent such Collateral is insurable) with insurance coverage in such amounts and of such types as are required by the terms of the Credit Agreement. In the case of all such insurance policies, each such Debtor shall designate the Agent, as mortgagee or lender loss payee and such policies shall provide that any loss be payable to the Agent, as mortgagee or lender loss payee, as its interests may appear. Further, upon the request of the Agent, each such Debtor shall deliver certificates evidencing such policies, including all endorsements thereon and those required hereunder, to the Agent; and each such Debtor assigns to the Agent, as additional security hereunder, all its rights to receive proceeds of insurance with respect to the Collateral. All such insurance shall, by its terms, provide that the applicable carrier shall, prior to any cancellation before the expiration date thereof, mail ten (10) days' prior written notice to the Agent of such cancellation. Each Debtor further shall provide the Agent upon request with evidence reasonably satisfactory to the Agent that each such Debtor is at all times in compliance with this paragraph. Upon the occurrence and during the continuance of a Default or an Event of Default, the Agent may, at its option, act as each such Debtor's attorney-in-fact in obtaining, adjusting, settling and compromising such insurance and endorsing any drafts. Upon such Debtor's failure to insure the Collateral as required in this covenant, the Agent may, at its option, procure such insurance and its costs therefor shall be charged to such Debtor, payable on demand, with interest at the highest rate set forth in the Credit Agreement and added to the Indebtedness secured hereby. The disposition of proceeds payable to such Debtor of any insurance on the Collateral (the "**Insurance Proceeds**") shall be governed by the following:

(a) provided that no Default or Event of Default has occurred and is continuing hereunder, (i) if the amount of Insurance Proceeds in respect of any loss or casualty does not exceed One Million Dollars ($1,000,000), such Debtor shall be entitled, in the event of such loss or casualty, to receive all such Insurance

Proceeds and to apply the same toward the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first priority Lien in favor of the Agent and such repurchase of assets shall occur within 270 days of such Debtor receiving the Insurance Proceeds); and (ii) if the amount of Insurance Proceeds in respect of any loss or casualty exceeds One Million Dollars ($1,000,000), such Insurance Proceeds shall be paid to and received by the Agent, for release to such Debtor for the replacement of the Collateral affected thereby or to the purchase of other assets to be used in such Debtor's business (provided that such assets shall be subjected to a first priority Lien in favor of the Agent); or, upon written request of such Debtor (accompanied by reasonable supporting documentation), for such other use or purpose as approved by the Agent, in their reasonable discretion, it being understood and agreed in connection with any release of funds under this subparagraph (ii), that the Agent may impose reasonable and customary conditions on the disbursement of such Insurance Proceeds; and

(b) if a Default or Event of Default has occurred or is continuing and is not waived as provided in the Credit Agreement, all Insurance Proceeds in respect of any loss or casualty shall be paid to and received by the Agent, to be applied by the Agent against the Indebtedness in the manner specified in the Credit Agreement and/or to be held by the Agent as cash collateral for the Indebtedness, as the Agent may direct in its sole discretion.

Section 4.5 Corporate Changes; Books and Records; Inspection Rights. (a) Each Debtor shall not change its respective name, identity, corporate structure or jurisdiction of organization, or identification number in any manner that might make any financing statement filed in connection with this Agreement seriously misleading within the meaning of Section 9-506 of the UCC unless such Debtor shall have given the Agent ten (10) days prior written notice with respect to any change in such Debtor's corporate structure, jurisdiction of organization, name or identity and shall have taken all action deemed reasonably necessary by the Agent under the circumstances to protect its Liens and the perfection and priority thereof, (b) each Debtor shall keep the Records at the location specified on ***Schedule 3.2*** as the location of such books and records or as otherwise specified in writing to the Agent and (c) the Debtors shall permit the Agent, the Banks, and their respective agents and representatives to conduct inspections, discussion and audits of the Collateral in accordance with the terms of the Credit Agreement.

Section 4.6 Notification of Lien; Continuing Disclosure. Each Debtor shall promptly notify the Agent in writing of any Lien, encumbrance or claim (other than a Permitted Lien, to the extent not otherwise subject to any notice requirements under the Credit Agreement) that has attached to or been made or asserted against any of the Collateral upon becoming aware of the existence of such Lien, encumbrance or claim.

Section 4.7 Covenants Regarding Pledged Shares

(a) Voting Rights and Distributions.

(i) So long as no Default or Event of Default shall have occurred and be continuing (both before and after giving effect to any of the actions or other matters described in clauses (A) or (B) of this subparagraph):

(A) Each Debtor shall be entitled to exercise any and all voting and other consensual rights (including, without limitation, the right to give consents, waivers and ratifications) pertaining to any of the Pledged Shares or any part thereof; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken without the prior written consent of the Agent which would violate any provision of this Agreement or the Credit Agreement; and

(B) Except as otherwise provided by the Credit Agreement, such Debtor shall be entitled to receive and retain any and all dividends, distributions and interest paid in respect to any of the Pledged Shares.

(ii) Upon the occurrence and during the continuance of a Default or an Event of Default:

(A) The Agent may, without notice to such Debtor, transfer or register in the name of the Agent or any of its nominees, for the equal and ratable benefit of the Banks, any or all of the Pledged Shares and the Proceeds thereof (in cash or otherwise) held by the Agent hereunder, and the Agent or its nominee may thereafter, after delivery of notice to such Debtor, exercise all voting and corporate rights at any meeting of any corporation issuing any of the Pledged Shares and any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Pledged Shares as if the Agent were the absolute owner thereof, including, without limitation, the right to exchange, at its discretion, any and all of the Pledged Shares upon the merger, consolidation, reorganization, recapitalization or other readjustment of any corporation issuing any of such Pledged Shares or upon the exercise by any such issuer or the Agent of any right, privilege or option pertaining to any of the Pledged Shares, and in connection therewith, to deposit and deliver any and all of the Pledged Shares with any committee, depositary, transfer agent, registrar or other designated agency upon such terms and conditions as the Agent may determine, all without liability except to account for property actually received by it, but the Agent shall have no duty to exercise any of the aforesaid rights, privileges or options, and the Agent shall not be responsible for any failure to do so or delay in so doing.

(B) All rights of such Debtor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to **Section 4.7(a)(i)(A)** and to receive the dividends, interest and other distributions which it would otherwise be authorized to receive and retain pursuant to **Section 4.7(a)(i)(B)** shall be suspended until such Default or Event of Default shall no longer exist, and all such rights shall, until such Default or Event of Default shall no longer exist, thereupon become vested in the Agent which shall thereupon have the sole right to exercise such voting and other consensual rights and to receive, hold and dispose of as Pledged Shares such dividends, interest and other distributions.

(C) All dividends, interest and other distributions which are received by such Debtor contrary to the provisions of this **Section 4.7(a)(ii)** shall be received in trust for the benefit of the Agent, shall be segregated from other funds of such Debtor and shall be forthwith paid over to the Agent as Collateral in the same form as so received (with any necessary endorsement).

(D) Each Debtor shall execute and deliver (or cause to be executed and delivered) to the Agent all such proxies and other instruments as the Agent may reasonably request for the purpose of enabling the Agent to exercise the voting and other rights which it is entitled to exercise pursuant to this **Section 4.7(a)(ii)** and to receive the dividends, interest and other distributions which it is entitled to receive and retain pursuant to this **Section 4.7(a)(ii)**. The foregoing shall not in any way limit the Agent's power and authority granted pursuant to the other provisions of this Agreement.

(b) Possession; Reasonable Care .. Regardless of whether a Default or an Event of Default has occurred or is continuing, the Agent shall have the right to hold in its possession all Pledged Shares pledged, assigned or transferred hereunder and from time to time constituting a portion of the Collateral. The Agent may appoint one or more agents (which in no case shall be a Debtor or an affiliate of a Debtor) to hold physical custody, for the account of the Agent, of any or all of the Collateral. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Agent accords its own property, it being understood that the Agent shall not have any responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Agent has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral, except, subject to the terms hereof, upon the written instructions of the Banks. Following the occurrence and continuance of an Event of Default, the Agent shall be entitled to take ownership of the Collateral in accordance with the UCC.

Section 4.8 New Subsidiaries; Additional Collateral

(a) With respect to each Domestic Subsidiary which becomes a Material Subsidiary of a Debtor subsequent to the date hereof or which is otherwise required under the provisions of Section 7.13 of the Credit Agreement to execute and deliver a Guaranty, execute and deliver such joinders or security agreements or other pledge documents as are required by the Credit Agreement, within the time periods set forth therein.

(b) Each Debtor agrees that, (i) except with the written consent of the Agent, it will not permit any Domestic Subsidiary (whether now existing or formed after the date hereof) to issue to such Debtor or any of such Debtor's other Subsidiaries any shares of stock, membership interests, partnership units, notes or other securities or instruments (including without limitation the Pledged Shares) in addition to or in substitution for any of the Collateral, unless, concurrently with each issuance thereof, any and all such shares of stock, membership interests, partnership units, notes or instruments are encumbered in favor of the Agent under this Agreement or otherwise (except that only 65% of such shares of stock, membership interests or partnership units of Foreign Subsidiaries are required to be encumbered in favor of Agent) (it being understood and agreed that all such shares of stock, membership interests, partnership units, notes or instruments issued to such Debtor shall, without further action by such Debtor or the Agent, be automatically encumbered by this Agreement as Pledged Shares to the extent required under the terms of this Agreement or the Credit Agreement) and (ii) it will promptly following the issuance thereof deliver to the Agent (A) an amendment, duly executed by such Debtor, in substantially the form of ***Exhibit A*** hereto in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to Debtor or (B) if reasonably required by the Banks, a new stock pledge, duly executed by the applicable Debtor, in substantially the form of this Agreement (a "**New Pledge**"), in respect of such shares of stock, membership interests, partnership units, notes or instruments issued to any Debtor granting to the Agent, for the benefit of the Banks, a first priority security interest, pledge and Lien thereon, together in each case with all certificates, notes or other instruments representing or evidencing the same, together with such other documentation as the Agent may reasonably request. Such Debtor hereby (x) authorizes the Agent to attach each such amendment to this Agreement, (y) agrees that all such shares of stock, membership interests, partnership units, notes or instruments listed in any such amendment delivered to the Agent shall for all purposes hereunder constitute Pledged Shares, and (z) is deemed to have made, upon the delivery of each such amendment, the representations and warranties contained in **Section 3.4** of this Agreement with respect to the Collateral covered thereby.

(c) With respect to any Intellectual Property Collateral owned, licensed or otherwise acquired by any Debtor after the date hereof, and with respect to any Patent, Trademark or Copyright which is not registered or filed with the U.S. Patent and Trademark Office and/or the U.S. Copyright Office at the time such Collateral is pledged by a Debtor to the Agent pursuant to this Security Agreement, and which is subsequently registered or filed by such Debtor in the appropriate office, such

Debtor shall promptly after the acquisition or registration thereof execute or cause to be executed and delivered to the Agent, (i) an amendment, duly executed by such Debtor, in substantially the form of ***Exhibit A*** hereto, in respect of such additional or newly registered collateral or (ii) at the Agent's option, a new security agreement, duly executed by the applicable Debtor, in substantially the form of this Agreement, in respect of such additional or newly registered collateral, granting to the Agent, for the benefit of the Banks, a first priority security interest, pledge and Lien thereon (subject only to the Permitted Liens), together in each case with all certificates, notes or other instruments representing or evidencing the same, and shall, upon the Agent's request, execute or cause to be executed any financing statement or other document (including without limitation, filings required by the U.S. Patent and Trademark Office and/or the U.S. Copyright Office in connection with any such additional or newly registered collateral) granting or otherwise evidencing a Lien over such new Intellectual Property Collateral. Each Debtor hereby (x) authorizes the Agent to attach each amendment to this Agreement, (y) agrees that all such additional collateral listed in any amendment delivered to the Agent shall for all purposes hereunder constitute Collateral, and (z) is deemed to have made, upon the delivery of each such Amendment, the representations and warranties contained in **Section 3.3(d)** and **Section 3.5** of this Agreement with respect to the Collateral covered thereby.

Section 4.9 **Further Assurances** (a) At any time and from time to time, upon the request of the Agent, and at the sole expense of the Debtors, each Debtor shall promptly execute and deliver all such further agreements, documents and instruments and take such further action as the Agent may reasonably deem necessary or appropriate to (i) preserve, ensure the priority, effectiveness and validity of and perfect the Agent's security interest in and pledge and collateral assignment of the Collateral (including causing the Agent's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition of the Agent's ability to enforce its security interest in such Collateral), unless such actions are specifically waived under the terms of this Agreement and the other Loan Documents, (ii) carry out the provisions and purposes of this Agreement and (iii) to enable the Agent to exercise and enforce its rights and remedies hereunder with respect to any of the Collateral. Except as otherwise expressly permitted by the terms of the Credit Agreement relating to disposition of assets and except for Permitted Liens (except for Pledged Shares, over which the only Lien shall be that Lien established under this Agreement), each Debtor agrees to maintain and preserve the Agent's security interest in and pledge and collateral assignment of the Collateral hereunder and the priority thereof.

(b) Each Debtor hereby irrevocably authorizes the Agent at any time and from time to time to file in any filing office in any jurisdiction any initial financing statements and amendments thereto that (i) indicate any or all of the Collateral upon which the Debtors have granted a Lien, and (ii) provide any other information required by Part 5 of Article 9 of the UCC, including organizational information and in the case of a fixture filing or a filing for Collateral consisting of as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Each Debtor agrees to furnish any such information required by the preceding paragraph to the Agent promptly upon the Agent's reasonable request for such information.

ARTICLE 5
Rights of the Agent

Section 5.1 Power of Attorney. Each Debtor hereby irrevocably constitutes and appoints the Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of such Debtor or in its own name, to take, after the occurrence and during the continuance of an Event of Default, any and all actions, and to execute any and all documents and instruments which the Agent at any time and from time to time deems necessary, to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, such Debtor hereby gives the Agent the power and right on behalf of such Debtor and in its own name to do any of the following after the occurrence and during the continuance of an Event of Default, without notice to or the consent of such Debtor:

(a) to demand, sue for, collect or receive, in the name of such Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) to pay or discharge taxes, Liens (other than Permitted Liens) or other encumbrances levied or placed on or threatened against the Collateral;

(c) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Agent or as the Agent shall direct; (ii) to receive payment of and receipt for any and all monies, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications and notices in connection with accounts and other documents relating to the Collateral; (iv) to commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (v) to defend any suit, action or proceeding brought against such Debtor with respect to any Collateral; (vi) to settle, compromise or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as the Agent may deem appropriate; (vii) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar or other designated agency upon such terms as the Agent may determine; (viii) to add or release any guarantor, indorser, surety or other party to any of the Collateral; (ix) to renew, extend or otherwise change the terms and conditions of any of the Collateral; (x) to make, settle, compromise or adjust any claim under or pertaining to any of the Collateral (including claims

under any policy of insurance); (xi) subject to any pre-existing rights or licenses, to assign any Patent, Copyright or Trademark constituting Intellectual Property Collateral (along with the goodwill of the business to which any such Patent, Copyright or Trademark pertains), for such term or terms, on such conditions and in such manner, as the Agent shall in its sole discretion determine, and (xii) to sell, transfer, pledge, convey, make any agreement with respect to, or otherwise deal with, any of the Collateral as fully and completely as though the Agent were the absolute owner thereof for all purposes, and to do, at the Agent's option and such Debtor's expense, at any time, or from time to time, all acts and things which the Agent deems necessary to protect, preserve, maintain, or realize upon the Collateral and the Agent's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. The Agent shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Agent in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. This power of attorney is conferred on the Agent solely to protect, preserve, maintain and realize upon its security interest in the Collateral. The Agent shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve or maintain any Lien given to secure the Collateral.

Section 5.2 Setoff. In addition to and not in limitation of any rights of any Banks under applicable law, the Agent and each Bank shall, upon the occurrence and continuance of an Event of Default, without notice or demand of any kind, have the right to appropriate and apply to the payment of the Indebtedness owing to it (whether or not then due) any and all balances, credits, deposits, accounts or moneys of Debtors then or thereafter on deposit with such Banks; provided, however, that any such amount so applied by any Bank on any of the Indebtedness owing to it shall be subject to the provisions of the Credit Agreement.

Section 5.3 Assignment by the Agent. The Agent may at any time assign or otherwise transfer all or any portion of its rights and obligations as Agent under this Agreement and the other Loan Documents (including, without limitation, the Indebtedness) to any other Person, to the extent permitted by, and upon the conditions contained in, the Credit Agreement and such Person shall thereupon become vested with all the benefits and obligations thereof granted to the Agent herein or otherwise.

Section 5.4 Performance by the Agent. If any Debtor shall fail to perform any covenant or agreement contained in this Agreement in accordance with this Agreement and the other Loan Documents, the Agent may (but shall not be obligated to) perform or attempt to perform such covenant or agreement on behalf of the Debtors, in which case Agent shall exercise good faith and make diligent efforts to give Debtors prompt prior written notice of such performance or attempted performance. In such event, the Debtors shall, at the request of the Agent, promptly pay any reasonable amount expended by the Agent in connection with such performance or attempted performance to the Agent, together with interest thereon at the interest rate set forth in the Credit Agreement, from and including the date of such expenditure to but excluding the date such expenditure is paid in full. Notwithstanding the foregoing, it is

expressly agreed that the Agent shall not have any liability or responsibility for the performance (or non-performance) of any obligation of the Debtors under this Agreement.

Section 5.5 Certain Costs and Expenses. The Debtors shall pay or reimburse the Agent within five (5) Business Days after demand for all reasonable costs and expenses (including reasonable attorney's and paralegal fees) incurred by it in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of any of the Indebtedness (including in connection with any "workout" or restructuring regarding the Indebtedness, and including in any insolvency proceeding or appellate proceeding). The agreements in this **Section 5.5** shall survive the payment in full of the Indebtedness. Notwithstanding the foregoing, the reimbursement of any fees and expenses incurred by the Banks shall be governed by the terms and conditions of the applicable Credit Agreement.

Section 5.6 Indemnification. The Debtors shall indemnify, defend and hold the Agent, and each Bank and each of their respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an "**Indemnified Person**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including reasonable attorneys' and paralegals' fees) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Indebtedness and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Indemnified Person in any way relating to or arising out of this Agreement or any other Loan Document or any document relating to or arising out of or referred to in this Agreement or any other Loan Document, or the transactions contemplated hereby, or any action taken or omitted by any such Indemnified Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any bankruptcy proceeding or appellate proceeding) related to or arising out of this Agreement or the Indebtedness or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the "**Indemnified Liabilities**"); provided, that the Debtors shall have no obligation under this **Section 5.6** to any Indemnified Person with respect to Indemnified Liabilities to the extent resulting from the gross negligence or willful misconduct of such Indemnified Person. The agreements in this **Section 5.6** shall survive payment of all other Indebtedness.

ARTICLE 6
Default

Section 6.1 Rights and Remedies. If an Event of Default shall have occurred and be continuing, the Agent shall have the following rights and remedies subject to the direction and/or consent of the Banks as required under the Credit Agreement:

(a) The Agent may exercise any of the rights and remedies set forth in this Agreement (including, without limitation, **Article 5** hereof), in the Credit Agreement, or in any other Loan Document, or by applicable law.

(b) In addition to all other rights and remedies granted to the Agent in this Agreement, the Credit Agreement or by applicable law, the Agent shall have all of the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and the Agent may also, without previous demand or notice except as specified below or in the Credit Agreement, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. Without limiting the generality of the foregoing, the Agent may (i) without demand or notice to the Debtors (except as required under the Credit Agreement or applicable law), collect, receive or take possession of the Collateral or any part thereof, and for that purpose the Agent (and/or its Agents, servicers or other independent contractors) may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at the Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Agent may, in its reasonable discretion, deem commercially reasonable or otherwise as may be permitted by law. The Agent and, subject to the terms of the Credit Agreement, each of the Banks shall have the right at any public sale or sales, and, to the extent permitted by applicable law, at any private sale or sales, to bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness) and become a purchaser of the Collateral or any part thereof free of any right of redemption on the part of the Debtors, which right of redemption is hereby expressly waived and released by the Debtors to the extent permitted by applicable law. The Agent may require the Debtors to assemble the Collateral and make it available to the Agent at any place designated by the Agent to allow the Agent to take possession or dispose of such Collateral. The Debtors agree that the Agent shall not be obligated to give more than five (5) days prior written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. The foregoing shall not require notice if none is required by applicable law. The Agent shall not be obligated to make any sale of Collateral if, in the exercise of its reasonable discretion, it shall determine not to do so, regardless of the fact that notice of sale of Collateral may have been given. The Agent may, without notice or publication (except as required by applicable law), adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. The Debtors shall be liable for all reasonable expenses of retaking, holding, preparing for sale or the like, and all reasonable attorneys' fees, legal expenses and other costs and expenses incurred by the Agent in connection with the collection of the Indebtedness and the enforcement of the Agent's rights under this Agreement and the Credit Agreement. The Debtors shall, to the extent permitted by applicable law, remain liable for any deficiency if the proceeds of

any such sale or other disposition of the Collateral (conducted in conformity with this clause (ii) and applicable law) applied to the Indebtedness are insufficient to pay the Indebtedness in full. The Agent shall apply the proceeds from the sale of the Collateral hereunder against the Indebtedness in such order and manner as provided in the Credit Agreement.

(c) The Agent may cause any or all of the Collateral held by it to be transferred into the name of the Agent or the name or names of the Agent's nominee or nominees.

(d) The Agent may exercise any and all rights and remedies of the Debtors under or in respect of the Collateral, including, without limitation, any and all rights of the Debtors to demand or otherwise require payment of any amount under, or performance of any provision of any of the Collateral and any and all voting rights and corporate powers in respect of the Collateral.

(e) On any sale of the Collateral, the Agent is hereby authorized to comply with any limitation or restriction with which compliance is necessary (based on a reasoned opinion of the Agent's counsel) in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable Governmental Authority.

(f) The Agent may direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to the Agent or as the Agent shall direct.

(g) In the event of any sale, assignment or other disposition of the Intellectual Property Collateral, the goodwill of the business connected with and symbolized by any Collateral subject to such disposition shall be included, and the Debtors shall supply to the Agent or its designee the Debtors' know-how and expertise related to the Intellectual Property Collateral subject to such disposition, and the Debtors' notebooks, studies, reports, records, documents and things embodying the same or relating to the inventions, processes or ideas covered by and to the manufacture of any products under or in connection with the Intellectual Property Collateral subject to such disposition.

(h) For purposes of enabling the Agent to exercise its rights and remedies under this **Section 6.1** and enabling the Agent and its successors and assigns to enjoy the full benefits of the Collateral, the Debtors hereby grant to the Agent an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to the Debtors) to use, assign, license or sublicense any of the Intellectual Property Collateral, Computer Records or Software (including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and all computer programs used for the completion or printout thereof), exercisable upon the occurrence and during the continuance of a Default or an Event of Default (and thereafter if Agent succeeds to any of the Collateral pursuant to an enforcement proceeding or voluntary arrangement with Debtor), except as may be prohibited by any licensing agreement relating to such

Computer Records or Software. This license shall also inure to the benefit of all successors, assigns, transferees of and purchasers from the Agent.

Section 6.2 Private Sales.

(a) In view of the fact that applicable securities laws may impose certain restrictions on the method by which a sale of the Pledged Shares may be effected after an Event of Default, Debtors agree that upon the occurrence and during the continuance of an Event of Default, the Agent may from time to time attempt to sell all or any part of the Pledged Shares by a private sale in the nature of a private placement, restricting the bidders and prospective purchasers to those who will represent and agree that they are "accredited investors" within the meaning of Regulation D promulgated pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), and are purchasing for investment only and not for distribution. In so doing, the Agent may solicit offers for the Pledged Shares, or any part thereof, from a limited number of investors who might be interested in purchasing the Pledged Shares. Without limiting the methods or manner of disposition which could be determined to be commercially reasonable, if the Agent hires a firm of regional or national reputation that is engaged in the business of rendering investment banking and brokerage services to solicit such offers and facilitate the sale of the Pledged Shares, then the Agent's acceptance of the highest offer (including its own offer, or the offer of any of the Banks at any such sale) obtained through such efforts of such firm shall be deemed to be a commercially reasonable method of disposition of such Pledged Shares. The Agent shall not be under any obligation to delay a sale of any of the Pledged Shares for the period of time necessary to permit the issuer of such securities to register such securities under the laws of any jurisdiction outside the United States, under the Securities Act or under any applicable state securities laws, even if such issuer would agree to do so.

(b) The Debtors further agree to do or cause to be done, to the extent that the Debtors may do so under applicable law, all such other reasonable acts and things as may be necessary to make such sales or resales of any portion or all of the Collateral valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrators or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at the Debtors' expense.

Section 6.3 Establishment of Cash Collateral Account; and Lock Box.

(a) Immediately upon the occurrence and during the continuance of an Event of Default (without the necessity of any notice hereunder), there may be established upon the request of the Agent by each Debtor with the Agent, for the benefit of the Banks in the name of the Agent, a segregated non-interest bearing cash collateral account (the "**Cash Collateral Account**") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Agent and the Banks; provided, however, that the Cash Collateral Account may be an

interest-bearing account with a commercial bank (including Comerica or any other Bank which is a commercial bank) if determined by the Agent, in its reasonable discretion, to be practicable, invested by the Agent in its sole discretion, but without any liability for losses or the failure to achieve any particular rate of return. Furthermore, in connection with the establishment of a Cash Collateral Account under the first sentence of this **Section 6.3** (and on the terms and within the time periods provided thereunder), (i) each Debtor agrees to establish and maintain (and the Agent, acting at the request of the Banks, may establish and maintain) at Debtor's sole expense a United States Post Office lock box (the "**Lock Box**"), to which the Agent shall have exclusive access and control. Each Debtor expressly authorizes the Agent, from time to time, to remove the contents from the Lock Box for disposition in accordance with this Agreement; and (ii) each Debtor shall notify all account debtors that all payments made to Debtor (a) other than by electronic funds transfer, shall be remitted, for the credit of Debtor, to the Lock Box, and Debtor shall include a like statement on all invoices, and (b) by electronic funds transfer, shall be remitted to the Cash Collateral Account, and Debtor shall include a like statement on all invoices. Each Debtor agrees to execute all documents and authorizations as reasonably required by the Agent to establish and maintain the Lock Box and the Cash Collateral Account. It is acknowledged by the parties hereto that any lockbox presently maintained or subsequently established by a Debtor with the Agent may be used, subject to the terms hereof, to satisfy the requirements set forth in the first sentence of this **Section 6.3**.

(b) Immediately upon the occurrence and during the continuance of an Event of Default, any and all cash (including amounts received by electronic funds transfer), checks, drafts and other instruments for the payment of money received by each Debtor at any time, in full or partial payment of any of the Collateral consisting of Accounts or Inventory, shall forthwith upon receipt be transmitted and delivered to the Agent, properly endorsed, where required, so that such items may be collected by the Agent. Any such amounts and other items received by a Debtor shall not be commingled with any other of such Debtor's funds or property, but will be held separate and apart from such Debtor's own funds or property, and upon express trust for the benefit of the Agent until delivery is made to the Agent. All items or amounts which are remitted to a Lock Box or otherwise delivered by or for the benefit of a Debtor to the Agent on account of partial or full payment of, or any other amount payable with respect to, any of the Collateral shall, at the Agent's option, be applied to any of the Indebtedness, whether then due or not, in the order and manner set forth in the Credit Agreement. No Debtor shall have any right whatsoever to withdraw any funds so deposited. Each Debtor further grants to the Agent a first security interest in and Lien on all funds on deposit in such account. Each Debtor hereby irrevocably authorizes and directs the Agent to endorse all items received for deposit to the Cash Collateral Account, notwithstanding the inclusion on any such item of a restrictive notation, e.g., "paid in full", "balance of account", or other restriction.

Section 6.4 Default Under Credit Agreement. Subject to any applicable notice and cure provisions contained in the Credit Agreement, the occurrence of any Event of Default (as defined in the Credit Agreement), including without limit a breach of any of the provisions of this Agreement, shall be deemed to be an Event of Default under this Agreement. This **Section 6.4** shall not limit the Events of Default set forth in the Credit Agreement.

ARTICLE 7
Miscellaneous

Section 7.1 No Waiver; Cumulative Remedies. No failure on the part of the Agent to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 7.2 Successors and Assigns. Subject to the terms and conditions of the Credit Agreement, this Agreement shall be binding upon and inure to the benefit of the Debtors and the Agent and their respective heirs, successors and assigns, except that the Debtors may not assign any of their rights or obligations under this Agreement without the prior written consent of the Agent.

Section 7.3 AMENDMENT; ENTIRE AGREEMENT. THIS AGREEMENT, THE CREDIT AGREEMENT REFERRED TO HEREIN AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES HERETO. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 7.4 Notices. All notices, requests, consents, approvals, waivers and other communications hereunder shall be in writing (including, by facsimile transmission) and mailed, faxed or delivered to the address or facsimile number specified for notices on signature pages hereto; or, as directed to the Debtors or the Agent, to such other address or number as shall be designated by such party in a written notice to the other. All such notices, requests and communications shall, when sent by overnight delivery, or faxed, be effective when delivered for overnight (next business day) delivery, or transmitted in legible form by facsimile machine (with electronic confirmation of receipt), respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if otherwise delivered, upon delivery; except that notices to the Agent shall not be effective until actually received by the Agent.

Section 7.5 GOVERNING LAW; SUBMISSION TO JURISDICTION; SERVICE OF PROCESS.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF CALIFORNIA SITTING IN THE COUNTY OF SANTA CLARA OR OF THE UNITED STATES FOR THE NORTHERN DISTRICT OF CALIFORNIA, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE DEBTOR AND THE AGENT CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE DEBTOR AND THE AGENT IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY LOAN DOCUMENT.

Section 7.6 Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 7.7 Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by the Agent shall affect the representations and warranties or the right of the Agent or the Banks to rely upon them.

Section 7.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 7.9 Waiver of Bond. In the event the Agent seeks to take possession of any or all of the Collateral by judicial process, the Debtors hereby irrevocably waive any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 7.10 Severability. Any provision of this Agreement which is determined by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.11 Construction. Each Debtor and the Agent acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement with its legal counsel and that this Agreement shall be construed as if jointly drafted by the Debtors and the Agent.

Section 7.12 Termination. If all of the Indebtedness (other than contingent liabilities pursuant to any indemnity, including without limitation **Section 5.5** and **Section 5.6** hereof, for claims which have not been asserted, or which have not yet accrued) shall have been indefeasibly paid and performed in full (in cash) and all commitments to extend credit or other credit accommodations under the Credit Agreement have been terminated, the Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release and termination of the security interests created by this Agreement, and shall duly assign and deliver to the Debtors (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Agent and has not previously been sold or otherwise applied pursuant to this Agreement.

Section 7.13 Release of Collateral. The Agent shall, upon the written request of the Debtors, execute and deliver to the Debtors a proper instrument or instruments acknowledging the release of the security interest and Liens established hereby on any Collateral (other than the Pledged Shares): (a) if the sale or other disposition of such Collateral is permitted under the terms of the Credit Agreement and, at the time of such proposed release, both before and after giving effect thereto, no Default or Event of Default has occurred and is continuing, (b) if the sale or other disposition of such Collateral is not permitted under the terms of the Credit Agreement, provided that the requisite Banks under such Credit Agreement shall have consented to such sale or disposition in accordance with the terms thereof, or (c) if such release has been approved by the requisite Banks in accordance with **Section 12.11** of the Credit Agreement.

Section 7.14 WAIVER OF JURY TRIAL. EACH DEBTOR AND THE AGENT WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY EITHER SUCH PARTY AGAINST THE OTHER, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH DEBTOR AND THE AGENT AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, EACH SUCH PARTY FURTHER AGREES THAT ITS RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

Section 7.15 Consistent Application. The rights and duties created by this Agreement shall, in all cases, be interpreted consistently with, and shall be in addition to (and

not in lieu of), the rights and duties created by the Credit Agreement or the other Loan Documents. In the event that any provision of this Agreement shall be inconsistent with any provision of the Credit Agreement, such provision of the Credit Agreement shall govern.

Section 7.16 Continuing Lien. The security interest granted under this Security Agreement shall be a continuing security interest in every respect (whether or not the outstanding balance of the Indebtedness is from time to time temporarily reduced to zero) and the Agent's security interest in the Collateral as granted herein shall continue in full force and effect for the entire duration that the Credit Agreement remains in effect and until all of the Indebtedness are repaid and discharged in full, and no commitment (whether optional or obligatory) to extend any credit under the Credit Agreement remain outstanding.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTORS:

QUINSTREET, INC.

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title Chief Executive Officer
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

QUINSTREET PROPERTIES, INC.

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title President
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

QUINSTREET LLC

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title Manager
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

QUINSTREET MEDIA, INC.

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title President
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

CYBERSPACE COMMUNICATIONS CORPORATION

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title President
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

RELIABLEREMODELER.COM, INC.

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title President
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

HQ PUBLICATIONS LLC

By: /s/ Douglas J. Valenti
Name: Douglas J. Valenti
Title Manager
Address for Notices:
1051 East Hillsdale Blvd.
Foster City, California 94404
Fax No.: (650) 578-7604
Telephone No.:
Attention: Chief Financial Officer

AGENT:

COMERICA BANK, as Agent

By: /s/ Philip Koblis
Name: Philip Koblis
Title Senior Vice President
Address for Notices:
75 East Trimble Road, M/C 4770
San Jose, California 95131
Attention: Manager
Fax No.: (408) 556-5091

With a copy to:

Comerica Bank
2 Embarcadero Center, Suite 300
San Francisco, CA 94111
Attn: Phil Koblis — Vice President
Fax No.: (415) 477-3260

EXHIBIT A
TO
SECURITY AGREEMENT

FORM OF AMENDMENT

This Amendment, dated _____, 20___, is delivered pursuant to **Section 4.8[(b)/(c)]** of the Security Agreement referred to below. The undersigned hereby agrees that this Amendment may be attached to the Security Agreement dated as of September 29, 2008, between the undersigned and Comerica Bank, as the Agent for the benefit of the Banks referred to therein (the "**Security Agreement**"), and (a) [that the intellectual property listed on ***Schedule A***]/[that the shares of stock, membership interests, partnership units, notes or other instruments listed on ***Schedule A***] annexed hereto shall be and become part of the Collateral referred to in the Security Agreement and shall secure payment and performance of all Indebtedness as provided in the Security Agreement and (b) that ***Schedule A*** shall be deemed to amend [***Schedule 1.2***/***Schedule 1.1***] by supplementing the information provided on such Schedule with the information set forth on ***Schedule A***.

Capitalized terms used herein but not defined herein shall have the meanings therefor provided in the Security Agreement.

QUINSTREET, INC.

By: _____
Name: _____
Title _____

COMERICA BANK, as Agent

By: _____
Name: _____
Title _____

EXHIBIT B

JOINDER AGREEMENT
(Security Agreement)

THIS JOINDER AGREEMENT (the "**Joinder Agreement**") is dated as of _____, _____ by _____, a _____ ("**New Debtor**").

WHEREAS, pursuant to **Section ___** of that certain Revolving Credit and Term Loan Agreement dated as of September 29, 2008 (as amended or otherwise modified from time to time, the "**Credit Agreement**") by and among QuinStreet, Inc. (the "**Borrower**"), the financial institutions signatory thereto from time to time (the "**Banks**") and Comerica Bank, as Agent for the Banks (in such capacity, "**Agent**"), the New Debtor is required to execute and deliver a joinder agreement to the Security Agreement.

WHEREAS, in order to comply with the Credit Agreement, New Debtor executes and delivers this Joinder Agreement in accordance therewith.

NOW THEREFORE, as a further inducement to Banks to continue to provide credit accommodations to the Borrower, New Debtor hereby covenants and agrees as follows:

A. All capitalized terms used herein shall have the meanings assigned to them in the Credit Agreement unless expressly defined to the contrary.

B. New Debtor hereby enters into this Joinder Agreement in order to comply with **Section 7.13** of the Credit Agreement and does so in consideration of the Advances made or to be made from time to time under the Credit Agreement and the other Loan Documents.

C. Schedule [insert appropriate Schedule] attached to this Joinder Agreement is intended to supplement Schedule [insert appropriate Schedule] of the Security Agreement with the respective information applicable to New Debtor.

D. New Debtor shall be considered, and deemed to be, for all purposes of the Credit Agreement, the Security Agreement and the other Loan Documents, a Debtor under the Security Agreement as fully as though New Debtor had executed and delivered the Security Agreement at the time originally executed and delivered under the Credit Agreement and hereby ratifies and confirms its obligations under the Security Agreement, all in accordance with the terms thereof and shall be deemed to have made each representation and warranty set forth in the Security Agreement.

E. No Default or Event of Default (each such term being defined in the Credit Agreement) has occurred and is continuing under the Credit Agreement.

F. This Joinder Agreement shall be governed by the laws of the State of Michigan and shall be binding upon New Debtor and its successors and assigns.

IN WITNESS WHEREOF, the undersigned New Debtor has executed and delivered this Joinder Agreement as of _____, _____.

[NEW DEBTOR]

By: _____

Its: _____

Accepted:

COMERICA BANK, as Agent

By: _____

Its: _____

Exhibit 10.15

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

QUINSTREET MERCHANT AGREEMENT

Merchant:		QuinStreet:	
Contact: **[*]**		Contact: Scott Mackley	
Title:		Title: Director, Business Development	
Phone: **[*]**		Phone: 650-595-6230	
Fax:		Fax: 650-591-5498	
Address:	One Tower Lane Oakbrook Terrace, IL 60181	Address:	2750 El Camino Real Redwood City, CA 94061

QuinStreet, Inc. ("QuinStreet") and DeVry, Inc. ("Merchant") hereby agree as follows:

Objective; The objective of this agreement (the "Agreement") is to extend the reach of Merchant via a network of partner and member web sites, email marketers, newsletter marketers and other appropriate marketing partners (hereby referred to as "QuinStreet Partners") that will promote Merchant and drive traffic to Merchant's web site hosted by QuinStreet.

Term: The term of this Agreement will commence on the Effective Date ("Effective Date") set forth below and will continue for 1 year after the Activation Date (as defined below). QuinStreet will provide information regarding Merchant's products and/or services to QuinStreet Partners within 90 days after the Effective Date ("Activation Date"), provided Merchant complies with paragraph 2 below. The term of this Agreement will automatically renew for up to three successive one-year terms unless terminated by either party in accordance with this Agreement. Either party may terminate this Agreement in the event that the other party materially breaches any obligation hereunder and fails to cure such breach within thirty (30) days after notice thereof from the non-breaching party. Either party may also terminate this Agreement after a test period of **[*]** days from the Activation Date by providing the other party with at least thirty (30) days prior written notice. Should noticed not be given by either party by the end of the test period, it is assumed the agreement will continue for the entire term. Either party may also terminate this Agreement at any time after the first anniversary date of the Activation Date by providing the other party with at least ninety (30) days prior written notice. The following paragraphs will survive termination or expiration of this Agreement: 1 (re limitations on approaching parties with pre-existing relationships), 5, 7, 9, 10, 11 and 13.

Components:

1. QuinStreet will identify and recruit a network of QuinStreet Partners to promote Merchant's products and/or services. Merchant will assist in this process by specifying demographics of DeVry target audience. QuinStreet maintains full control over which QuinStreet Partners it chooses to recruit except that QuinStreet will observe mutually agreed upon guidelines for exclusion of certain QuinStreet Partners (such as those exhibiting any disagreeable content in Merchant's discretion). QuinStreet will exclude such parties from participating in Merchant promotion. QuinStreet will not approach companies or individuals for the purpose of becoming QuinStreet Partners in the network promoting Merchant's products and/or services who, as of the Effective Date, have pre-existing relationships with Merchant of which Merchant notifies QuinStreet. Merchant agrees it will not approach QuinStreet Partners who have pre-existing relationships or contacts with QuinStreet during this contract **[*]** for the purpose of promoting Merchant's products and/or services on the Internet.

2. QuinStreet will develop marketing creative concerning the products and/or services ("Creative") to be

placed in QuinStreet Partners' communications and web sites in accordance with the procedures below, Quinstreet will also develop a dedicated web site to capture qualified leads for Merchant. QuinStreet will keep the overall look and feel of the brand consistent with Merchant's existing on-line and off-line presence, including without limitation Merchant's branding elements as licensed to QuinStreet in accordance with this Agreement, and will not deviate from Merchant's guidelines with respect to content, offer and promotion. There is no extra cost for those developments separate from the lead commission mentioned in Component 5.

Merchant will provide to QuinStreet within seven days after the Effective Date information regarding Its products and/or services for use by QuinStreet in developing Creative. This information will include specifications, descriptions, special promotions, logos, claims, creative, and any other appropriate marketing content ("Content"). QuinStreet will seek approval from Merchant to deviate from any written creative guidelines Merchant may choose to provide QuinStreet or to in any way otherwise materially deviate from Merchant's creative or brand heritage. Merchant will approve or reject in writing the Creative within two days after acknowledging receipt of notice that it is available for review except that if Merchant does not respond within two days, Creative will be deemed approved, If Merchant rejects any Creative QuinStreet will not use such Creative in connection with a Merchant offering but the Merchant must provide QuinStreet detailed revisions as well as steps needed for approval. QuinStreet will revise and submit the revised Creative to Merchant within seven days after receiving Merchant's notice of rejection. If, during the term of this Agreement, Merchant desires to discontinue or change the Content included in approved Creative, Merchant will provide at least 30 days written notice to QuinStreet. The parties then will mutually agree upon changes that will be subject to the delivery and acceptance timelines and procedures of this paragraph 2, except that QuinStreet will have 30 days to develop and deliver replacement Creative after receiving all revised Content from Merchant.

3. Merchant grants QuinStreet a non-exclusive, non-transferable license to reproduce, display, and make derivative works of the Content solely for the purposes specified in this Agreement. Merchant grants QuinStreet a non-exclusive, non-transferable license to reproduce and display In an approved manner Merchant's trademarks, service marks and logos (collectively "Trademarks") solely for the purposes specified in this Agreement. Such licenses will terminate automatically upon the date of expiration or termination of this Agreement. In addition, Merchant may terminate the Trademark license if, in its reasonable discretion, QuinStreet's use of the Trademarks tarnishes, blurs, or dilutes the quality associated with the Trademarks or the associated goodwill and such problem Is not cured within 10 day of notice of breach; alternatively, instead of terminating the license in total, Merchant may specify that certain QuinStreet uses may not contain the Trademarks.

4. The parties will mutually agree upon the number and type of promotions Merchant offers to consumers through QuinStreet Partners, including, but not limited to, price promotions, premiums and introductory offers.

5. Merchant will pay QuinStreet a commission of **[*]** per qualified lead generated by QuinStreet Visitors during the term of this Agreement. Merchant will pay for a maximum of **[*]** leads in each of the first two (2) months following the activation date, **[*]** leads in months three (3) and four (4) following the activation date and **[*]** leads in each month for the remainder of the agreement but may raise that amount at any time during the agreement. QuinStreet will invoice Merchant at the end of each month for all commissions earned in that month. Invoices are due upon receipt. Any payment not received within thirty (30) days after the invoice date will accrue interest a rate of one and one-half percent ($1^1/_2$ %) per month, or the highest rate allowed by applicable law, whichever is lower. If Merchant is delinquent in its payments, QuinStreet may, upon written notice to Merchant require an advance deposit for services or require other assurances to secure Merchant payment obligations.

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

6. Within 15 days following the end of each calendar month, Merchant will send QuinStreet **[*]** for the qualified leads generated by QuinStreet. The **[*]** will include each specific qualified lead, the date it was delivered to Merchant, and the twenty digit click key value, a unique identifier of Merchant's leads, ("Click Key Value,") that was originally matched with the qualified lead. Merchant will also provide any other **[*]** as are mutually agreed between Merchant and QuinStreet

7. QuinStreet owns all QuinStreet technology and its on-line marketing relationships with its QuinStreet Partners used in generating leads and/or sales for Merchant, This agreement does not grant or convey to Merchant any ownership interest or rights in QuinStreet's business method, or proprietary information.

8. QuinStreet will provide customer support to QuinStreet Partners. Merchant will provide all customer support to its consumers including all QuinStreet Visitors.

9. Each party will maintain in confidence all Confidential Information disclosed by the other party. Confidential Information means the terms of this agreement and technical, marketing, financial, employee, planning, and other confidential or proprietary information. The obligations of the recipient of confidential information under this paragraph 9 will terminate if such information: (a) was already lawfully known to the recipient at the time of disclosure by the other party; (b) Is disclosed to the recipient by a third party who had the right to make such disclosure without any confidentiality restrictions; (c) is, or through no fault of the recipient has become, generally available to the public; or (d) is independently developed by the recipient without access to or use of the other party's Confidential Information. In addition, the recipient will be allowed to disclose Confidential Information of the other party to the extent that such disclosure is (i) approved in writing by the other party, (ii) necessary for the recipient to enforce its rights under this *Agreement*, or (iii) required by law or by the order of a court or similar judicial or administrative body, provided that the recipient notifies the other party of such required disclosure promptly and in writing and cooperates with the other party, at the other party's request and expense, in any lawful action to contest or limit the scope of such required disclosure.

10. In no event will either party be liable for any consequential, indirect, exemplary, special, or incidental damages, including any lost profits, arising from or relating to this Agreement. Each party's total cumulative liability in connection with this Agreement, except for amounts owed under paragraphs 6, 11, or 13 whether in contract or in tort or otherwise, will not exceed the amount of fees owed to QuinStreet by Merchant under this Agreement in the previous **[*]**.

11. Merchant warrants that it owns all intellectual property rights in the Content and the Trademarks or has all rights needed to grant the licenses in paragraph 3. Both Merchant and QuinStreet mutually agree to defend, indemnify, and hold harmless the other party to the Agreement (QuinStreet or Merchant) from and against any suits, losses, damages, liabilities, costs, and expenses (including reasonable attorneys' fees) brought by third parties resulting from or relating to a breach of the foregoing warranty, QuinStreet warrants that it will perform all services in a professional and workmanlike manner. Except for the foregoing warranty, QuinStreet provides the services performed hereunder "AS IS" and without any warranty of any kind. QuinStreet's sole and exclusive obligation for breach of the foregoing warranty, and Merchant's sole and exclusive remedy, is the reperformance of the services by QuinStreet.

12. This Agreement will be governed by the laws of the State of California as such laws apply to contracts between California residents performed entirely within California. Neither Merchant nor QuinStreet may assign or transfer, by operation of law or otherwise, any of its rights or delegate any of its duties under this Agreement to any third party without the prior written consent of the other party to the Agreement (Merchant or QuinStreet). Any attempted assignment, transfer, or delegation in violation of the foregoing will be void. Any delay in the performance of any duties or obligations of either party (except the payment of money owed) will not be considered a breach of this Agreement if such delay is caused by a labor

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dispute, shortage of materials, fire, earthquake, flood, or any other event beyond the control of such party, provided that such party uses reasonable efforts, under the circumstances, to notify the other party of the circumstances causing the delay and to resume performance as soon as possible. The parties' relationship is one of independent contractors, and neither party is an agent or partner of the other. This Agreement constitutes the entire agreement between the parties regarding the subject hereof and supersedes all prior or contemporaneous agreements, understandings, and communication, whether written or oral. This Agreement may be amended only by a written document signed by both parties.

The parties have entered into this Agreement as of the Effective Date: 10/03/01

QuinStreet, Inc.	Merchant
By: /s/ Bronwyn Syiek	By: **[*]**
Printed Name: Bronwyn Syiek	Printed Name: **[*]**
Title: SVP	Title: **[*]**

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

Exhibit 10.16

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

QuinStreet

December 2, 2003

[*]
[*]
DeVry, Inc.
One Tower. Lane, Suite 1000

Dear **[*]**:

This letter sets out the terms pursuant to which QuinStreet, Inc. has agreed to build and host websites (the "Websites") to which you will drive traffic through your television, radio and print advertising.

We have agreed that QuinStreet will host the Websites and that you and QuinStreet will mutually agree all Creative content of such Websites prior to its use according to the terms of the existing agreement between us and you (the "Agreement").

Visitors to the Websites may complete forms resulting in the generation of personal contact information for such visitors. This information shall be deemed to constitute Qualified Leads under the terms of the Agreement and all terms of the Agreement applicable to your, use of Qualified Leads shall apply to these Qualified Leads. You have agreed to pay us **[*]** per Qualified Lead generated by the Websites; provided that after a **[*]** test period the parties will negotiate a mutually agreeable rate should each party opt to continue programs utilizing the Websites.

If the foregoing accurately reflects our agreement regarding the subject matter of this letter, please sign a copy of this letter in the space below and fax it back to the undersigned, retaining a fully executed copy of the letter for your files. Capitalized terms used but not defined in this letter shall, have the meanings ascribed to them in the Agreement.

Sincerely,

QuinStreet, Inc.

By: /s/ Scott Mackley, V.P.
Scott Mackley

Accepted and agreed as of the
Date first above written:

By: **[*]**
Its: **[*]**

Exhibit 10.17

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

QuinStreet

[*]
[*]
DeVry, Inc.
One Tower Lane
Oakbrook Terrace, IL 60181

Dear **[*]**:

This letter ("Letter") sets out the terms of the agreement between DeVry, Inc. ("You") and QuinStreet, Inc. ("QuinStreet") pursuant to which QuinStreet has agreed to procure on Your behalf and as Your agent, e-mail sends ("Sends") of approved advertising creative marketing Your products and/or services.

The terms of agreement set forth herein are in addition to the terms of any other agreement(s) between You and QuinStreet in force as of the date hereof except that in the event of any conflict between any provision in any such agreement and the terms of this Letter, this Letter shall control.

You have agreed that You shall:

1. Maintain a list (the "Suppression List") of all e-mail addresses from whose owners or users You receive unsubscribe requests via the Link, telephone, regular mail or courier service including unsubscribe request received in response to any other email correspondence that doesn't utilize QuinStreet's proprietary EmChoice system (such requests, the "Unsubscribes");

2. Provide to QuinStreet no later than 6:00 PM Pacific Time on Wednesday of each week during which You are in contractual privity with QuinStreet (or, if Wednesday is a holiday in any such week, Thursday) either: (i) an updated Suppression List containing all e-mail addresses contained in all Unsubscribes received by You up to the end of the day before the day on which the such Suppression List is delivered to QuinStreet; or (ii) a statement from You indicating that the content of Your Suppression List has not changed since the last time You provided it to QuinStreet because You have received no Unsubscribes during such time (a "No Change Notice");

3. Indemnify, defend and hold harmless QuinStreet from and against any and all claims, costs, fees or items of expense arising by virtue of any claim that You failed to honor any Unsubscribes:

4. Waive any rights or causes of action arising by virtue of QuinStreet providing your Suppression List to any vendor of Sends so long as the contract pursuant to which such Suppression List is provided to such vendor contains representations by such vendor that it will comply with the provisions of the CAN-SPAM Act of 2003 (the "Act");

5. Comply with all Unsubscribes in the manner mandated by the Act; and

6. Provide Your actual, physical street address to QuinStreet for display in any advertising or marketing copy included in any Sends and update QuinStreet of any change to such physical street address within 24 hours of any change to it.

You further represent and warrant to QuinStreet that the contents of any Suppression List or No Change Notice shall be accurate in all respects as of the date on which such List or Notice is sent to QuinStreet.

QuinStreet represents and warrants to You that it shall not contract for the provision of Sends on Your behalf by any vendor that has not agreed in writing to comply with the provisions of the Act. QuinStreet further agrees to cooperate in a commercially reasonable manner, including assigning any rights of action against any vendor of Sends to You, but specifically excluding institution of litigation against any such vendor of Sends, in the event that any such vendor of Sends uses any Suppression List or any email address set forth therein in any manner prohibited by the Act or the agreement between QuinStreet and such vendor. You acknowledge that Your agreement to the terms and conditions set forth in this Letter constitutes a vital inducement to QuinStreet to secure Sends on Your behalf and that you will realize a material benefit as a result of any such Sends.

The laws of the State of California and the Act shall govern this Letter.

If the foregoing terms and conditions accurately reflect our agreement on the matters set forth in this letter of agreement, kindly return one fully executed counterpart of this Letter to the undersigned and retain one copy of it for Your records. A faxed signed counterpart of this letter of agreement shall be deemed sufficient evidence of its execution by either or both parties.

Sincerely,

QuinStreet, Inc.

By: /s/ Scott P. Mackley
Its: VP, CSD

Accepted and agreed in all respects as of the date first above written:

DeVry

By: **[*]**
Its: **[*]**

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

Exhibit 10.18

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

October 05, 2007

[*]
One Tower Lane
Oakbrook Terrace, IL 6018

Dear **[*]**:

This letter will confirm that we have agreed to extend the term of that certain QuinStreet Client Agreement dated as of July 3, 2001 between QuinStreet, Inc. and DeVry University (the "Agreement") for one (1) year following the date of execution of this letter. Following this extension term the Agreement will renew for successive yearly terms until terminated with not less than 30 days prior written notice by either party. The pricing payable to QuinStreet for leads delivered pursuant to this agreement will remain at current levels during the extension term.

Other than the term, which is extended by this letter, the remaining provisions of the Agreement shall remain in full force and effect until the New Termination Date. The parties have also agreed that the terms of Addendum A to this letter, attached hereto and made part hereof by this reference shall apply during the renewal term of the Agreement and any subsequent extension term thereof.

We have enclosed two executed copies of this letter. If the foregoing provisions accurately reflect our agreement with respect to the subject matter of this letter, please sign one copy of this letter in the space below and return it to the undersigned while retaining one fully-executed version of this letter for your records. Thank you for the continuing opportunity to be of service to DeVry University.

Very truly yours,

QuinStreet, Inc.

By: /s/ Tom Cheli
Its: TC EVP

ACCEPTED AND AGREED AS OF 11-6, 2007:

DeVry University

By: **[*]**
Its: **[*]**

Addendum A

New Scope of Services

In addition to the services covered in the agreement between the parties, effective June 1, 2006, QuinStreet agrees to provide the following services to DeVry University:

1. DeVry University appoints QuinStreet, Inc. and its subsidiaries (collectively, "QuinStreet") as the designated manager for certain on-line advertising placements, including without limitation, securing media placements, search engine driven or pay-per-click advertising and banner advertising.

2. Quinstreet will **[*]** at DeVry University's request on behalf of DeVry University. Quinstreet **[*]** agrees to **[*]** at the **[*]** by DeVry University. **[*]** QuinStreet may, at its own discretion, **[*]** that is **[*]**. QuinStreet will also have **[*]**. QuinStreet will be **[*]** and will **[*]** DeVry University has **[*]**. QuinStreet will, if required to do so by the existing agreement between Devry University **[*]**, or if QuinStreet determines it to be in the best interests of Devry University to do so, **[*]**. QuinStreet may enter into agreements on its own behalf with **[*]** related to **[*]** Devry University.

3. QuinStreet will manage the process of receiving creative for DeVry University to approve. All creative (banner, website, copy, etc.) will be approved by DeVry University.

4. QuinStreet will monitor and request updates to all websites owned or operated by the additional vendors DeVry University has asked it to manage on its behalf. QuinStreet may, at its own discretion, terminate any vendor who is in non-compliance with any Devry University guideline, including those issues pursuant to items 2 and 3 above.

5. QuinStreet will send regular reports to DeVry University including, but not limited to:

   A. Month-to-date lead volumes delivered

   B. Detailed reports, **[*]**, of lead volume and **[*]**

QuinStreet, Inc.

Name: /s/ Tom Cheli

Title: EVP

Date: 11/6/07

Accepted by

Advertiser: DeVry

Name: **[*]**

Title: **[*]**

Date: 11-9-07

[*] = Certain confidential information contained in this document, marked by brackets, has been omitted and filed separately with the Securities and Exchange Commission pursuant to Rule 406 of the Securities Act of 1933, as amended.

Exhibit 21.1

SUBSIDIARIES OF THE REGISTRANT

Name	Jurisdiction
ReliableRemodeler.com, Inc.	Delaware
CyberSpace Communications Corporation	Oklahoma
QuinStreet Media, Inc.	Nevada
WorldWide Learn, Inc.	Alberta
3041486 Nova Scotia Company	Nova Scotia
WorldWide Learn Partnership	Alberta

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 14, 2010