FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **2001-01-12**
SEC Accession No. 0000950103-01-000026

SUBJECT COMPANY

MARCHFIRST INC

CIK:**1009403**| IRS No.: **363797833** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-48241** | Film No.: **1508203**
SIC: **8742** Management consulting services

Mailing Address	Business Address
311 S WACKER DR STE3500	*311 SOUTH WACKER DR*
CHICAGO IL 60606-6618	*STE 3500*
	CHICAGO IL 60606-6618
	3129229200

FILED BY

FRANCISCO PARTNERS LP

CIK:**1122021**
Type: **SC 13D**

Mailing Address	Business Address
TWO EMBARCADERO	*TWO EMBARCADERO*
CENTER SUITE 420	*CENTER SUITE 420*
SAN FRANCISCO CA 94111	*SAN FRANCISCO CA 94111*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D
(Rule 13d-101)
INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(a)

(Amendment No. ___)

marchFIRST, Inc.
(Name of Issuer)

Common Stock
$.001 Par Value
(Title of Class of Securities)

0005662441
(Cusip Number)

Gerald Morgan
Francisco Partners, L.P.
Two Embarcadero Center,
Suite 420
San Francisco, CA 94111
Tel No.:(415) 277-2900
(Name, Address and Telephone Number of
Person Authorized to Receive Notices
and Communications)

December 28, 2000
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the

following box [ ]

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(Continued on following pages)

SCHEDULE 13D

CUSIP No. 0005662441 Page 2 of 10 Pages

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON FP-Lion, L.L.C. 94-3382688	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) [ ] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS 00	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[ ]
6	CITIZENSHIP OR PLACE OF ORGANIZATION State of Delaware	
	7 SOLE VOTING POWER -0-	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON	8 SHARED VOTING POWER (1) 31,526,500	

	WITH	9	SOLE DISPOSITIVE POWER -0-
		10	SHARED DISPOSITIVE POWER (1) 31,526,500
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (1) 31,526,500		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 16.9%		
14	TYPE OF REPORTING PERSON 00		

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(1) Assumes the conversion of all Series A 8% Senior Convertible Participating Preferred Stock beneficially owned by such reporting person.

SCHEDULE 13D

CUSIP No. 0005662441 Page 3 of 10 Pages

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Francisco Partners, L.P. 94-3359836		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) (b)	[ ] [X]
3	SEC USE ONLY		

4	SOURCE OF FUNDS 00	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[ ]
6	CITIZENSHIP OR PLACE OF ORGANIZATION State of Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER -0-	
	8 SHARED VOTING POWER (1) 31,526,500	
	9 SOLE DISPOSITIVE POWER -0-	
	10 SHARED DISPOSITIVE POWER (1) 31,526,500	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (1) 31,526,500	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 16.9%	
14	TYPE OF REPORTING PERSON PN	

---

(1) Assumes the conversion of all Series A 8% Senior Convertible Participating Preferred Stock deemed to be beneficially owned by such reporting person.

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Francisco Partners GP, LLC 94-3360855	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) [ ] (b) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS 00	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[ ]
6	CITIZENSHIP OR PLACE OF ORGANIZATION State of Delaware	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER	-0-
	8 SHARED VOTING POWER (1)	31,526,500
	9 SOLE DISPOSITIVE POWER	-0-
	10 SHARED DISPOSITIVE POWER (1)	31,526,500

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON (1) 31,526,500

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 16.9%	
14	TYPE OF REPORTING PERSON OO	

---

(1) Assumes the conversion of all Series A 8% Senior Convertible Participating Preferred Stock deemed to be beneficially owned by such reporting person.

Item 1. Security and Issuer.

The class of equity securities to which this statement (this "Statement") relates is the Common Stock, $.001 par value per share (the "Shares"), of marchFIRST, Inc., a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 311 South Wacker Drive, Suite 3500, Chicago, Illinois 60606-6618.

Item 2. Identity and Background.

(a) Name of Person(s) Filing this Statement (the "Reporting Persons")

FP-Lion, L.L.C., a Delaware limited liability company ("FP-Lion")

Francisco Partners, L.P., a Delaware limited partnership ("FPLP")

Francisco Partners GP, LLC, a Delaware limited liability company ("FPGP")

(b)-(c)

FP-Lion

FP-Lion is a Delaware limited liability company formed to invest in the Series A 8% Senior Convertible Participating Preferred Stock of the Issuer (the "Series A Preferred Stock") and the Series B 12% Participating Preferred Stock of the Issuer (the "Series B Preferred Stock"). The business address of FP-Lion, which also serves as its principal office, is Two Embarcadero Center, Suite 420, San Francisco, California 94111. Pursuant to Instruction C to Schedule 13D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), information with respect to FPLP, the sole member of FP-Lion, is set

forth below.

FPLP

FPLP is a Delaware limited partnership, the principal business of which is to invest directly or indirectly in various companies. The business address of FPLP, which also serves as its principal office, is Two Embarcadero Center, Suite 420, San Francisco, California 94111. Pursuant to Instruction C to Schedule 13D of the Exchange Act, information with respect to FPGP, the sole general partner of FPLP, is set forth below.

FPGP

FPGP is a Delaware limited liability company, the principal business of which is serving as the sole general partner of various limited partnerships whose principal business is investing directly or indirectly in various companies. The business address of FPGP, which also serves as its principal office, is Two Embarcadero Center, Suite 420, San Francisco, California 94111. Pursuant to Instruction C to Schedule 13D of the Exchange Act, information with respect to David M. Stanton, Sanford R. Robertson, Benjamin H. Ball, Dipanjan Deb, Neil M. Garfinkel and Gerald Morgan, the Managing Directors of FPGP, is set forth below.

Mr. David M. Stanton

Mr. David M. Stanton is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Stanton is also a Member of Francisco Partners Management, LLC ("FPM"), which provides management services to FPLP at the request of FPGP. The business address of Mr. Stanton is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

Mr. Sanford R. Robertson

Mr. Sanford R. Robertson is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Robertson is also a Member of FPM. The business address of Mr. Robertson is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

Mr. Benjamin H. Ball

Mr. Benjamin H. Ball is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Ball is also a Member of FPM. The business address of Mr. Ball is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

Mr. Dipanjan Deb

Mr. Dipanjan Deb is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Deb is also a Member of FPM. The business address of Mr. Deb is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

Mr. Neil M. Garfinkel

Mr. Neil M. Garfinkel is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Garfinkel is also a Member of FPM. The business address of Mr. Garfinkel is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

Mr. Gerald Morgan

Mr. Gerald Morgan is a Managing Director of FPGP, which is the general partner of FPLP. Mr. Morgan is also a Member of FPM. The business address of Mr. Morgan is Two Embarcadero Center, Suite 420, San Francisco, California 94111.

(d) None of the entities or persons identified in this Item 2 has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the entities or persons identified in this Item 2 has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Each of Messrs. Stanton, Robertson, Ball, Deb, Garfinkel and Morgan is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration.

As more fully described in Item 6 below, on December 28, 2000, FP-Lion purchased from the Issuer 63,053 shares of the Series A Preferred Stock at an aggregate purchase price of $63,053,000. FP-Lion obtained funds for the purchase price from capital contributions provided by FPLP; FPLP obtained funds from capital contributions provided by its limited partners and FPGP; FPGP obtained such funds from capital contributions provided by its six Managing Directors, each of whom obtained such funds from personal funds.

Item 4. Purpose of Transaction.

The Reporting Persons consummated the transactions described herein in order to acquire an interest in the Issuer for investment purposes. The Reporting persons intend to review continuously their position in the Issuer. Depending upon future evaluations of the business prospects of the Issuer and upon other developments, including, but not limited to, general economic and business conditions and stock market conditions, the Reporting Persons may

retain or from time to time increase their holdings or dispose of all or a portion of their holdings, subject to any applicable legal and contractual restrictions on their ability to do so.

In addition, the matters set forth in Item 6 below are incorporated in this Item 4 by reference as if fully set forth herein.

Except as set forth in this Item 4 (including the matters described in Item 6 below which are incorporated in this Item 4 by reference), the Reporting Persons have no present plans or proposals that relate to or that would result in any of the actions specified in clauses (a) through (j) of Item 4 of Schedule 13D under the Exchange Act.

Item 5. Interest in Securities of the Issuer.

(a) (1) FP-Lion is the record and beneficial owner of 63,053 shares of Series A Preferred Stock. Assuming conversion of all such shares, FP-Lion is the beneficial owner of 31,526,500 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3 of the Exchange Act and, as of October 31, 2000, there being 155,284,971 shares of Common Stock outstanding, represents approximately 16.9% of the outstanding shares of Common Stock.

(2) Assuming conversion of all 63,053 shares of Series A Preferred Stock owned of record by FP-Lion, FPLP, in its capacity as sole member of FP-Lion, may, pursuant to Rule 13d-3 of the Exchange Act, be deemed the beneficial owner of 31,526,500 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3 of the Exchange Act and, as of October 31, 2000, there being 155,284,971 shares of Common Stock outstanding, represents approximately 16.9% of the outstanding shares of Common Stock.

(3) Assuming conversion of all 63,053 shares of Series A Preferred Stock owned of record by FP-Lion, FPGP, in its capacity as sole general partner of FPLP, may, pursuant to Rule 13d-3 of the Exchange Act, be deemed the beneficial owner of 31,526,500 shares of Common Stock, which, based on calculations made in accordance with Rule 13d-3 of the Exchange Act and, as of October 31, 2000, there being 155,284,971shares of Common Stock outstanding, represents approximately 16.9% of the outstanding shares of Common Stock.

(b) The information set forth in Items 7 through 11 of the cover pages hereto is incorporated herein by reference.

(c) Except as set forth herein, to the knowledge of the Reporting Persons, none of the persons named pursuant to Item 2 has effected any transactions in shares of Common Stock during the past 60 days.

(d) The right to receive dividends on, and proceeds from the sale of, the shares of Common Stock which may be beneficially owned by the persons described in (a) and (b) above is governed by the limited liability company agreements and limited partnership agreements of each such entity, and such dividends or proceeds may be distributed with respect to numerous member interests and general and limited partnership interests.

(e) Inapplicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The matters set forth in Item 2 are incorporated in this Item 6 by reference as if fully set forth herein.

Stock Purchase Agreement

Pursuant to the Stock Purchase Agreement dated as of December 13, 2000 (the "Agreement"), between the Issuer and FP-Lion, the Issuer agreed to sell and FP-Lion agreed to purchase 63,053 shares of the Series A Preferred Stock (the "Series A Shares") and 86,947 shares of the Series B Preferred Stock (the "Series B Shares") at a purchase price of $1,000 per share. On December 28, 2000, at the closing (the "Closing") held pursuant to the Agreement, the Issuer sold to FP-Lion the Series A Shares and the Series B Shares.

In the Agreement, FP-Lion agreed that, so long as it owns 50% of its initial equity investment, it will not, without the consent of the Issuer, purchase any additional shares of the Issuer's voting stock, solicit proxies, make any offer or announce any intention to acquire the Issuer or take other similar actions.

The foregoing summary of the Agreement is not intended to be complete and is qualified in its entirety by reference to the Agreement, a copy of which is filed herewith as Exhibit 10.1 and is incorporated herein by reference.

Certificate of Designation of the Series A Shares

As contemplated by the Agreement, the Board of Directors of the Issuer approved and adopted the Certificate of Designations, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock (the "Certificate of Designation of the Series A Shares") to create the series of preferred stock designated as the Series A Preferred Stock. The Series A Shares bear cumulative dividends at an annual rate of 8%, payable semi-annually in cash or Series B Shares, at the Issuer's option. If the Series B Shares are converted into Series A Shares, dividends on the Series A Shares will be payable in cash or in

Series A Shares, at the Issuer's option. The Series A Shares are also entitled, on an as-converted basis, to receive dividends or distributions declared with respect to Common Stock. Subject to compliance with the rules and regulations of The Nasdaq Stock Market, the Series A Shares are convertible at any time at the option of the holders into shares of the Common Stock at an initial conversion ratio that is based on a conversion price of $2 per share. The conversion ratio is subject to adjustment in the event of, without limitation, subdivisions, splits, combinations, consolidations, mergers or reclassifications. In addition, the conversion ratio is subject to anti-dilution adjustment for issuances of Common Stock at a price per share less than the market value of the Common Stock on the date of issuance (other than Common Stock issued in connection with the Issuer's stock option plans or pursuant to any other Common Stock related employee compensation plans of the Issuer approved by the Issuer's Board of Directors or its predecessors or pursuant to other pre-existing obligations). The conversion ratio is also subject to adjustment for issuances of Common Stock at a price per share less than the greater of the market value of the Common Stock on the date of issuance or $4.00 per share in connection with certain agreements pursuant to which, as of December 13, 2000, the Issuer may be obligated to issue shares of Common Stock as retention bonuses to employees related to various acquisitions consummated by USWeb Corporation. Further, the conversion ratio of the Series A Shares is subject to adjustment in the event that the Issuer is required to pay more than $25 million in excess of any insurance coverage in payment or settlement of any losses or damages resulting from certain types of securities-related legal proceedings. The Series A Shares will be redeemable by the Issuer on or after the third anniversary of the Closing. The Series A Shares will also be redeemable by the Issuer on or after the first anniversary of the Closing if the Common Stock has a closing price of at least $7.50 both for (1) at least 20 of the 30 trading days immediately preceding the notice of redemption and (2) the 5 trading days immediately preceding such notice.

In the event of any liquidation or winding up of the Issuer (defined broadly to include certain change in control transactions), the holders of the Series A Shares will be entitled to receive in preference to the holders of the Common Stock a per share amount equal to $1,000 plus any accrued and unpaid dividends (the "Liquidation Preference") and thereafter will participate with the Common Stock, on an as-converted basis, in any distributions of cash or other assets paid on any shares of Common Stock, until the total payment (including the Liquidation Preference) to the holders of Series A Shares is equal to $1,500 per Series A Share. Thereafter the holders of the Series A Shares will not participate with the Common Stock in any such distributions until such time as the holders of the Common Stock shall have received total distributions equal to their pro-rata percentage as if the Series A Shares and the Series B Shares (as if it were Series A Shares) had converted into Common Stock. Thereafter the Series A Shares will participate with the Common Stock on an as-converted basis without limitation. Subject to compliance with the rules and regulations of The Nasdaq Stock Market, the Series A Shares will be entitled to vote together with the Common Stock on an as-converted basis, and the holders of a majority of the Series A Shares will be entitled to appoint one director to the Issuer's Board. The foregoing summary of the Certificate of Designation of the Series A Shares is not intended to be complete and is

qualified in its entirety by reference to the Certificate of Designation of the Series A Shares, a copy of which is filed herewith as Exhibit 10.2 and is incorporated herein by reference.

Certificate of Designation of the Series B Shares

As contemplated by the Agreement, the Board of Directors of the Issuer approved and adopted the Certificate of Designations, Preferences and Rights of Series B 12% Senior Participating Preferred Stock (the "Certificate of Designation of the Series B Shares") to create the series of preferred stock designated as the Series B Preferred Stock. The Series B Shares bear cumulative dividends at an annual rate of 12%, payable semi-annually in cash or Series B Shares, at the Issuer's option. The Series B Shares are also entitled, on an as-converted basis (as if they were Series A Shares), to receive dividends or distributions declared with respect to Common Stock. The Series B Shares are not convertible into Common Stock. However, upon approval by the Issuer's stockholders at or prior to the next annual meeting of stockholders of the Issuer, the Series B Shares, together with any accrued but unpaid dividends, would immediately convert into Series A Shares, on a one-for-one basis. The holders of the Series B Shares will have the right to require the Issuer to repurchase the Series B Shares (the "Put Right") as follows: (1) on or after the first anniversary of the Closing, to the extent that the Series A Shares have been converted into Common Stock; or (2) on or after the earlier of a Change in Control (as defined therein) or the second anniversary of the Closing, to the extent the Series A Shares have been converted into Common Stock or sold or otherwise transferred to a third party; or (3) at any time on or after the 7th anniversary of the Closing. In exchange for each Series B Share which the Issuer is required to repurchase pursuant to the exercise of the Put Right, the Issuer will be obligated to pay an amount equal to the market value of the shares of Common Stock into which one Series A Share would be convertible on that date and may be paid in cash, or following any required stockholder approval, in shares of Common Stock. The Series B Shares will be redeemable, and share in distributions on liquidation, on the same terms as the Series A Shares. The Series B Shares will not have general voting rights; however, the holders of a majority of the Series B Shares will be entitled to appoint one director to the Issuer's Board. If the Series B Shares are automatically converted into Series A Shares as previously described, this right to appoint a director will terminate and the holders of the Series A Shares will thereafter be entitled to appoint two directors. The foregoing summary of the Certificate of Designation of the Series B Shares is not intended to be complete and is qualified in its entirety by reference to the Certificate of Designation of the Series B Shares, a copy of which is filed herewith as Exhibit 10.3 and is incorporated herein by reference.

In conjunction with the Closing, Messrs. Stanton and Garfinkel joined the Issuer's Board of Directors as the designees of the Series A Shares and the

Series B Shares.

Registration Rights Agreement

Pursuant to the Registration Rights Agreement dated as of December 28, 2000 among the Issuer, FP-Lion and each person who becomes a Holder (as defined therein) (the "Registration Rights Agreement"), the holders of the Series A Shares and the Series B Shares have certain piggy-back and, after nine months from the Closing, demand registration rights with respect to the Common Stock issuable upon conversion of the Series A Shares (including the additional Series A Shares that may be issued in connection with the conversion of the Series B Shares). The foregoing summary of the Registration Rights Agreement is not intended to be complete and is qualified in its entirety by reference to the Registration Rights Agreement, a copy of which is filed herewith as Exhibit 10.4 and is incorporated herein by reference.

Except for the agreements as described above, to the best knowledge of the Reporting Persons, there are no contracts, arrangements, understandings or relationships (legal or otherwise) between the persons enumerated in Item 2, and any other person, with respect to any securities of the Issuer, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits.

Exhibit 10.1: Stock Purchase Agreement dated as of December 13, 2000 between marchFIRST, Inc. and FP-Lion, L.L.C.

Exhibit 10.2: Certificate of Designation, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock

Exhibit 10.3: Certificate of Designation, Preferences and Rights of Series B 12% Senior Participating Preferred Stock

Exhibit 10.4: Registration Rights Agreement dated December 28, 2000 among marchFIRST, Inc., FP-Lion, L.L.C. and each person who becomes a Holder (as defined)

Exhibit 99.1: Joint Filing Agreement among the parties regarding filing of Schedule 13D.

SIGNATURE

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 12, 2001

FP-LION, L.L.C.,

By FRANCISCO PARTNERS, L.P.,
a Member,

By FRANCISCO PARTNERS GP, LLC ,
the General Partner,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director

SIGNATURE

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 12, 2001

FRANCISCO PARTNERS, L.P.,

By FRANCISCO PARTNERS GP, LLC,
the General Partner,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director

SIGNATURE

After reasonable inquiry and to the best knowledge and belief of the undersigned, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: January 12, 2001

By FRANCISCO PARTNERS GP, LLC,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director

EXHIBIT INDEX

Exhibit 10.1: Stock Purchase Agreement dated as of December 13, 2000 between marchFIRST, Inc. and FP-Lion, L.L.C.*

Exhibit 10.2: Certificate of Designation, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock*

Exhibit 10.3: Certificate of Designation, Preferences and Rights of Series B 12% Senior Participating Preferred Stock*

Exhibit 10.4: Registration Rights Agreement dated December 28, 2000 among marchFIRST, Inc., FP-Lion, L.L.C. and each person who becomes a Holder (as defined)*

Exhibit 99.1: Joint Filing Agreement among the parties regarding filing of Schedule 13D.*

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* Filed herewith

EXHIBIT 10.1

STOCK PURCHASE AGREEMENT

dated as of

December 13, 2000

between

MARCHFIRST, INC.

and

FP-LION, L.L.C.

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EXHIBITS, ANNEX AND SCHEDULE

Exhibit A -- Form of Certificate of Designations for Series A Preferred
Exhibit B -- Form of Certificate of Designations for Series B Preferred
Exhibit C -- Form of Registration Rights Agreement

STOCK PURCHASE AGREEMENT

AGREEMENT dated as of December 13, 2000 between marchFIRST, Inc., a Delaware corporation (the "ISSUER"), and FP-Lion, L.L.C., a Delaware limited liability company (the "PURCHASER").

WHEREAS, the Issuer desires to sell the Securities (as defined below) to the Purchaser, and the Purchaser desires to purchase the Securities from the Issuer, upon the terms and subject to the conditions hereinafter set forth.

NOW THEREFORE, the parties hereto agree as follows:

ARTICLE 1
Definitions

SECTION 1.1 DEFINITIONS.

(a) The following terms, as used herein, have the following meanings:

"AFFILIATE" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person; PROVIDED that neither the Purchaser nor any of its Subsidiaries shall be considered an Affiliate of the Issuer.

"AGREEMENT" means this Agreement, as it may be amended from time to time.

"APPLICABLE LAW" means any applicable constitution, treaty, statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, requirement, ruling or decision of, agreement with, or by any Governmental Authority.

"BALANCE SHEET" means the consolidated balance sheet of the Issuer and its Subsidiaries as of the Balance Sheet Date.

"BALANCE SHEET DATE" means September 30, 2000.

"BENEFIT ARRANGEMENT" means any employee benefit plan within the meaning of Section 3(3) of ERISA or any other employment or employee arrangement, severance arrangement or employment agreement, which is maintained or otherwise contributed to by any member of the ERISA Group and covers any current or former employee of Issuer.

"BUSINESS DAY" means any day except a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized by law to close.

"CERTIFICATES OF DESIGNATIONS" means the Series A Certificate of Designations and the Series B Certificate of Designations.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMISSION" means the U.S. Securities and Exchange Commission or any governmental body succeeding to the functions thereof.

"COMMON STOCK" means the common stock, par value $.001 per share, of the Issuer.

"ENVIRONMENTAL LAWS" means any federal, state, local or foreign law (including, without limitation, common law), treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction or requirement or any agreement with any governmental authority or other third party, whether now or hereafter in effect, relating to human health and safety, the environment or to pollutants, contaminants, wastes or chemicals or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials.

"ENVIRONMENTAL LIABILITIES" means all liabilities of the Issuer and each of its Subsidiaries, whether contingent or fixed, known or unknown, which (i) arise under or relate to matters covered by Environmental Laws and (ii)

relate to actions occurring or conditions existing on or prior to the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA GROUP" means the Issuer and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Issuer, are treated as a single employer under Section 414 of the Code.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FEE AGREEMENT" means the fee agreement dated the date hereof between the Issuer and Francisco Partners GP, LLC.

"GOVERNMENTAL AUTHORITY" means any governmental body, agency or official of any country or political subdivision of any country, including, but not limited to, federal, state, county and local governments, administrative agencies and courts.

"HAZARDOUS SUBSTANCE" means any toxic, radioactive, caustic or otherwise hazardous substance, including petroleum, its derivatives, by-products and other hydrocarbons, or any substance having any constituent elements displaying any of the foregoing characteristics, including, without limitation, any substance regulated under Environmental Laws.

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, any Person shall be deemed to own subject to Lien any asset that it has acquired or

holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"MATERIAL ADVERSE EFFECT" means any change or effect (or aggregation of changes and effects) that is materially adverse to the business, assets, condition (financial or otherwise) or results of operations of the Issuer and its Subsidiaries, taken as a whole, excluding any such effects resulting solely from (i) changes or conditions generally affecting the industries in which the Issuer and its Subsidiaries currently operate or (ii) changes in general economic, regulatory or political conditions.

"PERSON" means an individual or a corporation, partnership, limited liability company, association, trust, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"PREFERRED STOCK" means the preferred stock, par value $.001 per share, of the Issuer.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, substantially in the form attached as Exhibit C hereto.

"REGULATED ACTIVITY" means any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Substance.

"SEC REPORTS" means the forms, reports and documents required to be filed with the Commission by the Issuer pursuant to the Exchange Act or the Securities Act from and after January 1, 2000.

"SECURITIES" means the Series A Preferred and the Series B Preferred.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SERIES A CERTIFICATE OF DESIGNATIONS" means the Certificate of Designations, Preferences and Rights of Series A 8% Senior Convertible Participating Preferred Stock, substantially in the form attached as Exhibit A hereto.

"SERIES B CERTIFICATE OF DESIGNATIONS" means the Certificate of Designations, Preferences and Rights of Series B 12% Senior Participating Preferred Stock, substantially in the form attached as Exhibit B hereto.

"SERIES A PREFERRED" means the Issuer's Series A 8% Senior Participating Convertible Preferred Stock, par value $.001 per share.

"SERIES B PREFERRED" means the Issuer's Series B 12% Senior Participating Preferred Stock, par value $.001 per share.

"SIGNIFICANT SUBSIDIARY" shall have the meaning assigned to such term in Rule 1-02 of Regulation S-X under the Securities Act and the Exchange Act.

"SUBSIDIARY" means, with respect to any Person, any other Person of which a majority of the capital stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

"TAX" (and, with correlative meaning, "TAXES") means (i) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding on amounts paid by the Issuer or any of its Subsidiaries, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount due from, or in respect of the Issuer or any of its Subsidiaries, as the case may be, imposed by any Governmental Authority (a "TAXING AUTHORITY") responsible for the imposition of any such tax (domestic or foreign), (ii) in the case of the Issuer or any of its Subsidiaries, liability for the payment of any amount of the type described in clause (i) as a result of being or having been before the Closing Date a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of the Issuer or any of its Subsidiaries to a Taxing Authority is determined or taken into account with reference to the activities of any other Person, and (iii) any liability of the Issuer or any of its Subsidiaries for the payment of any amount as a result of being a party to any tax sharing agreement or with respect to the payment of any amount of the type described in (i) or (ii) as a result of any existing express or implied agreement or arrangement (including, but not limited to, an indemnification agreement or arrangement).

Each of the following terms is defined in the Section set forth opposite such term:

TERM	SECTION
10-K	3.9
10-Qs	3.9
Agreements	3.2
Agreed Disclosure	7.3
Authorizations	3.20
Closing	2.2(a)
Closing Date	2.2(a)
Closing Failure	9.7(a)
Damages	9.4(a)
Indemnified Party	9.5
Indemnifying Party	9.5
Intellectual Property	3.16
Issuer	Preamble
Issuer Securities	3.5(b)
Material Contract	3.13
Proxy Statement	3.21
Purchase Price	3.21

TERM	SECTION
Purchaser	Preamble Regulatory
Authorities	3.3
Representatives	6.1
Returns	3.19
Series A Preferred Price	2.1
Series B Preferred Price	2.1
Signing 8-K	7.3
Signing Release	7.3
Subsidiary Securities	3.6(b)
Warranty Breach	9.4(a)

ARTICLE 2
Purchase and Sale of Securities

SECTION 2.1 COMMITMENT TO PURCHASE. Upon the basis of the representations and warranties of the Purchaser herein contained, but subject to the terms and conditions hereinafter stated, the Issuer agrees to sell to the Purchaser, and the Purchaser, upon the basis of the representations and warranties of the Issuer herein contained, but subject to the terms and conditions hereinafter stated, agrees to purchase from the Issuer at the Closing (a) 63,053 shares of Series A Preferred for an aggregate purchase price of $63,053,000 (the "SERIES A PREFERRED PRICE") and (b) 86,947 shares of Series B Preferred for an aggregate purchase price of $86,947,000 (the "SERIES B PREFERRED PRICE," together with the Series A Preferred Price, the "PURCHASE PRICE").

SECTION 2.2 THE CLOSING.

(a) The closing (the "CLOSING") of the purchase and sale of the Securities hereunder shall take place at 10:00 a.m., Central Time, at the offices of Katten Muchin Zavis, 525 West Monroe Street, Chicago, Illinois 60661, as soon as possible after satisfaction of the conditions set forth in Article 8, or at such other time or place as the Purchaser and the Issuer may agree. Each of the Purchaser and the Issuer shall use their reasonable best efforts to cause such Closing to occur on or before December 29, 2000. The date and time of closing are referred to herein as the "CLOSING DATE."

(b) At the Closing, the Purchaser shall deliver to the Issuer, by wire transfer to an account designated by the Issuer, an amount, in immediately available funds, equal to the aggregate purchase price of the Securities being purchased by the Purchaser from the Issuer.

(c) At the Closing, the Issuer shall deliver to the Purchaser, against payment of the purchase price by the Purchaser to

the Issuer, duly executed certificates evidencing the shares of Series A Preferred and Series B Preferred being purchased by the Purchaser from the Issuer, in each case in definitive form and registered in such name or names as

the Purchaser shall request not later than two Business Days prior to the Closing Date.

(d) At the Closing, the Issuer shall deliver to Francisco Partners GP, LLC, a Delaware limited liability company, by wire transfer to an account designated by the Purchaser, an amount, in immediately available funds, equal to the fee and reimbursement of expenses to be paid or reimbursed to the Purchaser by the Issuer pursuant to the Fee Agreement.

ARTICLE 3
Representations and Warranties of the Issuer

The Issuer represents and warrants to the Purchaser as of the date hereof and as of the Closing Date that, except as set forth in the Disclosure Letter delivered by the Issuer to the Purchaser contemporaneously herewith:

SECTION 3.1 CORPORATE EXISTENCE AND POWER. The Issuer is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all corporate power and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. The Issuer is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified or in good standing would not have, individually or in the aggregate, a Material Adverse Effect. The Issuer has heretofore made available to the Purchaser or its counsel true and complete copies of the certificate of incorporation and bylaws of the Issuer as currently in effect. The Issuer currently has no stockholders' rights plan or similar plan in effect.

SECTION 3.2 CORPORATE AUTHORIZATION. The execution, delivery and performance by the Issuer of this Agreement, the Fee Agreement and the Registration Rights Agreement (collectively, the "AGREEMENTS") and the consummation of the transactions contemplated hereby and thereby are within the Issuer's corporate powers and have been duly authorized by all necessary corporate action on the part of the Issuer. The execution, delivery and performance by the Issuer of the Agreements, and the consummation of the transactions contemplated hereby and thereby do not require the approval of the stockholders of the Issuer. The Agreements constitute legal, valid and binding agreements of the Issuer, enforceable against the Issuer in accordance with their respective terms, except (i) as such enforcement is limited by

bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, (ii) for limitations imposed by general principles of equity and (iii) as enforcement with respect to indemnification and contribution may be limited by applicable securities laws or public policy. The shares of Common Stock issuable upon conversion of, or exercise of any right of the holder to require the Issuer to redeem, the Securities will, when issued, be validly issued and outstanding, fully paid and nonassessable, and free and clear of any Liens other than Liens arising as a result of the status or actions of the Purchaser.

SECTION 3.3 GOVERNMENTAL AUTHORIZATION. The execution, delivery and performance by the Issuer of the Agreements and the consummation by the Issuer of the transactions contemplated hereby and thereby require no consent, approval, authorization or other action by or in respect of any Governmental Authority or other party except (i) compliance with any

applicable filing requirements of the Exchange Act, (ii) the filing of the Certificates of Designations in accordance with the law of the State of Delaware, (iii) compliance with the applicable requirements of the HSR Act, (iv) the filing of the notice of listing referred to in Section 8.1(e) and (v) other filings, notifications and consents that are immaterial to the consummation of the transactions contemplated hereby.

SECTION 3.4 NONCONTRAVENTION. The execution, delivery and performance by the Issuer of the Agreements, and the consummation by the Issuer of the transactions contemplated hereby and thereby do not and will not (i) violate the certificate of incorporation or bylaws of the Issuer or any Subsidiary of the Issuer, (ii) assuming compliance with the matters referred to in Section 3.3, violate any Applicable Law, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration of any material right or obligation of the Issuer or any Subsidiary of the Issuer or to a loss of any material benefit to which the Issuer or any Subsidiary of the Issuer is entitled under any provision of any agreement or other instrument binding upon the Issuer or any Subsidiary of the Issuer or (iv) result in the creation or imposition of any Lien on any material asset of the Issuer or any Subsidiary of the Issuer, except for, in the case of clauses (ii), (iii) and (iv), such matters that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.5 CAPITALIZATION.

(a) The authorized capital stock of the Issuer consists of 500,000,000 shares of Common Stock and 3,000,000 shares of Preferred Stock. As of the date hereof, there were issued and outstanding the following shares of such stock: 158,426,177 shares of Common Stock and

no shares of Preferred Stock.

(b) All of the outstanding shares of Common Stock are duly authorized, were validly issued and are fully paid and nonassessable. There are no preemptive or other similar rights available to the existing holders of the capital stock of the Issuer. As of the date hereof and other than in connection with the transactions contemplated by this Agreement, there are no outstanding options, warrants, rights, puts, calls, commitments, or other contracts, arrangements, or understandings issued by or binding upon the Issuer requiring, and there are no outstanding debt or equity securities of the Issuer which upon the conversion, exchange or exercise thereof would require, the issuance, sale or transfer by the Issuer of any new or additional equity interests in the Issuer (or any other securities of the Issuer) or any of its Subsidiaries which, whether after notice, lapse of time or payment of monies, are or would be convertible into or exercisable or exchangeable for equity interests in the Issuer. There are no voting trusts, stockholder agreements, material proxies or other agreements or understandings to which the Issuer or any of its Subsidiaries is a party with respect to the voting or transfer or registration of shares of capital stock of the Issuer. Neither the offer nor the issuance or sale of the Securities constitutes or will constitute an event under any capital stock or convertible security or any anti-dilution or similar provision of any agreement or instrument to which the Issuer is a party or by which it is bound or affected, which shall either increase the number of shares of capital stock issuable upon conversion of any securities or upon

exercise of any warrant or right to subscribe to or purchase any stock or similar security, or decrease the consideration per share of capital stock to be received by the Issuer upon such conversion or exercise.

(c) The issuance, sale and delivery of the Securities has been duly authorized by all requisite corporate action on the part of the Issuer and the Securities when issued and delivered in accordance with the terms of the applicable Certificate of Designations and this Agreement will be validly issued and outstanding, fully paid and nonassessable, free and clear of any Liens and delivered and not subject to preemptive or other similar rights of the stockholders of the Issuer.

SECTION 3.6 SUBSIDIARIES.

(a) Each of the Issuer's material Subsidiaries including, without limitation, any Significant Subsidiary of the Issuer, is a

corporation or limited liability company duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of incorporation or formation and has all powers (corporate or otherwise) and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. Each such Subsidiary of the Issuer is duly qualified to do business as a foreign corporation or limited liability company and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified or in good standing would not have, individually or in the aggregate, a Material Adverse Effect.

(b) All of the outstanding capital stock or other voting securities or other equity interests of each Subsidiary of the Issuer (other than directors' qualifying shares) is owned by the Issuer, directly or indirectly, free and clear of any Lien and free of any other limitation or restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other voting securities or other equity interests). There are no outstanding (i) securities of the Issuer or any Subsidiary of the Issuer convertible into or exchangeable for shares of capital stock or voting securities or other equity securities of any Subsidiary of the Issuer or (ii) options or other rights to acquire from the Issuer or any Subsidiary of the Issuer, or other obligation of the Issuer or any Subsidiary of the Issuer to issue, any capital stock, voting securities, other equity interests or securities convertible into or exchangeable for capital stock or voting securities or other equity interests of any Subsidiary of the Issuer (the items in clauses 3.6(b)(i) and 3.6(b)(ii) being referred to collectively as the "SUBSIDIARY SECURITIES"). There are no outstanding obligations of the Issuer or any Subsidiary of the Issuer to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities.

SECTION 3.7 FINANCIAL STATEMENTS. The consolidated financial statements of the Issuer contained in the SEC Reports (or, in the case of any amended SEC Report, in the SEC Report as so amended) complied as to form in all material respects with the published rules and regulations of the Commission with respect thereto, were prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in conformity with generally accepted accounting principles (except as may be indicated in the notes thereto), the consolidated

financial position of the Issuer and its consolidated subsidiaries as of the dates thereof and their consolidated results of operations and changes in financial position for the periods then ended (subject to normal year-end

adjustments in the case of any unaudited interim financial statements, which adjustments will not be material either individually or in the aggregate).

SECTION 3.8 ABSENCE OF CERTAIN CHANGES. Since the Balance Sheet Date through the date of this Agreement, the business of the Issuer and its Subsidiaries has been conducted in the ordinary course consistent with past practices and there has not been any event, occurrence, development or state of circumstances or facts which has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or an adverse effect on the ability of the Issuer to perform its obligations under this Agreement.

SECTION 3.9 NO MATERIAL UNDISCLOSED LIABILITIES. Through the date of this Agreement, there are no liabilities of the Issuer or any Subsidiary of the Issuer of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances which could reasonably be expected, individually or in the aggregate, to result in such a liability, other than:

(i) liabilities provided for in the Balance Sheet or disclosed in the notes thereto or in the Form 10-K of the Issuer for the year ended December 31, 1999 (the "10-K"), or in the Forms 10-Q of the Issuer for the quarters ended March 31, 2000, June 30, 2000 and September 30, 2000 (the "10-Qs");

(ii) liabilities incurred since the Balance Sheet Date in the ordinary course of business consistent with past practices;

(iii) liabilities under the Agreements or incurred in connection with the transactions contemplated by the Agreements; and

(iv) other undisclosed liabilities which, individually or in the aggregate, are not material to the Issuer and its Subsidiaries, taken as a whole.

SECTION 3.10 LITIGATION. Through the date of this Agreement, except as disclosed in the SEC Reports, there is no action, suit, investigation or proceeding (or, to the knowledge of the Issuer, any basis therefor) pending against, or to the knowledge of the Issuer, threatened against or affecting, the Issuer or any Subsidiary of the Issuer or any of their respective properties before any court or arbitrator or any governmental body, agency or official which could have, individually or in the aggregate, a Material Adverse Effect or which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the transactions contemplated by the Agreements.

SECTION 3.11 COMPLIANCE WITH LAWS. Neither the Issuer nor any Subsidiary of the Issuer is in violation of, or has violated or been threatened to be charged with or given notice of any violation of, or to the best knowledge of the Issuer, is under investigation with respect to any Applicable

Law, in each case other than any such violations that could not reasonably be expected to have, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.12 SEC REPORTS. The Issuer has filed all required SEC Reports when due (or within permitted extension periods) in accordance with the Exchange Act. As of their respective dates (or, in the case of any amended SEC Report, as of the date of the amendment), the SEC Reports complied in all material respects with all applicable requirements of the Exchange Act or the Securities Act, as the case may be. As of their respective dates (or, in the case of any amended SEC Report, as of the date of the amendment), none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

SECTION 3.13 MATERIAL CONTRACTS. Except to the extent fully performed or terminated pursuant to its terms, each of the agreements, contracts, leases and commitments listed as an exhibit to the 10-K, any of the 10-Qs or any Form 8-K filed by the Issuer with the Commission since January 1, 1999 (each, a "MATERIAL CONTRACT") is a legal, valid and binding agreement of the Issuer or a Subsidiary of the Issuer, as the case may be, and is in full force and effect, and none of the Issuer, such Subsidiary or, to the knowledge of the Issuer, any other party thereto is in default or breach, in each case except for any such default or breach that could not have, individually or in the aggregate, a Material Adverse Effect, and, to the best knowledge of the Issuer, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder, except for an event of default that could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.14 FINDERS' FEES. Except for Credit Suisse First Boston, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Issuer who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

SECTION 3.15 OFFERING OF SECURITIES. Neither Issuer nor any Person acting on Issuer's behalf has taken or will take any action (including, without limitation, any offering of any securities of the Issuer under circumstances which would require, under the Securities Act, the integration of such offering with the offering and sale of the Securities) which might subject the offering, issuance or sale of the Securities to the registration requirements of Section 5 of the Securities Act.

SECTION 3.16 INTELLECTUAL PROPERTY. The Issuer and each of its

Subsidiaries owns, or has the legal right to use, all material patents, patent applications, trademarks, trademark applications, tradenames, copyrights, technology, know-how and processes and other intellectual property rights necessary for each of them to conduct its business as currently conducted (the "INTELLECTUAL PROPERTY"). No claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Issuer know of any facts or circumstances that could provide a reasonable basis for any such claim, except in each case for such claims which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. To the best knowledge of the Issuer, the use of such Intellectual Property by the Issuer and its Subsidiaries does not infringe on the rights of any Person, except for such infringements which

could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.17 ENVIRONMENTAL COMPLIANCE.

(a) No notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending, or to the Issuer's best knowledge, threatened by any governmental or other entity (i) with respect to any alleged material violation by the Issuer or any of its Subsidiaries of any Environmental Law, (ii) with respect to any alleged failure by the Issuer or any of its Subsidiaries to have any material permit, certificate, license, approval, registration or authorization required under any Environmental Law in connection with the conduct of their businesses or (iii) with respect to any Regulated Activity or any release, as defined in 42 U.S.C. 9601(22), of any Hazardous Substance which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) (i) Neither the Issuer nor any of its Subsidiaries has engaged in any Regulated Activity other than in compliance in all material respects with all applicable Environmental Laws and (ii) to the best knowledge of the Issuer, no release, as defined in 42 U.S.C. 9601(22), of any Hazardous Substance has occurred at or on any property now or previously owned or leased by the Issuer or any of its Subsidiaries which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) To the best knowledge of the Issuer, there are no Environmental Liabilities that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. SECTION

3.18 EMPLOYMENT MATTERS; ERISA.

(a) Issuer has made available to the Purchaser copies of the material Benefit Arrangements (and, if applicable, related trust agreements) and all amendments thereto and written interpretations thereof together with the most recent annual report (Form 5500 including, if applicable, schedule B thereto). Each material Benefit Arrangement that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified if so required and, to the knowledge of the Issuer, there has been no event since the date of such determination which would adversely affect such qualification. Each material Benefit Arrangement has been maintained in substantial compliance with its terms and with the requirements prescribed by any and all applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code, except to the extent that it would not have a Material Adverse Effect.

(b) Neither the Issuer nor any member of the ERISA Group maintains or contributes to or has maintained or contributed to any plan subject to Title IV of ERISA or any multiemployer plan within the meaning of Section 4001(a)(3) of ERISA.

(c) Issuer has no current or projected liability in respect of post-employment or post-retirement health or medical or life insurance benefits for its retired, former or current employees, except as required to avoid excise tax under Section 4980B of the Code.

(d) No employee of Issuer shall become entitled to any payments or accelerated vesting of any awards merely as a result of this transaction.

SECTION 3.19 TAXES. The Issuer and each of its Subsidiaries has filed in accordance with Applicable Law, all material Tax returns, statements, reports and forms (collectively, "RETURNS") required to be filed with any Taxing Authority when due (taking into account any extension of a required filing date); (b) at the time filed, such Returns were true, correct and complete in all material respects; (c) the Issuer and each of its Subsidiaries has timely paid all Taxes shown as due and payable on the Returns that have been filed; (d) the charges, accruals and reserves for Taxes reflected on the Balance Sheet (excluding any provision for deferred income taxes) are adequate under United States generally accepted accounting principles, consistently applied, to cover the Tax liabilities accruing through the date thereof; (e) since the Balance Sheet Date, neither the Issuer nor any of its Subsidiaries has engaged in any transaction, or taken any other action, other than in the ordinary course of business, which would reasonably be expected to result in a

material Tax on the Issuer or any of its Subsidiaries; (f) there is no action, suit, proceeding, investigation, audit or claim pending or, to the knowledge of the Issuer, threatened against or with respect to it or any of its Subsidiaries in respect of any Tax; (g) neither the Issuer nor any of its Subsidiaries has any obligation under any Tax sharing agreement, Tax allocation agreement or Tax indemnity agreement or any other agreement or arrangement in respect of any Tax with any Person other than the Issuer or its Subsidiaries; (h) neither the Issuer nor any of its Subsidiaries has been a member of an affiliated, consolidated, combined or unitary group other than one of which the Issuer was the common parent; (i) proper and adequate amounts have been withheld by the Issuer and its Subsidiaries from their respective employees and other Persons for all periods in compliance in all material respects with the Tax, social security and unemployment, excise and other withholding provisions of all federal, state, local and foreign laws; (j) there is no lien in respect of any material Tax outstanding against the assets, properties or business of the Issuer or any of its Subsidiaries; and (k) the Issuer is not now, has never been and does not contemplate becoming a "United States Real Property Holding Corporation" as defined in Section 897(c)(2) of the Code and Section 1.897-2(b) of the Treasury regulations thereunder.

SECTION 3.20 REGULATORY MATTERS. The Issuer has all necessary franchises, approvals, authorizations, permits, licenses, registrations, qualifications and similar rights obtained from any federal, state or local regulatory authority ("AUTHORIZATIONS") to conduct and operate the businesses of the Issuer, except any such Authorizations which the failure to have would not, either individually or in the aggregate, have a Material Adverse Effect. The Authorizations are currently in full force and effect, are not in default, and are valid under all applicable rules and regulations according to their terms, except as would not, either individually or in the aggregate, have a Material Adverse Effect. The Issuer is in compliance with the terms and conditions of the Authorizations, including requirements for notifications, filing, reporting, posting and

maintenance of logs and records, except where any failure to so comply would not, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.21 PROPERTY. The material properties held by the Issuer and its Subsidiaries conform to the description thereof in the Issuer's SEC Reports. The Issuer and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Issuer and its Subsidiaries, taken as a whole, in each case free and clear of all Liens, encumbrances and defects except such as are disclosed in the Issuer's SEC Reports or as would not in the aggregate reasonably be expected to have a Material Adverse Effect; and any real property and buildings held under lease by the Issuer and its Subsidiaries are held by them under valid, subsisting and

enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Issuer and its Subsidiaries.

SECTION 3.22 PROXY MATERIALS. If the Issuer seeks the approval of the Issuer's stockholders in connection with the issuance of securities contemplated hereby, the proxy or information statement of the Issuer to be filed with the Commission in connection with the related shareholders meeting (the "PROXY STATEMENT") and any amendments or supplements thereto will, when filed, comply as to form in all material respects with the applicable requirements of the Exchange Act. At the time the Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Issuer, and at the time such stockholders vote on approval of the issuance of securities hereunder, the Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 3.22 will not apply to statements or omissions included in the Proxy Statement based upon information furnished in writing to the Issuer by the Purchaser specifically for use therein.

SECTION 3.23 STATE TAKEOVER STATUTES. The Board of Directors of the Issuer, at a meeting duly called (or for which notice was duly waived by all directors of the Issuer) and held on December 13, 2000, has approved the terms of this Agreement, the Certificates of Designations, the Registration Rights Agreement and the other documents contemplated by this Agreement, and the consummation of the transactions contemplated hereby and thereby (including without limitation the sale and issuance to the Purchaser of the Securities pursuant to this Agreement, and the Purchaser's acquisition of shares of Common Stock upon conversion of the Securities), and such approval constitutes approval of such transactions by the Board of Directors of the Issuer under the provisions of Section 203 of the Delaware General Corporation Law (the "DGCL"), and constitutes all actions necessary to ensure that the restrictions contained in Section 203 of the DGCL will not apply to the Purchaser in connection with or as a result of such transactions. To its knowledge, no other state takeover statute is applicable to the transactions contemplated by this Agreement and the other documents contemplated hereby.

ARTICLE 4
Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Issuer as of the date hereof and as of the Closing Date that:

SECTION 4.1 CORPORATE EXISTENCE AND POWER. The Purchaser is an entity

duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has all corporate or partnership powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. The Purchaser is duly qualified to do business and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not have, individually or in the aggregate, a material adverse effect on the Purchaser.

SECTION 4.2 AUTHORIZATION. The execution, delivery and performance by the Purchaser of this Agreement and the consummation of the transactions contemplated hereby are within the Purchaser's corporate or partnership powers and have been duly authorized by all necessary corporate or partnership action on the part of the Purchaser. This Agreement constitutes a legal, valid and binding agreement of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (i) as such enforcement is limited by bankruptcy, insolvency and other similar laws affecting the enforcement of creditors' rights generally, (ii) for limitations imposed by general principles of equity and (iii) as enforcement with respect to indemnification and contribution may be limited by applicable securities laws or public policy.

SECTION 4.3 GOVERNMENTAL AUTHORIZATION. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby require no action by or in respect of, or filing with, any governmental body, agency or official other than (i) compliance with any applicable requirements of the Exchange Act, (ii) compliance with the applicable requirements of the HSR Act and (iii) other filings, notifications and consents that are immaterial to the consummation of the transactions contemplated hereby.

SECTION 4.4 NONCONTRAVENTION. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby do not and will not (i) violate the organizational documents of the Purchaser, (ii) assuming compliance with the matters referred to in Section 4.3, violate any Applicable Law, except for any such violation which would not have a material adverse effect on the ability of the Purchaser to consummate the transactions contemplated hereby or (iii) require any consent or other action by any Person, or constitute a default, under any provision of any agreement or other instrument binding upon the Purchaser, except as to matters which would not be material to the Purchaser.

SECTION 4.5 FINDERS' FEES. Except for Morgan Stanley Dean Witter, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of the Purchaser who might be entitled to any fee or commission in connection with the transactions contemplated by this Agreement.

SECTION 4.6 PURCHASE FOR INVESTMENT. The Purchaser is an "accredited investor" as defined in Rule 501 under the Securities Act. The Purchaser is purchasing the Securities for investment for its own account and not with a view to, or for sale in connection with, any distribution thereof. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in the Securities and is capable of bearing the economic risks of such investment. The Purchaser acknowledges that the Securities will not be registered under the Securities Act and will bear a legend indicating the same.

SECTION 4.7 PROXY MATERIALS. If the Issuer seeks the approval of the Issuer's stockholders in connection with the issuance of securities contemplated hereby, the proxy or information statement of the Issuer to be filed with the Commission in connection with the related shareholders meeting (the "PROXY STATEMENT") and any amendments or supplements thereto will, when filed, comply as to form in all material respects with the applicable requirements of the Exchange Act. At the time the Proxy Statement or any amendment or supplement thereto is first mailed to stockholders of the Issuer, and at the time such stockholders vote on approval of the issuance of securities hereunder, the Proxy Statement, as supplemented or amended, if applicable, will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties contained in this Section 4.7 will apply only to statements or omissions included in the Proxy Statement based upon information furnished in writing to the Issuer by the Purchaser specifically for use therein.

ARTICLE 5
Covenants of the Issuer

The Issuer agrees that:

SECTION 5.1 ACCESS TO INFORMATION. From the date hereof until the Closing Date, the Issuer will (i) furnish to the Purchaser and its authorized representatives such financial and operating data and other information relating to the Issuer and its Subsidiaries as such Persons may reasonably request and (ii) instruct its counsel, independent accountants and financial advisors to cooperate with the Purchaser and its authorized representatives in its investigation of the Issuer and its Subsidiaries. Any investigation pursuant to this Section shall be conducted in a manner that does not interfere unreasonably with the conduct of the business of the Issuer and its Subsidiaries.

SECTION 5.2 CERTIFICATES OF DESIGNATIONS. Prior to the Closing, the Issuer shall cause to be duly executed and filed the Certificates of Designations as required pursuant to the DGCL.

SECTION 5.3 RESTRICTIONS PENDING THE CLOSING. From and after the date

hereof and prior to the Closing Date, except as expressly provided for in this Agreement or as consented to in writing by the Purchaser, the Issuer:

(i) will not amend its certificate of incorporation or bylaws;

(ii) will not split, combine or reclassify any shares of its capital stock without appropriately adjusting the conversion price and/or ratio applicable to the Securities prior to their issuance at the Closing;

(iii) will not declare or pay any dividend or distribution (whether in cash, stock or property) in respect of its Common Stock;

(iv) will not issue any shares of capital stock or grant or enter into any options, warrants, rights, puts, calls, commitments or other contracts, arrangements or understandings which may require the Issuer to do the same, nor will it issue or enter into any agreement, commitment, contract, arrangement or understanding to issue securities which are convertible into or exchangeable or exercisable for shares of capital stock, except for any which may be issued pursuant to those plans, agreements and arrangements disclosed in the Disclosure Letter;

(v) will operate its business in the ordinary course and in a manner consistent with past practices and such as not to impair its ability to perform its obligations under this Agreement;

(vi) will not act, or fail to act, in a manner as would cause it to incur liabilities (contingent or otherwise) outside of the ordinary course of its business;

(vii) will not take any action, or knowingly omit to take any action, that could reasonably be expected to result in (A) any of the representations and warranties of the Issuer set forth in Article 3 becoming untrue or (B) any of the conditions to the obligations of the Purchaser set forth in Section 8.1 or 8.2 not being satisfied; or

(viii) will not enter into any agreement or commitment to do any of the foregoing.

Notwithstanding the foregoing, the Issuer may:

(i) sell one or more businesses or business units which the Board of Directors of the Issuer has determined are not strategic to the Issuer's business, PROVIDED the aggregate proceeds from such sales do not exceed $30,000,000;

(ii) borrow funds from a bank, finance company or similar entity after consultation with the Purchaser; and

(iii) borrow funds pursuant to that certain letter agreement dated the date hereof between the Issuer and Francisco Partners, L.P.

SECTION 5.4 RESERVATION OF SHARES. For so long as any of the Securities are outstanding, the Issuer shall keep reserved for issuance a sufficient number of shares of Common

Stock, Series A Preferred and Series B Preferred to satisfy its obligations under the Certificates of Designations.

SECTION 5.5 OTHER TRANSFERS OF RESTRICTED SECURITIES. The Issuer shall take all actions reasonably necessary to enable holders of the Series A Preferred or Series B Preferred to sell such stock and the Common Stock issuable in exchange for such stock pursuant to the Certificates of Designations without registration under the Securities Act pursuant to Rule 144 under the Securities Act or any successor rule or regulation, subject in each case to the provisions of this Agreement and, specifically, the filing on a timely basis of all reports required to be filed under the Exchange Act.

ARTICLE 6
Covenants of the Purchaser

SECTION 6.1 CONFIDENTIALITY. The Purchaser will hold, and will use its reasonable best efforts to cause its officers, directors, employees, accountants, counsel, consultants, advisors, financing sources, financial institutions, and agents (the "REPRESENTATIVES") to hold, in confidence, unless compelled to disclose by judicial, regulatory or administrative process or by other requirements of law or a national stock exchange or over-the-counter securities market, all confidential documents and information concerning the Issuer or any of its Affiliates that are furnished to the Purchaser, except to the extent that such information can be shown to have been (i) previously known on a nonconfidential basis by the Purchaser or such Representatives, (ii) in the public domain through no fault of the Purchaser or its Representatives (with respect to information received in their capacity as such) or (iii) later acquired by the Purchaser or such Representatives from sources other than the Issuer or any of its Affiliates not known by the Purchaser or such Representatives, as applicable, to be bound by any confidentiality obligation;

PROVIDED that the Purchaser may disclose such information to any of its Representatives (or its co-investors, if applicable) in connection with the transactions contemplated by this Agreement so long as such Persons are informed by the Purchaser of the confidential nature of such information and are directed by the Purchaser to treat such information confidentially. If the Purchaser or any of its Representatives is requested to disclose any confidential information by judicial, regulatory or administrative process or by other requirements of law or a national stock exchange or over-the-counter securities market, the Purchaser will promptly notify the Issuer of such request so that the Issuer may seek an appropriate protective order. The Purchaser agrees that it will not, and will use its reasonable best efforts to cause its Representatives not to, use any confidential documents or information for any purpose other than monitoring and evaluating its investment in the Issuer and in connection with the transactions contemplated by this Agreement. If this Agreement is terminated, the Purchaser will, and will use its reasonable best efforts to cause its Representatives to, destroy all documents and other materials, and all copies thereof, obtained by the Purchaser or on its behalf from the Issuer, or any of the Representatives, in connection with this Agreement (including documents which incorporate material therefrom) that are subject to such confidence; PROVIDED, HOWEVER, that the Purchaser and its Representatives may retain any documents or materials if advised by counsel that the same may be useful or necessary in the conduct of any legal or regulatory proceeding, but which documents or materials shall remain subject to the confidentiality requirements of this Section 6.1.

SECTION 6.2 STANDSTILL. The Purchaser agrees that from the date hereof until the date upon which the Purchaser holds less than 75,000,000 shares of Common Stock (as adjusted for any stock splits, stock dividends, recapitalizations or the like), assuming the conversion of all of the outstanding shares of the Series A Preferred into Common Stock and also assuming the conversion of all of the outstanding shares of the Series B Preferred into Common Stock as if it were convertible into Common Stock on the same basis as the Series A Preferred, will not without the prior written consent of the Issuer or the Issuer's Board of Directors: (i) acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities or direct or indirect rights to acquire any voting securities of the Issuer or any wholly-owned Subsidiary thereof, or of any successor corporation; (ii) make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" (as such terms are used in the Rules of the Commission) to vote, or seek to advise or influence any other person or entity with respect to the voting of, any voting securities of the Issuer; (iii) make any public announcement with respect to, or make an unsolicited proposal for, or offer of any extraordinary transaction involving the acquisition of the Issuer or its securities or assets; (iv) form, join or in any way participate in a "group" (as defined in Section 13(d)(3) of the Exchange Act) in connection with any of the foregoing; (v) transfer any voting

securities to any person or "group" in connection with any of the foregoing or (vi) request the Issuer or any of the Issuer's representatives to amend or waive any provision of this Section 6.2.

SECTION 6.3 HEDGING RESTRICTIONS. The Purchaser agrees to comply, and to cause its Affiliates to comply, with the Issuer's restrictions on hedging activities applied to members of its Board of Directors and which have been provided to the Purchaser on or prior to the date hereof.

SECTION 6.4 AGREEMENT PENDING THE CLOSING. The Purchaser will not take any action, or knowingly omit to take any action, that could reasonably be expected to result in (A) any of the representations and warranties of the Purchaser set forth in Article 4 becoming untrue or (B) any of the conditions to the obligations of the Issuer set forth in Section 8.1 or 8.3 not being satisfied.

ARTICLE 7
Covenants of the Issuer and the Purchaser

SECTION 7.1 REQUIRED REGULATORY APPROVALS; REASONABLE BEST EFFORTS; FURTHER ASSURANCES. The Issuer and the Purchaser acknowledge that certain regulatory or governmental approvals may be required to lawfully consummate the transactions contemplated by this Agreement. Subject to the terms and conditions of this Agreement, the Issuer and the Purchaser will, and will cause their Affiliates to, use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by this Agreement. The Issuer and the Purchaser agree to execute and deliver such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement.

SECTION 7.2 CERTAIN FILINGS. The Issuer and the Purchaser will, and will cause their Affiliates to, cooperate with one another (i) in determining whether any action by or in respect of, or filing with, any governmental body, agency, official or authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the transactions contemplated by the Agreements or the conversion by the Purchaser of the Purchaser's Securities and (ii) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers. The Issuer and the Purchaser shall (A) give the other parties prompt notice of the commencement of any action, suit, litigation, arbitration, preceding or investigation by or before any governmental body with respect to the transactions contemplated by the

Agreements and (B) keep the other parties informed as to the status of any such action, suit, litigation, arbitration, preceding or investigation.

SECTION 7.3 PUBLIC ANNOUNCEMENTS. Each of the parties agrees to consult with the other before issuing any press release or making any public statement with respect to any of the Agreements or the transactions contemplated hereby or thereby and, except as may be required by applicable law or any listing agreement with any national securities exchange or quotation system, will not issue any such press release or make any such public statement prior to receiving the consent of the other party.

SECTION 7.4 TAX CONSISTENCY. The Issuer and Purchaser acknowledge that the Securities are intended to be treated as "common stock" for Tax purposes, and the Issuer agrees not to take any action inconsistent with such intention.

ARTICLE 8
Conditions Precedent to Closing

SECTION 8.1 CONDITIONS TO EACH PARTY'S OBLIGATIONS. The obligation of each party hereto to consummate the Closing is subject to the satisfaction, at or prior to the Closing Date, of the following conditions:

(a) All filings with, notifications to and consents from Regulatory Authorities required for the consummation of the Closing shall have been made or obtained, as applicable, and any applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated;

(b) No provision of any applicable law or regulation and no judgment, injunction, order or decree shall prohibit the consummation of the Closing;

(c) The Certificates of Designations shall have been filed with the Secretary of State of the State of Delaware in accordance with the law of the State of Delaware;

(d) The Registration Rights Agreement, substantially in the form attached as Exhibit C, shall have been executed and delivered by the parties thereto; and

(e) The Nasdaq Stock Market shall have been provided with a notice of issuance for shares of Common Stock initially issuable upon conversion of the Series A Preferred; and

(f) No proceeding challenging the Agreements or the transactions contemplated hereby or thereby, or seeking to prohibit,

alter, prevent or materially delay the Closing shall have been instituted by any Governmental Authority before any court, arbitrator or governmental body, agency or official binding on any party hereto and be pending.

SECTION 8.2 CONDITIONS TO THE PURCHASER'S OBLIGATIONS. The obligation of the Purchaser to consummate the Closing is further subject to the satisfaction, at or prior to the Closing Date, of the following additional conditions:

(a) (i) The Issuer shall have performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Closing; (ii) the representations and warranties of the Issuer contained herein that are qualified as to materiality or Material Adverse Effect shall be true and correct in all respects on and as of the Closing Date and the representations and warranties of the Issuer contained herein that are not so qualified shall be true and correct in all material respects on and as of the Closing Date, in each case as if made on and as of such date (in each case except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct, or true and correct in all material respects, as the case may be, on and as of such earlier date); the Issuer shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by it at or prior to the Closing Date; and (iii) and the Purchaser shall have received a certificate dated the Closing Date signed by an authorized officer of the Issuer to the foregoing effect;

(b) The Fee Agreement shall have been executed and delivered by the Issuer to the Purchaser;

(c) The Purchaser shall have received an opinion, dated the Closing Date, of counsel to the Issuer, in form and substance reasonably satisfactory to the Purchaser; and

(d) The Purchaser shall have received all documents reasonably requested by it relating to the existence of the Issuer, the corporate authority for the Issuer's entering into, and the validity of, the Agreements and the Securities, all in form and substance reasonably satisfactory to it.

SECTION 8.3 CONDITIONS TO ISSUER'S OBLIGATIONS. The obligation of the Issuer to consummate the Closing is further subject to the satisfaction, at or prior to the Closing Date, of the following additional conditions:

(a) (i) The Purchaser shall have performed in all material respects all of its obligations hereunder required to be performed by it at or prior to the Closing Date; (ii) the representations and warranties of the Purchaser contained herein that are qualified as

to materiality or material adverse effect shall be true and correct in all respects on and as of the Closing Date and the representations and warranties of the Purchaser contained herein that are not so qualified shall be true and correct in all material respects on and as of the Closing Date, in each case as if made on and as of such date (in each case except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct, or true and correct in all material respects, as the case may be, on and as of such earlier date); the Purchaser shall have performed and complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by the Purchaser at or prior to the Closing Date; and (iii) the Issuer shall have received a certificate dated the Closing Date signed by an authorized officer of the Purchaser to the foregoing effect; and

(b) The Issuer shall have received all documents reasonably requested by it relating to the existence of the Purchaser, the authority for its entering into, and the validity of, this Agreement, all in form and substance reasonably satisfactory to it.

ARTICLE 9
Miscellaneous

SECTION 9.1 NOTICES. All notices, requests and other communications to any party hereunder shall be in writing (including telecopier or similar writing) and shall be given to such party at its address or telecopier number set forth on the signature page hereof, or such other address or telecopier number as such party may hereinafter specify for the purpose to the party giving such notice. Each such notice, request or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified pursuant to this Section 9.1 and the appropriate confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section 9.1.

SECTION 9.2 NO WAIVERS; AMENDMENTS.

(a) No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(b) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by all the parties hereto.

SECTION 9.3 SURVIVAL. The representations and warranties contained in this Agreement shall survive the Closing until April 1, 2002 except that (i) the representations and warranties contained in Sections 3.1, 3.2, 3.3, 3.5, 4.1, 4.2, and 4.3 shall survive indefinitely and (ii) the representations and warranties contained in Sections 3.17, 3.18, 3.19 and 3.22 shall

survive until the expiration of the statute of limitations applicable to the matters covered thereby (giving effect to any waiver, mitigation or extension thereof, if applicable). Notwithstanding the preceding sentence, any representation or warranty in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentence, if notice of the inaccuracy or breach thereof giving rise to such right of indemnity shall have been given in reasonable detail to the party against whom such indemnity may be sought prior to such time. The covenants and agreements of the parties contained in this Agreement shall survive the Closing in accordance with their terms or, if no term is specified, indefinitely.

SECTION 9.4 INDEMNIFICATION.

(a) The Issuer hereby indemnifies the Purchaser and its Affiliates against and agrees to hold each of them harmless from any and all damage, loss, liability, expense and claims of any kind (including, without limitation, reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding) ("DAMAGES") incurred or suffered by the Purchaser or any of its Affiliates arising out of any misrepresentation or breach of warranty (each such misrepresentation and breach of warranty a "WARRANTY BREACH") of the Issuer or breach of covenant or agreement made or to be performed by the Issuer pursuant to this Agreement regardless of whether such Damages arise as a result of the negligence, strict liability or any other liability under any theory of law or equity of the Purchaser or any of its Affiliates; PROVIDED that with respect to indemnification by the Issuer for any Warranty Breach pursuant to this Section, (i) the Issuer shall not be liable unless the aggregate amount of Damages with respect to such Warranty Breaches exceeds $2,500,000 and then only to the extent of such excess and (ii) the Issuer's maximum liability shall not exceed the amount of the Purchase Price.

(b) The Purchaser hereby indemnifies the Issuer and its

Affiliates against and agrees to hold each of them harmless from any and all Damages incurred or suffered by the Issuer or any of its Affiliates arising out of any Warranty Breach of the Purchaser or breach of covenant or agreement made or to be performed by the Purchaser pursuant to this Agreement regardless of whether such Damages arise as a result of the negligence, strict liability or any other liability under any theory of law or equity of the Issuer or any of its Affiliates; PROVIDED that with respect to indemnification by the Purchaser for any Warranty Breach pursuant to this Section, (i) the Purchaser shall not be liable unless the aggregate amount of Damages with respect to such Warranty Breaches exceeds $2,500,000 and then only to the extent of such excess and (ii) the Purchaser's maximum liability shall not exceed the amount of the Purchase Price.

SECTION 9.5 PROCEDURES. The party seeking indemnification under Section 9.4 (the "INDEMNIFIED PARTY") agrees to give prompt notice to the party against whom indemnity is sought (the "INDEMNIFYING PARTY") of the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under such Section. The Indemnifying Party may at its election participate in and control the defense of any such suit, action or proceeding at its own expense. The Indemnifying Party shall not be liable under

Section 9.4 for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

SECTION 9.6 EXPENSES; DOCUMENTARY TAXES. Each party shall bear its own expenses in connection with the consummation of the transactions contemplated by this Agreement. The Issuer shall pay any and all stamp, transfer and other similar Taxes payable or determined to be payable in connection with the execution and delivery of the Agreements or the issuance of the Securities.

SECTION 9.7 TERMINATION.

(a) This Agreement may be terminated at any time prior to the Closing:

(i) by mutual written agreement of the Issuer and the Purchaser;

(ii) by the Issuer or the Purchaser if the Closing shall not have been consummated on or before January 31, 2001; PROVIDED, HOWEVER, that the right to terminate this Agreement under this Section 9.7(a)(ii) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before

January 31, 2001;

(iii) by the Issuer or the Purchaser if there shall be any law or regulation that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable, final order, decree or judgment of any court or governmental body having competent jurisdiction;

(iv) by the Purchaser upon a breach of any material representation, warranty, covenant or agreement on the part of the Issuer set forth in this Agreement, or if any representation or warranty of the Issuer shall have become untrue, in either case such that the condition set forth in Section 8.2(a) would not be satisfied ("TERMINATING ISSUER BREACH"); PROVIDED, HOWEVER, that, if such Terminating Issuer Breach is curable by the Issuer and for so long as the Issuer continues to exercise its reasonable best efforts to cure such Terminating Issuer Breach, the Purchaser may not terminate this Agreement under this Section 9.7(a)(iv) unless such breach is not cured within 30 days after notice thereof is provided by the Purchaser to the Issuer; or

(v) by the Issuer upon a breach of any material representation, warranty, covenant or agreement on the part of the Purchaser set forth in this Agreement, or if any representation or warranty of Buyer shall have become untrue, in either case such that the condition set forth in Section 8.3(a) would not be satisfied ("TERMINATING PURCHASER BREACH"); PROVIDED, HOWEVER, that, if such Terminating Purchaser Breach is curable by the Purchaser and for so long as the Purchaser continues to exercise its reasonable best efforts to cure such Terminating Purchaser Breach, the Issuer may not terminate this Agreement

under this Section unless such breach is not cured within 30 days after notice thereof is provided by the Issuer to the Purchaser.

The party desiring to terminate this Agreement pursuant to clauses (ii), (iii), (iv) or (v) above shall give notice of such termination to the other party.

(b) If this Agreement is terminated as permitted by Section 9.7(a), such termination shall be without liability of either party (or any stockholder, director, officer, employee, agent, consultant or

representative of such party) to the other party to this Agreement; PROVIDED that if such termination shall result from the willful (i) failure by any party to fulfill a condition to the performance of the obligations of the other parties, (ii) failure by any party to perform a covenant of this Agreement or (iii) breach by any party hereto of any representation, warranty, covenant or agreement contained herein, such party shall be fully liable for any and all Damages incurred or suffered by the other parties as a result of such failure or breach. The provisions of Sections 6.1, 9.1, 9.6, 9.7, 9.8, 9.9, 9.10, 9.11, 9.12, 9.13 and 9.14 shall survive any termination hereof pursuant to Section 9.7(a).

SECTION 9.8 SUCCESSORS AND ASSIGNS. No party may assign any of its rights and obligations hereunder without the prior written consent of the other parties hereto. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns.

SECTION 9.9 GOVERNING LAW. ALL ISSUES CONCERNING THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CHOICE OF LAW OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK.

SECTION 9.10 JURISDICTION. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may only be brought in the United States District Court for the Southern District of New York or any New York State court sitting in New York City, and each of the parties hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 9.1 shall be deemed effective service of process on such party.

SECTION 9.11 COUNTERPARTS. This Agreement may be executed in any number of counterparts each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 9.12 ENTIRE AGREEMENT. This Agreement, the Registration Rights

Agreement, the Certificates of Designations, the Fee Agreement, and any other documents executed concurrently herewith or referred to herein constitute the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede any and all prior agreements and understandings, written or oral, relating to the subject matter hereof.

SECTION 9.13 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THE AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

SECTION 9.14 SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. If any provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity or unenforceability so long as the economic or legal substance of the transactions contemplated is not affected in any manner materially adverse to any party, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first above written.

MARCHFIRST, INC.

By: /s/ ROBERT F. BERNARD

Name: Robert F. Bernard

Title: Chief Executive Officer

ADDRESS FOR NOTICES:

311 South Wacker Drive, Suite 3500
Chicago, Illinois 60606
Facsimile: 312/913-6650
Attention: David P. Shelow, General Counsel

with a copy to:

Katten Muchin Zavis
525 West Monroe Street, Suite 1600
Chicago, Illinois 60661
Facsimile: 312/902-1061
Attention: Matthew S. Brown
and

McDermott Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Facsimile: 312/984-3669
Attention: Neal J. White

FP-LION, L.L.C.

By: /s/ NEIL GARFINKEL

Name: Neil Garfinkel

Title: Member

ADDRESS FOR NOTICES:

c/o Francisco Partners, L.P.
Two Embarcadero Center, Suite 420
San Francisco, CA 94111
Facsimile: 415/986-1320
Attention: Gerry Morgan

with a copy to:

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
Facsimile: 650/752-2111
Attention: Alan F. Denenberg

Francisco Partners, L.P. hereby fully and unconditionally guarantees the obligations of the Purchaser under this Agreement to the same extent as if Francisco Partners, L.P. were the Purchaser, subject to all of the conditions to such obligations contained herein, and shall have available to it all of the defenses that are available to the Purchaser.

FRANCISCO PARTNERS, L.P.

By: /s/ NEIL GARFINKEL

Name: Neil Garfinkel

Title: Partner

EXHIBIT 10.2
(Conformed copy)

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES A 8% SENIOR CONVERTIBLE PARTICIPATING PREFERRED STOCK

of

marchFIRST, Inc.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

We, the undersigned, Robert F. Bernard, Chief Executive Officer, and Edward V. Szofer, Secretary, of marchFIRST, Inc., a Delaware corporation (hereinafter called the "CORPORATION"), pursuant to the provisions of Sections 103 and 151 of the General Corporation Law of the State of Delaware, do hereby make this Certificate of Designations and do hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Amended and Restated Certificate of Incorporation, the Board of Directors duly adopted the following resolutions:

RESOLVED, that, pursuant to Article FOURTH of the Amended and Restated Certificate of Incorporation (which authorizes 3,000,000 shares of preferred stock, $.001 par value ("PREFERRED STOCK")), the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock.

RESOLVED, that each share of such series of Preferred Stock shall rank equally in all respects and shall be subject to the following provisions:

1. NUMBER AND DESIGNATION. 430,000 shares of the Preferred Stock of the Corporation shall be designated as Series A 8% Senior Convertible Participating Preferred Stock (the "SERIES A PREFERRED STOCK").

2. DEFINITIONS. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"20 DAY MARKET PRICE" means the average of the daily Market Prices of the Common Stock for the 20 consecutive trading days ending the day prior to the date for which such value is to be computed.

"ADJUSTED CONVERSION PRICE" means, at any time, the Initial Liquidation Preference divided by the Conversion Ratio in effect at such time.

"AFFILIATE" means, with respect to any specified Person, any other Person which, directly or indirectly, controls, is controlled by or is under direct or indirect common control with, such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "affiliated," "controlling," and "controlled" have meanings correlative to the foregoing.

"BOARD OF DIRECTORS" means the Board of Directors of the Corporation.

"BUSINESS DAY" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in New York City, New York generally are authorized or required by law or other governmental actions to close.

"COMMON STOCK" means the Corporation's common stock, par value $.001 per share.

"CONVERSION RATIO" means 500 as of the Issue Date, subject to adjustment from time to time pursuant to paragraph 8(g) hereof.

"DISCLOSURE LETTER" means the Disclosure Letter dated December 13, 2000 setting forth exceptions to the Stock Purchase Agreement dated as of December 13, 2000 between the Corporation and the initial holder of the Series A Preferred Stock.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"FIRST CALL DATE" means the 1-year anniversary of the Issue Date.

"GROUP" means a group within the meaning of Section 13(d)(3) of the Exchange Act.

"INITIAL LIQUIDATION PREFERENCE" is an amount equal to $1,000.00 per

whole share of Series A Preferred Stock (as adjusted for stock splits, stock dividends and similar transactions).

"ISSUE DATE" means the first date of issuance of shares of Series A Preferred Stock.

"LIQUIDATION PREFERENCE" is an amount equal to $1,000.00 per whole share of Series A Preferred Stock as adjusted as provided in Section 4(b) for dividends not paid in full and as adjusted for stock splits, stock dividends and similar transactions.

"MARKET PRICE" means, with respect to the Common Stock, on any given day, (i) the price of the last trade, as reported on the Nasdaq National Market, not identified as having been reported late to such system, or (ii) if the Common Stock is so quoted, but not so traded, the average of the last bid and ask prices, as those prices are reported on the Nasdaq National Market, or (iii) if the Common Stock is not listed or authorized for trading on the Nasdaq National Market or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose; PROVIDED that, in connection with (i) or (ii), the Corporation may from time to time specify in advance the time at which the trade price or bid and ask prices, respectively, shall be determined for purposes of a particular calculation under this Certificate of Designations. If the Common Stock is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price per share of Common Stock shall be deemed to be the fair value per share of such security as determined in good faith by the Board of Directors of the Corporation.

"MARKET VALUE" means with respect to some number of shares of Common Stock, the Market Price times such number of shares.

"MINIMUM CALL STOCK PRICE TEST" shall be satisfied with respect to a notice of redemption if the Market Price has been at least $7.50 per share (subject to adjustment for stock splits, stock dividends and similar transactions) for 20 of the last 30, and each of the last 5, trading days immediately preceding the date of the notice of redemption.

"OUTSTANDING", when used with reference to shares of stock, means issued and outstanding shares, excluding shares held by the Corporation or a subsidiary.

"PERSON" means an individual, corporation, partnership, limited liability company, association, trust and any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"SECOND CALL DATE" means the 3-year anniversary of the Issue Date.

"STOCKHOLDER APPROVAL EVENT" means the approval by the stockholders of the Corporation at or before the next annual meeting of stockholders of the Corporation of the issuance of the Series A Preferred Stock and Series B Preferred Stock, the terms thereof and the exchange of shares of Series B

Preferred Stock into shares of Series A Preferred Stock.

3. RANK.(a) Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Series A Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, if the holders of such class or series shall be entitled by the terms thereof to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of Series A Preferred Stock ("SENIOR SECURITIES");

(ii) on a parity with the Series A Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series A Preferred Stock, if such stock shall be Series B 12% Senior Participating Preferred Stock ("SERIES B PREFERRED STOCK") or if the holders of the Series A Preferred Stock and of such class of stock or series shall be entitled by the terms thereof to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, or both, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation), without preference or priority one over the other and such class of stock or series is not a class of Senior Securities ("PARITY SECURITIES"); and

(iii) junior to the Series A Preferred Stock, either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, or both, if such stock or series shall be Common Stock or if the holders of the Series A Preferred Stock shall be entitled by the terms thereof to receipt of dividends, and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders

of shares of such stock or series (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation) ("JUNIOR SECURITIES").

(b) The respective definitions of Senior Securities, Junior Securities and Parity Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Senior Securities, Junior Securities and Parity Securities, as the case may be.

(c) The Series A Preferred Stock shall be subject to the creation of Junior Securities and Parity Securities.

4. DIVIDENDS: (a) The holders of shares of Series A Preferred Stock shall be entitled to receive with respect to each share of Series A Preferred Stock, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, dividends at a rate per annum equal to eight percent (8%) of the Liquidation Preference per share, payable in accordance with the terms of this Section 4, at the election of the Corporation on or before each payment date, either (A) in cash or (B) in additional shares ("ADDITIONAL SHARES") of either (i) Series A Preferred Stock if a Stockholder Approval Event shall have occurred or (ii) Series B Preferred Stock if a Stockholder Approval Event shall not have occurred. Such dividends shall be cumulative from the Issue Date regardless of when actually paid (except that dividends on Additional Shares shall accrue pursuant to their terms from the date such Additional Shares are issued), whether or not in any Dividend Period (as defined below) or Dividend Periods there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable semi-annually in arrears on June 30 and December 31 of each year (unless such day is not a Business Day, in which event such dividends shall be payable on the next succeeding Business Day) (each such date being a "DIVIDEND PAYMENT DATE" and each such semi-annual period being a "DIVIDEND PERIOD"). Each such dividend shall be payable to the holders of record of shares of the Series A Preferred Stock as they appear on the share register of the Corporation on the corresponding Record Date. As used herein, the term "RECORD DATE" means, with respect to the dividend payable on June 30 and December 31, respectively of each year, the preceding June 15 and December 15, or such other record date, not more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such record date, not more than 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series A Preferred Stock shall be computed by dividing the annual eight percent (8%) rate by two. The amount of dividends payable for the initial

Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series A Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series A Preferred Stock that may be in arrears; PROVIDED that if dividends are not paid in full on any Dividend Payment Date, dividends will cumulate as if the Corporation elected to pay the unpaid dividends in cash and the Liquidation Preference had been increased by the amount of unpaid dividends

until paid.

(c) So long as any shares of the Series A Preferred Stock are outstanding, no dividend, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any Parity Securities, nor shall any Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case full cumulative dividends have been or contemporaneously are declared and paid or declared and consideration sufficient for the payment thereof set apart for such payment on the Series A Preferred Stock for all Dividend Periods terminating on or prior to the date of payment of the dividend on such class or series of Parity Securities or the redemption, purchase or other acquisition thereof. When dividends are not paid in full or consideration sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series A Preferred Stock and all dividends declared upon any other class or series of Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series A Preferred Stock and accumulated and unpaid on such Parity Securities.

(d) So long as any shares of the Series A Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or to effectuate a stock split on, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) (any such dividend, distribution, redemption or purchase being hereinafter referred to as a "JUNIOR SECURITIES DISTRIBUTION") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of the Series A Preferred Stock and accrued and unpaid dividends on any other Parity Securities shall have been paid or set apart for payment for all past Dividend

Periods with respect to the Series A Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient consideration shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series A Preferred Stock and the current dividend period with respect to such Parity Securities.

(e) If the Corporation elects to pay dividends in Additional Shares, the number of Additional Shares to be issued as dividends will equal the cash amount of the dividend that would have been payable if dividends were paid in cash, divided by the Initial Liquidation Preference.

(f) In case the Corporation shall fix a record date for the making of any dividend or distribution to holders of Common Stock (including distributions of stock of the Corporation or its subsidiaries other than dividends or distributions payable solely in Common Stock), the holder of each share of Series A Preferred Stock on such record date shall be entitled to receive an equivalent dividend or distribution based on the number of shares of Common Stock into which such share of Series A Preferred Stock is convertible on such record date.

5. LIQUIDATION PREFERENCE. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Securities, the holders of the shares of Series A Preferred Stock shall be entitled to receive with respect to each share of Series A Preferred Stock an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders plus an amount in cash equal to the Liquidation Preference. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series A Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series A Preferred Stock and any such other Parity Securities ratably in accordance with the respective amounts that would be payable on such shares of Series A Preferred Stock and any such other Parity Securities if all amounts payable thereon were paid in full.

(b) Upon the completion of the distribution required by Section 5(a) and any other distribution that may be required with respect to any other series of Preferred Stock that may from time to time come into existence, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, the holders of Series A Preferred Stock and the holders of Series B Preferred Stock shall participate with the Common Stock ratably on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) in the distribution of

assets, or the proceeds thereof, until the holders of Series A Preferred Stock shall have received (including amounts paid pursuant to Section 5(a)) an aggregate of $1,500.00 per share of Series A Preferred Stock (in each case as

adjusted for any stock splits, stock dividends, recapitalizations or the like); thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation, the holders of the Common Stock of the Corporation shall receive the distribution of assets, or the proceeds thereof, until such time as the holders of Common stock shall have received, in the aggregate, distributions equal to their pro-rata percentage of the shares of the Corporation as if the holders of Series A Preferred Stock and the holders of Series B Preferred Stock were participating with the Common Stock (and were not entitled to any preference thereto) on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) beginning with the first dollar paid in such liquidation, dissolution or winding up; thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation the holders of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock shall participate in the remaining distributions on as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock).

(c) Notwithstanding anything else in this Certificate of Designation, a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation shall be deemed to have occurred upon (A) (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation, whether of the Corporation with or into any other corporation or corporations or of any other corporation or corporations with or into the Corporation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation); or (ii) a sale of all or substantially all of the assets of the Corporation; PROVIDED that a consolidation or merger as a result of which the holders of capital stock of the Corporation immediately prior to such merger or consolidation possess (by reason of such holdings) 50% or more of the voting power of the corporation surviving such merger or consolidation (or other corporation which is the issuer of the capital stock into which the capital stock of the Corporation is converted or exchanged in such merger or consolidation) shall not be treated as a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation within the meaning of this paragraph 5 or (B) a transaction or series of transactions in which a person or group of persons (as defined in Rule 13d-5(b)(1) of the Exchange Act) (excluding the initial holder of the Series A Preferred Stock or any of its Affiliates) acquires beneficial ownership (as determined in accordance with Rule 13d-3 of the Exchange Act) of more than 50% of the Common Stock or the voting power of the Corporation. Notwithstanding the foregoing, in the event of a deemed

liquidation, dissolution or winding up pursuant to this Section 5(c) as a result of a transaction in which substantially all of the consideration

received by the Corporation's stockholders is capital stock of the surviving corporation or the parent thereof (such issuer, the "New Issuer"), if the Board of Directors of the surviving corporation determines that the payment of cash pursuant to Section 5(a) would have a material adverse effect on the surviving corporation, the parent thereof or the transaction, each holder of the Series A Preferred Stock shall have the right to receive, in exchange for its shares of Series A Preferred Stock and in lieu of payments otherwise payable pursuant to Sections 5(a) and 5(b), at its election, either (x) capital stock in such amounts and in such form as would have been received had such holder converted all of its Series A Preferred Stock immediately prior to such transaction or (y) securities of the New Issuer equivalent in rights and preferences to the Series A Preferred Stock.

6. REDEMPTION. (a) The Series A Preferred Stock shall not be redeemable by the Corporation prior to the First Call Date. All shares of Series A Preferred Stock shall be redeemable at the option of the Corporation to the extent the Corporation shall have funds legally available for such payment, at any time in whole or from time to time in part, (i) on and after the Second Call Date, or, (ii) if the Minimum Call Stock Price Test has been satisfied, on and after the First Call Date, at a redemption price per share equal to the Liquidation Preference, plus accrued and unpaid dividends thereon to the date fixed for redemption.

(b) Shares of Series A Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of the Preferred Stock; PROVIDED that no such issued and reacquired shares of Series A Preferred Stock shall be reissued or sold as Series A Preferred Stock.

7. PROCEDURE FOR REDEMPTION. (a) In the event that fewer than all the outstanding shares of Series A Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be selected by lot or pro rata (with any fractional shares being rounded to the nearest whole share) as may be determined by the Board of Directors.

(b) In the event the Corporation shall redeem shares of Series A Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; PROVIDED that neither the failure to give such notice nor any defect therein shall

affect the validity of the giving of notice for the redemption of any share of Series A Preferred Stock to be redeemed except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date (which shall be a date on or after the First Call Date); (ii) the number of shares of Series A Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder (which if less than all of the shares outstanding, must be on a pro-rata basis); (iii) the redemption price formula; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(c) Notice having been mailed as aforesaid, from and after the redemption date, dividends on the shares of Series A Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price as aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

8. CONVERSION. (a) Subject to the provisions of this paragraph 8, the holders of the shares of Series A Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to convert any or all outstanding shares (and fractional shares) of Series A Preferred Stock, in whole or in part, into fully paid and non-assessable shares of Common Stock. The number of shares of Common Stock deliverable upon conversion of a share of Series A Preferred Stock as of any date shall be an amount equal to the Liquidation Preference divided by the Adjusted Conversion Price. Notwithstanding any call for redemption pursuant to paragraph 6, the right to convert shares so called for redemption shall terminate at the close of business on the date immediately preceding the date fixed for such redemption unless the Corporation shall default in making payment of the amount payable upon such redemption.

(b) (i) In order to exercise the conversion privilege, the holder of the shares of Series A Preferred Stock to be converted shall surrender the certificate representing such shares at the office of the Corporation, with a written notice of election to convert completed and signed, specifying the number of shares to be converted. Unless the shares issuable on conversion are to be issued in the same name as the name in

which such shares of Series A Preferred Stock are registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax.

(ii) As promptly as practicable after the surrender by a holder of certificates for shares of Series A Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, (w) a certificate or certificates for the whole number of shares of Common Stock issuable upon the conversion of such shares in accordance with the provisions of this paragraph 8, (x) any cash adjustment required pursuant to paragraph 8(f) and (y) in the event of a conversion in part, a certificate or certificates for the whole number of shares of Series A Preferred Stock not being so converted.

(iii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series A Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time on such date and such conversion shall be into a number of shares of Common Stock equal to the product of the number of shares of Series A Preferred Stock surrendered times the Liquidation Preference divided by the Adjusted Conversion Price in effect at such time on such date. All shares of Common Stock delivered upon conversion of the Series A Preferred Stock will upon delivery be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights. Upon the surrender of certificates representing shares of Series A Preferred Stock, such shares shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for conversion shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this paragraph 8 and a certificate or certificates representing shares of Series A Preferred Stock not converted.

(c) (i) Upon delivery to the Corporation by a holder of shares of Series A Preferred Stock of a notice of election to convert, the right of the Corporation to redeem such shares of Series A Preferred Stock shall

terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

(ii) Except as provided above and in paragraph 8(g), the Corporation shall make no payment or adjustment for accrued and unpaid dividends on shares of Series A Preferred Stock, whether or not in arrears, on conversion of such shares or for dividends in cash on the shares of Common Stock issued upon such conversion. (d) (i)

The Corporation covenants that it will at all times reserve and keep available, free from preemptive rights, such number of its authorized but unissued shares of Common Stock as shall be required for the purpose of effecting conversions of the Series A Preferred Stock.

(ii) Prior to the delivery of any securities which the Corporation shall be obligated to deliver upon conversion of the Series A Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(e) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on conversion of the Series A Preferred Stock pursuant hereto; PROVIDED that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Series A Preferred Stock to be converted and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(f) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Market Price per share of Common Stock on the business day on which such shares of Series A Preferred Stock are deemed to have been converted.

(g) (i) In case the Corporation shall at any time after the date of issue of the Series A Preferred Stock (A) declare a dividend or make a distribution on Common Stock payable in Common Stock, (B) subdivide or split the outstanding Common Stock, (C) combine or

reclassify the outstanding Common Stock into a smaller number of shares, (D) issue any shares of its capital stock in a reclassification of Common Stock (including any such reclassification in connection with a

consolidation or merger in which the Corporation is the continuing corporation), or (E) consolidate with, or merge with or into, any other Person, the Conversion Ratio in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, split, combination, consolidation, merger or reclassification shall be proportionately adjusted so that the conversion of the Series A Preferred Stock after such time shall entitle the holder to receive the aggregate number of shares of Common Stock or other securities of the Corporation (or shares of any security into which such shares of Common Stock have been combined, consolidated, merged or reclassified pursuant to clause 8(g)(i)(C), 8(g)(i)(D) or 8(g)(i)(E) above) which, if this Series A Preferred Stock had been converted immediately prior to such time, such holder would have owned upon such conversion and been entitled to receive by virtue of such dividend, distribution, subdivision, split, combination, consolidation, merger or reclassification, assuming such holder of Common Stock of the Corporation (x) is not a Person with which the Corporation consolidated or into which the Corporation merged or which merged into the Corporation or to which such recapitalization, sale or transfer was made, as the case may be ("CONSTITUENT PERSON"), or an affiliate of a constituent person and (y) failed to exercise any rights of election as to the kind or amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer (PROVIDED, that if the kind or amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer is not the same for each share of Common Stock of the Corporation held immediately prior to such reclassification, change, consolidation, merger, recapitalization, sale or transfer by other than a constituent person or an affiliate thereof and in respect of which such rights of election shall not have been exercised ("NON-ELECTING SHARE"), then for the purpose of this subparagraph 8(g) the kind and amount of securities, cash and other property receivable upon such reclassification, change, consolidation, merger, recapitalization, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Such adjustment shall be made successively whenever any event listed above shall occur.

(ii) In case the Corporation shall issue or sell any Common Stock (other than Common Stock issued (A) pursuant to the Corporation's stock option plans or pursuant to any other Common Stock related employee compensation plans of the

Corporation approved by the Corporation's Board of Directors or its predecessors (including such plans under Section 423 of the Internal Revenue Code of 1986, as amended) (collectively, "STOCK PLANS") or pursuant to obligations of the Corporation existing prior to the

Issue Date to issue shares of Common Stock, other than obligations under Employee Retention Agreements (as defined below)("EXISTING OBLIGATIONS") or (B) upon exercise or conversion of any security the issuance of which caused an adjustment under paragraphs 8(g)(iii) or 8(g)(iv) hereof) without consideration or for a consideration per share less than the then Trigger Value, the Conversion Ratio to be in effect after such issuance or sale shall be determined by multiplying the Conversion Ratio in effect immediately prior to such issuance or sale by a fraction, (1) the numerator of which shall be the product of (I) the aggregate number of shares of Common Stock outstanding immediately after such issuance or sale plus the number of shares of Common Stock into which the outstanding shares of Series A Preferred Stock and Series B Preferred Stock are convertible (assuming the Series B Preferred Stock were convertible into Common Stock at the same rate as the Series A Preferred Stock) immediately prior to such issuance or sale (the "CONVERT TOTAL") and (II) the Current Valuation Per Common Share (as defined in paragraph 8(g)(vi)) immediately prior to such issuance or sale and (2) the denominator of which shall be the sum of (x) the product of (I) the number of shares of Common Stock outstanding immediately prior to the time of such issuance or sale plus the Convert Total and (II) the Current Valuation Per Common Share immediately prior to such issuance or sale and (y) the aggregate consideration, if any, to be received by the Corporation upon such issuance or sale, but in no event will such fraction be less than one. In case any portion of the consideration to be received by the Corporation shall be in a form other than cash, the fair market value of such noncash consideration shall be utilized in the foregoing computation. Such fair market value shall be determined by the Board of Directors of the Corporation; PROVIDED that if the holders of a majority of the Series A Preferred Stock shall object to any such determination, the Board of Directors shall retain an independent appraiser reasonably satisfactory to such holders to determine such fair market value. The holders shall be notified promptly of any consideration other than cash to be received by the Corporation and furnished with a description of the consideration and the fair market value thereof, as determined by the Board of Directors.

(iii) In case the Corporation shall fix a record date for the issuance of rights, options or warrants to the holders of its Common Stock or other securities entitling such holders to subscribe for or purchase shares of Common Stock (or securities convertible into shares of Common Stock) at a price per share of Common Stock (or having a conversion price per share of Common Stock, if a security convertible into shares of Common Stock) less than the then Trigger Value on such record date, the maximum number of shares of Common

Stock issuable upon exercise of such rights, options or warrants (or conversion of such convertible securities) shall be deemed to have been issued and outstanding as of such record date and the Conversion Ratio shall be adjusted pursuant to paragraph 8(g)(ii) hereof, as though such maximum number of shares of Common Stock had been so issued for an aggregate consideration payable by the holders of such rights, options, warrants or convertible securities prior to their receipt of such shares of Common Stock. In case any portion of such consideration shall be in a form other than cash, the fair market value of such noncash consideration shall be determined as set forth in paragraph 8(g)(ii) hereof. Such adjustment shall be made successively whenever such record date is fixed; and in the event that such rights, options or warrants are not so issued or expire unexercised, or in the event of a change in the number of shares of Common Stock to which the holders of such rights, options or warrants are entitled (other than pursuant to adjustment provisions therein comparable to those contained in this paragraph 8(g)), the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such record date had not been fixed, in the former event, or the Conversion Ratio which would then be in effect if such holder had initially been entitled to such changed number of shares of Common Stock, in the latter event.

(iv) In case the Corporation shall issue rights, options (other than options issued pursuant to a Stock Plan) or warrants entitling the holders thereof to subscribe for or purchase Common Stock (or securities convertible into shares of Common Stock) or shall issue convertible securities, and the price per share of Common Stock of such rights, options, warrants or convertible securities (including, in the case of rights, options or warrants, the price at which they may be exercised) is less than the then Trigger Value, the maximum number of shares of Common Stock issuable upon exercise of such rights, options or warrants or upon conversion of such convertible securities shall be deemed to have

been issued and outstanding as of the date of such sale or issuance, and the Conversion Ratio shall be adjusted pursuant to paragraph 8(g)(ii) hereof as though such maximum number of shares of Common Stock had been so issued for an aggregate consideration equal to the aggregate consideration paid for such rights, options, warrants or convertible securities and the aggregate consideration payable by the holders of such rights, options, warrants or convertible securities prior to their receipt of such shares of Common Stock. In case any portion of such consideration shall be in a form other than cash, the fair market value of such noncash consideration shall be determined as set forth in paragraph 8(g)(ii) hereof. Such adjustment shall be

made successively whenever such rights, options, warrants or convertible securities are issued; and in the event that such rights, options or warrants expire unexercised, or in the event of a change in the number of shares of Common Stock to which the holders of such rights, options, warrants or convertible securities are entitled (other than pursuant to adjustment provisions therein comparable to those contained in this paragraph 8(g)), the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such rights, options, warrants or convertible securities had not been issued, in the former event, or the Conversion Ratio which would then be in effect if such holders had initially been entitled to such changed number of shares of Common Stock, in the latter event. No adjustment of the Conversion Ratio shall be made pursuant to this paragraph 8(g)(iv) to the extent that the Conversion Ratio shall have been adjusted pursuant to paragraph 8(g)(iii) upon the setting of any record date relating to such rights, options, warrants or convertible securities and such adjustment fully reflects the number of shares of Common Stock to which the holders of such rights, options, warrants or convertible securities are entitled and the price payable therefor.

(v) In case the Corporation shall fix a record date for the making of a distribution to holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Corporation is the continuing corporation) of evidences of indebtedness, assets or other property (other than dividends payable in Common Stock or rights, options or warrants referred to in, and for which an adjustment is made pursuant to, paragraph 8(g)(iii) hereof), the Conversion Ratio to be in effect after such record date shall be determined by multiplying the Conversion Ratio in effect immediately prior to such record date by a fraction, (A) the numerator of which shall be the Current

Valuation Per Common Share on such record date, and (B) the denominator of which shall be the Current Valuation Per Common Share on such record date, less the fair market value (determined as set forth in paragraph 8(g)(ii) hereof) of the portion of the assets, other property or evidence of indebtedness so to be distributed which is applicable to one share of Common Stock. Such adjustments shall be made successively whenever such a record date is fixed; and in the event that such distribution is not so made, the Conversion Ratio shall again be adjusted to be the Conversion Ratio which would then be in effect if such record date had not been fixed.

(vi) In the event that the Corporation, directly or indirectly, pays consideration of more than $25 million, in the aggregate, in

excess of any insurance coverage or other right of recovery or set-off against any third party, to the extent such right of recovery or set-off has been finally agreed to in a binding settlement or finally determined by a court of competent jurisdiction without a right to appeal (such consideration, an "EXCESS PAYMENT"), in settlement or payment of any or all damages, losses, liabilities, expenses or claims of any kind (including, without limitation, expenses of investigation and attorney's fees and expenses) ("DAMAGES") relating to, arising under or resulting from any action, suit or proceeding brought by any party other than a holder or purchaser of the Series A Preferred Stock or Series B Preferred Stock and relating to or arising out of a misstatement or alleged misstatement of a material fact, or omission or alleged omission of a material fact (including, without limitation, any claim pursuant to Rule 10b-5 under the Securities Exchange Act of 1934 or pursuant to any comparable state law or regulation) that relates to events or circumstances occurring in whole or in part on or prior to December 13, 2000 and was made in connection with the purchase of, failure to purchase, sale of, failure to sell, conversion of, failure to convert, redemption of, failure to redeem, exchange of or failure to exchange the Corporation's or its Affiliates' (or any of its or their predecessor or successor entity's) securities, such Excess Payment shall be deemed an issuance of stock for which the Conversion Ratio shall be subject to adjustment pursuant to paragraph 8(g)(ii) (regardless of whether the Excess Payment is actually paid in stock or is paid in cash or any other asset or security), and the aggregate consideration received by the Corporation in connection with such issuance shall be deemed to be $0.00. Any Excess Payment made in the form of cash or any other asset or security shall be treated for purposes of

the Section 8(g)(ii) computation as a deemed issuance of stock in which the number of shares issued equals the quotient of the fair market value of the Excess Payment divided by the Current Valuation Per Common Share. The adjustment of the Conversion Ratio pursuant to this Section 8(g)(vi) shall be the sole remedy of a holder of Series A Preferred Stock relating to an Excess Payment in respect of such Series A Preferred Stock.

(vii) For purposes of any computation under paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv), 8(g)(v) or 8(g)(vi) hereof, on any determination date, if the computation is being made with respect to any issuance of stock in connection with any agreement (including any amendment, modification or replacement thereof whenever made) (an "EMPLOYEE RETENTION AGREEMENT") referred to in paragraph 7 of Section 3.5(b) of the Disclosure Letter, or any substantially similar agreement

(including any amendment, modification or replacement thereof) entered into by the Corporation, its predecessors or successors or its or their respective Affiliates on or prior to December 13, 2000, obligating the Corporation to deliver Common Stock to any of the Corporation's or its Affiliates' (or any of its or their predecessor or successor entity's) current or former employees or consultants in respect of an agreement by such employee or consultant to remain in the employ of, or as a consultant to, the Corporation following an acquisition transaction, then both the "TRIGGER VALUE" and the "CURRENT VALUATION PER COMMON SHARE" shall be the greater of the 20 Day Market Price and $4.00 (as adjusted for any stock splits, stock dividends, recapitalization or the like) and the Corporation will be deemed to have received aggregate consideration equal to the product of the number of shares of Common Stock issued and the Market Price. In the event that the Corporation satisfies an obligation to deliver stock pursuant to an Employee Retention Agreement by delivering cash or cash equivalents, and the Corporation has sold stock (or any securities issuable upon conversion or exchange thereof)(other than the issuance by the Corporation of the Series A Preferred Stock or the Series B Preferred Stock (or any securities issuable upon conversion or exchange thereof) or any issuance pursuant to a Stock Plan or an Existing Obligation) within the six months prior to the date of such cash delivery and as to which less than all of the proceeds have previously been applied pursuant to this Section 8(g)(vii) then, to the extent of the proceeds of such offering(s) (the "SUBSTITUTE OFFERING(S)") which have not previously been applied for purposes of this Section (which shall be applied on a LIFO

basis with the proceeds of the most recent offering being applied first), the Corporation shall be deemed to have issued, in connection with such Employee Retention Agreement, the number of shares of Common Stock in exchange for which the Corporation received proceeds in an amount equal to the cash delivered pursuant to such Employee Retention Agreement, and the Conversion Ratio will be adjusted for such issuance pursuant to this Section 8(g)(vii) as if such adjustment had occurred at the time of the issuance by the Corporation of such shares and no prior adjustment (if any) with respect to such issuance had occurred. If the Conversion Ratio had previously been adjusted as a consequence of such Substitute Offering, the adjustment of the Conversion Ratio under this Section shall be reduced to the extent necessary so that the adjustments shall not be duplicative. For purposes of any computation under paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv), 8(g)(v) or 8(g)(vi) hereof, on any determination date, if the computation is not being made with respect to any issuance of stock in connection with an Employee Retention Agreement as provided above, the "CURRENT VALUATION PER

COMMON SHARE" shall be the greater of the 20 Day Market Price and the Adjusted Conversion Price, and the "TRIGGER VALUE" shall be the 20 Day Market Price, and the aggregate consideration received by the Corporation shall equal the fair market value of any consideration received by the Corporation for such issuance.

(viii) No adjustment to the Conversion Ratio pursuant to paragraphs 8(g)(ii), 8(g)(iii), 8(g)(iv) and 8(g)(v) above shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Ratio; PROVIDED HOWEVER, that any adjustments which by reason of this paragraph 8(g)(viii) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this paragraph 8(g) shall be made to the nearest four decimal points.

(ix) In the event that, at any time as a result of the provisions of this paragraph 8(g), the holder of this Series A Preferred Stock upon subsequent conversion shall become entitled to receive any shares of capital stock of the Corporation other than Common Stock, the number of such other shares so receivable upon conversion of this Series A Preferred Stock shall thereafter be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions contained herein.

(h) All adjustments pursuant to this paragraph 8 shall be notified to the holders of Series A Preferred Stock and Series B Preferred Stock and such notice shall be accompanied by a Schedule of Computations of the adjustments.

(i) Notwithstanding anything to the contrary contained herein, the Corporation shall not be obligated to issue any shares of Common Stock upon conversion of the Series A Preferred Stock if the issuance of such shares of Common Stock would exceed that number of shares of Common Stock which the Corporation may issue upon conversion of the Series A Preferred Stock without breaching the Corporation's obligations under the rules or regulations of The Nasdaq Stock Market (the "Exchange Cap"), except that such limitation shall not apply in the event that the Corporation (a) obtains the approval of its stockholders as required by the applicable rules of The Nasdaq Stock Market (or any successor rule or regulation) for issuances of Common Stock in excess of such amount ("Stockholder Approval"), or (b) obtains a written opinion from outside counsel to the Corporation that such approval is not required, which opinion shall be reasonably satisfactory to the holders of a majority of the shares of Series A Preferred Stock then outstanding (an "Opinion"). Until Stockholder Approval or an Opinion is obtained, no holder of shares of Series A Preferred Stock shall be issued, upon conversion of shares of

Series A Preferred Stock, any shares of Common Stock which, together with all other shares of Common Stock issued prior thereto upon conversion of Series A Preferred Stock, would exceed the Exchange Cap (such shares of Common Stock which would cause the Exchange Cap to be exceeded being hereinafter referred to as "Excess Shares"). To the extent any such holder submits any share of Series A Preferred Stock (or portion thereof) for conversion into Common Stock pursuant to this Section 8, which would, but for such limitation, cause the Company to issue Excess Shares, the Company shall immediately issue to such holder in exchange for such share of Series A Preferred, one share (or an equivalent portion thereof) of Series B Preferred Stock, and the Corporation shall promptly deliver to such holder a certificate representing all shares of Series B Preferred Stock which are issued to such holder thereby. In the event that more than one holder of Series A Preferred Stock submits shares of Series A Preferred Stock for conversion on the same date and the Corporation can convert some, but not all, of such shares of Series A Preferred Stock, to the extent the Company can convert such shares into Common Stock without exceeding the Exchange Cap, the Company shall convert into Common Stock from each holder of Preferred Stock electing to have Series A Preferred Stock converted at such time a pro rata amount of such holder's shares of Series A Preferred Stock submitted for conversion based on the number of Shares of Series A Preferred Stock submitted for conversion on such date by such holder relative to the total number of shares of Series A Preferred Stock submitted for conversion on such date, and the remainder of such holder's shares of Series A Preferred Stock submitted for conversion shall be exchanged for Series B

Preferred Stock as provided in the preceding sentence.

9. VOTING RIGHTS. (a) Except as otherwise provided by applicable law, the holders of the shares of Series A Preferred Stock (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock, (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common Stock issuable upon conversion of such shares of Series A Preferred Stock would have been entitled if such shares of Common Stock had been outstanding at the time of the applicable vote and related record date and (iii) shall be entitled to notice of any stockholders' meeting in accordance with the certificate of incorporation and bylaws of the Corporation. Notwithstanding the foregoing, in the event that, at any time before Stockholder Approval or an Opinion is obtained, the outstanding shares of Series A Preferred Stock, plus any shares of Common Stock previously issued upon conversion of Series A Preferred Stock, would represent greater than the number of votes that would be held by the number of shares of Common Stock constituting the Exchange Cap, then for voting purposes the number of votes per share of Series A Preferred Stock shall be automatically reduced so that the outstanding shares of Series A Preferred Stock, plus any shares of Common Stock

previously issued upon conversion of Series A Preferred Stock, represent the number of votes that would be held by the number of shares of Common Stock constituting the Exchange Cap.

(b) So long as any shares of Series A Preferred Stock are outstanding, the Corporation shall not, without the written consent or affirmative vote at a meeting called for that purpose of the holders of a majority of the shares of Series A Preferred Stock then outstanding, amend, alter or repeal, whether by merger, consolidation, combination, reclassification or otherwise, the Amended and Restated Certificate of Incorporation or By-laws of the Corporation or of any provision thereof (including the adoption of a new provision thereof) which would result in an alteration or circumvention of the voting powers, designation and preferences and relative participating, optional and other special rights, and qualifications, limitations and restrictions of the Series A Preferred Stock; PROVIDED that any such amendment or alteration that changes the dividend payable on, or the liquidation preference or the par value of, the Series A Preferred Stock shall require the affirmative vote at a meeting of holders of Series A Preferred Stock duly called for such purpose, or the written consent, of the holder of each share of Series A Preferred Stock.

(c) The Corporation shall not, without first obtaining the approval of the holders of not less than a majority of the total number of shares of Series A Preferred Stock then outstanding:

(i) issue any additional shares of Series A Preferred Stock (other than as dividends on Series A Preferred Stock or upon conversion of the Series B Preferred Stock);

(ii) authorize, create or issue shares of any class or series of stock having any preference or priority superior to or on a parity with any such preference or priority of the Series A Preferred Stock;

(iii) take any step resulting in the redemption of shares of Parity Securities or Junior Securities, except as set forth in paragraphs 4(c) and 4(d) of this Certificate of Designations; or

(iv) amend this paragraph 9.

(d) The consent or votes required in paragraph 9(b) and 9(c) above shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's certificate of incorporation or bylaws, which approval shall be obtained by vote of the stockholders of the Corporation in the manner provided in paragraph 9(a) above.

(e) On each of the Issue Date and the date of a Stockholder Approval Event, if any, the number of directors then constituting the Board of Directors shall be increased by one and the holders of shares of Series A Preferred Stock, voting as a single class, shall be entitled to elect one, or if a Stockholder Approval Event has occurred, two directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Series A Preferred Stock called as hereinafter provided. Whenever a majority of the shares of Series A Preferred Stock issued on the Issue Date have been converted into Common Stock pursuant to this Certificate of Designation or have been transferred by the initial holder thereof to a Person that is not an Affiliate of the initial holder, then the right of the holders of the Series A Preferred Stock to elect such additional director(s) shall cease, and the term of office of any person elected as director by the holders of the Series A Preferred Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after voting power to elect a director shall have become vested and be continuing in the holders of Series A Preferred Stock pursuant to this paragraph, or if a vacancy shall exist in the office of a director elected by the holders of Series A Preferred Stock, a proper officer of the Corporation may, and upon the written request of the holders of record of at least twenty- five percent (25%) of the shares of Series A Preferred Stock then outstanding addressed to the Secretary of the Corporation shall, call a special meeting of the holders of Series A Preferred Stock, for the purpose of electing the director which such holders are entitled to elect. If such meeting shall

not be called by a proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation, or within twenty (20) days after mailing the same within the United States by certified mail, addressed to the Secretary of the Corporation at its principal executive offices, then the holders of at least twenty-five percent (25%) of the outstanding shares of Series A Preferred Stock may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by the person so designated upon the notice required for the annual meeting of stockholders of the Corporation and shall be held at the place for holding the annual meetings of stockholders. Any holder of Series A Preferred Stock so designated shall have, and the Corporation shall provide, access to the lists of stockholders to be called pursuant to the provisions hereof.

10. RECLASSIFICATION, SUBDIVISION OR COMBINATION. The Series A Preferred Stock may not be reclassified, subdivided or combined unless the Series B Preferred Stock is reclassified, subdivided or combined (as the case may be) simultaneously and in the same proportion.

11. REPORTS. The Corporation shall mail to all holders of Series A

Preferred Stock those reports, proxy statements and other materials that it mails to all of its holders of Common Stock. In the event the Corporation is not required to file quarterly and annual financial reports with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Exchange Act, the Corporation will furnish the holders of the Series A Preferred Stock with reports containing the same information as would be required in such reports.

12. QUOTATION. So long as any of the Series A Preferred Stock is outstanding, the Corporation shall use commercially reasonable efforts to maintain the quotation of the Common Stock on the Nasdaq National Market.

13. GENERAL PROVISIONS.

(a) The headings of the paragraphs, subparagraphs, clauses and subclauses of this Certificate of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

(b) Each holder of Series A Preferred Stock, by acceptance thereof, acknowledges and agrees that payments of dividends, interest, premium and principal on, and exchange, redemption and repurchase of, such securities by the Corporation are subject to restrictions on the Corporation contained in certain credit and financing agreements.

IN WITNESS WHEREOF, marchFIRST, Inc. has caused this Certificate of Designations to be signed and attested by the undersigned this 27th day of December, 2000.

marchFIRST, Inc.

By: /s/ ROBERT F. BERNARD

Name: Robert F. Bernard
Title: Chief Executive Officer

ATTEST:

By: /s/ EDWARD V. SZOFER

Name: Edward V. Szofer
Title: Secretary

EXHIBIT 10.3
(Conformed copy)

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES B 12% SENIOR PARTICIPATING PREFERRED STOCK of marchFIRST, Inc.

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

We, the undersigned, Robert F. Bernard, Chief Executive Officer, and Edward V. Szofer, Secretary, of marchFIRST, Inc., a Delaware corporation (hereinafter called the "CORPORATION"), pursuant to the provisions of Sections 103 and 151 of the General Corporation Law of the State of Delaware, do hereby make this Certificate of Designations and do hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation by the Amended and Restated Certificate of Incorporation, the Board of Directors duly adopted the following resolutions:

RESOLVED, that, pursuant to Article FOURTH of the Amended and Restated Certificate of Incorporation (which authorizes 3,000,000 shares of preferred stock, $.001 par value ("PREFERRED STOCK")), the Board of Directors hereby fixes the powers, designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations and restrictions, of a series of Preferred Stock.

RESOLVED, that each share of such series of Preferred Stock shall rank equally in all respects and shall be subject to the following provisions:

1. NUMBER AND DESIGNATION. 375,000 shares of the Preferred Stock of the Corporation shall be designated as Series B 12% Senior Participating Preferred Stock (the "SERIES B PREFERRED STOCK").

2. DEFINITIONS. Unless the context otherwise requires, when used herein the following terms shall have the meaning indicated.

"AFFILIATE" means, with respect to any specified Person, any other Person which, directly or indirectly, controls, is controlled by or is under direct or indirect common control with, such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "affiliated," "controlling," and "controlled" have

meanings correlative to the foregoing.

"BOARD OF DIRECTORS" means the Board of Directors of the Corporation.

"BUSINESS DAY" means any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions in New York City, New York generally are authorized or required by law or other governmental actions to close.

"CAPITAL STOCK" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated and whether voting and/or non-voting) of such Person's capital stock, whether outstanding on the Issue Date or issued after the Issue Date, and any and all rights (other than any evidence of indebtedness), warrants or options exchangeable for or convertible into such capital stock.

"CHANGE OF CONTROL" means the occurrence of any of the following events: (a) any Person or Group is or becomes the beneficial owner (as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the Corporation; or (b) the Corporation consolidates with, or merges with or into, another Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with, or merges with or into the Corporation, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Corporation is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Corporation is converted into or exchanged for Voting Stock of the surviving or transferee corporation or its parent corporation and/or cash, securities or other property in an amount which could be paid by the Corporation under the terms of the Corporation's credit and financing agreements and (ii) immediately after such transaction no Person or Group is the beneficial owner (as defined in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that a Person shall be deemed to have "beneficial ownership" of all securities that such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the surviving or transferee corporation, as applicable; or (c) during any consecutive two-year period, individuals who at the beginning of such period constituted the Board of Directors (together with any new directors whose election by the Board of Directors or whose nomination for election by the stockholders of the Corporation was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of

Directors then in office.

"COMMON STOCK" means the Corporation's common stock, par value $.001 per share.

"DELAWARE LAW" means the General Corporation Law of the State of Delaware.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"FIRST CALL DATE" means the 1-year anniversary of the Issue Date.

"FIRST PUT CONVERTED DATE" means the 1-year anniversary of the Issue Date.

"FIRST PUT SALE DATE" means the 2-year anniversary of the Issue Date.

"GROUP" means a group within the meaning of Section 13(d)(3) of the Exchange Act.

"INITIAL LIQUIDATION PREFERENCE" is an amount equal to $1,000 per whole share of Series B Preferred Stock (as adjusted for stock splits, stock dividends and similar transactions).

"ISSUE DATE" means the first date of issuance of shares of Series B Preferred Stock.

"LIQUIDATION PREFERENCE" is an amount equal to $1,000.00 per whole share of Series B Preferred Stock as adjusted as provided in Section 4(b) for dividends not paid in full and as adjusted for stock splits, stock dividends and similar transactions.

"MARKET PRICE" means, with respect to the Common Stock, on any given day, (i) the price of the last trade, as reported on the Nasdaq National Market, not identified as having been reported late to such system, or (ii) if the Common Stock is so quoted, but not so traded, the average of the last bid and ask prices, as those prices are reported on the Nasdaq National Market, or (iii) if the Common Stock is not listed or authorized for trading on the Nasdaq National Market or any comparable system, the average of the closing bid and asked prices as furnished by two members of the National Association of Securities Dealers, Inc. selected from time to time by the Corporation for that purpose; PROVIDED that, in connection with (i) or (ii), the Corporation may from time to time specify in advance the time at which the trade price or bid and ask prices, respectively, shall be determined for purposes of a particular calculation under this Certificate of Designations. If the Common Stock is not

listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price per share of Common Stock shall be deemed to be the fair value per share of such security as determined in good faith by the Board of Directors of the Corporation.

"MARKET VALUE" means with respect to some number of shares of Common Stock, the Market Price times such number of shares.

"MINIMUM CALL STOCK PRICE TEST" shall be satisfied with respect to a notice of redemption if the Market Price has been at least $7.50 per share (subject to adjustment for stock splits, stock dividends and similar transactions) for 20 of the last 30, and each of the last 5, trading days immediately preceding the date of the notice of redemption.

"OUTSTANDING", when used with reference to shares of stock, means issued and outstanding shares, excluding shares held by the Corporation or a subsidiary.

"PERSON" means an individual, corporation, partnership, limited liability company, association, trust and any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"SECOND CALL DATE" means the 3-year anniversary of the Issue Date.

"SECOND PUT DATE" means the 7-year anniversary of the Issue Date.

"STOCKHOLDER APPROVAL EVENT" means the approval by the stockholders of the Corporation at or before the next annual meeting of stockholders of the Corporation of the issuance of the Series A Preferred Stock and Series B Preferred Stock, the terms thereof and the exchange of shares of Series B Preferred Stock into shares of Series A Preferred Stock.

"VOTING STOCK" means, with respect to any Person, the Capital Stock of any class or kind (other than the Series B Preferred Stock) ordinarily having the power to vote for the election of directors or other members of the governing body of such Person.

3. RANK. (a) Any class or series of stock of the Corporation shall be deemed to rank:

(i) prior to the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, if the holders of such class or series shall be entitled by the terms thereof to the receipt of dividends and of amounts distributable upon liquidation,

dissolution or winding up, in preference or priority to the holders of Series B Preferred Stock ("SENIOR SECURITIES");

(ii) on a parity with the Series B Preferred Stock, either as to the payment of dividends or as to distribution of assets upon liquidation, dissolution or winding up, or both, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Series B Preferred Stock, if such stock shall be Series A 8% Senior Convertible Participating Preferred Stock ("SERIES A PREFERRED STOCK") or if the holders of the Series B Preferred Stock and of such class of stock or series shall be entitled by the terms thereof to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, or both, in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation), without preference or priority one over the other and such class of stock or series is not a class of Senior Securities ("PARITY SECURITIES"); and

(iii) junior to the Series B Preferred Stock, either as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, or both, if such stock or series shall be Common Stock or if the holders of the Series B Preferred Stock shall be entitled by the terms thereof to receipt of dividends, and of amounts distributable upon liquidation, dissolution or winding up, in preference or priority to the holders of shares of such stock or series (including, but not limited to preferences as to payment of dividends or other amounts distributable upon liquidation) ("JUNIOR SECURITIES").

(b) The respective definitions of Senior Securities, Junior Securities and Parity Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Senior Securities, Junior Securities and Parity Securities, as the case may be.

(c) The Series B Preferred Stock shall be subject to the creation of Junior Securities and Parity Securities.

4. DIVIDENDS. (a) The holders of shares of Series B Preferred Stock shall be entitled to receive with respect to each share of Series B Preferred Stock, when, as and if declared by the Board of Directors, out of funds legally available for the payment of dividends, dividends at a rate per annum equal to twelve percent (12%) of the Liquidation Preference per share, payable in accordance with the terms of this Section 4, at the election of the Corporation

on or before each payment date, either (A) in cash or (B) in additional shares ("ADDITIONAL SHARES") of Series B Preferred Stock. Such dividends shall be cumulative from the Issue Date regardless of when actually paid (except that dividends on Additional Shares shall accrue pursuant to their terms from the date such Additional Shares are issued), whether or not in any Dividend Period (as defined below) or Dividend Periods there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable semi-annually in arrears on June 30 and December 31 of each year (unless such day is not a Business Day, in which event such dividends shall be payable on the next succeeding Business Day) (each such date being a "DIVIDEND PAYMENT DATE" and each such semi-annual period being a "DIVIDEND PERIOD"). Each such dividend shall be payable to the holders of record of shares of the Series B Preferred Stock as they appear on the share register of the Corporation on the corresponding Record Date. As used herein, the term "RECORD DATE" means, with respect to the dividend payable on June 30 and December 31, respectively of each year, the preceding June 15 and December 15, or such other record date, not more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by the Board of Directors. Accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any Dividend Payment Date, to holders of record on such record date, not more than 45 days preceding the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable for each full Dividend Period for the Series B Preferred Stock shall be computed by dividing the annual twelve percent (12%) rate by two. The amount of dividends payable for the initial Dividend Period, or any other period shorter or longer than a full Dividend Period, on the Series B Preferred Stock shall be computed on the basis of twelve 30-day months and a 360-day year. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Series B Preferred Stock that may be in arrears; PROVIDED that if dividends are not paid in full on any Dividend Payment Date, dividends will cumulate as if the Corporation elected to pay the unpaid dividends in cash and the Liquidation Preference had been increased by the amount of unpaid dividends until paid.

(c) So long as any shares of the Series B Preferred Stock are outstanding, no dividend, except as described in the next succeeding sentence, shall be declared or paid or set apart for payment on any Parity Securities, nor shall any Parity Securities be redeemed, purchased or otherwise acquired for any consideration (or moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case full cumulative dividends have been or contemporaneously are declared and paid or declared and consideration sufficient for the payment thereof set apart for such payment on the Series B Preferred Stock for all Dividend Periods terminating on or prior to the date of payment

of the dividend on such class or series of Parity Securities or the redemption, purchase or other acquisition thereof. When dividends are not paid in full or consideration sufficient for such payment is not set apart, as aforesaid, all dividends declared upon shares of the Series B Preferred Stock and all dividends declared upon any other class or series of Parity Securities shall be declared ratably in proportion to the respective amounts of dividends accumulated and unpaid on the Series B Preferred Stock and accumulated and unpaid on such Parity Securities.

(d) So long as any shares of the Series B Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or to effectuate a stock split on, or options, warrants or rights to subscribe for or purchase shares of, Junior Securities) shall be declared or paid or set apart for payment or other distribution declared or made upon Junior Securities, nor shall any Junior Securities be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of shares of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) (any such dividend, distribution, redemption or purchase being hereinafter referred to as a "JUNIOR SECURITIES DISTRIBUTION") for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) by the Corporation, directly or indirectly (except by conversion into or exchange for Junior Securities), unless in each case (i) the full cumulative dividends on all outstanding shares of the Series B Preferred Stock and accrued and unpaid dividends on any other Parity Securities shall have been paid or set apart for payment for all past Dividend Periods with respect to the Series B Preferred Stock and all past dividend periods with respect to such Parity Securities and (ii) sufficient consideration shall have been paid or set apart for the payment of the dividend for the current Dividend Period with respect to the Series B Preferred Stock and the current dividend period with respect to such Parity Securities.

(e) If the Corporation elects to pay dividends in Additional Shares, the number of Additional Shares to be issued as dividends will equal the cash amount of the dividend that would have been payable if dividends were paid in cash, divided by the Initial Liquidation Preference.

(f) In case the Corporation shall fix a record date for the making of any dividend or distribution to holders of Common Stock (including distributions of stock of the Corporation or its subsidiaries other than dividends or distributions payable solely in Common Stock), the holder of each share of Series B Preferred Stock on such record date shall be entitled to receive an equivalent dividend or distribution based on the number of shares of Common Stock into which one share of Series A Preferred Stock is convertible on such record date.

5. LIQUIDATION PREFERENCE. (a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the assets of the Corporation (whether

capital or surplus) shall be made to or set apart for the holders of Junior Securities, the holders of the shares of Series B Preferred Stock shall be entitled to receive with respect to each share of Series B Preferred Stock an amount equal to all dividends (whether or not earned or declared) accrued and unpaid thereon to the date of final distribution to such holders plus an amount in cash equal to the Liquidation Preference. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Series B

Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Securities, then such assets, or the proceeds thereof, shall be distributed among the holders of shares of Series B Preferred Stock and any such other Parity Securities ratably in accordance with the respective amounts that would be payable on such shares of Series B Preferred Stock and any such other Parity Securities if all amounts payable thereon were paid in full.

(b) Upon the completion of the distribution required by Section 5(a) and any other distribution that may be required with respect to any other series of preferred stock that may from time to time come into existence, subject to the rights of any other series of preferred stock that may from time to time come in to existence, the holders of Series A Preferred Stock and the holders of Series B Preferred Stock shall participate with the Common Stock ratably on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) in the distribution of assets, or the proceeds thereof, until the holders of Series B Preferred Stock shall have received (including amounts paid pursuant to Section 5(a)) an aggregate of $1,500.00 per share of Series B Preferred Stock (in each case as adjusted for any stock splits, stock dividends, recapitalizations or the like); thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation, the holders of the Common Stock of the Corporation shall receive the distribution of assets, or the proceeds thereof, until such time as the holders of Common stock shall have received, in the aggregate, distributions equal to their pro-rata percentage of the shares of the Corporation as if the holders of Series A Preferred Stock and the holders of Series B Preferred Stock were participating with the Common Stock (and were not entitled to any preference thereto) on an as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A Preferred Stock) beginning with the first dollar paid in such liquidation, disqualification or winding-up; thereafter, subject to the rights of any other series of Preferred Stock that may from time to time come into existence, if assets remain in the Corporation the holders of the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock shall participate in the remaining distributions on as converted basis (assuming that each share of Series B Preferred Stock were converted at the same rate as Series A

Preferred Stock).

(c) Notwithstanding anything else in this Certificate of Designation, a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation shall be deemed to have occurred upon (A) (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions (including, without limitation, any reorganization, merger or consolidation, whether of the Corporation with or into any other corporation or corporations or of any other corporation or corporations with or into the Corporation, but excluding any merger effected exclusively for the purpose of changing the domicile of the Corporation); or (ii) a sale of all or substantially all of the assets of the Corporation; PROVIDED that a consolidation or merger as a result of which the holders of capital stock of the Corporation immediately prior to such merger or consolidation possess (by reason of such holdings) 50% or more of the voting power of the corporation surviving such merger or consolidation (or other corporation which is the issuer of the capital stock into which the capital stock of the Corporation is converted or exchanged in such merger or consolidation) shall not be treated as a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation within the meaning of this paragraph 5 or (B) a transaction or series of transactions in which a

person or group of persons (as defined in Rule 13d-5(b)(1) of the Exchange Act) (excluding the initial holder of the Series A Preferred Stock or any of its Affiliates) acquires beneficial ownership (as determined in accordance with Rule 13d-3 of the Exchange Act) of more than 50% of the Common Stock or the voting power of the Corporation. Notwithstanding the foregoing, in the event of a deemed liquidation, dissolution or winding up pursuant to this Section 5(c) as a result of a transaction in which substantially all of the consideration received by the Corporation's stockholders is capital stock of the surviving corporation or the parent thereof (such issuer, the "New Issuer"), if the Board of Directors of the surviving corporation determines that the payment of cash pursuant to Section 5(a) would have a material adverse effect on the surviving corporation, the parent thereof, or the transaction, each holder of the Series B Preferred Stock shall have the right to receive, in exchange for its shares of Series B Preferred Stock and in lieu of payments otherwise payable pursuant to Sections 5(a) and 5(b), at its election, either (x) capital stock in such amounts and in such form as would have been received had such holder converted all of its Series B Preferred Stock into Common Stock immediately prior to such transaction (assuming that each share of Series B Preferred Stock were convertible into Common Stock at the same rate as Series A Preferred Stock) or (y) securities of the New Issuer equivalent in rights and preferences to the Series B Preferred Stock.

6. REDEMPTION. (a) The Series B Preferred Stock shall not be redeemable by the Corporation prior to the First Call Date. All shares of

Series B Preferred Stock shall be redeemable at the option of the Corporation to the extent the Corporation shall have funds legally available for such payment, at any time in whole or from time to time in part, (i) on and after the Second Call Date, or, (ii) if the Minimum Call Stock Price Test has been satisfied, on and after the First Call Date, at a redemption price per share equal to the greater of (i) the Liquidation Preference, plus accrued and unpaid dividends thereon to the date fixed for redemption, and (ii) the Market Value on the redemption date of the number of shares of Common Stock into which one share of Series A Preferred Stock is convertible on such date.

(b) Shares of Series B Preferred Stock which have been issued and reacquired in any manner, including shares purchased or redeemed, shall (upon compliance with any applicable provisions of the laws of the State of Delaware) have the status of authorized and unissued shares of the class of Preferred Stock undesignated as to series and may be redesignated and reissued as part of any series of the Preferred Stock; PROVIDED that no such issued and reacquired shares of Series B Preferred Stock shall be reissued or sold as Series B Preferred Stock.

7. PROCEDURE FOR REDEMPTION. (a) In the event that fewer than all the outstanding shares of Series B Preferred Stock are to be redeemed, the number of shares to be redeemed shall be determined by the Board of Directors and the shares to be redeemed shall be selected by lot or pro rata (with any fractional shares being rounded to the nearest whole share) as may be determined by the Board of Directors.

(b) In the event the Corporation shall redeem shares of Series B Preferred Stock, notice of such redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days nor more than 60 days prior to the redemption date, to each holder of record of the shares to be redeemed at such holder's address as the same appears on the stock register of the Corporation; PROVIDED that neither the failure to give such notice nor any defect therein shall

affect the validity of the giving of notice for the redemption of any share of Series B Preferred Stock to be redeemed except as to the holder to whom the Corporation has failed to give said notice or except as to the holder whose notice was defective. Each such notice shall state: (i) the redemption date (which shall be a date on or after the First Call Date); (ii) the number of shares of Series B Preferred Stock to be redeemed and, if fewer than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder (which if less than all the shares outstanding, must be on a pro-rate basis); (iii) the redemption price formula; (iv) the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and (v) that dividends on the shares to be redeemed will cease to accrue on such redemption date.

(c) Notice having been mailed as aforesaid, from and after the redemption date, dividends on the shares of Series B Preferred Stock so called for redemption shall cease to accrue, and all rights of the holders thereof as stockholders of the Corporation (except the right to receive from the Corporation the redemption price) shall cease. Upon surrender in accordance with said notice of the certificates for any shares so redeemed (properly endorsed or assigned for transfer, if the Board of Directors of the Corporation shall so require and the notice shall so state), such shares shall be redeemed by the Corporation at the redemption price as aforesaid. In case fewer than all the shares represented by any such certificate are redeemed, a new certificate shall be issued representing the unredeemed shares without cost to the holder thereof.

8. PUT RIGHTS. (a) The holders of the Series B Preferred Stock shall have the right to put their shares to the Corporation (the "PUT RIGHTS") only to the extent provided for in this paragraph 8. On or after the Second Put Date, the Put Rights shall be exercisable on all shares of Series B Preferred Stock. On or after the earlier to occur of (A) a Change of Control and (B) the First Put Sale Date, but prior to the Second Put Date, the Put Rights shall be exercisable for that number of shares of Series B Preferred Stock equal to the product of (x) the total number of shares of Series B Preferred Stock that the Corporation has issued plus the number it is then obligated to issue in the form of dividends on the Series A Preferred Stock or Series B Preferred Stock (the "TOTAL B SHARES"), times (y) the quotient of (i) the number of shares of Series A Preferred Stock that have been converted into Common Stock plus the number of shares of Series A Preferred Stock that have been sold or otherwise transferred by the initial holder thereof to a third party divided by (ii) the total number of shares of Series A Preferred Stock that the Corporation has issued plus the number it is then obligated to issue in the form of dividends on the Series A Preferred Stock (the "TOTAL A SHARES"). If a Change of Control has not occurred, on or after the First Put Converted Date but prior to the earlier to occur of (A) a Change of Control and (B) the First Put Sale Date, the Put Rights shall be exercisable for that number of shares of Series B Preferred Stock equal to the product of (i) the Total B Shares, times (y) the quotient of (i) the number of shares of Series A Preferred Stock that have been converted into Common Stock divided by (ii) the Total A Shares.

With respect to that number of shares of Series B Preferred Stock for which Put Rights are exercisable as provided above in this paragraph 8, less the number of shares for which Put Rights have already been exercised (the "PUTTABLE SHARES"), the holders of the shares of Series B Preferred Stock shall have the right, at any time and from time to time, at such holder's option, to put any or all such shares to the Corporation. With respect to each share duly put to the Corporation pursuant to this paragraph 8, the Corporation shall pay an amount (the "PUT

CONSIDERATION") equal to the Market Value on the date the Put Right is exercised of the number of Common Shares into which one share of Series A Preferred Stock is convertible, (or would have been convertible had any Series A Preferred Stock then been outstanding), as such number may have been adjusted, plus any amount of cash payable on such conversion for fractional shares.

Notwithstanding the foregoing, at the Corporation's election, the Corporation may pay the Put Consideration, in whole or in part, in the form of shares of Common Stock valued at the Market Price on the date the Put Rights are exercised. Notwithstanding the foregoing, in the event of any exercise of Put Rights that would require the Corporation to pay in cash in excess of $25 million pursuant to this paragraph 8 in any 3-month period, in lieu of the cash portion of the Put Consideration constituting such excess (the "NOTE AMOUNT"), the holder exercising such Put Rights shall at the election of the Corporation, be issued a promissory note (a "NOTE") by the Corporation in the amount of the Note Amount if (i) federal or state law requires a vote of the stockholders of the Corporation in order for the Corporation to issue Common Shares in payment of the Put Consideration, (ii) stockholders of the Corporation have voted in favor of issuing Notes rather than Common Stock in connection with Put Right exercises and (iii) the Board of Directors of the Corporation determines that the issuance of cash would have a material adverse effect on the financial condition of the Corporation and its subsidiaries taken as a whole. Any such Note shall be secured to the fullest extent, and have the highest priority, permitted under the Corporation's then existing debt instruments, shall have a two-year term, shall bear interest at the lesser of (i) the then applicable U.S. Treasuries rate plus 850 basis points and (ii) the highest rate permitted by applicable law, and shall be subject to documentation reasonably acceptable to holders of a majority of the Series B Preferred Stock.

Notwithstanding any call for redemption pursuant to paragraph 6, the right to put shares so called for redemption shall terminate at the close of business on the date immediately preceding the date fixed for such redemption unless the Corporation shall default in making payment of the amount payable upon such redemption.

With respect to each holder of Series B Preferred Stock, the "HOLDER SHARE TOTAL" shall equal the number of shares of Series B Preferred Stock that such Holder currently holds (the "CURRENT SHARE TOTAL") plus the number of shares of Series B Preferred Stock that such Holder has previously put pursuant to this paragraph 8 (the "PRIOR PUT TOTAL"). Each holder of Series B Preferred Stock shall have the right to exercise Put Rights only with respect to (i) that proportion of its Holder Share Total that equals the proportion of the number of shares of Series B Preferred Stock for which Put Rights are exercisable as provided above in this paragraph 8 over the Total B Shares, less (ii) the Prior Put Total.

(b) (i) In order to exercise the Put Rights, the holder of the shares of Series B Preferred Stock to be put shall surrender the certificate

representing such shares at the office of the Corporation, with a written notice of election to put completed and signed, specifying the number of shares to be put. Unless the shares issuable on the put, if any, are to be issued in the same name as the name in which such shares of Series B Preferred Stock are registered, each share surrendered for the put shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or the holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax.

(ii) As promptly as practicable after the surrender by a holder of certificates for shares of Series B Preferred Stock as aforesaid, the Corporation shall issue and shall deliver to such holder, or on the holder's written order to the holder's transferee, (v) the cash portion of the Put Consideration, (w) a certificate or certificates for the whole number of shares of Common Stock issuable upon the put as part of the Put Consideration and (x) in the event of a put in part, a certificate or certificates for the whole number of shares of Series B Preferred Stock not being put.

(iii) Each put shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Series B Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the person in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such put, if any, shall be deemed to have become the holder of record of the shares of Common Stock represented thereby at such time on such date. All shares of Common Stock delivered pursuant to this paragraph 8 will upon delivery be duly and validly issued and fully paid and non-assessable, free of all liens and charges and not subject to any preemptive rights. Upon the surrender of certificates representing shares of Series B Preferred Stock, such shares shall no longer be deemed to be outstanding and all rights of a holder with respect to such shares surrendered for the put shall immediately terminate except the right to receive the Common Stock and other amounts payable pursuant to this paragraph 8 and a certificate or certificates representing shares of Series B Preferred Stock not put.

(c) (i) Upon delivery to the Corporation by a holder of shares of Series B Preferred Stock of a notice of election to put, the right of the Corporation to redeem such shares of Series B Preferred Stock shall terminate, regardless of whether a notice of redemption has been mailed as aforesaid.

(d) Prior to the delivery of any securities which the Corporation

shall elect to deliver upon the put of the Series B Preferred Stock, the Corporation shall comply with all applicable federal and state laws and regulations which require action to be taken by the Corporation.

(e) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock on the put of the Series B Preferred Stock pursuant hereto; PROVIDED that the Corporation shall not be required to pay any tax which may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock in a name other than that of the holder of the Series B Preferred Stock to be put and no such issue or delivery shall be made unless and until the person requesting such issue or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

9. CONVERSION TO SERIES A PREFERRED STOCK. If a Stockholder Approval Event shall occur, each outstanding share of Series B Preferred Stock, and fractions thereof, shall automatically and immediately convert, on a one-for-one basis, into shares of Series A Preferred

Stock and (ii) any right to obtain any then accrued but unpaid dividends on each share of Series B Preferred Stock shall automatically and immediately attach to the resulting converted share, provided that the dividend rate on the Series B Preferred Stock shall be applicable and dividends will accrue at such rate until the date of such conversion. After such conversion, upon surrender to the Corporation for cancellation of a certificate previously representing outstanding shares of Series B Preferred Stock, together with instruments of transfer in form satisfactory to the Corporation, the holder of such certificate shall be entitled to receive in exchange therefor a certificate representing the same number of shares of Series A Preferred Stock as the number of shares of Series B Preferred Stock previously represented by the surrendered certificate. Until so surrendered, each outstanding certificate that, prior to the time of the conversion of the Series B Preferred Stock into Series A Preferred Stock (the "Conversion Time"), represented outstanding shares of Series B Preferred Stock will be deemed from and after the Conversion Time, for all corporate purposes, to evidence the ownership of the same number of shares of Series A Preferred Stock.

10. VOTING RIGHTS. (a) Except as otherwise required by Delaware law, the holders of shares of Series B Preferred Stock shall not be entitled to any voting rights. Except as expressly required under Delaware Law, on any matter on which holders of shares of Series B Preferred Stock shall be entitled to vote, they shall be entitled to one vote per share, voting as a single class.

(b) So long as any shares of Series B Preferred Stock are outstanding, the Corporation shall not, without the written consent or

affirmative vote at a meeting called for that purpose of the holders of a majority of the shares of Series B Preferred Stock then outstanding, amend, alter or repeal, whether by merger, consolidation, combination, reclassification or otherwise, the Amended and Restated Certificate of Incorporation or By-laws of the Corporation or of any provision thereof (including the adoption of a new provision thereof) which would result in an alteration or circumvention of the voting powers, designation and preferences and relative participating, optional and other special rights, and qualifications, limitations and restrictions of the Series B Preferred Stock; PROVIDED that any such amendment or alteration that changes the dividend payable on, or the liquidation preference or the par value of, the Series B Preferred Stock shall require the affirmative vote at a meeting of holders of Series B Preferred Stock duly called for such purpose, or the written consent, of the holder of each share of Series B Preferred Stock.

(c) The Corporation shall not, without first obtaining the approval of the holders of not less than a majority of the total number of shares of Series B Preferred Stock then outstanding:

(i) issue any additional shares of Series B Preferred Stock (other than as dividends on Series A Preferred Stock or Series B Preferred Stock or in exchange for Series A Preferred Stock pursuant to Section 8(i) of the Certificate of Designations, Preferences and Rights of the Series A Preferred Stock);

(ii) authorize, create or issue shares of any class or series of stock having any preference or priority superior to or on a parity with any such preference or priority of the Series B Preferred Stock;

(iii) take any step resulting in the redemption of shares of Parity Securities or Junior Securities, except as set forth in paragraphs 4(c) and 4(d) of this Certificate of Designations; or

(iv) amend this paragraph 10.

(d) The consent or votes required in paragraph 10(b) and 10(c) above shall be in addition to any approval of stockholders of the Corporation which may be required by law or pursuant to any provision of the Corporation's certificate of incorporation or bylaws.

(e) On the Issue Date, the number of directors then constituting the Board of Directors shall be increased by one and the holders of shares of Series B Preferred Stock, voting as a single class, shall be entitled to elect one additional director to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a

special meeting of the holders of the Series B Preferred Stock called as hereinafter provided. Whenever a Stockholder Approval Event has occurred or majority of the shares of Series B Preferred Stock issued on the Issue Date have been put to the Corporation pursuant to paragraph 8 or have been transferred by the initial holder thereof to a Person that is not an Affiliate of the initial holder, then the right of the holders of the Series B Preferred Stock to elect such additional director shall cease, and the term of office of any person elected as director by the holders of the Series B Preferred Stock shall forthwith terminate and the number of the Board of Directors shall be reduced accordingly. At any time after voting power to elect a director shall have become vested and be continuing in the holders of Series B Preferred Stock pursuant to this paragraph, or if a vacancy shall exist in the office of a director elected by the holders of Series B Preferred Stock, a proper officer of the Corporation may, and upon the written request of the holders of record of at least twenty- five percent (25%) of the shares of Series B Preferred Stock then outstanding addressed to the Secretary of the Corporation shall, call a special meeting of the holders of Series B Preferred Stock, for the purpose of electing the director which such holders are entitled to elect. If such meeting shall not be called by a proper officer of the Corporation within twenty (20) days after personal service of said written request upon the Secretary of the Corporation, or within twenty (20) days after mailing the same within the United States by certified mail, addressed to the Secretary of the Corporation at its principal executive offices, then the holders of at least twenty-five percent (25%) of the outstanding shares of Series B Preferred Stock may designate in writing one of their number to call such meeting at the expense of the Corporation, and such meeting may be called by the person so designated upon the notice required for the annual meeting of stockholders of the Corporation and shall be held at the place for holding the annual meetings of stockholders. Any holder of Series B Preferred Stock so designated shall have, and the Corporation shall provide, access to the lists of stockholders to be called pursuant to the provisions hereof.

11. REPORTS. The Corporation shall mail to all holders of Series B Preferred Stock those reports, proxy statements and other materials that it mails to all of its holders of Common Stock. In the event the Corporation is not required to file quarterly and annual financial reports with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Exchange Act, the Corporation will furnish the holders of the Series B Preferred Stock with reports containing the same information as would be required in such reports.

12. QUOTATION. So long as any of the Series B Preferred Stock is outstanding, the Corporation shall use commercially reasonable efforts to maintain the quotation of the Common Stock on the Nasdaq National Market.

13. GENERAL PROVISIONS. (a) The headings of the paragraphs,

subparagraphs, clauses and subclauses of this Certificate of Designations are for convenience of reference only and shall not define, limit or affect any of the provisions hereof.

(b) Each holder of Series B Preferred Stock, by acceptance thereof, acknowledges and agrees that payments of dividends, interest, premium and principal on, and exchange, redemption and repurchase of, such securities by the Corporation are subject to restrictions on the Corporation contained in certain credit and financing agreements.

14. RECLASSIFICATION, SUBDIVISION OR COMBINATION. The Series B Preferred Stock may not be reclassified, subdivided or combined unless the Series A Preferred Stock is reclassified, subdivided or combined (as the case may be) simultaneously and in the same proportion.

IN WITNESS WHEREOF, marchFIRST, Inc. has caused this Certificate of Designations to be signed and attested by the undersigned this 27th day of December, 2000.

marchFIRST, Inc.

By: /s/ ROBERT F. BERNARD

Name: Robert F. Bernard
Title: Chief Executive Officer

ATTEST:

By: /s/ EDWARD V. SZOFER

Name: Edward V. Szofer
Title: Secretary

EXHIBIT 10.4

REGISTRATION RIGHTS AGREEMENT

Registration Rights Agreement (this "Agreement") dated as of December 28, 2000 among marchFIRST, Inc., a Delaware corporation (the "Issuer"), FP-Lion, L.L.C., a Delaware limited liability company (the "Purchaser"), and each person who is, or becomes, a Holder.

ARTICLE 1
DEFINITIONS

Section 1.01. Definitions. Except as otherwise defined herein, terms defined in the Stock Purchase Agreement dated as of the date hereof between the Issuer and the Purchaser (as it may be amended from time to time, the "Stock Purchase Agreement") are used herein as therein defined. In addition, the following terms, as used herein, have the following meanings:

"Commission" means the Securities and Exchange Commission.

"Holder" means a person who owns Registrable Securities and is either (a) the Purchaser or (b) a transferee who has agreed in writing to be bound by the terms of this Agreement.

"Piggyback Registration" means a Piggyback Registration as defined in Section 2.02.

"Registrable Securities" means Securities that (i) have not been sold or otherwise disposed of pursuant to a registration statement that was filed with the Commission and declared effective under the Securities Act, (ii) are not eligible for sale pursuant to Rule 144 without being subject to applicable volume limitations thereunder, (iii) have not been otherwise sold, transferred or disposed of by a Holder to any Person that is not a Holder or pursuant to Rule 144, and (iv) have not ceased to be outstanding.

"Rule 144" means Rule 144 (or any successor rule of similar effect) promulgated under the Securities Act.

"Securities" means (i) shares of Common Stock constituting Series A Exchange Shares and (ii) shares of Common Stock constituting Series B Exchange Shares.

"Selling Holder" means any Holder who is selling Registrable Securities pursuant to an offering registered hereunder.

"Series A Certificate of Designations" means the Certificate of Designations, Preferences and Rights of the Series A Preferred.

"Series A Exchange Shares" means shares of Common Stock that have been issued or are issuable in exchange for, or upon conversion of, shares of Series A Preferred in accordance with the Series A Certificate of Designations.

"Series A Preferred" means the Series A 8% Senior Convertible Participating Preferred Stock of the Issuer.

"Series B Certificate of Designations" means the Certificate of Designations, Preferences and Rights of the Series B Preferred.

"Series B Exchange Shares" means shares of Common Stock that have been issued in exchange for shares of Series B Preferred in accordance with the Series B Certificate of Designations.

"Series B Preferred" means the Series B 12% Senior Participating Preferred Stock.

"Underwriter" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

Section 1.02. Internal References. Unless the context indicates otherwise, references to Articles, Sections and paragraphs shall refer to the corresponding articles, sections and paragraphs in this Agreement.

ARTICLE 2
REGISTRATION RIGHTS

Section 2.01. Demand Registration.

(a) (i) The Holders of a majority in interest of the Series A Exchange Shares that are Registrable Securities, collectively, may make up to two written requests for registration under the Securities Act of all or any part of the Series A Exchange Shares held by such Holders (the "Series A Demand Registrations") and (ii) the Holders of a majority in interest of the Series B Exchange Shares that are Registrable Securities, collectively, may make up to two written requests for registration under the Securities Act of all or any part of the Series B Exchange Shares held by such Holders (the "Series B Demand Registrations" and, together with the Series A Demand Registrations, the "Demand Registrations"); provided that (A) if, in accordance with the terms of the Series B Certificate of Designations, all outstanding shares of Series B Preferred are converted into shares of Series A Preferred, then the number of Series B Demand Registrations shall be reduced by one and the remaining Series B Demand Registration, if any, shall thereupon be converted into a Series A Demand Registration, (B) no Holder may request a Demand Registration prior to

the nine-month anniversary of the Closing Date, (C) no Demand Registration may be requested within 180 days after the preceding request for a Demand Registration, and (D) each Demand Registration must be (1) in respect of Registrable Securities with a fair market value of at least $25,000,000 or (2) in respect of all remaining

Series A Exchange Shares or Series B Exchange Shares, as applicable, that are Registrable Securities and have a fair market value of at least $500,000. Such request will specify the aggregate number of shares of Registrable Securities proposed to be sold and will also specify the intended method of disposition thereof. Upon any such request, the Issuer shall promptly give written notice of the requested registration at least 15 days prior to the anticipated filing date of the registration statement relating to such Demand Registration to each non-requesting Holder. Promptly after the expiration of such 15-day period, the Issuer will notify all requesting Holders of the identities of the other requesting Holders and the number of shares of Registrable Securities requested to be included therein. At any time prior to the effective date of the registration statement relating to such registration, the requesting Holders may revoke such request, without liability to any of the other requesting Holders, by providing a notice to the Issuer revoking such request.

(b) A Demand Registration shall not be deemed to have occurred unless the registration statement relating thereto (i) has become effective under the Securities Act and (ii) has remained effective for a period of at least 60 days, exclusive of any period referred to in (A) below (or such shorter period in which all Registrable Securities of the Holders included in such registration have actually been sold thereunder). In addition, a Demand Registration shall not be deemed to have occurred if, after any registration statement requested pursuant to this Section 2.01 becomes effective, (A) such registration statement is interfered with by any stop order, injunction or other order or requirement of the Commission or other governmental agency or court (other than such an event which occurs on no more than one occasion with respect to such registration statement and does not exceed a period of five business days) and (B) less than 75% of the Registrable Securities included in such registration statement has been sold thereunder. Should a Demand Registration not become effective due to the failure of a Holder to perform its obligations under this Agreement, provided, however, that at such time the Issuer is in compliance in all material respects with its obligations under this Agreement, then such Demand Registration shall be deemed to have been effected; provided that if such failure to perform is due to a material adverse change in the condition (financial or otherwise), business, assets or results of operations of the Issuer and its subsidiaries taken as a whole that occurs subsequent to the date of the written request made by the requesting Holders, then the Demand Registration shall not be deemed to have been effected.

(c) In the event that the requesting Holders withdraw or do not pursue a

request for a Demand Registration and, pursuant to Section 2.01(b) hereof, such Demand Registration is deemed to have been effected, the Holders may reacquire such Demand Registration (such that the withdrawal or failure to pursue a request will not count as a Demand Registration hereunder) if the Holders reimburse the Issuer for any and all Registration Expenses (as defined in Section 3.03) incurred by the Issuer in connection with such request for a Demand Registration; provided that the right to reacquire a Demand Registration may be exercised a maximum of two times.

(d) If the Selling Holders so elect, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of an underwritten offering. A majority in interest of the Selling Holders shall have the right to select the managing Underwriters and any additional investment bankers and managers to be used in connection with such offering, but

prior to making such selection shall consult with the Issuer with respect thereto. In such event, the Issuer will reasonably assist with such offering and will make members of senior management reasonably available to participate (but only at such times and to such extent as will not interfere with the performance of their duties to the Issuer) in a customary "roadshow" at the Selling Holders' expense if the Underwriters believe that such a roadshow would assist in an orderly distribution of the Registrable Securities.

(e) The Issuer will have the right to preempt any Demand Registration with a primary registration by delivering written notice (within five business days after the Issuer has received a request for such Demand Registration) of such intention to the Selling Holders indicating that the Issuer has identified a specific business need and use for the proceeds of the sale of such securities and the Issuer shall use commercially reasonable efforts to effect a primary registration within 60 days of such notice. In the ensuing primary registration, the Holders will have such Piggyback Registration rights as are set forth in Section 2.02 hereof. Upon the Issuer's preemption of a requested Demand Registration, such requested registration will not count as a Demand Registration; provided that a Demand Registration will not be deemed preempted if the Holders are permitted to sell all requested securities in connection with the ensuing primary offering by exercising their Piggyback Registration rights. The Issuer may exercise the right to preempt only twice in any 360-day period; provided, that during any 360 day period there shall be two periods of at least 90 consecutive days each during which the Selling Holders may effect a Demand Registration.

(f) Subject to Section 2.03, the Issuer will be entitled to include in a Demand Registration shares of Common Stock for its own account or for the account of other Persons.

Section 2.02. Piggyback Registration. If the Issuer proposes to file a

registration statement under the Securities Act with respect to an offering of Common Stock for its own account or for the account of another Person (other than a registration statement on Form S-4 or S-8 or pursuant to Rule 415 (or any substitute form or rule, respectively, that may be adopted by the Commission)), the Issuer shall give written notice of such proposed filing to the Holders at the address set forth in the share register of the Issuer as soon as reasonably practicable (but in no event less than 10 days before the anticipated filing date), and such notice shall offer each Holder the opportunity to register on the same terms and conditions such number of shares of Registrable Securities as such Holder may request (a "Piggyback Registration"). Each Holder will have five business days after receipt of any such notice to notify the Issuer as to whether it wishes to participate in a Piggyback Registration; provided that should a Holder fail to provide timely notice to the Issuer, such Holder will forfeit any rights to participate in the Piggyback Registration with respect to such proposed offering. In the event that the registration statement is filed on behalf of a Person other than the Issuer, the Issuer will use its reasonable best efforts to have the shares of Registrable Securities that the Holders wish to sell included in the registration statement. If the Issuer shall determine in its sole discretion not to register or to delay the proposed offering, the Issuer shall provide written notice of such determination to the Holders and (i) in the case of a determination not to effect the proposed offering, shall thereupon be relieved of the obligation to register such Registrable Securities in connection therewith, and (ii) in the case of a determination to delay a proposed offering, shall thereupon be permitted to delay registering such Registrable Securities for the same period as the delay in respect of the proposed

offering. As between the Issuer and the Selling Holders, the Issuer shall be entitled to select the Underwriters in connection with any Piggyback Registration.

Section 2.03. Reduction of Offering. Notwithstanding anything contained herein, if the managing Underwriter of an offering described in Section 2.01 or 2.02 states in writing that the size of the offering that Holders, the Issuer and any other Persons intend to make is such that the inclusion of the Registrable Securities would be likely to materially and adversely affect the price, timing or distribution of the offering, then the amount of Registrable Securities to be offered for the account of Holders shall be reduced to the extent necessary to reduce the total amount of securities to be included in such offering to the amount recommended by such managing Underwriter (the "Maximum Offering Size"); provided that in the case of a Piggyback Registration, if securities are being offered for the account of Persons other than the Issuer, then the proportion by which the amount of Registrable Securities intended to be offered for the account of Holders is reduced shall not exceed the proportion by which the amount of securities intended to be offered for the account of such other Persons (other than any Person exercising

a demand registration right or any Person requesting to participate in such offering pursuant to that certain Investor Rights Agreement, dated as of November 12, 1999, by and between the Issuer and Novell, Inc. (the "Novell Investor Rights Agreement")) is reduced; provided further that in the case of a Demand Registration, the amount of Registrable Securities to be offered for the account of the Holders making the Demand Registration shall be reduced only after the amount of securities to be offered for the account of the Issuer and any other Persons has been reduced to zero. In the event of a reduction pursuant to this Section 2.03 of Registrable Securities to be offered for the account of Holders, such reduction shall be pro rata among such Holders based on the number of Registrable Securities each Holder had proposed to sell. Notwithstanding anything to the contrary contained herein, in the case of a Piggyback Registration, the amount of Registrable Securities to be offered by Holders shall be subject to reduction to give full effect to the rights provided under the Novell Investor Rights Agreement, including, without limitation, Section 2.5 thereof.

Section 2.04. Preservation of Rights. The Issuer will not grant any registration rights to third parties which contravene the rights granted hereunder.

ARTICLE 3
REGISTRATION PROCEDURES

Section 3.01. Filings; Information. In connection with a Demand Registration pursuant to Section 2.01 hereof, the Issuer will use its reasonable best efforts to effect, as promptly as is reasonably practicable, the registration under the Securities Act of (i) all Registrable Securities for which the requesting Holders have requested registration under Section 2.01(a), and (ii) subject to the restrictions set forth in Section 2.02 and 2.03, all other Registrable Securities that any Holders with rights to request registration under Section 2.01 have requested the Issuer to register by request received by the Issuer within 15 days after such Holders receive the Issuer's notice of the Demand Registration. In connection with any such request:

(a) The Issuer will expeditiously prepare and file with the Commission a registration statement on any form for which the Issuer then qualifies and which counsel for the Issuer shall deem appropriate and available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use its reasonable best efforts to cause such filed registration statement to become and remain effective for such period, not to exceed 60 days, as may be reasonably necessary to effect the sale of such securities; provided that if the Issuer shall furnish to the requesting Holders a certificate signed by the Issuer's

Chairman, President or any Vice-President stating that in his or her good faith judgment it would be detrimental or otherwise disadvantageous to the Issuer or its stockholders for such a registration statement to be filed as expeditiously as possible (because the sale of Registrable Securities covered by such registration statement or the disclosure of information in any related prospectus or prospectus supplement would materially interfere with any acquisition, financing or other material event or transaction which is then intended or the public disclosure of which at the time would be materially prejudicial to the Issuer), the Issuer may postpone the filing or effectiveness of a registration statement for a period of not more than 90 days on one occasion in any consecutive 360-day period; and provided further, that if (i) the effective date of any registration statement filed pursuant to a Demand Registration would otherwise be at least 45 calendar days, but fewer than 90 calendar days, after the end of the Issuer's fiscal year, and (ii) the Securities Act requires the Issuer to include audited financials as of the end of such fiscal year, the Issuer may delay the effectiveness of such registration statement for such period as is reasonably necessary to include therein its audited financial statements for such fiscal year.

(b) The Issuer will, if requested, prior to filing such registration statement or any amendment or supplement thereto, furnish to the Selling Holders, and each applicable managing Underwriter, if any, copies thereof, and thereafter furnish to the Selling Holders and each such Underwriter, if any, such number of copies of such registration statement, amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein) and the prospectus included in such registration statement (including each preliminary prospectus) as the Selling Holders or each such Underwriter may reasonably request in order to facilitate the sale of the Registrable Securities by the Selling Holders.

(c) After the filing of the registration statement, the Issuer will promptly notify the Selling Holders of any stop order issued or, to the Issuer's knowledge, threatened to be issued by the Commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) The Issuer will use its reasonable best efforts to qualify the Registrable Securities for offer and sale under such other securities or blue sky laws of such jurisdictions in the United States as the Selling Holders reasonably request; provided that the Issuer will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph 3.01(d), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction.

(e) The Issuer will as promptly as is practicable notify the Selling Holders, at any time when a prospectus relating to the sale of the Registrable Securities is required by law to be delivered in connection with sales by an Underwriter or dealer, of the occurrence of any event or

prospective event requiring the preparation of a supplement or amendment to such prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and promptly make available to the Selling Holders, and to the Underwriters any such supplement or amendment. Upon receipt of any notice from the Issuer of the occurrence of any event of the kind described in the preceding sentence, the Selling Holders will forthwith discontinue the offer and sale of Registrable Securities pursuant to the registration statement covering such Registrable Securities until receipt by the Selling Holders and the Underwriters of the copies of such supplemented or amended prospectus and the Selling Holders will maintain the confidentiality of, and shall not disclose to any third party, any information contained in such notice or regarding the existence thereof, provided that the Selling Holders shall be permitted to disclose such information to their representatives, affiliates or others to whom they have a contractual obligation to disclose such information, in each case who agree to be bound by this confidentiality obligation. In the event the Issuer shall give such notice, the Issuer shall extend the period during which such registration statement shall be maintained effective as provided in Section 3.01(a) hereof by the number of days during the period from and including the date of the giving of such notice to the date when the Issuer shall make available to the Selling Holders such supplemented or amended prospectus. Notwithstanding the foregoing, if the Issuer shall furnish to the Selling Holders a certificate signed by the Issuer's Chairman, President or any Vice-President stating that in his or her good faith judgment it would be detrimental or otherwise disadvantageous to the Issuer to promptly prepare, file and/or distribute a supplemented or amended prospectus because the disclosure of information in such prospectus amendment or supplement or sale of Securities covered by the related registration statement would materially interfere with any acquisition, financing or other material event which is then intended or the public disclosure of which at the time would be materially prejudicial to the Issuer, then the Issuer shall be permitted to delay the preparation, filing and distribution of such amendment or supplement for a period of up to 30 days, provided that, in the case of a Demand Registration which has not been effective for at least 60 days and pursuant to which all the Securities included therein have not been sold, if such delay exceeds a period of five business days, the holders of a majority of the Registrable Securities included in the Demand Registration may notify the Issuer in writing during the delay period that the Demand Registration is being terminated, in which case the Issuer shall not be obligated to amend or supplement the prospectus and, for purposes of Section 2.01 such Demand Registration shall not be deemed to have occurred.

(f) The Issuer will enter into customary agreements (including an

underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the sale of such Registrable Securities.

(g) At the request of any Underwriter in connection with an underwritten offering the Issuer will furnish (i) an opinion of counsel, addressed to the Underwriters, covering such customary matters as the managing Underwriter may reasonably request and (ii) a comfort letter or comfort letters from the Issuer's independent public accountants covering such customary matters as the managing Underwriter may reasonably request.

(h) The Issuer will make generally available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of 12 months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) The Issuer will use reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange or quoted on each inter-dealer quotation system on which the Common Stock is then listed or quoted.

Section 3.02. Selling Holder Information. The Issuer may require Selling Holders promptly to furnish in writing to the Issuer such information regarding such Selling Holders, the plan of distribution of the Registrable Securities and other information as the Issuer may from time to time reasonably request or as may be legally required in connection with any Demand Registration or Piggyback Registration.

Section 3.03. Registration Expenses. In connection with any Demand Registration or Piggyback Registration, the Issuer shall pay the following expenses incurred in connection with such registration (the "Registration Expenses"): (i) registration and filing fees with the Commission and the National Association of Securities Dealers, Inc., (ii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), (iii) printing expenses, (iv) fees and expenses incurred in connection with the listing or quotation of the Registrable Securities, (v) fees and expenses of counsel to the Issuer and the reasonable fees and expenses of independent certified public accountants for the Issuer (including fees and expenses associated with the special audits or the delivery of comfort letters) and (vi) the reasonable fees and expenses of any additional experts retained by the Issuer in connection with such registration. The Selling Holders shall pay (i) any underwriting fees, discounts or commissions attributable to the sale of Registrable Securities, (ii) fees and expenses of

counsel for the Selling Holders, (iii) any transfer, stamp or similar taxes and (iv) any out-of-pocket expenses of the Selling Holders.

ARTICLE 4
INDEMNIFICATION AND CONTRIBUTION

Section 4.01. Indemnification by the Issuer. The Issuer agrees to indemnify and hold harmless each Selling Holder and its Affiliates and their respective officers, directors, partners, stockholders, members, employees, agents and representatives and each Person (if any) which controls a Selling Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees) caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities (as amended or supplemented if the Issuer shall have furnished any amendments or supplements thereto) or any

preliminary prospectus, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by or contained in or based upon any information furnished in writing to the Issuer by or on behalf of such Selling Holder or any Underwriter expressly for use therein or by the Selling Holder or Underwriter's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after the Issuer has furnished the Selling Holder or Underwriter with copies of the same. The Issuer also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 4.01.

Section 4.02. Indemnification by the Selling Holders. Each Selling Holder agrees to indemnify and hold harmless the Issuer, its officers and directors, and each Person, if any, which controls the Issuer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Issuer to each Selling Holder, but only with reference to information furnished in writing by or on behalf of such Selling Holder expressly for use in any registration statement or prospectus relating to the Registrable Securities, or any amendment or supplement thereto, or any preliminary prospectus. Each Selling Holder also agrees to indemnify and hold harmless any Underwriters of the Registrable Securities, their officers and directors and each person who controls such Underwriters on substantially the same basis as that of the indemnification of the Issuer provided in this

Section 4.02.

Section 4.03. Conduct of Indemnification Proceedings. In case any proceeding (including any governmental investigation) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 4.01 or Section 4.02, such Person (the "Indemnified Party") shall promptly notify the Person against whom such indemnity may be sought (the "Indemnifying Party") in writing and the Indemnifying Party, upon the request of the Indemnified Party, shall retain counsel reasonably satisfactory to such Indemnified Party to represent such Indemnified Party and any others the Indemnifying Party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party and, in the written opinion of counsel for the Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties

from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment.

Section 4.04. Contribution. If the indemnification provided for in this Article 4 is unavailable to an Indemnified Party in respect of any losses, claims, damages or liabilities in respect of which indemnity is to be provided hereunder, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Issuer, a Selling Holder and the Underwriters shall be determined by reference

to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuer and each Selling Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.04 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages or liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Article 4, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and each Selling Holder shall not be required to contribute any amount in excess of the amount by which the net proceeds of the offering (before deducting expenses) received by such Selling Holder exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

ARTICLE 5
MISCELLANEOUS

Section 5.01. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including telecopier or similar writing) and shall be given to such

party at its address or telecopier number set forth on the signature page hereof or as provided below, or such other address or telecopier number as such party may hereinafter specify for the purpose to the party giving such notice. Each such notice, request or other communication shall be effective (i) if given by telecopy, when such telecopy is transmitted to the telecopy number specified pursuant to this Section 5.01 and the appropriate confirmation is received, (ii) if given by mail, 72 hours after such communication is deposited

in the mails with first class postage prepaid, addressed as aforesaid or (iii) if given by any other means, when delivered at the address specified in this Section 5.01.

Any person who becomes a Holder shall provide its address and facsimile number to the Issuer, which shall promptly provide such information to each other Holder.

Section 5.02. No Waivers; Amendments.

(a) No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(b) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by all the parties hereto.

Section 5.03. Participation in Underwritten Registrations. No Person may participate in any underwritten registered offering contemplated hereunder unless such Person (a) agrees to sell its securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements, (b) completes and executes all questionnaires, powers of attorney, custody arrangements, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and this Agreement and (c) furnishes in writing to the Issuer such information regarding such Person, the plan of distribution of the Registrable Securities and other information as may be legally required in connection with such registration.

Section 5.04. Rule 144. The Issuer covenants that it will file any reports required to be filed by it under the Securities Act and the Exchange Act and that it will take such further action as the Holders may reasonably request to the extent required from time to time to enable the Holders to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission. Upon the request of the Purchaser, the Issuer will deliver to the Purchaser a written statement as to whether it has complied with such reporting requirements.

Section 5.05. Holdback Agreements. Each Holder agrees, in the event of an underwritten offering for the Issuer (whether for the account of the Issuer or otherwise) not to offer, sell, contract to sell or otherwise dispose of any Registrable Securities or other Common Stock, Class A Preferred or Class B Preferred, or any securities convertible into or exchangeable or

exercisable for any of the foregoing, including any sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten offering), during the 90-day period (or such lesser period as the lead or managing Underwriter may agree) beginning on the effective date of the registration statement for such underwritten offering (or, in the case of an offering pursuant to an effective shelf registration statement pursuant to Rule 415, the pricing date for such underwritten offering).

Section 5.06. Holder Determinations. In the event any determination is to be made by the Holders or the Selling Holders as a group, such determination shall be made by Holders or Selling Holders holding a majority in interest of the Registrable Securities or the Registrable Securities being sold, respectively.

Section 5.07. Orderly Distributions. The Holders will inform the Issuer of the time and manner of any disposition, in one or a series of related transactions, of Securities representing more than 1% of the then outstanding Common Stock. The Holders agree that any disposition of any Securities will be conducted in a manner that does not unreasonably disrupt the public trading market for the Common Stock.

Section 5.08. Successors and Assigns. This Agreement shall inure to the benefit of, and be binding upon, the parties' respective successors and any transferee or assignee of Registrable Securities who agrees in writing to be bound by the terms hereof.

Section 5.09. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be an original with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 5.10. Specific Enforcement. Each party hereto acknowledges that the remedies at law of the other parties for a breach or threatened breach of this Agreement would be inadequate and, in recognition of this fact, any party to this Agreement, without posting any bond, and in addition to all other remedies that may be available, shall be entitled to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any equitable remedy that may then be available.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized signatories as of the date first above written.

MARCHFIRST, INC.

By: /s/ Robert F. Bernard

Name: Robert F. Bernard

Title: Chief Executive Officer

Address for notices:
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311 South Wacker Drive, Suite 3500
Chicago, Illinois 60606
Facsimile: 312/913-6650
Attention: David P. Shelow, General Counsel

with a copy to:

Katten Muchin Zavis
525 West Monroe Street, Suite 1600
Chicago, Illinois 60661
Facsimile: 312/902-1061
Attention: Matthew S. Brown

and

McDermott Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Facsimile: 312/984-3669
Attention: Neal J. White

FP-LION, L.L.C.

By Francisco Partners, L.P., its Member,

By: /s/ Neil Garfinkel

Name: Neil Garfinkel

Title: Partner

Address for notices:

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c/o Francisco Partners, L.P.
Two Embarcadero Center, Suite 420
San Francisco, CA 94111
Facsimile: 415-986-1320
Attention: Gerry Morgan

with a copy to:

Davis Polk & Wardwell
1600 El Camino Real
Menlo Park, CA 94025
Facsimile: 650-752-2111
Attention: Alan F. Denenberg

EXHIBIT 99.1

JOINT FILING STATEMENT

Each of the undersigned agrees that (i) the statement on Schedule 13D relating to the Common Stock, par value $.001 per share, of marchFIRST, Inc. has been adopted and filed on behalf of each of them, (ii) all future amendments to such statement on Schedule 13D will, unless written notice to the contrary is delivered as described below, be jointly filed on behalf of each of them, and (iii) the provisions of Rule 13d-1(k)(1) under the Securities Exchange Act of 1934 apply to each of them. This agreement may be terminated with respect to the obligations to jointly file future amendments to such statement on Schedule 13D as to any of the undersigned upon such person giving written notice thereof to each of the other persons signatory hereto, at the principal officer thereof.

January 12, 2001

FP-LION, L.L.C,

By: FRANCISCO PARTNERS, L.P.,
a Member,

By: FRANCISCO PARTNERS GP, LLC,
its General Partner,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director

FRANCISCO PARTNERS L.P.,

By: FRANCISCO PARTNERS GP, LLC,
Its General Partner,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director

FRANCISCO PARTNERS GP, LLC,

By: /s/ Gerald Morgan

Name: Gerald Morgan
Title: Managing Director