FORM SC 13D

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

Filing Date: **2001-02-15**
SEC Accession No. 0001125282-01-000644

SUBJECT COMPANY

WOMEN COM NETWORKS INC

CIK:**1084609**| IRS No.: **134059516** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D** | Act: **34** | File No.: **005-57073** | Film No.: **1548117**
SIC: **2741** Miscellaneous publishing

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1820 GATEWAY DR STE 100
SAN MATEO CA 94404

Business Address
1820 GATEWAY DRIVE
STE 100
SAN MATEO CA 94404
6503786500

FILED BY

IVILLAGE INC

CIK:**1074767**| IRS No.: **133845162** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **SC 13D**
SIC: **7373** Computer integrated systems design

Mailing Address
500-512 SEVENTH AVE
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500-512 SEVENTH AVE
NEW YORK NY 10018
2126040963

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.)*

Women.com Networks, Inc.

(Name of Issuer)

Common Stock,
$0.001 par value per share

(Title of Class of Securities)

46588H-10-5

(CUSIP Number)

Douglas W. McCormick, Chief Executive Officer
iVillage Inc.
512 Seventh Avenue
New York, NY 10018
(212) 600-6000

with a copy to:

Richard Vernon Smith, Esq.
Orrick, Herrington & Sutcliffe LLP
400 Sansome Street
San Francisco, CA 94111
(415) 392-1122

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 5, 2001

(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 which 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 / /.

Note: Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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 ("Act") 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).

SCHEDULE 13D

CUSIP No. 46588H-10-5

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) IVILLAGE INC. 13-3845162	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) / / (b) / /
3	SEC USE ONLY	
4	SOURCE OF FUNDS* OO	

5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	/ /
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER -0-	
	8 SHARED VOTING POWER 21,576,447(1)	
	9 SOLE DISPOSITIVE POWER -0-	
	10 SHARED DISPOSITIVE POWER -0-	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 21,576,447(1)	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	/ /
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 45.66%(2)	
14	TYPE OF REPORTING PERSON* CO	

(1) See Items 4 and 5 hereof.

(2) Calculation is based on a total number of outstanding shares (47,249,399) as of February 5, 2001, as represented by the Issuer in Exhibit 2 attached hereto.

SCHEDULE 13D

CUSIP No. 46588H-10-5

Item 1 - Security and Issuer

This statement on Schedule 13D (this "SCHEDULE 13D") relates to the shares of common stock, $0.001 par value per share ("COMMON STOCK" or "SHARES"), of Women.com Networks, Inc., a Delaware corporation (the "COMPANY"). The principal executive offices of the Company are located at 1820 Gateway Drive, Suite 100, San Mateo, California 94404-2471.

Item 2 - Identity and Background

(a), (b) and (c). This Schedule 13D is filed by iVillage Inc., a Delaware corporation ("PARENT"). Parent is a publicly traded company which is an online women's network for practical solutions and everyday support of women's needs. The principal business address of Parent is 512 Seventh Avenue, New York, New York 10018. Attached hereto as Exhibit 1 is a list of all executive officers and directors of Parent, including the principal business address, the principal occupation or employment of each.

(d) and (e). During the five years prior to the date hereof, neither Parent nor, to its knowledge, any executive officer or director of Parent (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, as a result of which such person 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). Parent is organized under the laws of Delaware. Each director and executive officer of Parent is a citizen of the United States.

Item 3 - Source and Amount of Funds or Other Consideration

Parent expects to issue up to 15,214,307 shares of its common stock, $.01 par value per share ("PARENT COMMON STOCK"), and cash to acquire all the outstanding Shares. See Item 4. The cash payable in the acquisition will be paid out of Parent's cash on hand.

Item 4 - Purpose of Transaction

On February 5, 2001, Parent, Stanhope Acquisition Sub, LLC ("MERGER SUB"), a Delaware limited liability company and wholly owned subsidiary of Parent, and the Company entered into an Agreement and Plan of Merger (the "MERGER AGREEMENT"). The Merger Agreement provides for a taxable merger of

Merger Sub with and into the Company (the "MERGER"), with the Company continuing as the surviving corporation (the "SURVIVING CORPORATION"). The certificate of merger filed in Delaware to effect the Merger will provide that a restated certificate of incorporation, as amended and restated, will become the certificate of incorporation of the Surviving Corporation. The bylaws of the Surviving Corporation will be those of the Company. The directors and officers of the Merger Sub will become the directors and officers of the Company after the Merger. Following the Merger, the Company will become a wholly-owned subsidiary of Parent and the Common Stock will be delisted from the Nasdaq National Market.

At the effective time of the Merger, each Share issued and outstanding immediately before such time (other than Shares held by the Company, Parent or Merger Sub, which will be canceled and retired) will be converted into 0.322 (the "EXCHANGE RATIO") shares of Parent common stock and the right to receive cash equal to 1% of the product of the average of the high and low prices of a share of Parent common stock on the Nasdaq on the closing date multiplied by .322, as such ratio may be reduced pursuant to the Merger Agreement. The Exchange Ratio may decrease if the Company does not have $12,000,000 of working capital and $20,000,000

of cash at the end of March 31, 2001. If the actual cash and working capital of the Company at the end of March 31, 2001 is $2,000,000 less than the expected cash and working capital, then the Exchange Ratio will be adjusted downward. Hearst Communications, Inc., the largest stockholder of the Company and a Delaware corporation ("HEARST"), would have the option to purchase additional shares of Parent Common Stock in an amount equal to the amount of the shortfall up to $2,000,000 divided by $1.78. If the shortfall is more than $2,000,000, but less than $4,000,000, then Hearst must purchase shares pursuant to the Merger Agreement for the amount of the shortfall which exceeds $2,000,000, and Hearst will have the option to purchase shares with respect to the additional $2,000,000 shortfall amount. If the shortfall is more than $4,000,000 as of March 31, 2001 or the Company's cash on hand immediately prior to the closing is not equal to or greater than the difference between the amount of cash on March 31, 2001 minus the product of $166,666 multiplied by the number of days elapsed from March 31, 2000 to the date which is one day prior to the date of the closing of the Merger, or working capital immediately prior to the closing is materially less than the difference between the amount of working capital as at March 31, 2001 minus the reduction in the Company's cash on hand since March 31, 2001, Parent may terminate the Merger Agreement.

Certificates for fractional shares of Parent Common Stock will not be issued in the Merger. The Company's stockholders who would otherwise receive fractional shares will, instead, be entitled to receive a cash payment equal to the value of these fractional share interests, determined by multiplying (i) the per share closing price of Parent Common Stock on the closing date by (ii) the fraction of the share of Parent Common Stock to which the holder would otherwise have been entitled.

At the effective time of the Merger, each outstanding stock option granted or issued under the Company's stock option plans in effect on the date of the Merger Agreement will be converted into a stock option to acquire Parent common stock, with appropriate adjustments to reflect the Exchange Ratio.

Pursuant to the Merger Agreement, the Company and its directors, officers, employees and representatives are prohibited from negotiating with, soliciting offers from, or providing information to any third party with respect to any "Acquisition Proposal" (generally, any proposal or offer to acquire 20% or more of the assets of the Company and its subsidiaries or 20% or more of the voting power of the Company Common Stock or any merger or other business combination). However, if within 60 days of the date of the Merger Agreement (i.e., February 5, 2001) (or, if earlier than the end of such 60-day period, no later than the date of the stockholders' meeting held to vote on the Merger), the Company's Board of Directors, in exercise of its fiduciary duties, reasonably determines in good faith that the Board is required to do so to comply with its fiduciary duties to the Company's stockholders under applicable law, the Board may, in response to a "Superior Proposal" that did not result in a breach of the foregoing prohibition, furnish information to, and engage in negotiations with, the proponent of such Superior Proposal. The Merger Agreement generally defines a Superior Proposal as an Acquisition Proposal relating to substantially all the assets of the Company or 80% of the Company Common Stock which is on terms which the Board determines in good faith (x) to be more favorable from a financial point of view to the stockholders of the Company than the Merger, (y) is reasonably capable of being completed and (z) for which financing, to the extent required, is then committed or can be obtained.

In accordance with the Merger Agreement, the Board of Directors of the Company has unanimously adopted resolutions approving, and recommending that the Company's stockholders approve and adopt, the Merger Agreement and the Merger. The Merger Agreement generally prohibits the Board from withdrawing or modifying, in either case in a manner adverse to Parent, its approval or recommendation of the Merger or the Merger Agreement. If, within 60 days of the date of the Merger Agreement (or, if earlier than the end of such 60-day period, no later than the date of the stockholders' meeting held to vote on the Merger), the Board, in the exercise of its fiduciary duties, reasonably determines in good faith that the Board is required to do so to comply with its

fiduciary duties to the Company's stockholders under applicable law, the Board may, in response to a "Superior Proposal" that did not result in a breach of the prohibitions described in the preceding paragraph, and after providing Parent with at least 72 hours advance notice of its decision to take such action, the Board may modify or propose publicly to modify, in a manner adverse to Parent, its approval or recommendation of the Merger or the Merger Agreement.

If Parent terminates the Merger Agreement because the Company withdraws or modifies its recommendation for approval of the Merger or approves or recommends an Acquisition Proposal (provided that it may recommend a Superior Proposal, as indicated in the previous paragraph), the Company is obligated to pay Parent a termination fee of $1,000,000 ("TERMINATION FEE").

If Parent terminates the Merger Agreement because the Company stockholders do not approve of the Merger, the Company is obligated to pay Parent the Termination Fee; if the Company terminates the Merger Agreement because the Parent stockholders do not approve of the Merger, Parent is obligated to pay the Company the Termination Fee.

In contemplation of entering into the Merger Agreement, Parent and Hearst entered into a certain stockholder voting agreement (the "VOTING AGREEMENT") and a securities purchase agreement (the "SECURITIES PURCHASE AGREEMENT") both of which are dated as of February 5, 2001.

VOTING AGREEMENT

The Voting Agreement obligates Hearst to vote its shares in favor of the approval and adoption of the Merger Agreement and each of the other transactions contemplated in the Merger Agreement, including the Merger and against:

o any action or agreement that would result in a breach by the Company under the Merger Agreement;

o any extraordinary corporate transaction involving the Company, such as a merger, consolidation or other business combination;

o a sale, lease or transfer of a material amount of assets of the Company or a reorganization, recapitalization, dissolution or liquidation of the Company;

o any change in the board of directors of the Company;

o any amendment of the certificate of incorporation of the Company; or

o any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or materially and adversely affect the contemplated benefits to Parent of the Merger and the other transactions contemplated by the Merger Agreement.

Hearst has also agreed that it will not, directly or indirectly:

o solicit, initiate or encourage (including by way of furnishing information) or otherwise take any action to facilitate, a competing acquisition proposal relating to the Company; or

o participate in any discussions or negotiations regarding any proposal that constitutes, or that may lead, to a competing acquisition proposal.

Hearst has also agreed not to authorize or permit any of its officers, directors, employees, agents or representatives to engage in these activities and to keep Parent informed of the status and details of any requests, competing acquisition proposals or inquiries.

SECURITIES PURCHASE AGREEMENT

Pursuant to the Securities Purchase Agreement, Hearst has agreed to purchase up to 9,324,000 shares of Parent Common Stock and a warrant (with an exercise price of $0.01 per share) to purchase up to 2,100,000 shares of Parent Common Stock for an aggregate purchase price of up to $20,000,000. Pursuant to this agreement, Parent has agreed to conduct a registered rights offering (the "RIGHTS OFFERING") whereby all stockholders of the Company will be given the right to purchase their pro-rata portion (based upon their ownership of the outstanding Shares) of the shares of Parent Common Stock and warrant covered by the Securities Purchase Agreement. Hearst has agreed to reimburse Parent for expenses related to the Rights Offering that exceed $100,000. The number of shares of Parent Common Stock to be purchased by Hearst under the Securities Purchase Agreement, as well as the number of shares of Parent Common Stock underlying the warrant, will be reduced on a one-for-one basis by the number of shares and warrant shares purchased by the Company stockholders (other than Hearst) in the Rights Offering, and the aggregate purchase price payable by Hearst will be reduced by the amount received by Parent from the Company stockholders (other than Hearst) in the Rights Offering. The closing of the

transactions contemplated by the Securities Purchase Agreement will occur concurrently with the closing of the Merger and after the satisfaction or waiver of the conditions thereto.

STOCKHOLDER AGREEMENT

Upon Hearst's purchase of Parent Common Stock pursuant to the Securities Purchase Agreement, Parent and Hearst will enter into a Stockholder Agreement. This agreement relates to all voting securities of Parent owned by Hearst on the date of execution, plus all voting securities subsequently acquired by Hearst. Under the Stockholder Agreement, Hearst and its affiliates may not acquire and hold greater than 35% ("MAXIMUM INTEREST") of the voting power of Parent without a Consenting Vote of the Board of Directors. A "Consenting Vote" is defined as the approval of the Board which shall include all of the non-Hearst directors present at the meeting. If Hearst acquires more than 35% of the voting power of Parent, Parent may require Hearst to sell the portion exceeding that percentage to Parent or to third parties at Parent's election.

Hearst also may not initiate or engage in proxy solicitations, solicit stockholders or induce others to do so, initiate stockholder proposals or tender offers, call stockholders' meetings, act by written consent or place any voting securities in a voting trust or other voting agreement without a Consenting Vote.

Shares or Parent Common Stock owned by Hearst in excess of 25% of the outstanding voting securities of Parent (the "RESTRICTED BLOCK") must be present in person or by proxy at all stockholder meetings so that such shares may be counted for purposes of quorum. Hearst, as a stockholder, must vote the Restricted Block as recommended by Consenting Vote.

Effective upon the closing of Hearst's purchase of Parent Common Stock pursuant to the Securities Purchase Agreement, the Stockholder Agreement requires Parent to expand its Board of Directors to ten members. Also at such time, Parent will appoint three Hearst designees to different classes of the Board and Parent will appoint a sufficient number of directors to the Board so that five are Independent Directors. An "Independent

Director" is defined as any person who is not and has not been for the past three years a Hearst designee or an employee of Parent or its subsidiaries. So long as Hearst holds at least 10% of the voting securities of Parent, Parent's

nominating committee must recommend the following number of Hearst designees to be included in the slate of nominees for election as directors to a single class of directors: (i) as long as Hearst holds at least 80% of the Maximum Interest in Parent, Hearst may designate three nominees; (ii) as long as Hearst holds at least 66% (but less than 80%) of the Maximum Interest in Parent, Hearst may designate two nominees; (iii) as long as Hearst holds at least 10% of the voting securities of Parent, Hearst may designate one nominee. Parent will appoint one Hearst designee to each of the compensation committee and the nominating committee.

If after the election of these directors the number of voting securities held by Hearst decreases below these thresholds, any excess directors must immediately resign. If the number of voting securities held by Hearst falls below 10% of Parent's voting securities, all Hearst designated board members must immediately resign and all quorum and voting obligations cease. However, should the number of voting securities held by Hearst rise again above 10% of Parent's voting securities, all rights and obligations under the Stockholder Agreement revive for the duration of the term of the Stockholder Agreement.

Except for certain permitted transactions, Hearst may not transfer any voting securities of Parent without a Consenting Vote. Hearst may transfer voting securities to its affiliates provided that the affiliates agree to be bound by the Stockholder Agreement. In the event that Hearst ceases to own or control at least 80% of the affiliate, the affiliate will lose all ownership and voting rights in the voting securities and must transfer them back to Parent. Hearst may make the following transfers of voting securities without Consenting Vote: pledges pursuant to bona fide loan transactions, gifts, and transfers to third parties which will not result in such third-parties holding more than 10% of Parent's voting securities. In the case of pledges and gifts, Hearst must notify Parent in advance and the transferee must agree to be bound by the Stockholder Agreement.

The Stockholder Agreement expires five years after execution unless earlier terminated by mutual written consent of Parent and Hearst. Upon termination, any Hearst designees serving on the Board of Directors must resign immediately.

The foregoing summary of the Merger Agreement, Voting Agreement and Securities Purchase Agreement is qualified in its entirety by reference to such agreements, which have been filed as exhibits to this Schedule 13D.

Except as indicated in this Schedule 13D, Parent currently does not have any specific plans or proposals that relate to or would result in any of the matters described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

Item 5 - Interest in Securities of the Issuer

(a). As a result of entering into the Voting Agreement, Parent may be deemed to own beneficially 21,576,447 shares, or approximately 45.66% of the issued and outstanding Shares as of February 5, 2001. Parent does not currently

own any shares. Except as set forth in this Schedule 13D, neither Parent nor, to the knowledge of Parent, any executive officer or director of Parent, is the "beneficial owner" of any such Shares, as such term is defined in Rule 13d-3 under the Securities Exchange Act of 1934.

(b). Not applicable.

(c). Not applicable.

SCHEDULE 13D

CUSIP No. 46588H-10-5

(d). Not applicable.

(e). Not applicable.

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

Except as described in this Schedule 13D, neither Parent nor, to the knowledge of Parent, any executive officer or director of Parent, has any other contracts, arrangements, understandings or relationships with any persons with respect to any securities of the Company. The description of the transactions discussed in Item 4 is further described in the Merger Agreement and the other agreements attached as exhibits hereto. Such documents are incorporated herein by reference for all of the terms and conditions of such documents.

Item 7 - Material to be Filed as Exhibits

Exhibit 1 Executive Officers and Directors of Parent.

Exhibit 2 Agreement and Plan of Merger, dated as of February 5, 2001, among Parent, Merger Sub and the Company (the disclosure letters to such agreement are not filed herewith and the contents thereof are listed on the last page of Exhibit 2. The reporting person hereby undertakes to furnish supplementally a copy of any omitted portion of the disclosure letters to the Securities and Exchange Commission upon request).

Exhibit 3 Stockholder Voting Agreement, dated February 5, 2001, by and between Parent and Hearst.

Exhibit 4 Securities Purchase Agreement, dated February 5, 2001, by

and between Parent and Hearst.

Signature

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

Date: February 15, 2000

/s/ Douglas W. McCormick

Douglas W. McCormick
Chief Executive Officer

Exhibit 1

Executive Officers of Parent

iVillage Inc.
512 Seventh Avenue
New York, NY 10018

Name	Title
Douglas McCormick	Chief Executive Officer
Steven A. Elkes	Executive Vice President-Operations And Business Affairs
Scott Levine	Chief Financial Officer
John Glascott	Senior Vice President, Sponsorship
Jane Tollinger	Senior Vice President, Business Affairs
Richard Caccappolo	Chief Technology Officer and Senior Vice President of Product Development
Nancy R. Alpert	Senior Vice President, Corporate Development
John M. Barbera	President of Sales and Sales Marketing

Directors of Parent

Name	Principal Occupation and Principal Address of Occupation
Candice Carpenter	Co-Chairperson of Board of Directors iVillage Inc. 512 Avenue, 13th Floor New York, NY 10010
Nancy Evans	Co-Chairperson of Board of Directors iVillage Inc. 512 Seventh Avenue, 13th Floor New York, NY 10010

Habib Kairouz	Managing Director Rho Management Company, Inc. Carnegie Hall Tower 152 W. 57th Street, 23rd Floor New York, NY 10019
Lennert J. Leader	President AOL Investments 22000 AOL Way Dulles, VA 20166
Douglas W. McCormick	Chief Executive Officer iVillage Inc. 512 Seventh Avenue, 13th Floor New York, NY 10018
Daniel H. Schulman	President and Chief Operating Officer Priceline.com 800 Connecticut Avenue, 4th Floor Norwalk, CT 06854
Martin Yudkovitz	President and Chief Executive Officer NBC Multimedia, Inc. 30 Rockefeller Plaza, Room 2500E New York, NY 10112
John T. Healy	Principal The H.A.M. Media Group LLC 305 Madison Avenue, Suite 3016 New York, NY 10017

[Execution Copy]

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AGREEMENT AND PLAN OF MERGER

BY AND AMONG

iVILLAGE INC.,

STANHOPE ACQUISTION SUB, LLC

AND

WOMEN.COM NETWORKS, INC.

DATED AS OF FEBRUARY 5, 2001

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AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (together with all letters, schedules and exhibits hereto, this "Agreement"), dated as of February 5, 2001, by and among iVillage Inc., a Delaware corporation (the "Parent"), Stanhope Acquisition Sub, LLC, a Delaware limited liability company (the "Merger Sub") and wholly owned subsidiary of the Parent, and Women.com Networks, Inc., a Delaware corporation (the "Company").

W I T N E S S E T H:

WHEREAS, the parties to this Agreement desire to effect a strategic business combination;

WHEREAS, in furtherance of the foregoing, upon the terms and subject to the conditions of this Agreement and in accordance with the Delaware General Corporation Law (the "DGCL"), the Merger Sub will merge with and into the Company (the "Merger") in accordance with the provisions of the DGCL, with the Company as the surviving corporation;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and inducement to the Parent and the Company entering into this Agreement, certain stockholders of the Parent and the Company, respectively, have entered into voting agreements with the Parent (collectively, the "Voting Agreements"), dated as of the date hereof, pursuant to which, among other things, each such stockholder has agreed to vote its shares in favor of this Agreement and the Merger, subject to the terms and conditions contained therein;

WHEREAS, concurrently with the execution and delivery of this Agreement, and as a condition and inducement to the Parent and the Company entering into this Agreement, the Major Stockholder has entered into the Investment Agreements, dated as of the date hereof, pursuant to which, among other things, Major Stockholder will purchase shares of Parent Common Stock upon completion of the Merger and has agreed to take and not take certain actions relating to the corporate governance of the Parent;

WHEREAS, the Board of Directors of each of the Parent and the Company has approved and determined that this Agreement, the Voting Agreements, the

Investment Agreements and the transactions contemplated herein, including the Merger, are advisable, fair to, and in the best interests of, their respective corporations and stockholders;

WHEREAS, the Board of Directors of the Company has approved this Agreement and the transactions contemplated herein, including the Merger, which approval was based in part on the opinion of Salomon Smith Barney (the "Independent Advisor"), independent financial advisor to the Board of Directors of the Company, that, as of the date of such opinion and based on the assumptions, qualifications and limitations contained therein, the Per Share Merger Consideration is fair, from a financial point of view, to the holders of the Company Common Stock (the "Company Stockholders);

WHEREAS, the Board of Directors of each of the Parent and the Company has resolved to recommend adoption and approval of the Merger, this Agreement and the transactions contemplated herein to the holders of Parent Common Stock (the "Parent Stockholders") and the Company Stockholders, respectively, and has determined that the Merger, this Agreement, the Voting Agreements and the Investment Agreements are fair to the Parent Stockholders and the

Company Stockholders, as the case may be, and to recommend that the Parent Stockholders and the Company Stockholders, as the case may be, approve and adopt the Merger, this Agreement and the transactions contemplated herein; and

WHEREAS, for federal income tax purposes, it is intended that the Merger shall not qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as amended (the "Code").

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements contained in this Agreement and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings set forth in this Article.

(a) "10-K" shall mean the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1999.

(b) "Acquisition Agreement" shall mean any letter of intent, agreement in principle, merger agreement, acquisition agreement, voting agreement or other similar agreement (other than any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement with the Parent) related to any Acquisition Proposal.

(c) "Acquisition Proposal" shall mean any bona fide proposal or offer from any Person relating to any direct or indirect acquisition or purchase of 20% or more of the assets of a Person and its subsidiaries, taken as a whole, or 20% or more of the combined voting power of the shares of such Person's Common Stock, any tender offer or exchange offer that if consummated would result in any other Person beneficially owning 20% or more of the combined voting power of the shares of such Person's Common Stock, or any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving such Person or any of its subsidiaries in which the other party thereto or its stockholders will own 20% or more of the combined voting power of the parent entity resulting from any such transaction, other than the transactions contemplated by this Agreement.

(d) "ADA" shall mean the Americans with Disabilities Act.

(e) "ADEA" shall mean the Age Discrimination in Employment Act.

(f) "Affiliate" of a party shall mean an "affiliate" of such party as that term is used in paragraphs (c) and (d) of Rule 145 under the Securities Act (including at a minimum, all those Persons subject to the reporting requirements of Rule 16(a) under the Exchange Act.

(g) "Affiliates Letter" shall mean a letter agreement in the form of Exhibit A delivered by each Person identified pursuant to Section 6.16 as an Affiliate of the Company for purposes of Rule 145 under the Securities Act.

(h) "Agreement" shall have the meaning set forth in the introductory paragraph of this Agreement.

(i) "Applicable Benefit Laws" means ERISA, the Code and all other applicable laws, regulations, orders or other legislative, administrative or judicial promulgations, including those of a jurisdiction outside the United States of America.

(j) "Cash Amount" shall mean an amount of cash equal to one percent of the product of the average of the high and low prices of a share of Parent Common Stock on the Nasdaq on the Closing Date multiplied by 0.322; provided that, the Cash Amount shall be proportionately reduced to account for any decrease in the Exchange Ratio pursuant to Section 7.2(g) and Schedule 7.2(g) to the extent necessary so that the Cash Amount equals one percent of the Per Share Merger Consideration.

(k) "CERCLA" shall mean the Federal Comprehensive Environmental Response, Compensation and Liability Act.

(l) "Certificate" shall mean each certificate representing a share or shares of Company Common Stock.

(m) "Certificate of Merger" shall mean the certificate of merger filed with the Secretary of State of the State of Delaware by the parties hereto in connection with the Merger.

(n) "Closing" shall mean the date on which the Merger becomes effective.

(o) "Code" shall have the meaning set forth in the Recitals of this Agreement.

(p) "Company" shall have the meaning set forth in the introductory paragraph of this Agreement.

(q) "Company Benefit Plans" shall mean each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by the Company or any Subsidiary or to which the Company or any Subsidiary makes or has made, or has or has had an obligation to make, contributions at any time.

(r) "Company Bylaws" shall mean the bylaws of the Company.

(s) "Company Certificate of Incorporation" shall mean the Company's certificate of incorporation, including any certificates of designations attached thereto.

(t) "Company Common Stock" shall mean the common stock, par value $.001 per share, of the Company.

(u) "Company Confidentiality Agreement" shall mean the confidentiality agreement between the Company and the Parent, dated January 30, 2001.

(v) "Company Disclosure Letter" shall mean the Company Disclosure Schedule delivered by the Company to the Parent concurrently with the execution of this Agreement. The

Company Disclosure Letter shall include specific references to each provision of this Agreement to which information contained in the Company Disclosure Letter is intended to apply.

(w) "Company Financial Statements" shall mean all of the financial statements included in the Company Reports.

(x) "Company Licensed Software" shall mean all software (other than Company Proprietary Software) used by the Company and the Subsidiaries.

(y) "Company Material Adverse Effect" shall mean, with respect to the Company, any change, event or effect shall have occurred or been threatened that, when taken together with all other adverse changes, events or effects that have occurred or been threatened, is or is reasonably likely to (i) be materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities (including contingent liabilities) of the Company and the Subsidiaries taken as a whole or (ii) prevent or materially delay the performance by the Company of any of its obligations under this Agreement or the consummation of the Merger or the other transactions contemplated herein; provided that none of the following alone shall be deemed, in and of itself, to constitute a Company Material Adverse Effect: (a) a change in the market price or trading volume of Company Common Stock; (b) a loss by the Company of its suppliers, customers or employees that is directly and principally related to Parent being a party to this Agreement, (c) changes in general economic conditions or changes affecting the industry in which the Parent or the Company operates generally (as opposed to Parent-specific or Company-specific changes) or (d) an event which would otherwise constitute a

Company Material Adverse Effect which is the direct and principal result of an action or omission by the Company which was taken or not taken at the specific instruction of the Parent.

(z) "Company Preferred Stock" shall mean shares of preferred stock of the Company.

(aa) "Company Proprietary Software" shall mean all software owned by the Company and the Subsidiaries.

(bb) "Company Reports" shall mean all forms, reports, statements and all other documents required to be filed by the Company with the SEC since October 14, 1999.

(cc) "Company Software" shall mean the Company Licensed Software together with the Company Proprietary Software.

(dd) "Company Stock" shall mean the Company Common Stock together with the Company Preferred Stock.

(ee) "Company Stockholders" shall have the meaning set forth in the Recitals of this Agreement.

(ff) "Company Stock Option" shall mean each outstanding option to purchase shares of Company Common Stock.

(gg) "Company Stock Plan" shall mean any stock option plan or restricted stock plan of the Company, whether established or assumed by the Company in connection with an acquisition.

(hh) "Company Stockholders' Meeting" shall mean the meeting of the Company Stockholders to be called to consider the Merger.

(ii) "D&O Insurance" shall mean the Company's directors' and officers' liability insurance policies as of the date of this Agreement.

(jj) "DGCL" shall have the meaning set forth in the Recitals of this Agreement.

(kk) "Effective Time" is the time the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware, or at such other time as the parties hereto agree shall be specified in such Certificate of Merger.

(ll) "Employee/Consulting Agreements" shall mean any contracts, consulting agreements, termination or severance agreements, change of control agreements or any other agreements respecting the terms and conditions of employment or of an independent contract relationship in respect to any officer, employee or former employee, consultant or independent contractor.

(mm) "Employee Benefit Plan" shall mean with respect to any Person each plan, fund, program, agreement, arrangement or scheme, including, but not limited to each plan, fund, program, agreement, arrangement or scheme maintained or required to be maintained, in each case, that is at any time sponsored or maintained or required to be sponsored or maintained by such Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them (whether written or oral), including each deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase, stock option and other equity compensation plan, "welfare" plan (within the meaning of Section 3(1) of the ERISA, determined without regard to whether such plan is subject to ERISA); each "pension" plan (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA); each severance plan or agreement, health, vacation, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental, legal and each other employee benefit plan, fund, program, agreement or arrangement.

(nn) "Environmental Laws" shall mean local, state and federal laws and regulations relating to protection of the environment, pollution control, product registration and hazardous materials.

(oo) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(pp) "ERISA Affiliate" shall mean any Person (whether incorporated or unincorporated), that together with the Company or any Subsidiary would be

deemed a "single employer" within the meaning of Section 414 of the Code.

(qq) "ERISA Affiliate Plan" shall mean each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by an ERISA Affiliate or to which such ERISA Affiliate makes or has made, or has or has had an obligation to make, contributions at any time.

(rr) "Estimated Statement of Working Capital" shall mean the statement of working capital prepared by the Company and delivered to the Parent pursuant to Schedule 7.2(g).

(ss) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(tt) "Exchange Agent" shall mean a commercial bank or trust company reasonably designated by the Parent.

(uu) "Exchange Ratio" shall mean 0.322, as may be decreased pursuant to Section 7.2(g) and Schedule 7.2(g).

(vv) "Fair Market Value" of one share of Parent Common Stock shall be the average (rounded to the nearest 1/10,000) of the volume weighted averages (rounded to the nearest 1/10,000) of the trading prices of Parent Common Stock on the Nasdaq, as reported by Bloomberg Financial Markets (or such other source as the parties shall agree in writing) for the 20 consecutive trading days immediately preceding the second business day before the date of the Closing.

(ww) "Final Statement of Working Capital" shall mean the statement of working capital prepared by the Parent and delivered to the Company pursuant to Schedule 7.2(g).

(xx) "FLSA" shall mean the Fair Labor Standards Act.

(yy) "FMLA" shall mean the Family and Medical Leave Act.

(zz) "Form S-4" shall mean the Registration Statement on Form S-4 to be filed with the SEC by the Parent under the Securities Act in connection with the issuance of the Parent Common Stock in the Merger.

(aaa) "FTC" shall mean the Federal Trade Commission.

(bbb) "GAAP" shall mean generally accepted accounting principles.

(ccc) "Governmental Entity" shall mean any United States federal, state or local or any foreign government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.

(ddd) "Hazardous Materials" shall mean any waste, pollutant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process intermediate product or waste, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products, or any constituent of any such substance or waste, the use, handling or disposal of which by the Company is in any way governed by or subject to any applicable Law, rule or regulation of any Governmental Entity.

(eee) "Indemnified Parties" shall mean each present and former director, officer, employee and agent of the Company or any Subsidiary with rights to indemnification by the Company existing as of the date of this Agreement as provided in the Company Certificate of Incorporation or the Company Bylaws, in each case as in effect on the date of this Agreement, or pursuant to any other agreements in effect on the date hereof, copies of which have been provided to the Parent.

(fff) "Independent Advisor" shall have the meaning set forth in the Recitals of this Agreement.

(ggg) "Intellectual Property" shall mean all copyrights, trade names, trademarks, service marks, patents, universal resource locators ("URLs"), Internet domain names, (and all applications or registrations therefor), trade secrets, know-how, member lists for a Person's network of websites, marketing plans, advertising and sponsorship strategy, content on such Person's network of websites, internet tools, proprietary processes, technology, rights of publicity and privacy relating to the use of the names, likenesses, voices, signatures, and which are used by such Person and its subsidiaries or as to which such

Person or any of its subsidiaries claim an ownership interest or as to which such Person or any of its subsidiaries is a licensee or licensor.

(hhh) "Investment Agreements" shall mean the Securities Purchase Agreement and the Stockholder Agreement between Parent and Investor, dated as of February 5, 2001.

(iii) "Investor" means Hearst Communications, Inc., a Delaware corporation.

(jjj) "Labor Laws" shall mean ERISA, the Immigration Reform and Control Act of 1986, the National Labor Relations Act, the Civil Rights Acts of 1866 and 1964, the Equal Pay Act, ADEA, ADA, FMLA, WARN, the Occupational Safety and Health Act, the Davis-Bacon Act, the Walsh-Healy Act, the Service Contract Act, Executive Order 11246, FLSA and the Rehabilitation Act of 1973 and all regulations under such acts.

(kkk) "Law" shall mean any United States federal, state or local or any foreign statute, law, rule, regulation, ordinance, code, order, judgment, decree or any other requirement or rule of law.

(lll) "Major Stockholder" means Hearst Communications, Inc., a Delaware corporation.

(mmm) "Litigation" shall mean claims, suits, actions, investigations, indictments or information, or administrative, arbitration or other proceedings.

(nnn) "Merger" shall have the meaning set forth in the Recitals of this Agreement.

(ooo) "Merger Sub" shall have the meaning set forth in the introductory paragraph of this Agreement.

(ppp) "Nasdaq" shall mean the Nasdaq National Market System, a.k.a. the Nasdaq Stock Market.

(qqq) "Necessary Approval" shall have the meaning set forth in Section 6.11(a).

(rrr) "NLRB" shall mean the United States National Labor Relations Board.

(sss) "OSHA" shall mean the Occupational Safety and Health Administration.

(ttt) "Parent" shall have the meaning set forth in the introductory paragraph of this Agreement.

(uuu) "Parent Common Stock" shall mean the common stock of the Parent, par value $.01 per share.

(vvv) "Parent Disclosure Letter" shall mean the Parent Disclosure Letter delivered by the Parent to the Company concurrently with the execution of this Agreement. The Parent Disclosure Letter shall include references to each provision of this Agreement to which information contained in the Parent Disclosure Letter is intended to apply.

(www) "Parent Financial Statements" shall mean all of the financial statements included in the Parent Reports.

(xxx) "Parent Licensed Software" shall mean all software (other than Parent Proprietary Software) used by the Parent and its subsidiaries.

(yyy) "Parent Material Adverse Effect" shall mean, with respect to the Parent, any change, event or effect shall have occurred or been threatened that, when taken together with all other adverse changes, events or effects that have occurred or been threatened, is or is reasonably likely to (i) be materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities (including contingent liabilities) of the Parent and its subsidiaries taken as a whole or (ii) prevent or materially delay the performance by the Parent of any of its obligations under this Agreement or the consummation of the Merger or the other transactions contemplated by this Agreement; provided that none of the following alone shall be deemed, in and of itself, to constitute a Parent Material Adverse Effect: (a) a change in the market price or trading volume of Parent Common Stock; (b) a loss by the Parent of its suppliers, customers or employees that is directly and principally related to the Company being a party to this Agreement or (c) changes in general economic conditions or changes affecting the industry in which the Parent or the Company operates generally (as opposed to Parent-specific or Company-specific changes).

(zzz) "Parent Proprietary Software" shall mean all software owned by the Parent and its subsidiaries.

(aaaa) "Parent Reports" shall mean all forms, reports, statements and all other documents required to be filed by the Parent with the SEC since March 1, 1999.

(bbbb) "Parent Software" shall mean the Parent Licensed Software together with the Parent Proprietary Software.

(cccc) "Parent Stockholders" shall have the meaning set forth in the Recitals of this Agreement.

(dddd) "Parent Stockholders' Meeting" shall mean the meeting of the Parent Stockholders to be called to consider the Merger.

(eeee) "Per Share Merger Consideration" shall mean a fraction of a share of Parent Common Stock calculated in accordance with the Exchange Ratio (as may be adjusted downward pursuant to Section 7.2(g) and Schedule 7.2(g)), plus the Cash Amount.

(ffff) "Person" shall mean any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, trust, joint venture, joint-stock company, syndicate, association, entity, unincorporated organization or government or any political subdivision, agency or instrumentality thereof.

(gggg) "Proxy Statement/Prospectus" shall have the meaning set forth in Section 6.10.

(hhhh) "Regulatory Law" means the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and all other Federal, state and foreign, if any, statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other laws that are designed or intended to regulate mergers, acquisitions or other business combinations.

(iiii) "Representatives" shall mean officers, directors, employees, auditors, attorneys, financial advisors, lenders and other agents.

(jjjj) "Required Vote" shall mean the Company Required Vote as set forth in Section 4.26 or the Parent Required Vote as set forth in Section 5.16, as the case may be.

(kkkk) "SEC" shall mean the Securities and Exchange Commission.

(llll) "Securities Act" shall mean the Securities Act of 1933, as amended.

(mmmm) "Securities Purchase Agreement" means the Securities Purchase Agreement, between Parent and Investor, dated as of February 5, 2001.

(nnnn) "Shortfall" shall mean the amount by which the Working Capital or cash of the Company as at March 31, 2001, is less than the amounts set forth in Section 7.2(g); provided however, that any amount of Working Capital in excess of the amount set forth in Section 7.2(g) shall be added to the amount of cash of the Company as at March 31, 2001 when determining any cash Shortfall.

(oooo) "Stockholders' Meetings" shall mean the Company Stockholders' Meeting and the Parent Stockholders' Meeting.

(pppp) "Subsidiary" shall mean each subsidiary of the Company.

(qqqq) "Superior Proposal" shall mean any proposal made by a third party (i) relating to any direct or indirect acquisition or purchase of all or substantially all of the assets of a Person and its subsidiaries, taken as a whole, or 80% of the combined voting power of the shares of such Person's Common Stock, or any tender offer or exchange offer that if consummated would result in any other Person beneficially owning 80% or more of the combined voting power of the shares of such Person's Common Stock and (ii) otherwise on terms which the Board of Directors of such Person determines in its good faith judgment (based upon the advice of a financial advisor of nationally recognized reputation), taking into account the Person making the proposal and the legal,

financial, regulatory and other aspects of the proposal deemed appropriate by the Board of Directors of such Person, (x) is more favorable from a financial point of view than the Merger to its stockholders taken as a whole, (y) is reasonably capable of being completed and (z) for which financing, to the extent required, is then committed or is capable of being obtained by such third party.

(rrrr) "Surviving Corporation" shall mean the corporation surviving the Merger.

(ssss) "Tax" (and, with correlative meaning, "Taxes") means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, premium, withholding, alternative or added minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty or addition thereto, whether disputed or not, imposed by any Governmental Entity.

(tttt) "Tax Opinion" shall mean a written opinion of Orrick, Herrington & Sutcliffe LLP, counsel to the Parent, addressed and reasonably acceptable to the Parent, to the effect that the Merger will not give rise to gain or loss to the Parent or the Parent Stockholders.

(uuuu) "Tax Return" means any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including any information return, claim for refund, amended return or declaration of estimated Tax.

(vvvv) "Termination Fee" shall mean $1 million.

(wwww) "Voting Agreements" shall have the meaning set forth in the Recitals of this Agreement.

(xxxx) "WARN" shall mean the United States Worker Adjustment and Retraining Notification Act.

(yyyy) "Working Capital" shall mean current assets (excluding prepaid expenses) minus current liabilities of the Company (excluding deferred revenue and including accrued liabilities for the MSN and Alta Vista matters set forth in the Company Disclosure Letter), and shall not reflect the transaction expenses set forth on Schedule 1, whether or not such expenses or any portion thereof have been paid. A statement of estimated Working Capital for the Company as at March 31, 2001, illustrating the elements of Working Capital, is attached hereto as Schedule 2.

ARTICLE II
THE MERGER

2.1 The Merger. Upon the terms and subject to the conditions of this Agreement, and in accordance with the DGCL, at the Effective Time, the Merger Sub shall be merged with and into the Company. As a result of the Merger, the separate existence of the Merger Sub shall cease and the Company shall continue as the Surviving Corporation. The corporate existence of the Company, with all its purposes, rights, privileges, franchises, powers and objects, shall continue unaffected and unimpaired by the Merger and, as the Surviving Corporation, it shall be governed by the laws of the State of Delaware.

2.2 Effective Time; Closing. As promptly as practicable (and in any event within five business days) after the satisfaction or waiver of the conditions set forth in Article VII hereof, the parties hereto shall cause the Merger to be consummated by filing the Certificate of Merger with the Secretary of State of the State of Delaware and by making all other filings or recordings required under the DGCL in connection with the Merger, in such form as is required by, and executed in accordance with the relevant provisions of, the DGCL. The Merger shall become effective at the Effective Time. The Closing shall be held at 10:00 a.m., local time, at the offices of Orrick, Herrington & Sutcliffe LLP, located at 666 Fifth Avenue, New York, NY 10103, or at such other time and location as the parties hereto shall otherwise agree.

2.3 Effect of the Merger. At the Effective Time, the effect of the Merger shall be as provided in the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of the Company and the Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities, obligations, restrictions, disabilities and duties of the Company and the Merger Sub shall become the debts, liabilities, obligations, restrictions, disabilities and duties of the Surviving Corporation.

2.4 Conversion of Company Common Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Parent, the Merger Sub, the Company or the holders of any of the following securities:

(a) Each share of Company Common Stock issued and outstanding

immediately prior to the Effective Time (other than shares canceled pursuant to Section 2.4(b)) shall be canceled and shall by virtue of the Merger and without any action on the part of the holder thereof be converted automatically into the right to receive the Per Share Merger Consideration (as may be adjusted downward pursuant to Section 7.2(g) and Schedule 7.2(g)), upon the surrender of the Certificate representing such share in the manner set forth in Section 2.5. All such shares of Company Common Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a Certificate representing such shares shall cease to have any rights with respect thereto, except the right to receive that amount of cash and number of shares of Parent Common Stock into which such shares of Company Common Stock have been converted, cash in lieu of fractional shares as provided in Section 2.6(c) and any dividends or other distributions payable pursuant to Section 2.6.

(b) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time that is owned by the Parent or the Merger Sub and each share of Company Common Stock that is owned by the Company as treasury stock shall be canceled and retired and cease to exist and no payment or distribution shall be made with respect thereto.

(c) Each limited liability company interest of the Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one validly issued, fully paid and nonassessable share of common stock, par value $.01 per share, of the Surviving Corporation and shall constitute the only outstanding shares of capital stock of the Surviving Corporation.

(d) If after the date hereof and prior to the Effective Time, the Parent shall have declared a stock split (including a reverse split) of Parent Common Stock or a dividend payable in

Parent Common Stock or effected any recapitalization or reclassification of its common stock or any other similar transaction, then the Exchange Ratio shall be appropriately adjusted to reflect such stock split, dividend, recapitalization, reclassification or similar transaction.

(e) Stock Options. At the Effective Date, each Company Stock Option, other than any option issued under the Employee Stock Purchase Plan, shall be assumed by the Parent in such manner that it is converted into an option to purchase shares of Parent Common Stock, as provided below. Following the Effective Time, each Company Stock Option shall continue to have, and be subject to, the same terms and conditions set forth in the relevant Company Stock Plan and applicable award agreement immediately prior to the Effective Time; except that (i) each such Company Stock Option will be exercisable (or will become exercisable in accordance with its terms) for that number of whole Shares of Parent Common Stock equal to the product of the number of shares of Company Common Stock that were issuable upon exercise of such the Company Stock Option immediately prior to the Effective Time multiplied by the Exchange Ratio, rounded down to the nearest whole number of Shares of Parent Common Stock and (ii) the per share exercise price for Parent Common Stock issuable upon exercise of such Company Stock Option will be equal to the difference between the quotient determined by dividing the exercise price per share of the Company Common Stock at which such Company Stock Option was exercisable immediately prior to the Effective Time by the Exchange Ratio, rounded up to the nearest whole cent, minus the Cash Amount. The Parent shall file with the SEC, no later than 30 days after the Effective Time, a registration statement on a Form S-8 relating to the shares of Parent Common Stock issuable with respect to the Company Options assumed by the Parent in accordance with this Section 2.4(e)

2.5 Exchange of Certificates.

(a) Prior to the Effective Time, the Parent shall appoint the Exchange Agent for the purpose of exchanging Certificates. At or prior to the Effective Time, the Parent shall deposit with the Exchange Agent, for the benefit of the holders of shares of Company Common Stock, for exchange in accordance with this Article II through the Exchange Agent, cash and certificates representing Parent Common Stock issuable pursuant to Section 2.4 in exchange for outstanding shares of Company Common Stock. The Parent agrees to make available to the Exchange Agent on a timely basis as needed, cash sufficient to pay cash in lieu of fractional shares pursuant to Section 2.5(c) and any dividends or other distributions payable pursuant to Section 2.6.

(b) As soon as reasonably practicable after the Effective Time, the Parent and the Surviving Corporation shall cause the Exchange Agent to mail to each holder of record of Company Common Stock (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent accompanied by a properly executed letter of transmittal and shall be in such form and have such other provisions as the Parent may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificates in

exchange for cash and certificates representing shares of Parent Common Stock. Upon the surrender to the Exchange Agent of one or more Certificates for cancellation, together with such letter of transmittal, duly executed, and such other documents as may reasonably be required by the Exchange Agent, the holder will receive cash and certificates representing that amount of cash and number of whole shares of Parent Common Stock to be issued in respect of the aggregate number of such shares of Company Common Stock previously represented by the Certificates surrendered and cash in lieu of fractional shares as

provided in Section 2.5(c) and any dividends or other distributions payable pursuant to Section 2.6. No interest will be paid or will accrue on cash payable pursuant to Section 2.5(c) or 2.6.

(c) No certificate or scrip representing fractional shares of Parent Common Stock shall be issued upon the surrender for exchange of Certificates, and such fractional share interests will not entitle the owner thereof to vote or to any rights as a stockholder of the Parent. All fractional shares of Parent Common Stock that a holder of Company Common Stock would otherwise be entitled to receive as a result of the Merger shall be aggregated and if a fractional share results from such aggregation, such holder shall be entitled to receive, in lieu thereof, an amount in cash determined by multiplying (i) the per share closing price of Parent Common Stock quoted on the Nasdaq on the date of the Closing by (ii) the fraction of a share of Parent Common Stock to which such holder would otherwise have been entitled. The Parent shall timely make available to the Exchange Agent any cash necessary to make payments in lieu of fractional shares as aforesaid. No such cash in lieu of fractional shares of Parent Common Stock shall be paid to any holder of Company Common Stock until Certificates are surrendered and exchanged in accordance with Section 2.5(a).

(d) If a certificate for Parent Common Stock is to be sent to a Person other than the Person in whose name the Certificates for shares of Company Common Stock surrendered for exchange are registered, it shall be a condition of the exchange that the Person requesting such exchange shall pay to the Exchange Agent any transfer or other taxes required by reason of the delivery of such Certificate to a Person other than the registered holder of the Certificate surrendered, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not applicable.

(e) The cash paid and shares of Parent Common Stock issued upon the surrender of Certificates in accordance with the terms hereof shall be deemed to have been paid and issued in full satisfaction of all rights pertaining to such shares of Company Common Stock.

2.6 Dividends. No dividends or other distributions that are declared or made after the Effective Time with respect to Parent Common Stock payable to holders of record thereof after the Effective Time shall be paid to a Company Stockholder entitled to receive certificates representing Parent Common Stock until such stockholder has properly surrendered such stockholder's Certificates. Upon such surrender, there shall be paid to the stockholder in whose name the certificates representing such Parent Common Stock shall be issued any dividends which shall have become payable with respect to such Parent Common Stock between the Effective Time and the time of such surrender, without interest. After such surrender, there shall also be paid to the stockholder in whose name the certificates representing such Parent Common Stock shall be issued any dividend on such Parent Common Stock that shall have a record date subsequent to the Effective Time and prior to such surrender and a payment date after such surrender; provided that such dividend payments shall be made on such payment dates. In no event shall the stockholder entitled to receive such dividends be entitled to receive interest on such dividends.

2.7 No Liability. None of the Parent, Merger Sub, the Company, the Surviving Corporation or the Exchange Agent shall be liable to any Person in respect of any Parent Common Stock, any dividends or distributions with respect thereto or any cash in lieu of fractional shares of applicable Parent Common Stock, in each case delivered to a public official pursuant to any

applicable abandoned property, escheat or similar law. If any Certificate shall not have been surrendered prior to six months after the Effective Time (or immediately prior to such earlier date on which any Parent Common Stock, any dividends or distributions payable to the holder of such Certificate, the Cash Amount or any cash payable in lieu of fractional shares of Parent Common Stock pursuant to this Article II, would otherwise escheat to or become the property of any Governmental Entity), any such Parent Common Stock, dividends or distributions in respect thereof or such cash shall, to the extent permitted by applicable law, be delivered to the Parent, upon demand, and any holders of Company Common Stock who have not theretofore complied with the provisions of this Article II shall thereafter look only to the Parent for satisfaction of

their claims for such Parent Common Stock, dividends or distributions in respect thereof or such cash.

2.8 Lost Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will deliver in exchange for such lost, stolen or destroyed Certificate the Parent Common Stock and cash to be issued pursuant to Section 2.4 with respect to the shares of Company Common Stock formerly represented thereby, any cash in lieu of fractional shares of Parent Common Stock, and unpaid dividends and distributions on shares of Parent Common Stock deliverable in respect thereof, pursuant to this Agreement.

2.9 Withholding Rights. The Surviving Corporation shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to any Company Stockholder such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign tax law. To the extent that amounts are so withheld by the Surviving Corporation, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Company Stockholder in respect of which such deduction and withholding was made by the Surviving Corporation.

2.10 Shares held by the Company Affiliates. Anything to the contrary in this Agreement notwithstanding, no shares of Parent Common Stock (or certificates therefor) shall be issued in exchange for any certificate to any Person who may be an "affiliate" of the Company (identified pursuant to Section 6.16) until the Person shall have delivered to Parent and the Company a duly executed letter as contemplated by Section 6.16.

2.11 Closing of Company Transfer Books. At the Effective Time, the stock transfer books of the Company shall be closed and no transfer of Company Common Stock shall thereafter be made. If, after the Effective Time, Certificates are presented to the Surviving Corporation, they shall, when accompanied by proper documentation, be exchanged for the Per Share Merger Consideration for each share of Company Common Stock represented thereby in the manner provided in this Article II, any cash in lieu of fractional shares payable pursuant to Section 2.5(c) and any dividends or distributions payable pursuant to Section 2.6.

2.12 Taxable Transaction. The Merger is intended not to constitute a reorganization within the meaning of Section 368(a) of the Code. The parties hereto agree to report the Merger consistent with such treatment.

2.13 Rule 16b-3 Approval. The Parent and the Company each agree that its Board of Directors shall, at or prior to the Effective Time, adopt resolutions specifically approving, for purposes of Rule 16b-3 ("Rule 16b-3") under the Exchange Act, the transactions contemplated by Section 2.4(e) and any other dispositions of Company equity securities (including derivative securities) or acquisitions of Parent equity securities (including derivative securities) in connection with this Agreement by each individual who (a) in the case of the Company is a director or officer of the Company and (b) in the case of the Parent is, or at the Effective Time will become, a director or officer of the Parent.

ARTICLE III
THE SURVIVING CORPORATION

3.1 Certificate of Incorporation. The Certificate of Merger shall provide that the Restated Certificate of Incorporation of the Company as amended and restated as set forth in such Certificate of Merger shall become the Certificate of Incorporation of the Surviving Corporation, until the same shall thereafter be altered, amended or repealed in accordance with applicable law or such Certificate of Incorporation.

3.2 Bylaws. The Certificate of Merger shall provide that the Bylaws of the Company as in effect immediately prior to the Effective Time shall become the Bylaws of the Surviving Corporation, until the same shall thereafter be altered, amended or repealed in accordance with applicable law, the Certificate of Incorporation of the Surviving Corporation or such Bylaws.

3.3 Directors and Officers. The Certificate of Merger shall provide that from and after the Effective Time, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified in accordance with applicable law, (i) the directors of the Merger Sub at the Effective Time shall become the directors of the Surviving Corporation, and (ii) the officers of the Merger Sub at the Effective Time shall become the officers of the Surviving Corporation.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as disclosed in the Company Disclosure Letter delivered by the Company to the Parent prior to the execution of this Agreement, the Company represents and warrants to each of the other parties hereto as follows:

4.1 Organization and Standing. Except as set forth in the Company Disclosure Letter, the Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has full corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and assets and to conduct its business as presently conducted and (iii) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company has furnished or made available to the Parent true and complete copies of the Company Certificate of Incorporation and the Company

Bylaws, each as amended to date. Such Company Certificate of Incorporation and Company Bylaws are in full force and effect, and the Company is not in violation of any provision therein.

4.2 Authority for Agreement.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated by this Agreement. The execution, delivery and performance by the Company of this Agreement, and the consummation by the Company of the Merger and the other transactions contemplated by this Agreement, have been duly authorized by all necessary corporate action (including the approval of the Board of Directors of the Company) and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or to consummate the Merger or the other transactions contemplated herein (other than, with respect to the Merger, the approval and adoption of this Agreement by the Required Vote and the filing and recordation of appropriate merger documents as required by the DGCL). This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the Parent and the Merger Sub, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited against the Company by (i) bankruptcy, insolvency, reorganization, moratorium and similar laws, both state and federal, affecting the enforcement of creditors' rights or remedies in general as from time to time in effect or (ii) the exercise by courts of equity powers.

(b) At a meeting duly called and held on February 5, 2001, the Board of Directors of the Company (i) determined that this Agreement and the other transactions contemplated herein, including the Merger, are advisable, fair to and in the best interests of the Company and the Company Stockholders, (ii) approved, authorized and adopted this Agreement, the Merger and the other transactions contemplated herein, (iii) recommended approval and adoption of this Agreement and the Merger by the Company Stockholders and (iv) established a record date and meeting date and time for the Company Stockholders' Meeting.

(c) The Independent Advisor has delivered to the Board of Directors of the Company its written opinion, dated as of the date of this Agreement, that, as of such date and based on the assumptions, qualifications and limitations contained therein, the Per Share Merger Consideration is fair, from a financial point of view, to the Company Stockholders. A copy of such opinion has been provided to the Parent. The Board of Directors of the Company has received as of the date hereof from the Independent Advisor consent to the inclusion of its name in any documents to be delivered to the Company Stockholders in connection with the transactions contemplated by this Agreement.

4.3 Capitalization. The authorized capital stock of the Company consists of 195,000,000 shares of Company Common Stock and 5,000,000 shares of Company Preferred Stock. As of the date hereof, (i) 47,249,399 shares of Company Common Stock, all of which are validly issued, fully paid and nonassessable and free of preemptive rights, (ii) no shares of Company Common Stock are held in the treasury of the Company and (iii) 7,337,255 Company Stock Options are outstanding pursuant to the Company Stock Plans, each such option entitling the holder thereof to purchase one share of Company Common Stock, and 4,800,087 shares of Company Common Stock are authorized and reserved for future issuance pursuant to the exercise of such Company Stock

Options and (iv) no shares of Company Preferred Stock are issued and outstanding. The Company Disclosure Letter sets forth a true and complete list of the Company Stock Options outstanding as of the date of this Agreement with the exercise prices and periods of exercisability. Except as set forth above or in the Company Disclosure Letter, as of the date of this Agreement, there are no options, warrants, convertible securities, subscriptions, stock appreciation rights, phantom stock plans or stock equivalents or other rights, agreements, arrangements or commitments (contingent or otherwise) of any character issued or authorized by the Company relating to the issued or unissued capital stock of the Company or obligating the Company to issue or sell any shares of capital stock of, or options, warrants, convertible securities, subscriptions or other equity interests in, the Company. All shares of capital stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in the Company Disclosure Letter, there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of Company Stock or to pay any dividend or make any other distribution in respect thereof or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Person. As of the date hereof, there are no voting trusts or other agreements or understandings to which the Company is a party with respect to the voting of stock of the Company.

4.4 Subsidiaries.

(a) The Company Disclosure Letter sets forth the name and state or jurisdiction of incorporation of each Subsidiary. Each of the Subsidiaries (i) is a corporation or other business entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has full corporate power and authority and all necessary government approvals to own, lease and operate its properties and assets and to conduct its business as presently conducted and (iii) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary except where failure to be so qualified or licensed would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company has furnished or made available to the Parent true and complete copies of the certificate of incorporation, bylaws or comparable organizational documents of each Subsidiary, each as amended to date. Such organizational documents are in full force and effect, and no Subsidiary is in violation of any provision therein.

(b) The Company owns beneficially and of record all of the issued and outstanding capital stock or other securities of each Subsidiary and does not own an equity interest in any other corporation, partnership or entity, other than in the Subsidiaries. Each outstanding share of capital stock or other securities of each Subsidiary is duly authorized, validly issued, fully paid and nonassessable and each such share or other equity interest owned by the Company or another Subsidiary is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Company's or such other Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever.

4.5 No Conflict. The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company and the consummation of the Merger (subject to the approval and adoption of this Agreement by the Company Required Vote) and the other transactions contemplated by this Agreement will not, (i) conflict with or violate the Company

Certificate of Incorporation or Company Bylaws or equivalent organizational documents of any of the Subsidiaries, (ii) subject to Section 4.6, conflict with or violate any Law applicable to the Company or any of the Subsidiaries or by which any material property or asset of the Company or any of the Subsidiaries is bound or affected, or (iii) result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, give to others any right of termination, amendment, acceleration or cancellation of, result in triggering any payment or other obligations, or result in the creation of a lien or other encumbrance on any material property or asset of the Company or any of the Subsidiaries pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or any material property or asset of any of them is bound or affected, except in the case of clauses (ii) and (iii) above for any such conflicts, violations, breaches, defaults or other occurrences which could not reasonably be expected to have, individually or in the aggregate, have a Company Material Adverse Effect.

4.6 Required Filings and Consents. The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company will not, require any consent, approval, authorization or permit of, or

filing with or notification to, any Governmental Entity, except (i) for applicable requirements, if any, of the Securities Act, the Exchange Act, or state securities laws or "blue sky" laws and filing and recordation of appropriate merger documents as required by the DGCL, and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, could not, individually or in the aggregate, have a Company Material Adverse Effect.

4.7 Compliance. Except as disclosed in the Company Reports filed by the Company with the SEC prior to the date of this Agreement, the businesses of the Company and the Subsidiaries are not being conducted in violation of any law, ordinance, regulation, judgment, order, decree, writ, injunction, license or permit of any Governmental Entity, except for violations which have not had, and could not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. No investigation or review by any Governmental Entity with respect to the Company or any Subsidiary is pending or, to the knowledge of the Company threatened, in each case other than those the outcome of which have not had, and could not reasonably be expected to have, either individually or in the aggregate, a Company Material Adverse Effect.

4.8 Litigation. Except as set forth in the Company Disclosure Letter, there is no claim, suit, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company or any Subsidiary which, either individually or in the aggregate, has had, or could be reasonably expected to have, a Company Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Company or any Subsidiary, either individually or in the aggregate, which has had, or could be reasonably expected to have, a Company Material Adverse Effect.

4.9 Company Reports; Financial Statements.

(a) The Company has filed all Company Reports, each of which has complied in all material respects with the applicable requirements of the Securities Act, and the rules and regulations

promulgated thereunder, or the Exchange Act, and the rules and regulations promulgated thereunder, each as in effect on the date so filed. None of the Company Reports (including but not limited to, any financial statements or schedules included or incorporated by reference therein) contained when filed any untrue statement of a material fact or omitted or omits to state a material fact required to be stated or incorporated by reference therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) All of the Company Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and the Subsidiaries at the respective dates thereof and the consolidated results of its operations and changes in cash flows for the periods indicated (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) There are no liabilities of the Company or any of the Subsidiaries of any kind whatsoever, whether or not accrued and whether or not contingent or absolute, that are material to the Company and the Subsidiaries, taken as a whole, other than (i) liabilities disclosed or provided for in the consolidated balance sheet of the Company and the Subsidiaries at September 30, 2000, including the notes thereto, (ii) liabilities disclosed in the Company Reports, (iii) liabilities incurred on behalf of the Company under this Agreement and the contemplated Merger, and (iv) liabilities incurred in the ordinary course of business consistent with past practice since September 30, 2000, none of which are, individually or in the aggregate, reasonably likely to have a Company Material Adverse Effect.

(d) The Company has heretofore furnished or made available to the Parent a complete and correct copy of any amendments or modifications which have not yet been filed with the SEC to agreements, documents or other instruments which previously had been filed by the Company with the SEC as exhibits to the Company Reports pursuant to the Securities Act and the rules and regulations promulgated thereunder or the Exchange Act and the rules and regulations promulgated thereunder.

4.10 Absence of Certain Changes or Events. Except as disclosed in the Company Disclosure Letter and the Company Reports and except for any Subsidiary liabilities incurred in connection with this Agreement or the transactions contemplated hereby, since September 30, 2000, the Company and its subsidiaries have conducted their business only in the ordinary course or as disclosed in any Company Reports, and there has not been (i) any change or event having, or that could reasonably be expected to have, a Company Material Adverse Effect, (ii) any declaration, setting aside or payment of any dividend or other distribution

(whether in cash, stock or property) with respect to any of the Company's capital stock, (iii) any split, combination or reclassification of any of the Company's capital stock or any substitution for shares of the Company's capital stock, except for issuances of Company Common Stock upon the exercise of options awarded prior to the date hereof in accordance with the Company Stock Plans, (iv) except as set forth in the Company Disclosure Letter (1) any granting by the Company or any Subsidiary, to any current or former director, executive officer or other key employee of the Company or any Subsidiary, of any increase in compensation, bonus or other benefits, except for normal increases in the ordinary course of business or as was required under any employment agreements in effect as of the date of the most recent audited financial statements included in the Company Reports filed and publicly available prior to the date of this Agreement which have been disclosed to Parent in the manner described in

Section 4.15, (2) any granting by the Company or any Subsidiary, to any such current or former director, executive officer or key employee of any increase in severance or termination pay or (3) any entry by the Company or any Subsidiary into, or any amendment of, any employment, deferred compensation, consulting, severance, termination or indemnification agreement with any such current or former director, executive officer or key employee, (v) except insofar as may have been disclosed in the Company Reports or required by a change in GAAP, any change in accounting methods, principles or practices by the Company or any Subsidiary, materially affecting its assets, liabilities or business or (vi) except insofar as may have been disclosed in the Company Reports, any tax election that individually or in the aggregate could reasonably be expected to have a Company Material Adverse Effect.

4.11 Taxes.

(a) Each of the Company and the Subsidiaries has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by any of the Company and the Subsidiaries (whether or not shown on any Tax Return) have been paid. None of the Company and the Subsidiaries currently is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Company or any Subsidiary does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. There are no security interests on any of the assets of any of the Company and the Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) Each of the Company and the Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

(c) There is no dispute or claim concerning any Tax liability of any of the Company or the Subsidiaries either (i) claimed or raised by any Governmental Entity in writing or (ii) as to which any of the directors, officers and employees responsible for Tax matters of the Company and the Subsidiaries has knowledge based upon personal contact with any agent of such Governmental Entity. The Company Disclosure Letter lists all Tax Returns filed with respect to any of the Company and the Subsidiaries that have been audited, and indicates those Tax Returns that currently are the subject of audit. The Company and the Subsidiaries have delivered to the Parent correct and complete copies of all federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by any of the Company and the Subsidiaries since January 1, 1998.

(d) None of the Company and the Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) None of the Company and the Subsidiaries has filed a consent under Section 341(f) of the Code concerning collapsible corporations. None of the Company and the Subsidiaries is a party to any Tax allocation or sharing agreement. None of the Company and the Subsidiaries (A) has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company) or (B) has any liability for the Taxes of any Person (other than any of the Company and the Subsidiaries) under Treasury

Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law), as a transferee or successor, by contract, or otherwise.

(f) The unpaid Taxes of the Company and the Subsidiaries did not, as of September 30, 2000, exceed the reserve for Tax liability (rather than any

reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the balance sheet (disregarding any notes thereto) included in the Company's unaudited financial statements as of and for the nine months ended September 30, 2000 included in the Company's Form 10-Q for such period as filed with the SEC.

4.12 Title to Personal Property. Except as set forth in the 10-K or in the Company Disclosure Letter, the Company and each of the Subsidiaries have good and marketable title to, or a valid leasehold interest in, all of their tangible personal properties and assets reflected in the 10-K or acquired after December 31, 1999 (other than assets disposed of since December 31, 1999 in the ordinary course of business consistent with past practice), in each case free and clear of all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever, except for such as which secure indebtedness and which are properly reflected in the 10-K. The tangible personal property and assets of the Company and the Subsidiaries are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and are usable in the regular and ordinary course of business. The Company and the Subsidiaries either own, or have valid leasehold interests in, all tangible personal properties and assets used by them in the conduct of their business, except where the absence of such ownership or leasehold interest could not individually or in the aggregate have a Company Material Adverse Effect. Neither the Company nor any of the Subsidiaries has any legal obligation, absolute or contingent, to any other Person to sell or otherwise dispose of any of its tangible personal properties or assets with an individual value of $50,000 or an aggregate value in excess of $100,000

4.13 Real Property. Except as set forth in the 10-K, the Company and the Subsidiaries have good and marketable title to, or a valid leasehold interest in, all of their real properties reflected in the 10-K or acquired after December 31, 1999, in each case free and clear of all title defects, liens, encumbrances and restrictions, except for (i) liens, encumbrances or restrictions which secure indebtedness and which are properly reflected in the 10-K; (ii) liens for Taxes accrued but not yet payable; (iii) liens arising as a matter of law in the ordinary course of business with respect to obligations incurred after December 31, 1999, provided that the obligations secured by such liens are not delinquent; and (iv) such other title defects, liens, encumbrances and restrictions, if any, as individually or in the aggregate are not reasonably likely to have a Company Material Adverse Effect. The Company Disclosure Letter sets forth a true, correct and complete list of all real property owned by the Company or a Subsidiary at any time during the past five years and a true and correct list of all real property leased by each of the Company and the Subsidiaries identifying with respect to each lease of such real property the date of, the parties to, and any amendments, modifications, extensions or other supplements to such lease. Neither the Company nor any Subsidiary has sent or received any written notice of any material default under any of the leases of real property to which it is party. Neither the Company nor any Subsidiary has breached or is in default in any material respect under any covenant, agreement, term or condition of or contained in any lease of real property to which it is a party and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default or breach.

4.14 Environmental Compliance and Disclosure.

(a) Each of the Company and the Subsidiaries possesses, and is in compliance in all material respects with, all permits, licenses and government authorizations and has filed all notices that are required under Environmental Laws applicable to the Company and the Subsidiaries, and each of the Company and the Subsidiaries is in compliance with all applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those laws or contained in any Law, regulation, code, plan, order, decree, judgment, notice, permit or demand letter issued, entered, promulgated or approved thereunder, except where the failure to so comply, individually or in the aggregate, could not reasonably be expected to have a Company Material Adverse Effect.

(b) Neither the Company nor any Subsidiary has received written notice of actual or threatened liability under CERCLA or any similar state or local statute or ordinance from any Governmental Entity or any third party.

(c) Neither the Company nor any Subsidiary has entered into or agreed to, or does it contemplate entering into any consent decree or order, and neither the Company nor any Subsidiary is subject to any judgment, decree or judicial or administrative order relating to compliance with any applicable Environmental Laws.

(d) Neither the Company nor any Subsidiary has received notice that it is subject to any claim, obligation, liability, loss, damage or expense of whatever kind or nature, contingent or otherwise, incurred or imposed or based upon any provision of any Environmental Law and arising out of any act or

omission of the Company or any Subsidiary, its employees, agents or representatives.

4.15 Officers and Employees. The Company Disclosure Letter contains a true and complete list of all of the (a) executive officers of the Company and the Subsidiaries and (b) all other key employees of the Company and the Subsidiaries with annual compensation in excess of $125,000, in each case, specifying, by individual, their position, annual salary and other amounts paid and benefits provided to such individual. Except as set forth in the Company Disclosure Letter, none of the Company and the Subsidiaries is a party to or bound by any Employee/Consulting Agreement. The Company has provided to the Parent true, correct and complete copies of each such Employee/Consulting Agreement. The Company has provided the Parent with true, correct and complete copies of any arbitration agreements or confidentiality agreements between the Company or any Subsidiary and an officer, employee, or former employee, consultant or independent contractor of the Company or any Subsidiary. None of the Company and the Subsidiaries has made any verbal commitments to any such officers, employees or former employees, consultants or independent contractors with respect to compensation, promotion, retention, termination, severance or similar matters in connection with the transactions contemplated by this Agreement or otherwise. Except as set forth in the Company Disclosure Letter, all officers and employees of the Company and the Subsidiaries are active on the date hereof.

4.16 Employee Benefit Plans.

(a) The Company Disclosure Letter contains a true and complete list of each Company Benefit Plan sponsored, maintained or contributed to by the Company or any Subsidiary within the last five calendar years. Each Company Benefit Plan currently in effect is identified as a

"current plan" on the Company Disclosure Letter and any special tax status enjoyed by such plan is noted on the Company Disclosure Letter.

(b) With respect to each Company Benefit Plan identified on the Company Disclosure Letter, the Company has heretofore delivered or made available to the Parent true and complete copies of (i) the plan documents and any amendments thereto (or if the plan is not written, a written description thereof), (ii) any related trust or other funding vehicle, (iii) annual reports required to be filed with any Governmental Entity with respect to such plan, actuarial reports, funding and financial information returns and statements for the past three years, (iv) all contracts with any parties providing services or insurance to such plan, (v) all material internal memoranda regarding such plans, (vi) copies of material correspondence with all Governmental Entities, plan summaries or summary plan descriptions, summary annual reports, booklets and personnel manuals and any other reports or summaries required under Applicable Benefit Laws, (vii) the most recent determination letter received from the Internal Revenue Service with respect to each such plan intended to qualify under Section 401 of the Code, if applicable, and (viii) such other documentation with respect to any Company Benefit Plan as is reasonably requested by the Parent.

(c) The Company and the Subsidiaries have maintained all material employee data necessary to administer each Company Benefit Plan, including data required to be maintained under Sections 107 and 209 of ERISA, and such data is materially true and correct and is maintained in a usable form.

(d) No Company Benefit Plan or ERISA Affiliate Plan is or was subject to Title IV of ERISA or Section 412 of the Code, nor is any Company Benefit Plan or ERISA Affiliate Plan a "multiemployer pension plan", as defined in Section 3(37) of ERISA, or subject to Section 302 of ERISA. Neither the Company, any Subsidiary, an ERISA Affiliate nor a predecessor in interest of any of them has or has had an obligation to make contributions or reimburse another employer, either directly or indirectly, including through indemnification or otherwise, for making contributions to a plan that is or was subject to Title IV of ERISA. Neither the Company nor any Subsidiary has incurred, and no facts exist which reasonably could be expected to result in, liability to the Company or any Subsidiary as a result of a termination, withdrawal or funding waiver with respect to any ERISA Affiliate Plan or Company Benefit Plan.

(e) Each Company Benefit Plan has been established, registered, qualified, invested, operated and administered in all respects in accordance with its terms in compliance with all Applicable Benefit Laws and in accordance with all understandings, written or oral, between the Company and each Subsidiary and their respective current or former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees, as applicable. None of the Company and the Subsidiaries has incurred, and the Company has no knowledge of any facts that exist which reasonably could be expected to result in any liability to the Company or any Subsidiary with respect to any Company Benefit Plan or any ERISA Affiliate Plan, including any

liability, tax, penalty or fee under ERISA, the Code or any Applicable Benefit Law (other than to pay premiums, contributions or benefits in the ordinary course).

(f) All obligations regarding each Company Benefit Plan have been satisfied, and there are no outstanding defaults or violations by any party to any Company Benefit Plan. No taxes, penalties or fees are owing under any Company Benefit Plan.

(g) The Company has no knowledge of any facts or circumstances that exist that is likely to adversely affect the tax-exempt status of a Company Benefit Plan that is intended to be tax-exempt. Further, each Company Benefit Plan intended to be "qualified" within the meaning of Section 401(a) of the Code and the trusts maintained thereunder that are intended to be exempt from taxation under Section 501(a) of the Code has received a favorable determination or other letter indicating that it is so qualified.

(h) The assets of each Company Benefit Plan are reported at their fair market value on the financial statements of each such plan.

(i) Other than those Company Benefit Plans listed in the Company Disclosure Letter and as specifically described therein, no Company Benefit Plan provides medical, surgical, hospitalization, death or similar benefits (whether or not insured) for current or former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees (or any of their dependents, spouses or beneficiaries) of the Company or any Subsidiary or any predecessor in interest of such Company or Subsidiary for periods extending beyond their retirement or other termination of service, other than continuation coverage mandated by any Applicable Benefit Law and only to the extent required under such law.

(j) All contributions or premiums required to be made by the Company or any Subsidiary under the terms of each Company Benefit Plan or by Applicable Benefit Laws have been made in a timely fashion in accordance with Applicable Benefit Laws and the terms of the Company Benefit Plan. Contributions or premiums will be paid by the Company or a Subsidiary for the period up to the Closing even though not otherwise required to be made until a later date. Each Company Benefit Plan is fully funded or fully insured on both an ongoing and termination or wind-up basis, pursuant to the actuarial assumptions set forth in the Company Disclosure Letter.

(k) No insurance policy or any other contract or agreement affecting any Company Benefit Plan requires or permits a retroactive increase in premiums or payments due thereunder. The level of insurance reserves under each insured Company Benefit Plan is reasonable and sufficient to provide for all incurred but unreported claims.

(l) There have been no improper withdrawals, applications or transfers of assets from any Company Benefit Plan or the trusts or other funding media relating thereto which would have a Company Material Adverse Effect, and neither the Company, any Subsidiary nor any of their agents has been in breach of any material fiduciary obligation with respect to the administration of any Company Benefit Plan or the trusts or other funding media relating thereto.

(m) The Company or a Subsidiary has the right under the terms of each Company Benefit Plan and under Applicable Benefit Law to amend, revise, merge or terminate such plan (or its participation in such plan) or transfer the assets of such plan to another arrangement, plan or fund at any time exclusively by action of the Company or such Subsidiary, and no additional contributions would be required to properly effect such termination.

(n) The execution, delivery and performance of, and consummation of the transactions contemplated by, this Agreement will not (i) entitle any current or former employee, director, officer, consultant, independent contractors, contingent worker or leased employee (or any of their dependents, spouses or beneficiaries) of the Company or any Subsidiary to severance pay,

unemployment compensation or any other payment, (ii) accelerate the time of payment or vesting or (iii) increase the amount of compensation due any such individual.

(o) None of the Company and the Subsidiaries has made any payments, is obligated to make any payments, or is a party to any agreement that under certain circumstances could obligate the Company or any Subsidiary to make any payments that will not be deductible for federal income tax purposes by reason of Section 280G of the Code.

(p) There are no pending or, to the Company's knowledge, threatened or anticipated claims, investigations, examinations, audits or other proceedings or actions by, against, involving or on behalf of any Company Benefit Plan by any current or former employee, director, officer, consultant, independent contractors, contingent worker or leased employee (or any of their dependents, spouses or beneficiaries) of the Company or any Subsidiary or any predecessor in interest covered under such Company Benefit Plan, by any Governmental Entities or otherwise involving any such Company Benefit Plan (other than routine claims for benefits).

4.17 Labor Relations. Except as set forth in the Company Disclosure Letter:

(a) the employees of the Company and the Subsidiaries have not been, and currently are not, represented by a labor organization or group which was either certified or voluntarily recognized by any labor relations board, including the NLRB or certified or voluntarily recognized by any other Governmental Entity;

(b) no claim, complaint, charge or investigation for unpaid wages, bonuses, commissions, employment withholding taxes, penalties, overtime or other compensation, benefits, child labor or record keeping violations has been filed or is pending or, the knowledge of the Company, is threatened under the FLSA, Davis-Bacon Act, Walsh-Healey Act, or Service Contract Act or any other federal, state, local, provincial or foreign law, regulation or ordinance;

(c) no discrimination and/or retaliation claim, complaint, charge or investigation has been filed or is pending or, to the knowledge of the Company, is threatened against the Company or any Subsidiary under the 1866 or 1964 Civil Rights Acts, the Equal Pay Act, the ADEA, the ADA, the FMLA, the FLSA, ERISA or any other federal law or comparable state fair employment practices act or foreign law, including any provincial law regulating discrimination in the workplace;

(d) neither the Company nor any Subsidiary has taken any action that would constitute a "mass layoff", "mass termination" or "plant closing" within the meaning of WARN or otherwise trigger notice requirements or liability under any federal, local, state or foreign plant closing notice or collective dismissal law;

(e) no wrongful discharge, retaliation, libel, slander or other claim, complaint, charge or investigation that arises out of the employment relationship between the Company or any Subsidiary and its respective employees has been filed or is pending or, the knowledge of the Company, is threatened against the Company or any Subsidiary under any applicable law;

(f) each of the Company and the Subsidiaries has maintained and currently maintains adequate insurance as required by applicable law with respect to workers' compensation claims and unemployment benefits claims;

(g) each of the Company and the Subsidiaries is in compliance with all applicable laws, regulations and orders governing or concerning conditions of employment, employment discrimination and harassment, wages, hours or occupations safety and health, including the Labor Laws, except where the failure to so comply , individually or in the aggregate, could not reasonably be expected to have a Company Material Adverse Effect;

(h) neither the Company nor any Subsidiary is liable for any liabilities, judgments, decrees, orders, arrearage of wages or taxes, fines or penalties for failure to comply with any of the Labor Laws; and

(i) the Company has provided the Parent with a copy of the policy of each of the Company and the Subsidiaries for providing leaves of absence under the FMLA and the Company Disclosure Letter identifies each employee who is eligible to request FMLA leave and the amount of FMLA leave utilized by each such employee during the current leave year; each employee who will be on FMLA leave at the Closing and his or her job title and description, salary and benefits; each employee who has requested FMLA leave to begin after the Closing; a description of the leave requested; and a copy of all notices provided to such employee regarding that leave.

4.18 Contracts and Commitments. Except as set forth in the Company Disclosure Letter or disclosed in the Company Reports, neither the Company nor any Subsidiary is a party to, or is bound or affected by, or receives benefits under any (a) servicing agreements providing for aggregate payments in any calendar year in excess of $100,000; (b) contracts of employment; (c) agreements or arrangements for the purchase or sale of any assets (other than in the ordinary course of business); (d) contracts or agreements containing covenants limiting the freedom of the Company, or any Subsidiary, to engage in any line of business or to compete with any entity; (e) any joint venture, partnership or

similar agreement; (f) exchange traded or over-the-counter swap, forward, future, option, cap, floor or collar financial contract, or any other interest rate or foreign currency protection contract; (g) agreement providing for aggregate payments to any director, officer or consultant of the Company or any Subsidiary in any calendar year in excess of $125,000; (h) material agreement, indenture or other instrument relating to the borrowing of money by the Company or any Subsidiary, the guarantee by the Company or any Subsidiary of any such obligation (other than trade payables and instruments relating to transactions entered into in the ordinary course of business), or the sale, securitization or servicing of loans or loan portfolios of the Company or any Subsidiary; or (i) other contract or agreement or amendment thereto that would be required to be filed as an exhibit to a Form 10-K filed by the Company with the SEC as of the date of this Agreement. Neither the Company nor any Subsidiary is in breach or default under any such contracts, agreements, instruments or arrangements, which default or breach has had or could reasonably be expected to have, either individually or in the aggregate, a Company Material Adverse Effect, and there has not occurred any event that with the lapse of time or the giving of notice or both would constitute such a default.

4.19 Information Supplied.

(a) None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in (A) the Form S-4 to be filed with the SEC by the Parent in connection with the issuance of the Parent Common Stock in the Merger will, at the time the Form S-4 becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements

therein not misleading and (B) the Proxy Statement/Prospectus included in the Form S-4 related to the Stockholders' Meetings and the Parent Common Stock to be issued in the Merger will, on the date it is first mailed to the stockholders of the Parent and the Company Stockholders or at the time of the Stockholders' Meetings, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Proxy Statement/Prospectus will comply as to form in all material respects with the requirements of the Exchange Act.

(b) Notwithstanding the foregoing provisions of this Section 4.19, no representation or warranty is made by the Company with respect to statements made or incorporated by reference in the Form S-4 or the Proxy Statement/Prospectus based on information supplied by the Parent for inclusion or incorporation by reference therein.

4.20 Intellectual Property.

(a) Section 4.20(a) of the Company Disclosure Letter sets forth a true and correct list of all Intellectual Property owned by the Company and the Subsidiaries that is the subject of registration, issuance or an application for registration and the jurisdictions where each is registered, issued or applied for and any such registration, filing and issuance remains in full force and effect as of the date of this Agreement. The Company or a Subsidiary is listed in the records of the appropriate United States, state, or foreign registry as the sole current owner of record for each application, issuance and registration and has the exclusive right to file, prosecute and maintain all applications and registrations with respect to the Intellectual Property that is listed on such Section 4.20(a).

(b) The Company and the Subsidiaries have good and marketable title to or possesses adequate licenses or other valid rights to use all Intellectual Property (not just the Intellectual Property listed on the Section 4.20(a) of the Company Disclosure Letter, free and clear of all liens and has paid all maintenance fees, renewals or expenses, if any, related to such Intellectual Property. To the best knowledge of the Company and its Subsidiaries, neither the use of such Intellectual Property nor the conduct of the Company and the Subsidiaries in accordance with their businesses as presently conducted, misappropriates, infringes upon or conflicts with any patent, copyright, trade name, trade secret, trademark or other intellectual property rights of any third party. Except as set forth on such Section 4.20(a) of the Company Disclosure Letter, no party has filed a claim against, or threatened to file a claim against, or has provided a notice to, the Company or any Subsidiary alleging that it (the Company or the Subsidiary) has violated, infringed on or otherwise improperly used the intellectual property rights of such party and, to the best knowledge of the Company and the Subsidiaries, neither the Company nor any Subsidiary has violated or infringed any patent, trademark, trade name, service mark, service name, copyright, trade secret or other intellectual property held by others. Except as set forth on Section 4.20(b) of the Company Disclosure Letter, the Company and its Subsidiaries do not believe that any other entity has violated, infringed on or otherwise improperly used any of the Intellectual

Property owned by the Company or any Subsidiary and the Company and its Subsidiaries have not filed a claim against, or threatened to file a claim against, and have not provided a notice to, any third party alleging any such violation, infringement or improper use of the Intellectual Property owned by the Company or any Subsidiary.

(c) Section 4.20(c) of the Company Disclosure Letter sets forth a true and complete list of: (i) all Company Proprietary Software; (ii) all Company Licensed Software or Intellectual Property licensed by the Company or any Subsidiary material to the operation of the business of the Company and its Subsidiaries as presently conducted; and (iii) all technical and restricted materials relating to the acquisition, design, development, use or maintenance of computer code program documentation and materials used by the Company and the Subsidiaries material to the operation of the business of the Company and its Subsidiaries as presently conducted.

(d) Subject to any licenses and other agreements identified on Section 4.20(d) of the Company Disclosure Letter, the Company and the Subsidiaries have all right, title and interest in and to all intellectual property rights in the Company Proprietary Software. The Company and the Subsidiaries have developed the Company Proprietary Software through their own efforts, as described in such Section 4.20(f) of the Company Disclosure Letter, and for their own account, or have obtained all rights thereto, and the Company Proprietary Software is free and clear of all Liens. The use of the Company Licensed Software and the use of the Company Proprietary Software does not breach any terms of any license or other contract between the Company or any Subsidiary and any third party that would have a Company Material Adverse Effect. Each of the Company and the Subsidiaries is in compliance with the terms and conditions of all license agreements in favor of the Company and the Subsidiaries relating to the Company Licensed Software material to the operation of the business of the Company as presently conducted.

(e) To the best knowledge of the Company and the Subsidiaries, the Company Proprietary Software does not infringe any patent, copyright or trade secret or any other intellectual property right of any third party in such a manner that would have a Company Material Adverse Effect. The source code for the Company Proprietary Software has been maintained in confidence, and has not been disclosed to any persons or entities outside the Company and its Subsidiaries, except as set forth on the Company Disclosure Letter, all such disclosures being made pursuant to appropriate confidentiality provisions..

(f) The Company Proprietary Software was: (i) developed by the employees of the Company and the Subsidiaries working within the scope of their employment at the time of such development; (ii) developed by agents, consultants, contractors or others who have executed appropriate instruments of assignment or instruments of obligation to assign in favor of the Company or a Subsidiary as assignee that have conveyed or obligate such agents, consultants and contractors to convey to the Company or such Subsidiary ownership of all of its intellectual property rights in the Company Proprietary Software; or (iii) acquired by the Company or a Subsidiary in connection with acquisitions in which the Company or such Subsidiary obtained appropriate representations, warranties and indemnities from the transferring party relating to the title to such Company Proprietary Software. Neither the Company nor any Subsidiary has received notice from any third party claiming any right, title or interest in the Company Proprietary Software.

(g) Except as set forth on Section 4.20(g) of the Company Disclosure Letter, neither the Company nor any Subsidiary has granted rights or licenses in Company Software or any other Intellectual Property owned by the Company or any Subsidiary to any third party.

(h) The licenses and agreements set forth on such Sections 4.20(c), 4.20(d) and 4.20(g) of the Company Disclosure Letter are valid and binding obligations of the Company or a Subsidiary, as applicable, enforceable in accordance with their terms, and to the Company's

knowledge, there exists no event or condition which will result in a violation or breach of, or constitute (with or without due notice of lapse of time or both) a default by any party under any such licenses or agreements.

(i) The Company and each Subsidiary take reasonable measures to protect the confidentiality of its trade secrets, including requiring their employees and other parties having access thereto to execute written non-disclosure agreements. To the knowledge of the Company and its Subsidiaries, no trade secret of the Company or its Subsidiaries has been disclosed or authorized to be disclosed to any third party other than pursuant to a non-disclosure

agreement. To the knowledge of the Company and its Subsidiaries, no party to any non- disclosure agreement relating to its trade secrets is in breach or default thereof

(j) To the knowledge of the Company and the Subsidiaries, no current or former partner, director, officer, or employee of the Company or any Subsidiary (or any of their respective predecessors in interest) will, after giving effect to the transactions contemplated herein, directly own or retain any rights to use any of the Intellectual Property owned or used by the Company or any Subsidiary.

4.21 Insurance Policies. The Company and the Subsidiaries maintain insurance with reputable insurers for the business and assets of the Company and the Subsidiaries against all risks normally insured against, and in amounts normally carried, by corporations of similar size engaged in similar lines of business and such coverage is sufficient. Section 4.21 of the Company Disclosure Letter sets forth a correct and complete list of all policies of insurance carried by the Company and the Subsidiaries with respect to their business or assets. All insurance policies and bonds with respect to the business and assets of the Company and the Subsidiaries are in full force and effect and will be maintained by the Company and the Subsidiaries in full force and effect as they apply to any matter, action or event relating to the Company and the Subsidiaries occurring through the Closing Date and neither the Company nor any Subsidiary has reached or exceeded its policy limits for any insurance policies in effect at any time during the past five years.

4.22 Transactions with Affiliates. Except as set forth in the Company Disclosure Letter (other than compensation and benefits received in the ordinary course of business as an employee or director of the Company or the Subsidiaries), no director, officer or other "affiliate" or "associate" (as such terms are defined in Rule 12b-2 under the Exchange Act) of the Company or any Subsidiary or any entity in which, to the knowledge of the Company, any such director, officer or other affiliate or associate, owns any beneficial interest (other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than 1% of the stock of which is beneficially owned by any such Persons) or has any interest in: (i) any contract, arrangement or understanding with, or relating to, the business or operations of the Company or any Subsidiary; (ii) any loan, arrangement, understanding, agreement or contract for or relating to indebtedness of the Company or any Subsidiary; or (iii) any property (real, personal or mixed), tangible, or intangible, used or currently intended to be used in, the business or operations of the Company or any Subsidiary.

4.23 No Existing Discussions. As of the date hereof, the Company is not engaged, directly or indirectly, in any negotiation, discussion or exchange of information with any other party with respect to or in contemplation of an Acquisition Proposal.

4.24 Antitakeover Statutes; Absence of Dissenters' Rights. As of the date of this Agreement, each of the Company and the Board of Directors of the Company has taken all action required to be taken by it to exempt this Agreement and the Voting Agreements and the transactions contemplated hereby and thereby from, and this Agreement and the Voting Agreements and the transactions contemplated hereby and thereby are exempt from the requirements of, any "moratorium", "control share", "fair price", "affiliate transaction", "business combination" or other antitakeover laws and regulations of any state, including the provisions of Section 203 of the DGCL. No holder of any capital stock of the Company or any other securities of the Company is entitled to any dissenters' rights, appraisal rights or similar rights by virtue of this Agreement, the Merger or any of the other transactions contemplated hereby (including those contemplated by the Voting Agreements).

4.25 Brokers. No broker, finder or investment banker (other than the Independent Advisor) is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company. The Company Disclosure Letter includes a complete and correct copy of all agreements between the Company and the Independent Advisor pursuant to which such firm would be entitled to any payment relating to this Agreement, the Merger or the other transactions contemplated by this Agreement.

4.26 Vote Required. The affirmative vote of the holders of shares representing a majority of the shares of Company Common Stock entitled to vote on the approval and adoption of this Agreement and the Merger (the "Company Required Vote") is the only vote or approval of the holders of any class or series of capital stock of the Company necessary to adopt this Agreement and to approve the transactions contemplated hereby.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF MERGER SUB AND PARENT

Except as disclosed in the Parent Disclosure Letter delivered by the Parent to the Company prior to the execution of this Agreement, each of the Parent and the Merger Sub represents and warrants to the Company as follows:

5.1 Organization and Standing. (a) The Parent (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as presently conducted and (iii) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Parent Material Adverse Effect. The Parent has furnished or made available to the Company true and complete copies of its Certificate of Incorporation and Bylaws, each as amended to date. Such Certificate of Incorporation and Bylaws are in full force and effect, and the Parent is not in violation of any provision therein.

(b) Merger Sub (i) is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its information, (ii) has full company power and authority to own, lease and operate its properties and assets and to conduct its business as

presently conducted and (iii) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Parent Material Adverse Effect. The Merger Sub has furnished or made available to the Company a true and complete copy of its Certificate of Formation, as amended to date. Such Certificate of Formation is in full force and effect, and the Merger Sub is not in violation of any provision therein.

5.2 Authority for Agreement.

(a) Such Person has all necessary corporate or company power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated by this Agreement. The execution, delivery and performance by such Person of this Agreement, and the consummation by each such Person of the Merger and the other transactions contemplated by this Agreement, have been duly authorized by all necessary corporate or company action and no other corporate or company proceedings on the part of such Person are necessary to authorize this Agreement or to consummate the Merger or the other transactions contemplated by this Agreement (other than, with respect to the Merger, the approval and adoption of this Agreement by the Parent Required Vote and the filing and recordation of appropriate merger documents as required by the DGCL). This Agreement has been duly executed and delivered by such Person and, assuming due authorization, execution and delivery by the Company, constitutes a legal, valid and binding obligation of each of such Persons enforceable against such Person in accordance with its terms, except as enforcement thereof may be limited against such Person by (i) bankruptcy, insolvency, reorganization, moratorium and similar laws, both state and federal, affecting the enforcement of creditors' rights or remedies in general as from time to time in effect or (ii) the exercise by courts of equity powers.

(b) At a meeting duly called and held on February 5, 2001, the Board of Directors of the Parent (i) determined that this Agreement and the other transactions contemplated herein, including the Merger, are advisable, fair to and in the best interests of the Parent and the Parent Stockholders, (ii) approved, authorized and adopted this Agreement, the Merger and the other transactions contemplated herein, (iii) recommended approval and adoption of this Agreement and the Merger by the Parent Stockholders, and (iv) to the extent not previously established, established a record date and meeting date and time for the Parent Stockholders' Meeting.

(c) The Parent's financial advisor has delivered to the Board of Directors of the Parent its written opinion, dated as of the date of this Agreement, that, as of such date and based on the assumptions, qualifications and limitations contained therein, the transactions contemplated by this Agreement, including the Merger, and the Securities Purchase Agreement are fair to the Parent from a financial point of view. A copy of such opinion has been provided to the Company. The Board of Directors of the Parent has received as of the date hereof from its financial advisor consent to the inclusion of its name in any documents to be delivered to the Parent Stockholders in connection with the transactions contemplated by this Agreement.

5.3 No Conflict. The execution and delivery of this Agreement by such Person do not, and the performance of this Agreement by such Person and the

consummation of the Merger (subject to the approval and adoption of this Agreement by the Parent Required Vote of the Parent stockholders) and the other transactions contemplated by this Agreement will not, (i) conflict with

or violate such Person's Certificate of Incorporation, Bylaws or Certificate of Formation, as the case may be, (ii) subject to Section 5.4, conflict with or violate any Law applicable to such Person or by which any material property or asset of such Person is bound or affected, or (iii) result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, give to others any right of termination, amendment, acceleration or cancellation of, result in triggering any payment or other obligations, or result in the creation of a lien or other encumbrance on any material property or asset of such Person pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which such Person is a party or by which such Person or any material property or asset of any of it is bound or affected, except in the case of clauses (ii) and (iii) above for any such conflicts, violations, breaches, defaults or other occurrences which could not reasonably be expected to have, individually or in the aggregate, have a Parent Material Adverse Effect.

5.4 Required Filings and Consents. The execution and delivery of this Agreement by such Person do not, and the performance of this Agreement by such Person will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for applicable requirements, if any, of the Securities Act, the Exchange Act, or state securities laws or "blue sky" laws and filing and recordation of appropriate merger documents as required by the DGCL and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, could not, individually or in the aggregate, have a Parent Material Adverse Effect.

5.5 Compliance. Except as disclosed in the Parent Reports filed by the Parent with the SEC prior to the date of this Agreement, as of the date of this Agreement the businesses of the Parent and its subsidiaries are not being conducted in violation of any law, ordinance, regulation, judgment, order, decree, writ, injunction, license or permit of any Governmental Entity, except for violations which have not had, and could not reasonably be expected to have, individually or in the aggregate, a Parent Material Adverse Effect. No investigation or review by any Governmental Entity with respect to the Parent or any of its subsidiaries is pending or, to the knowledge of the Parent threatened, in each case other than those the outcome of which have not had, and could not reasonably be expected to have, either individually or in the aggregate, a Parent Material Adverse Effect.

5.6 Capitalization. The authorized capital stock of the Parent consists of 65,000,000 shares of Parent Common Stock and 5,000,000 shares of Parent Preferred Stock. As of the date hereof, there were (i) 29,706,770 shares of Parent Common Stock outstanding, all of which are validly issued, fully paid and nonassessable and free of preemptive rights, (ii) 35,293,230 shares of Parent Common Stock are held in the treasury of the Parent and (iii) 8,055,049 Parent Stock Options are outstanding pursuant to the Parent's stock plans (excluding Parent Stock Options issued pursuant to the Family Point Inc. Stock Option Plan), each such option entitling the holder thereof to purchase one share of Parent Common Stock, and 1,597,056 shares of Parent Common Stock are authorized and reserved for future issuance pursuant to the exercise of such Parent Stock Options and (iv) no shares of Parent Preferred Stock are issued and outstanding. The Parent Disclosure Letter sets forth the aggregate amount of the outstanding Parent Stock Options outstanding under each of Parent's stock plans as of the date of this Agreement. Except as set forth above or in the Parent Disclosure Letter, there are no options, warrants, convertible securities, subscriptions, stock appreciation rights, phantom stock plans or stock equivalents or other rights, agreements, arrangements or commitments (contingent or otherwise) of any character issued or authorized by

the Parent relating to the issued or unissued capital stock of the Parent or obligating the Parent to issue or sell any shares of capital stock of, or options, warrants, convertible securities, subscriptions or other equity interests in, the Parent. All shares of capital stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in the Parent Disclosure Letter, as of the date of this Agreement, there are no outstanding contractual obligations of the Parent to repurchase, redeem or otherwise acquire any shares of capital stock of Parent or to pay any dividend or make any other distribution in respect thereof or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Person in

excess of $1,000,000 in any single calendar year. As of the date hereof, except as set forth in the Investment Agreements, there are no voting trusts or other agreements or understandings to which the Parent is a party with respect to the voting of stock of the Parent.

5.7 Litigation. Except as set forth in the Parent Disclosure Letter, there is no claim, suit, action, proceeding or investigation pending or, to the knowledge of the Parent, threatened against or affecting the Parent or any of its subsidiaries which, either individually or in the aggregate, has had, or could be reasonably expected to have, a Parent Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator outstanding against the Parent or any of its subsidiaries, either individually or in the aggregate, which has had, or could be reasonably expected to have, a Parent Material Adverse Effect.

5.8 Subsidiaries.

(a) The Parent Disclosure Letter sets forth the name and state or jurisdiction of incorporation or formation of each of its subsidiaries. Each of such subsidiaries (i) is a corporation or other business entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has full corporate power and authority and all necessary government approvals to own, lease and operate its properties and assets and to conduct its business as presently conducted and (iii) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary except where failure to be so qualified or licensed would not, individually or in the aggregate, have a Parent Material Adverse Effect. The Parent has furnished or made available to the Company true and complete copies of the certificate of incorporation, bylaws or comparable organizational documents of each such subsidiary, each as amended to date. Such organizational documents are in full force and effect, and no such subsidiary is in violation of any provision therein.

(b) The Parent owns beneficially, directly or indirectly, all of the issued and outstanding capital stock or other securities of each such subsidiary and, except as set forth in the Parent Disclosure Letter, does not own an equity interest in any other corporation, partnership or entity, other than in such subsidiaries. Each outstanding share of capital stock or other securities of each such subsidiary is duly authorized, validly issued, fully paid and nonassessable (or the foreign equivalent for foreign subsidiaries) and each such share or other equity interest owned by the Parent or one of its subsidiaries is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Parent's or such other subsidiary's voting rights, charges and other encumbrances of any nature whatsoever.

(c) The Merger Sub was formed for the purpose of effecting the Merger and the other transactions contemplated hereby, and has not undertaken any business or other activities other than in connection with entering into this Agreement, pursuing the Merger and engaging in the other transactions contemplated hereby.

5.9 Parent Reports; Parent Financial Statements.

(a) The Parent has filed all Parent Reports, each of which has complied in all material respects with the applicable requirements of the Securities Act, and the rules and regulations promulgated thereunder, or the Exchange Act, and the rules and regulations promulgated thereunder, each as in effect on the date so filed. None of the Parent Reports (including any financial statements or schedules included or incorporated by reference therein) contained when filed any untrue statement of a material fact or omitted or omits to state a material fact required to be stated or incorporated by reference therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) All of the Parent Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Parent and its subsidiaries at the respective dates thereof and the consolidated results of its operations and changes in cash flows for the periods indicated (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Except as set forth in the Parent Disclosure Letter, there are no liabilities of the Parent or any of its subsidiaries of any kind whatsoever, whether or not accrued and whether or not contingent or absolute, that are material to the Parent and its subsidiaries, taken as a whole, other than (i) liabilities disclosed or provided for in the consolidated balance sheet of the

Parent and its subsidiaries at September 30, 2000, including the notes thereto, (ii) liabilities disclosed in the Parent Reports, (iii) liabilities incurred on behalf of the Parent under this Agreement and the contemplated Merger, and (iv) liabilities incurred in the ordinary course of business consistent with past practice since September 30, 2000, none of which are, individually or in the aggregate, reasonably likely to have a Parent Material Adverse Effect.

(d) Except as set forth in the Parent Disclosure Letter, the Parent has heretofore furnished or made available to the Company a complete and correct copy of any amendments or modifications which have not yet been filed with the SEC to agreements, documents or other instruments which previously had been filed by the Parent with the SEC as exhibits to the Parent Reports pursuant to the Securities Act and the rules and regulations promulgated thereunder or the Exchange Act and the rules and regulations promulgated thereunder.

5.10 Absence of Certain Changes or Events. Except as set forth in the Parent Disclosure Letter and the Parent Reports and except for the transactions contemplated by this Agreement, since September 30, 2000, the Parent and its subsidiaries have conducted their business only in the ordinary course and there has not been (i) any change or event having, or that could reasonably be expected to have a Parent Material Adverse Effect, (ii) any split, combination or reclassification of any of the Parent's outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of the Parent's outstanding capital stock, (iii) except insofar as may have been disclosed in the Parent Reports or required by a

change in GAAP, any change in accounting methods, principles or practices by the Parent or any subsidiary, materially affecting its assets, liabilities or business, or (iv) except insofar as may have been reasonably disclosed in the Parent Reports, any tax election that individually or in the aggregate could reasonably be expected to have a Parent Material Adverse Effect.

5.11 Taxes.

(a) Except as set forth in the Parent Disclosure Letter, each of the Parent and its subsidiaries has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by any of the Parent and its subsidiaries have been paid. Except as set forth in the Parent Disclosure Letter, none of the Parent and its subsidiaries currently is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Parent or any subsidiary does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. There are no security interests on any of the assets of any of the Parent and its subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) Each of the Parent and its subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

5.12 Information Supplied.

(a) None of the information supplied or to be supplied by the Parent for inclusion or incorporation by reference in (A) the Form S-4 to be filed with the SEC by the Parent in connection with the issuance of the Parent Common Stock in the Merger will, at the time the Form S-4 becomes effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and (B) the Proxy Statement/Prospectus included in the Form S-4 related to the Stockholders' Meetings and the Parent Common Stock to be issued in the Merger will, on the date it is first mailed to the stockholders of the Parent and of the Company or at the time of the Stockholders' Meetings, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Proxy Statement/Prospectus will comply as to form in all material respects with the requirements of the Exchange Act.

(b) Notwithstanding the foregoing provisions of this Section 5.12, no representation or warranty is made by the Parent with respect to statements made or incorporated by reference in the Form S-4 or the Proxy Statement/Prospectus based on information supplied by the Company for inclusion or incorporation by reference therein.

5.13 Intellectual Property.

(a) The Parent Disclosure Letter sets forth a true and correct list of all Intellectual Property owned by the Parent or its subsidiaries that is the subject of registration, issuance or an application for registration and the

jurisdictions where each is registered, issued or applied for and any such registration, filing and issuance remains in full force and effect as of the date of this Agreement. The Parent or a subsidiary of the Parent is listed in the records of the

appropriate United States, state, or foreign registry as the sole current owner of record for each application, issuance and registration and has the exclusive right to file, prosecute and maintain all applications and registrations with respect to the Intellectual Property that is listed on the Parent Disclosure Letter.

(b) The Parent and its subsidiaries have good and marketable title to or possesses adequate licenses or other valid rights to use all Intellectual Property (not just the Intellectual Property listed on the Parent Disclosure Letter, free and clear of all liens and has paid all maintenance fees, renewals or expenses, if any, related to such Intellectual Property. To the best knowledge of the Parent and its subsidiaries, neither the use of such Intellectual Property nor the conduct of the Parent and its subsidiaries in accordance with their businesses as presently conducted, misappropriates, infringes upon or conflicts with any patent, copyright, trade name, trade secret, trademark or other intellectual property rights of any third party. Except as set forth on the Parent Disclosure Letter, no party has filed a claim against, or threatened to file a claim against, or has provided a notice to, the Parent or any of its subsidiaries alleging that either the Parent or any of its subsidiaries has violated, infringed on or otherwise improperly used the intellectual property rights of such party and, to the best knowledge of the Parent and its subsidiaries, neither the Parent nor any of its subsidiaries has violated or infringed any patent, trademark, trade name, service mark, service name, copyright, trade secret or other intellectual property held by others. Except as set forth on the Parent Disclosure Letter, the Parent and its subsidiaries do not believe that any other entity has violated, infringed on or otherwise improperly used any of the Intellectual Property owned by the Parent or any of its subsidiaries and the Parent and its subsidiaries have not filed a claim against, or threatened to file a claim against, and have not provided a notice to, any third party alleging any such violation, infringement or improper use of the Intellectual Property owned by the Parent or any of its subsidiaries.

(c) Subject to any licenses and other agreements identified on the Parent Disclosure Letter, the Parent and its subsidiaries have all right, title and interest in and to all intellectual property rights in the Parent Proprietary Software. The Parent and its subsidiaries have developed the Parent Proprietary Software through their own efforts, and for their own account, or have obtained all rights thereto, and the Parent Proprietary Software is free and clear of all liens, except loans in the ordinary course of business. The use of the Parent Licensed Software and the use of the Parent Proprietary Software does not breach any terms of any license or other contract between Parent or any of its subsidiaries and any third party that would have a Parent Material Adverse Effect. Each of the Parent and its subsidiaries is in compliance with the terms and conditions of all license agreements in favor of the Parent and its subsidiaries relating to the Parent Licensed Software material to the operation of the business of the Parent and its subsidiaries as presently conducted.

(d) To the knowledge of Parent and its subsidiaries, the Parent Proprietary Software does not infringe any patent, copyright or trade secret or any other intellectual property right of any third party in such a manner that would have a Parent Material Adverse Effect. The source code for the Parent Proprietary Software has been maintained in confidence, and has not been disclosed to any persons or entities outside the Parent and its subsidiaries, except such disclosure being made pursuant to appropriate confidentiality provisions.

(e) The Parent Proprietary Software was: (i) developed by the employees of the Parent and its subsidiaries working within the scope of their employment at the time of such

development; (ii) developed by agents, consultants, contractors or others who have executed appropriate instruments of assignment or instruments of obligation to assign in favor of the Parent or any of its subsidiaries as assignee that have conveyed or obligate such agents, consultants and contractors to convey to the Parent or such subsidiary ownership of all of its intellectual property rights in the Parent Proprietary Software; or (iii) acquired by the Parent or any of its subsidiaries in connection with acquisitions in which the Parent or

such subsidiary, where appropriate in the nature of the overall transaction, obtained appropriate representations, warranties and indemnities from the transferring party relating to the title to such Parent Proprietary Software. Neither the Parent nor any of its subsidiaries has received notice from any third party claiming any right, title or interest in the Parent Proprietary Software.

(f) The Parent and each of its subsidiaries take reasonable measures to protect the confidentiality of its trade secrets, including requiring their employees and other parties having access thereto to execute written non-disclosure agreements. To the knowledge of the Parent and its subsidiaries, no trade secret of the Parent or its subsidiaries has been disclosed or authorized to be disclosed to any third party other than pursuant to a non-disclosure agreement. To the knowledge of the Parent and its subsidiaries, no party to any non-disclosure agreement relating to its trade secrets is in breach or default thereof.

(g) To the knowledge of the Parent and its subsidiaries, no current or former partner, director, officer, or employee of the Parent or any of its subsidiaries (or any of their respective predecessors in interest) will, after giving effect to the transactions contemplated herein, directly own or retain any rights to use any of the Intellectual Property owned or used by the Parent or any of its subsidiaries.

5.14 No Existing Discussions. As of the date hereof, the Parent is not engaged, directly or indirectly, in any negotiation, discussion or exchange of information with any other party with respect to or in contemplation of an Acquisition Proposal.

5.15 Vote Required. The affirmative vote of the holders of shares representing a majority of the shares of Parent Common Stock entitled to vote on the approval and adoption of this Agreement and the Merger (the "Parent Required Vote") is the only vote or approval of the holders of any class or series of capital stock of the Parent necessary to adopt this Agreement and to approve the transactions contemplated hereby.

5.16 Brokers. No broker, finder or investment banker (other than the Parent's financial advisor, Allen & Company) is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Parent. A complete and correct copy of all agreements between the Parent and its financial advisor pursuant to which such firm would be entitled to any payment relating to this Agreement, the Merger or the other transactions contemplated by this Agreement has been provided to the Company.

ARTICLE VI
COVENANTS

6.1 Conduct of the Business Pending the Merger.

(a) The Company covenants and agrees that between the date of this Agreement and the Effective Time, unless the Parent shall otherwise agree in writing (and except as expressly contemplated, permitted or required by this Agreement), (i) the business of the Company and the Subsidiaries shall be conducted only in, and the Company and the Subsidiaries shall not take any action except in, the ordinary course of business and in a manner consistent with prior practice, (ii) the Company and the Subsidiaries shall use all commercially reasonable efforts to preserve substantially intact their business organizations, to keep available the services of their current officers and employees and to preserve the current relationships of the Company and the Subsidiaries with customers, suppliers and other Persons with which the Company or the Subsidiaries has significant business relations, and (iii) the Company will comply in all material respects with all applicable Laws and regulations wherever its business is conducted, including the timely filing of all reports, forms or other documents with the SEC required pursuant to the Securities Act or the Exchange Act.

(b) The Company covenants and agrees that between the date of this Agreement and the Effective Time, the Company shall not, nor shall the Company permit any of the Subsidiaries to, (i) declare or pay any dividends on or make other distributions (whether in cash, stock or property) in respect of any of its capital stock, except for dividends by a wholly owned Subsidiary of the Company to the Company or another wholly owned Subsidiary of the Company; (ii) split, combine or reclassify any of its capital stock or issue or authorize or propose the issuance of any other securities in respect of, in lieu of or in substitution for shares of its capital stock; (iii) repurchase or otherwise acquire any shares of its capital stock; (iv) issue, deliver or sell, or authorize or propose the issuance, delivery or sale of, any shares of its

capital stock or any securities convertible into any such shares of its capital stock, or any rights, warrants or options to acquire any such shares or convertible securities or any stock appreciation rights, phantom stock plans or stock equivalents, other than the issuance of shares of Company Common Stock upon the exercise of Company Stock Options outstanding as of the date of this Agreement; (v) take any action that would make the Company's representations and warranties set forth in Article IV not true and correct in all material respects; (vi) take any action that would, or could reasonably be expected to, result in any of the conditions set forth in Article VII not being satisfied; (vii) amend its certificate of incorporation (including any certificate of designations attached thereto) or bylaws or other equivalent organizational documents; (viii) incur any indebtedness for borrowed money or guaranty any such indebtedness of another Person, other than (A) borrowings under existing lines of credit (or under any refinancing of such existing lines) or (B) indebtedness owing to, or guaranties of indebtedness owing to, the Company; (ix) make any loans or advances to any other Person other than loans or advances between the Company and any Subsidiary and other than loans or advances less than $100,000 made in the ordinary course of business consistent with past practice; (x) merge or consolidate with any other entity in any transaction, or sell any business or assets in a single transaction or series of transactions in which the aggregate consideration is $100,000 or greater; (xi) change its accounting policies except as required by GAAP; (xii) make any change in employment terms for any of its directors or officers; (xiii) alter, amend or create any obligations with respect to compensation, severance, benefits, change of control payments or any other payments to employees, directors or Affiliates of the Company or the Subsidiaries, other than with

respect to alterations or amendments made with respect to non-officers and non-directors in the ordinary course of business consistent with past practice or as expressly contemplated by this Agreement or consented to in writing by the Parent; (xiv) make any change to the Company Benefit Plans; (xv) sell, license, mortgage or otherwise encumber or subject to any lien or otherwise dispose of any material properties or assets, other than in the ordinary course of business consistent with past practice; or (xvi) commit or agree to take any of the actions described in this Section 6.1(b).

(c) The Parent covenants and agrees that between the date of this Agreement and the Effective Time, unless the Company shall otherwise agree in writing (and except as expressly contemplated, permitted or required by this Agreement, including except for the Parent Required Vote contemplated by this Agreement), the Parent shall not approve any transaction or agreement that would require the approval or consent of its stockholders.

6.2 Access to Information; Confidentiality.

(a) From the date hereof to the Effective Time, the Company shall, and shall cause the Representatives of the Company to, afford the Representatives of the Parent and the Merger Sub reasonable access during normal business hours to the officers, employees, agents, properties, offices and other facilities, books and records of the Company and the Subsidiaries, and shall furnish the Parent and the Merger Sub with all financial, operating and other data and information as the Parent or the Merger Sub, through its Representatives, may reasonably request. The Parent will remain subject to the terms of the Company Confidentiality Agreement.

(b) From the date hereof to the Effective Time, the Parent shall, and shall cause the Representatives of the Parent to, afford the Representatives of the Company reasonable access during normal business hours to the officers, employees, agents, properties, offices and other facilities, books and records of the Parent and the Subsidiaries, and shall furnish the Company with all financial, operating and other data and information as the Company , through its Representatives, may reasonably request. The Company will remain subject to the terms of the Company Confidentiality Agreement.

(c) No investigation pursuant to this Section 6.2 shall affect any representation or warranty in this Agreement of any party hereto or any condition to the obligations of the parties hereto.

6.3 Notification of Certain Matters. The Company shall give prompt notice to the Parent, and the Parent shall give prompt notice to the Company, of (i) the occurrence, or nonoccurrence, of any event which would be likely to cause any representation or warranty contained in this Agreement to be untrue or inaccurate and (ii) any failure by such party (or the Merger Sub, in the case of the Parent) to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder; provided, however, that the delivery of any notice pursuant to this Section 6.3 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice. If any event or matter arises after the date of this Agreement which, if existing or occurring at the date of this Agreement, would have been required to be set

forth or described in the Company Disclosure Letter or which is necessary to correct any information in the Company Disclosure Letter which has been rendered inaccurate thereby, then the Company shall promptly supplement, or amend, and deliver to the Parent the Company Disclosure Letter which it has delivered pursuant to this Agreement. If any event or matter arises after the date

of this Agreement which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Parent Disclosure Letter or which is necessary to correct any information in the Parent Disclosure Letter which has been rendered inaccurate thereby, then the Parent shall promptly supplement, or amend, and deliver to the Company the Parent Disclosure Letter which it has delivered pursuant to this Agreement.

6.4 Stockholders' Meetings.

(a) The Company shall, as promptly as practicable following the execution of this Agreement, duly call, give notice of, convene and hold the Company Stockholders' Meeting for the purpose of obtaining the Required Vote with respect to the Merger and this Agreement, shall use its reasonable best efforts to solicit the approval of this Agreement by the Required Vote (regardless of whether the Board of Directors of the Company modifies its recommendation of the Merger and this Agreement) and, subject to the exercise of its fiduciary duties described in Section 6.5, the Board of Directors of the Company shall recommend the approval of this Agreement by the Company Stockholders. Without limiting the generality of the foregoing but subject to its rights pursuant to Sections 6.5 and 8.1(e), the Company agrees that its obligations pursuant to the first sentence of this Section 6.4(a) shall not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Acquisition Proposal.

(b) The Parent shall, as promptly as practicable following the execution of this Agreement, duly call, give notice of, convene and hold the Parent Stockholders' Meeting for the purpose of obtaining the Required Vote with respect to the Merger and this Agreement, shall use its reasonable best efforts to solicit the approval of this Agreement by the Required Vote and the Board of Directors of the Parent shall recommend the approval of this Agreement by the Parent Stockholders. Without limiting the generality of the foregoing the Parent agrees that its obligations pursuant to the first sentence of this Section 6.4(b) shall not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Acquisition Proposal.

6.5 Board Recommendations.

(a) Neither the Board of Directors of the Company or the Parent nor any committee thereof shall (i) withdraw, or propose publicly to withdraw, in a manner adverse to the other party, the approval or recommendation of such Board of Directors or such committee of the Merger or this Agreement, (ii) subject to Section 6.5(b), modify, or propose publicly to modify in a manner adverse to the other party, the approval or recommendation of such Board of Directors or such committee of the Merger or this Agreement, (iii) approve or recommend, or propose publicly to approve or recommend, any Acquisition Proposal with respect to the Company or Parent, as the case may be, or (iv) approve or recommend or propose to approve or recommend, or execute or enter into any Acquisition Agreement related to any Acquisition Proposal. Notwithstanding the foregoing, if, prior to the date that is the earlier of the 60th day following the date of execution of this Agreement and the date of the Stockholders' Meetings, in response to a Superior Proposal that did not result from a breach of Section 6.9, the Board of Directors of the Company, in exercise of its fiduciary duties, reasonably determines in good faith, based upon the written advice of independent outside legal counsel, that its Board of Directors is required to do so to comply with its fiduciary duties to its stockholders under applicable Law, such Board of Directors may, after providing the Parent with at least 72 hours advance written notice of its decision to take such action,

modify or propose publicly to modify, in a manner adverse to the Parent, the approval or recommendation of the Merger or this Agreement by such Board of Directors.

(b) Nothing contained in this Section 6.5 or any other provision hereof shall prohibit the Parent or the Company or the Board of Directors of the Company or of the Parent from (A) taking and disclosing to its stockholders pursuant to Rules 14d-9 and 14e-2 promulgated under the Exchange Act a position with respect to a tender or exchange offer by a third party, which is consistent with its obligations hereunder or (B) making such disclosure to its stockholders as, in the reasonable good faith judgment of such Board of Directors, after receiving advice from independent outside legal counsel, is consistent with its

obligations hereunder and is required by applicable law; provided, that neither the Board of Directors of the Parent or the Board of Directors of the Company may, except as provided by this Section 6.5 with respect to the Company's Board of Directors, modify, or propose publicly to modify, in a manner adverse to other's company, the approval or recommendations of the Parent's Board of Directors or the Company's Board of Directors of the Merger or this Agreement or approve or recommend an Acquisition Proposal, or propose publicly to approve or recommend an Acquisition Proposal.

6.6 Stockholder Litigation. The Company shall give the Parent the opportunity to participate in the defense or settlement of any stockholder Litigation against the Company and its directors relating to the transactions contemplated by this Agreement or the Merger; and no such settlement shall be agreed to without the Parent's consent, which consent will not be unreasonably withheld.

6.7 Indemnification.

(a) It is understood and agreed that all rights to indemnification by the Company now existing in favor of the Indemnified Parties shall survive the Merger and the Parent shall (i) cause the Surviving Corporation to continue in full force and effect for a period of at least six years from the Effective Time and (ii) perform, or cause the Surviving Corporation to perform, in a timely manner, the Surviving Corporation's obligation with respect thereto. The Parent and the Merger Sub agree that any claims for indemnification hereunder as to which they have received written notice prior to the sixth anniversary of the Effective Time shall survive, whether or not such claims shall have been finally adjudicated or settled.

(b) The Parent shall cause the Surviving Corporation to, and the Surviving Corporation shall, maintain in effect for six years from the Effective Time, if available, the D&O Insurance (provided that the Surviving Corporation may substitute therefor policies of at least the same coverage containing terms and conditions which are not materially less favorable) with respect to matters occurring prior to the Effective Time; provided, however, that in no event shall the Surviving Corporation be required to expend pursuant to this Section 6.7(b) more than an amount per year equal to one hundred fifty percent (150%) of current annual premiums paid by the Company for such insurance. In the event that, but for the proviso to the immediately preceding sentence, the Surviving Corporation would be required to expend more than one hundred fifty percent (150%) of current annual premiums, the Surviving Corporation shall obtain the maximum amount of such insurance obtainable by payment of annual premiums equal to one hundred fifty percent (150%) of current annual premiums. If the Surviving Corporation elects to reduce the amount of insurance coverage pursuant to the preceding sentence, it will furnish to the officers and directors covered by such D&O Insurance as of the date of this Agreement reasonable notice of

such reduction in coverage and shall, to the extent additional coverage is available, afford such Persons the opportunity to pay such additional premiums as may be necessary to maintain the existing level of D&O Insurance coverage.

(c) If the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of the Surviving Corporation shall assume the obligations set forth in this Section 6.7.

(d) The provisions of this Section 6.7 are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party, his or her heirs and his or her representatives.

6.8 Public Announcements. During the term of this Agreement, the Parent and the Company shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement or the Merger and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by Law or any listing agreement with a national securities exchange or trading system to which the Parent or the Company is a party.

6.9 Acquisition Proposals. The Company shall not, nor shall it authorize or permit any of the Subsidiaries or Representatives of the Company to, and the Parent shall not, nor shall it authorize or permit any of its subsidiaries or Representatives to, directly or indirectly through another Person, (a) solicit, initiate or encourage (including by way of furnishing information) or otherwise take any action to facilitate, the making of any proposal that constitutes an Acquisition Proposal or (b) participate in any discussions or negotiations regarding, any proposal that constitutes, or may

reasonably be expected to lead to, any Acquisition Proposal; provided, however, that if, at any time prior to the date that is the earlier of the 60th day following the date of execution of this Agreement and the date of the Stockholders' Meetings, the Board of Directors of the Company, in exercise of its fiduciary duties, reasonably determines in good faith, based upon the written advice of independent outside legal counsel, that such Board of Directors is required to do so to comply with its fiduciary duties to its stockholders under applicable Law, such Board of Directors and its Representatives may, in response to a Superior Proposal that did not result in a breach of this Section 6.9, and subject to providing contemporaneous notice of its decision to take such action to the other party, (i) furnish information with respect to the Company and the Subsidiaries to any Person making a Superior Proposal pursuant to a customary confidentiality agreement and (ii) participate in discussions or negotiations regarding such Superior Proposal. The Company shall provide immediate oral and written notice to the party of (a) the receipt of any such Acquisition Proposal or any inquiry which could reasonably be expected to lead to any Acquisition Proposal, (b) the material terms and conditions of such Acquisition Proposal or inquiry, and (c) the identity of such Person or entity making any such Acquisition Proposal or inquiry. The Company shall continue to keep the Parent informed of the status and details of any such Acquisition Proposal or inquiry, as well as any related discussions or negotiations permitted under this Section 6.9.

6.10 Proxy Statement/Prospectus. As promptly as practicable following the date hereof, the Parent and the Company shall jointly prepare and file with the SEC preliminary proxy materials and any amendments or supplements thereof which shall constitute the joint proxy

statement/prospectus (such proxy statement/prospectus, and any amendments or supplements thereto, the "Proxy Statement/Prospectus") and the Parent shall prepare and file with the SEC the Form S-4 with respect to the issuance of Parent Common Stock in the Merger in which the Proxy Statement/Prospectus will be included as a prospectus. The Form S-4 and the Proxy Statement/Prospectus shall comply as to form in all material respects with the applicable provisions of the Securities Act and the Exchange Act. Each of the Parent and the Company shall use all reasonable efforts to have the Form S-4 declared effective under the Securities Act as promptly as practicable after filing it with the SEC and to keep the Form S-4 effective as long as is necessary to consummate the Merger. The Parties shall promptly provide copies, consult with each other and prepare written responses with respect to any written comments received from the SEC with respect to the Form S-4 and the Proxy Statement/Prospectus and promptly advise the other party of any oral comments received from the SEC. The Parent agrees that none of the information supplied or to be supplied by the Parent for inclusion or incorporation by reference in the Proxy Statement/Prospectus and each amendment or supplement thereto, at the time of mailing thereof and at the time of the Stockholders' Meeting, will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees that none of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Proxy Statement/Prospectus and each amendment or supplement thereto, at the time of mailing thereof and at the time of the Stockholders' Meeting, will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. For purposes of the foregoing, it is understood and agreed that information concerning or related to the Parent, Merger Sub and the Parent Stockholders' Meeting will be deemed to have been supplied by the Parent and information concerning or related to the Company and the Company Stockholders' Meeting shall be deemed to have been supplied by the Company. Any opinions regarding the federal income tax consequences of the Merger or other matters set forth in the Form S-4 and the Proxy Statement/Prospectus shall be rendered by (i) Orrick, Herrington & Sutcliffe LLP with respect to matters regarding the Parent and its stockholders, and (ii) Cooley Godward LLP with respect to matters regarding the Company and its stockholders.

6.11 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, each party hereto will use its commercially reasonable efforts to (i) take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate the Merger and the other transactions contemplated by this Agreement as soon as practicable after the date hereof and (ii) obtain and maintain all approvals, consents, waivers, registrations, permits, authorizations, clearances and other confirmations required to be obtained from any third party and/or any Governmental Entity that are necessary, proper or advisable to consummate the Merger and the transactions contemplated hereby (each a "Necessary Approval"). In furtherance and not in limitation of the foregoing, each party hereto agrees

to make as promptly as practicable, to the extent it has not already done so, all necessary filings with other Governmental Entities relating to the Merger, and, in each case, to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to such laws and to use its commercially reasonable efforts to cause the expiration or termination of the applicable waiting periods and the receipt of Necessary Approvals under such other laws as soon as practicable. Notwithstanding the foregoing, nothing in this Section 6.11 shall require, or be deemed to require,

the Parent to agree to or effect any divestiture (including divestitures of assets of the Parent or the Company) or take any other action if, in the reasonable judgment of the Parent, doing so could, individually or in the aggregate, reasonably be expected to impair the Parent's ability to achieve the overall benefits expected, as of the date hereof, to be realized from the consummation of the Merger.

(b) Each of the Parent and the Company shall, in connection with the efforts referenced in Section 6.11(a) to obtain all Necessary Approvals, use its commercially reasonable efforts to (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, (ii) promptly inform the other party of any communication received by such party from, or given by such party to, any other Governmental Entity and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, and (iii) permit the other party to review any communications given by it to, and consult with each other in advance to the extent practicable of any meeting or conference with, any Governmental Entity or, in connection with any proceeding by a private party, with any other Person, and to the extent permitted by any other applicable Governmental Entity or other Person, give the other party the opportunity to attend and participate in such meetings and conferences.

(c) In furtherance and not in limitation of the covenants of the parties contained in Sections 6.11(a) and 6.11(b), if any administrative or judicial action or proceeding, including any proceeding by a private party, is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as violative of any Regulatory Law (as hereinafter defined), or if any statute, rule, regulation, executive order, decree, injunction or administrative order is enacted, entered, promulgated or enforced by a Governmental Entity which would make the Merger or the transactions contemplated hereby illegal or would otherwise prohibit or materially impair or delay the consummation of the Merger or the transactions contemplated hereby, each of the Parent and the Company shall cooperate in all respects with each other and use its respective commercially reasonable efforts to contest and resist any such action or proceeding and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other action or order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the Merger or the transactions contemplated by this Agreement and to have such statute, rule, regulation, executive order, decree, injunction or administrative order repealed, rescinded or made inapplicable. Notwithstanding any provision of this Agreement to the contrary, neither the Parent nor the Surviving Corporation shall be required under the terms of this Agreement to dispose of or hold separate all or any portion of the businesses or assets of the Parent or any of its subsidiaries or of the Company or any Subsidiary in order to remedy or otherwise address the concerns (whether or not formally expressed) of any Governmental Entity under any antitrust statute or regulation.

(d) In connection with, and without limiting the foregoing, the Company shall (i) take all actions necessary to ensure that no antitakeover statute or similar statute or regulation is or becomes operative with respect to this Agreement, the Merger, the Voting Agreements or any other transactions contemplated by this Agreement and (ii) if any antitakeover statute or similar statute or regulation of any jurisdiction is or becomes operative with respect to this Agreement, the Merger, the Voting Agreements or any other transaction contemplated by this Agreement, take all actions necessary to ensure that this Agreement, the Merger and any other transactions

contemplated by this Agreement and the Voting Agreements may be consummated as promptly as practicable on the terms contemplated by this Agreement and the Voting Agreements and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this

Agreement.

(e) In connection with, and without limiting the foregoing, the Parent shall (i) take all reasonable actions necessary to ensure that no antitakeover statute or similar statute or regulation is or becomes operative with respect to this Agreement, the Merger, the Voting Agreements, the Investment Agreements or any other transactions contemplated by this Agreement and (ii) if any antitakeover statute or similar statute or regulation of any jurisdiction is or becomes operative with respect to this Agreement, the Merger, the Voting Agreements, the Investment Agreements or any other transaction contemplated by this Agreement, take all reasonable actions necessary to ensure that this Agreement, the Merger and any other transactions contemplated by this Agreement and the Voting Agreements and the Investment Agreements may be consummated as promptly as practicable on the terms contemplated by this Agreement, the Voting Agreements and the Investment Agreements and otherwise to minimize the effect of such statute or regulation on the Merger and the other transactions contemplated by this Agreement.

6.12 Nasdaq Listing. The Parent will use commercially reasonable efforts to cause to be approved for listing on the Nasdaq, subject to official notice of issuance, a sufficient number of shares of Parent Common Stock to be issued in the Merger and pursuant to Company Stock Options.

6.13 Tax Treatment.

(a) Parent shall use reasonable efforts to obtain the Tax Opinion referred to in Section 7.1(e), including the execution of the letter of representation from the Parent referred to therein updated as necessary.

(b) The Parent, in its sole discretion, may make an election under Section 338 of the Code, in which case the Company will cooperate in facilitating such election, and shall grant all consents, waivers and authorizations necessary to effect such election by the Parent.

6.14 Undertakings of Parent. The Parent shall perform, or cause to be performed, when due all obligations of the Merger Sub under this Agreement.

6.15 Director Resignations. The Company shall cause to be delivered to the Parent resignations of all the directors of the Company and the Subsidiaries to be effective upon the consummation of the Merger. The Company shall cause such directors, prior to resignation, to appoint new directors nominated by the Parent to fill such vacancies.

6.16 Company Affiliates. The Company shall deliver to the Parent a letter identifying all Persons who are, at the time the Merger is submitted to a vote of the stockholders of the Company, Affiliates of the Company for purposes of Rule 145 under the Securities Act. The Company shall use its reasonable best efforts to cause each Person who is identified as a possible Affiliate in such letter to deliver to the Parent on or prior to the Effective Time an Affiliate Letter. The Parent shall be entitled to place legends on any certificates of Parent Common Stock issued to such possible Affiliates to restrict transfer of such shares.

6.17 Employee Matters.

(a) The Company shall (i) take all commercially reasonable actions necessary to correct any compliance deficiencies identified to the Company by the Parent with respect to any Company Employee Benefit Plan in a manner satisfactory to the Parent and provide evidence reasonably satisfactory to the Parent of such corrections; (ii) take all appropriate corporate action to cease, effective upon Closing, all benefit accruals under and terminate any 401(k) and retirement plans; and (iii) take all appropriate corporate action to terminate, effective prior to the Closing, the Employee Stock Purchase Plan.

(b) The Company will provide to the Parent as promptly as practicable after the date hereof (and in any event within 2 days hereof) a true and complete list of all of the (a) officers, (b) employees (whether full-time, part-time or otherwise) and (c) consultants or independent contractors of each of the Company and the Subsidiaries, in each case, specifying, by individual, their position, annual salary, hourly wages, consulting or other independent contractor fees, date of birth, date of hire, social security number, work location, length of service, hours of service, together with an appropriate notation next to the name of any officer or other employee on such list who is subject to any written employment agreement or any other written term sheet or other document describing the terms and/or conditions of employment of such employee or of the rendering of services by such consultant or independent contractor.

(c) The Parent and the Company shall take such action as is necessary, including action under the relevant Company Stock Plan, to effect the

provisions of Section 2.5 hereof.

(d) The Parent shall (i) provide those employees of the Company who become employees of the Parent (or a business unit of the Parent) 401(k), medical, group life insurance and accidental death and dismemberment benefits on such terms and conditions as are substantially similar to similarly situated employees of the business unit of the Parent which employs such employees and (ii) recognize prior service with the Company for such employees for the purpose of eligibility to participate in the medical and 401(k) benefit plans provided to similarly situated employees of such business unit.

6.18 Advertiser Visits. Between the date hereof and the Closing, and subject to such reasonable limitations as the Company shall deem reasonable and necessary, the Company shall permit, and shall cause each Subsidiary to permit, the Parent to discuss and meet, and shall cooperate in such discussions and meetings, with any advertiser of the Company and the Subsidiaries that the Parent so requests. A senior executive of the Company, reasonably satisfactory to the Parent, shall accompany the Parent's representative to such meetings and shall participate with the Parent's representative in any such discussions. Furthermore, the Company shall cooperate with the Parent in the preparation of a presentation to such advertisers with respect to the Merger.

ARTICLE VII
CONDITIONS

7.1 Conditions to the Obligation of Each Party. The respective obligations of the Parent, the Merger Sub and the Company to effect the Merger are subject to the satisfaction of the following conditions, unless waived in writing by all parties:

(a) This Agreement and the Merger shall have been approved and adopted by each of the Parent Stockholders and the Company Stockholders by the Required Vote.

(b) All consents, authorizations, orders and approvals of (or filings or registrations with) any Governmental Entity required in connection with the execution, delivery and performance of this Agreement, the failure to obtain which would prevent the consummation of the Merger or have, individually or in the aggregate, a Company Material Adverse Effect or Parent Material Adverse Effect, shall have been obtained without the imposition of any condition (i) having, individually or in the aggregate, a Company Material Adverse Effect or Parent Material Adverse Effect or (ii) requiring the Parent or the Surviving Corporation to effect, or agree to effect, any divestiture (including divestitures of assets of the Parent or the Company) or to take any other action if, in the reasonable judgment of the Parent, doing so would, individually or in the aggregate, reasonably be expected to impair the Parent's ability to achieve the overall benefits expected, as of the date hereof, to be realized from the consummation of the Merger.

(c) All authorizations, consents, waivers and approvals from parties to contracts or other agreements to which any of the Company or the Parent (or their respective subsidiaries) is a party, or by which either is bound, as may be required to be obtained by them in connection with the performance of this Agreement, the failure to obtain which would prevent the consummation of the Merger or have, individually or in the aggregate, a Company Material Adverse Effect or Parent Material Adverse Effect, shall have been obtained without the imposition of any condition (i) having, individually or in the aggregate, a Company Material Adverse Effect or Parent Material Adverse Effect or (ii) requiring the Parent or the Surviving Corporation to effect, or agree to effect, any divestiture (including divestitures of assets of the Parent or the Company) or to take any other action if, in the reasonable judgment of the Parent, doing so would, individually or in the aggregate, reasonably be expected to impair the Parent's ability to achieve the overall benefits expected, as of the date hereof, to be realized from the consummation of the Merger.

(d) No Governmental Entity shall have enacted, issued, promulgated, enforced or entered any law, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is then in effect and has the effect of making illegal, materially restricting or in any way preventing or prohibiting the Merger.

(e) The Parent shall have received the Tax Opinion. The parties to this Agreement agree to make such reasonable representations as requested by counsel for the purpose of rendering such opinion.

(f) The shares of Parent Common Stock to be issued pursuant to this Agreement and pursuant to the Company Stock Options shall have been authorized for listing on the Nasdaq, subject to official notice of issuance.

(g) The Form S-4 shall have been declared effective by the SEC under the Securities Act and no stop order suspending the effectiveness of the Form

S-4 shall have been issued by the SEC and no proceedings for that purpose shall have been initiated or threatened by the SEC.

7.2 Conditions to Obligations of Parent and Merger Sub to Effect the Merger. The obligations of the Parent and the Merger Sub to effect the Merger are further subject to satisfaction or waiver at or prior to the Effective Time of the following conditions:

(a) (i) The representations and warranties of the Company in this Agreement that are qualified by materiality shall be true and correct in all respects as of the Closing (excluding any representation or warranty that refers specifically to any other date other than the Closing), and (ii) the representations and warranties of the Company in the Agreement that are not qualified by materiality shall be true and correct in all material respects as of the Closing (excluding any representation or warranty that refers specifically to any other date other than the Closing) (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the Closing, (1) any inaccuracy that does not have a Company Material Adverse Effect shall be disregarded, (2) any inaccuracy that results from or relates to general business, economic or industry conditions shall be disregarded, and (3) any inaccuracy that results from or relates to the taking of any action contemplated or permitted by this Agreement or the announcement or pendency of the Merger shall be disregarded). The Company shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement at or prior to the Closing.

(b) The Company shall furnish the Parent with a certificate signed on behalf of the Company by its appropriate officers as to compliance with the conditions set forth in Section 7.2(a).

(c) The Parent shall have received an Affiliate Letter from each Affiliate in accordance with Section 6.16.

(d) No injunction, award, decision, judgment, order, ruling, subpoena, verdict or decree shall have been entered, issued, made, or rendered by any court, administrative agency, or other Governmental Entity and be in effect which restrains or prohibits, or results in the obtaining of damages or other relief from any such party, in connection with this Agreement or the consummation of the transactions contemplated hereby.

(e) There shall not have occurred any change, condition, event or development that has resulted in, or would reasonably be expected to result in, a Company Material Adverse Effect.

(f) The Investment Agreements shall be in full force and effect.

(g) (i) Subject to the provisions of Schedule 7.2(g), Parent shall be satisfied that as at March 31, 2001, the Company has at least $20 million of cash and $12 million of working capital, and

(ii) (A) Parent shall be satisfied that the Company's cash on hand immediately prior to the Closing is equal to or greater than the difference between the amount of cash on the Final Statement of Working Capital minus the product of $166,666 multiplied by the number of days elapsed from March 31, 2001 to the date which is one day prior to the date of the Closing; and (B) Parent shall be satisfied that Working Capital immediately prior to the Closing shall be in an amount which is not materially less than the difference between the amount of Working

Capital as at March 31, 2001 minus the reduction in the Company's cash on hand since March 31, 2001.

(h) Company shall, prior to the Closing Date, provide Parent with a properly executed Foreign Investment and Real Property Tax Act of 1980 Notification Letter, which shall state that shares of capital stock of Company do not constitute "United States real property interests" under Section 897(c) of the Code, for purposes of satisfying Parent's obligations under Treasury Regulation Section 1.1445-2(c)(3))the "Notification Letter"). In addition, simultaneously with delivery of such Notification Letter, Company shall have provided to Parent a form of notice to the Internal Revenue Service in accordance with the requirements of Treasury Regulation Section 1.897-2(h)(2) along with written authorization for Parent to deliver such notice form to the Internal Revenue Service on behalf of Company upon the Closing of the Merger.

7.3 Conditions to Obligations of Company to Effect the Merger. The obligations of the Company to effect the Merger are further subject to satisfaction or waiver at or prior to the Effective Time of the following

conditions:

(a) (i) The representations and warranties of the Parent and the Merger Sub in this Agreement that are qualified by materiality shall be true and correct in all respects as of the Closing (excluding any representation or warranty that refers specifically to any other date other than the Closing) and (ii) the representations and warranties of the Parent and the Merger Sub in this Agreement that are not qualified by materiality shall be true and correct in all material respects as of the Closing (excluding any representation or warranty that refers specifically to any other date other than the Closing) (it being understood that, for purposes of determining the accuracy of such representations and warranties as of the Closing, (1) any inaccuracy that does not have a Parent Material Adverse Effect shall be disregarded, (2) any inaccuracy that results from or relates to general business, economic or industry conditions shall be disregarded, and (3) any inaccuracy that results from or relates to the taking of any action contemplated or permitted by this Agreement or the announcement or pendency of the Merger shall be disregarded).

(b) The Parent and the Merger Sub each shall have performed in all material respects all covenants and agreements under this Agreement which are required to be performed at or prior to the Closing, except where failure to have complied with such covenants and agreements would not have a Parent Material Adverse Effect.

(c) The Parent shall furnish the Company with a certificate signed on behalf of Parent and Merger Sub by appropriate officers as to compliance with the conditions set forth in Sections 7.3(a) and (b).

(d) There shall not have occurred any change, condition, event or development that has resulted in, or would reasonably be expected to result in, a Parent Material Adverse Effect.

ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER

8.1 Termination. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after approval of matters presented in connection with the Merger by the Company Stockholders:

(a) By mutual written consent duly authorized by the Boards of Directors of the Parent and the Company;

(b) By any of the Parent, the Merger Sub or the Company if any court of competent jurisdiction or other Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the Merger and such order, decree, ruling or other action shall have become final and nonappealable; provided however, that the party terminating this Agreement pursuant to this Section 8.1(b) shall have used all commercially reasonable efforts to have such order, decree, ruling or action vacated;

(c) By any of the Parent, the Merger Sub or the Company if the Merger shall not have been consummated on or before June 30, 2001; provided, however, that the right to terminate this Agreement under this Section 8.1(c) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the primary cause of, or resulted in, the failure to consummate the Merger on or before such date;

(d) By the Parent, if the Board of Directors of the Company takes any of the actions set forth in the second sentence of Section 6.5(a);

(e) By any of the Company or the Parent, if the approval of the Parent Stockholders or the Company Stockholders required for consummation of the Merger shall not have been obtained by reason of the failure to obtain the Required Vote at the Stockholders' Meetings or at any adjournment or postponement thereof;

(f) By the Parent or the Merger Sub, if (i) any of the conditions set forth in Section 7.2 shall have become incapable of fulfillment and shall not have been waived by the Parent and the Merger Sub or (ii) the Company shall breach in any material respect any of its representations, warranties, covenants or other obligations hereunder and, within 30 days after written notice of such breach to the Company from the Parent, such breach shall not have been cured in all material respects or waived by the Parent or the Merger Sub and the Company shall not have provided reasonable assurance to the Parent and the Merger Sub that such breach will be cured in all material respects on or before the Effective Time; or

(g) By the Company, if (i) any of the conditions set forth in Section 7.3 shall have become incapable of fulfillment and shall not have been waived by the Company or (ii) the Parent or the Merger Sub shall breach in any material respect any of their respective representations, warranties or obligations hereunder and, within 30 days after written notice of such breach to the Parent from the Company, such breach shall not have been cured in all material respects or waived by the Company and the Parent or the Merger Sub, as the case may be, shall not have provided reasonable assurance to the Company that such breach will be cured in all material respects on or before the Effective Time.

Notwithstanding anything else contained in this Agreement, the right to terminate this Agreement under this Section 8.1 shall not be available to any party that (i) is in material breach of its obligations hereunder or (ii) whose failure to fulfill its obligations or to comply with its covenants under this Agreement has been the cause of, or resulted in, the failure to satisfy any condition to the obligations of either party hereunder.

8.2 Effect of Termination.

(a) In the event of the termination of this Agreement pursuant to Section 8.1 hereof, this Agreement shall forthwith be terminated and have no further effect except as specifically provided herein and in Section 9.10 and, except as provided in this Section 8.2 and in Section 9.11, there shall be no liability on the part of any party hereto, provided that nothing herein shall relieve any party from liability for any willful breach hereof.

(b) If the Parent exercises its right to terminate this Agreement under Section 8.1(d), the Company shall pay to the Parent the Termination Fee, payable in same-day funds, as liquidated damages and not as a penalty to reimburse the Parent for its time, expense and lost opportunity costs of pursuing the Merger, upon entering into any agreement relating to such Acquisition Proposal.

(c) (i) After termination of this Agreement by the Parent pursuant to Section 8.1(e) because the approval of the Company Stockholders required for consummation of the Merger shall not have been obtained at the Company Stockholders' Meeting, the Company shall pay to the Parent upon demand the Termination Fee, payable in same-day funds, as liquidated damages and not as a penalty, to reimburse the Parent for its time, expense and lost opportunity costs of pursuing the Merger; provided that no such amount shall be payable if the Termination Fee shall have become payable or have been paid in accordance with Section 8.2(b) of this Agreement or if this Agreement shall have been terminated by the Company in accordance with clause (ii) of Section 8.1(g).

(ii) After termination of this Agreement by the Company pursuant to Section 8.1(e) because the approval of the Parent Stockholders required for consummation of the Merger shall not have been obtained at the Parent Stockholders' Meeting, the Parent shall pay to the Company upon demand the Termination Fee, payable in same-day funds, as liquidated damages and not as a penalty, to reimburse the Company for its time, expense and lost opportunity costs of pursuing the Merger; provided that no such amount shall be payable if this Agreement shall have been terminated by the Parent in accordance with clause (ii) of Section 8.1(f).

(d) Notwithstanding anything to the contrary set forth in this Agreement, if either party fails promptly to pay to the other party any amounts due under this Section 8.2, such party shall pay the costs and expenses (including reasonable legal fees and expenses) in connection with any action, including the filing of any lawsuit or other legal action, taken to collect payment, together with interest on the amount of any unpaid fee or obligation at the publicly announced prime rate of Citibank, N.A. in effect from time to time from the date such fee or obligation was required to be paid.

8.3 Amendments. This Agreement may not be amended except by action taken or authorized by the board of directors of each of the parties hereto set forth in an instrument in writing signed on behalf of each of the parties hereto; provided, however, that after approval of the Merger by the Company Stockholders, no amendment may be made without the further approval of the Company Stockholders if such further approval is required by Law or the rules of any relevant stock exchange or other trading system.

8.4 Waiver. At any time prior to the Effective Time, whether before or after the Stockholders' Meeting, any party hereto, by action taken by its board of directors, may (i) extend the time for the performance of any of the

covenants, obligations or other acts of any other party hereto or (ii) waive any inaccuracy of any representations or warranties or compliance with any of the agreements, covenants or conditions of any other party or with any conditions to its own obligations. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party by its duly authorized officer. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights. The waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances and each such right shall be deemed an ongoing right that may be asserted at any time and from time to time.

ARTICLE IX
GENERAL PROVISIONS

9.1 No Third Party Beneficiaries. Other than the provisions of Section 6.7 hereof, nothing in this Agreement shall confer any rights or remedies upon any Person other than the parties hereto.

9.2 Entire Agreement. This Agreement (including the exhibits and the Disclosure Letters hereto) constitutes the entire Agreement among the parties with respect to the subject matter hereof and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, with respect to the subject matter hereof.

9.3 Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties named herein and their respective successors. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other parties; provided, however, that the Merger Sub may freely assign its rights to another wholly owned subsidiary of the Parent without such prior written approval but no such assignment shall relieve the Merger Sub of any of its obligations hereunder.

9.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. 9.5 Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

9.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law thereof.

9.7 Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction declares that any term or provision hereof is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the

power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

9.8 Specific Performance. Each of the parties acknowledges and agrees that the other party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties agrees that the other party shall be entitled to seek an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

9.9 Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

9.10 Non-Survival of Representations and Warranties and Agreements. The

representations, warranties and agreements in this Agreement shall terminate at the Effective Time or upon the termination of this Agreement pursuant to Section 8.1, as the case may be, except that (i) the agreements set forth in Articles II and IX and Sections 6.7 and 6.11 shall survive the Effective Time and (ii) the agreements set forth in Section 8.2 and in Article IX shall survive the termination of this Agreement.

9.11 Fees and Expenses. Subject to Sections 8.2(b), (c) and (d), each party hereto shall pay its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby, except that costs and expenses incurred in connection with the filing, printing and mailing of the Form S-4 and the Proxy Statement/Prospectus (including SEC filing fees) shall be borne equally by the Parent and the Company.

9.12 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in Person, by overnight courier or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses, or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.12:

<TABLE>
<S> <C>

If to the Parent or the Merger Sub:	iVillage Inc. 512 Seventh Avenue New York, New York Attention: General Counsel

</TABLE>

<TABLE>
<S> <C>

with a copy to:	Orrick, Herrington & Sutcliffe LLP Old Federal Reserve Bank Building 400 Sansome Street San Francisco, CA 94111 Attention: Richard Vernon Smith, Esq.
If to the Company:	Women.com Networks, Inc. 1820 Gateway Drive, Suite 100 San Mateo, CA 94404-2471 Attention: General Counsel
with a copy to:	Cooley Godward LLP Five Palo Alto Square 3000 El Camino Real Palo Alto, CA 94306 Attention: Mark P. Tanoury Nancy H. Wojtas

</TABLE>

IN WITNESS WHEREOF, the Company, the Parent and the Merger Sub have caused this Agreement to be executed as of the date first written above by their respective duly authorized officers.

WOMEN.COM NETWORKS, INC.

By: /s/ Marleen McDaniel

Name: Marleen McDaniel
Title: Chief Executive Officer and President

iVILLAGE INC.

By: /s/ Douglas W. McCormick

Name: Douglas W. McCormick
Title: Chief Executive Officer

STANHOPE ACQUISITION SUB, LLC

By: /s/ Douglas W. McCormick

Name: Douglas W. McCormick
Title: Chief Executive Officer

[SIGNATURE PAGE FOR AGREEMENT AND PLAN OF MERGER]

SCHEDULE 1
Transaction Expenses to be Excluded from Working Capital

$750,000 payable to Salomon Smith Barney and related expenses pursuant to that certain Engagement Letter dated January 30, 2001 with Women.com Networks, Inc.

Legal expenses relating, directly or indirectly, to the transactions contemplated by the Agreement and Plan of Merger dated February 5, 2001 and related documents.

Accounting expenses relating, directly or indirectly, to the transactions contemplated by the Agreement and Plan of Merger dated February 5, 2001 and related documents.

Severance and retention payments made, or agreed to be made, to employees of Women.com Networks, Inc. and agreed to by iVillage Inc.

Costs and expenses (including filing fees, printers and attorneys' expenses) relating, directly or indirectly, to the transactions contemplated by the Agreement and Plan of Merger dated February 5, 2001 and related documents.

SCHEDULE 2
Estimated Statement of Working Capital as at March 31, 2001

Women.com Networks
Working Capital Elements
3/31/01

<TABLE>
<CAPTION>

	Estimated Balance	Description
Assets		
<S>	<C>	<C>
Cash and cash equivalents*	20,000	Operating accounts, including temporary cash investments at AIM
Accounts receivable	5,071	Billed accounts receivable
Allowance for doubtful accounts	(1,116)	Estimated uncollectible accounts
Other A/R	433	March Hearst production to be billed April 2001
Prepaid expenses	1,913	Prepayments of operating expenses
Other assets	-	
	26,301	
Liabilities		
Accounts payable	3,422	Payments due to vendors (based on actual invoices)
Accrued liabilities	4,398	Payments due to vendors (no invoice recv'd to date) & partners (royalties)
Accrued liabilities - contingencies	3,300	MSN & Alta Vista
Accrued compensation	1,225	Payments due to employees for commissions & paid time off
Deferred revenue	1,409	Payments received for revenue to be earned in future periods
	13,754	
Assets net of liabilities	12,547	

Adjustments:	
Prepaid expenses	(1,913)
Deferred Revenue	1,409
adjusted working capital	12,043

</TABLE>

* Note: an adjustment will be made to cash (increase) for any deal related costs as listed in Exhibit A that have been paid in cash before closing

SCHEDULE 7.2(g)
Provisions Concerning Cash and Working Capital Condition in Section 7.2(g)

1. On or prior to the earlier of (i) April 2, 2001 and (ii) three days prior to the Closing, the Company shall deliver to the Parent the Estimated Statement of Working Capital which shall be prepared in accordance with GAAP consistently applied and in the same manner and using the same principles as used in preparing Schedule 2. The Company shall deliver to the Parent all work papers and other supporting documentation used in or relevant to the creation of the Estimated Statement of Working Capital along with the delivery of the Estimated Statement of Working Capital.

2. Parent shall review the Estimated Statement of Working Capital and the supporting material delivered by the Company, and two days prior to the Closing, deliver to the Company the Final Statement of Working Capital. To the extent the Company disputes the Final Statement of Working Capital provided by Parent, the Company and the Parent shall provide such statement, the Estimated Statement of Working Capital referred to in item 1 above, and all work papers and other supporting documentation used in or relevant to the creation of such statements to PricewaterhouseCoopers no later than one day prior to the Closing, and PricewaterhouseCoopers shall determine the final form of such statements, which shall be final and binding on the parties hereto, no later than the Closing.

3. In the event that there is less cash or Working Capital on the Final Statement of Working Capital than the amounts set forth in Section 7.2(g):

(a) if the Shortfall in the case of cash and/or Working Capital is $2,000,000 or less (ii) the Exchange Ratio shall be adjusted downward such that the aggregate number of shares to be issued pursuant to the Merger in exchange for Company Common Stock is decreased by the number of shares of Parent Common Stock having an aggregate Fair Market Value equal to the Shortfall with respect to cash or the Shortfall with respect to Working Capital, whichever is greater, and (ii) at Investor's option, the Common Stock Purchase Price (as defined in the Securities Purchase Agreement) shall be increased by an amount, as elected by Investor, equal to or less than, the Shortfall with respect to cash, or the Shortfall with respect to Working Capital, whichever is greater, and the number of Shares (as defined in the Securities Purchase Agreement) shall be increased by a number, as elected by Investor, equal to or less than the Shortfall divided by $1.78.

(b) if the Shortfall in the case of either cash or Working Capital is more than $2,000,000 but less than $4,000,000 (i) the Exchange Ratio shall be adjusted downward such that the aggregate number of shares to be issued pursuant to the Merger in exchange for Company Common Stock is decreased by the number of shares of Parent Common Stock having an aggregate Fair Market Value equal to the Shortfall with respect to cash or the Shortfall with respect to Working Capital, whichever is greater, (ii) the Common Stock Purchase Price (as defined in the Securities Purchase Agreement) shall be increased by an amount equal to the amount of the Shortfall with respect to cash or the Shortfall with respect to Working Capital, whichever is greater, in excess of $2,000,000 and the number of Shares (as defined in the Securities Purchase Agreement) shall be increased by a number equal to the Shortfall divided by $1.78, and (iii) at Investor's option, the Common Stock Purchase Price shall be increased by up to an additional $2,000,000 and the number of Shares shall be increased by an amount equal to the amount of the increased Common Stock Purchase Price divided by $1.78.

(c) if the Shortfall in the case of either cash or Working Capital is more than $4,000,000, the condition to Parent's obligation to effect the Merger in Section 7.2(g) shall not have been satisfied.

Parent Disclosure Letter

Section 5.6	Capitalization
Section 5.7	Litigation
Section 5.8(a)	Subsidiaries
Section 5.8(b)	Ownership of equity interests in non-subsidiaries
Section 5.9(c)	Undisclosed Liabilities
Section 5.9(d)	Amendments or modifications not yet filed with SEC to agreements, documents and instruments previously filed with SEC
Section 5.10	Certain Changes and Events
Section 5.11(a)	Taxes
Section 5.13(a)	Intellectual Property
Section 5.13(b)	Intellectual property claims and disputes
Section 5.14	Existing Discussions

Issuer Disclosure Schedule

Section 4.1	Organization and Standing
Section 4.2	Authority for Agreement
Section 4.3	Capitalization
Section 4.4	Subsidiaries
Section 4.5	No Conflict
Section 4.6	Required Filings and Consents
Section 4.7	Compliance
Section 4.8	Litigation
Section 4.9	Company Reports; Financial Statements
Section 4.10	Absence of Certain Changes or Events
Section 4.11	Taxes
Section 4.12	Title to Personal Property
Section 4.13	Real Property
Section 4.14	Environmental Compliance and Disclosure
Section 4.15	Officers and Employees
Section 4.16	Employee Benefit Plans
Section 4.17	Labor Relations
Section 4.18	Contracts and Commitments
Section 4.19	Information Supplied
Section 4.20	Intellectual Property
Section 4.21	Insurance Policies
Section 4.22	Transactions with Affiliates
Section 4.23	No Existing Discussions
Section 4.24	Antitakeover Statutes; Absence of Dissenters' Rights
Section 4.25	Brokers
Section 4.26	Vote Required

STOCKHOLDER VOTING AGREEMENT

This STOCKHOLDER VOTING AGREEMENT (this "Agreement"), dated February 5, 2001, by and among iVillage Inc., a Delaware corporation ("Holder"), and Hearst Communications, Inc., a Delaware corporation(the "Stockholder").

WITNESSETH THAT:

WHEREAS, the Stockholder owns of record 21,576,447 shares of common stock (the "Common Stock"), $.001 par value, of Women.com Networks, Inc., a Delaware corporation ("Company") (all of such shares being referred to herein, and giving effect to Section 11 hereof, as the "Shares"); and

WHEREAS, concurrently herewith Holder, Stanhope Acquisition Sub, LLC, a Delaware limited liability company, the sole member of which is Holder ("Newco"), and Company are entering into an Agreement and Plan of Merger (the "Merger Agreement") pursuant to which Newco would, upon the terms and subject to the conditions set forth therein, merge with and into Company (the "Merger"); and

WHEREAS, the Stockholder desires to induce Holder to proceed with the Merger and enter into the Merger Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, Holder's willingness to enter into the Merger Agreement and the sum of $100, and such other valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Representations and Warranties of the Stockholder. The Stockholder represents and warrants (such representations and warranties being deemed repeated at any Closing at which Shares of the Stockholder are purchased) that:

1.1 Own ership of Shares. Except for the encumbrances and restrictions arising hereunder, the Stockholder has good and marketable title to and is the sole record owner of the Shares; the Stockholder does not own beneficially or of record any other capital stock of Company; such Shares are validly issued, fully paid and nonassessable, with no personal liability attaching to the ownership thereof; and such Shares are owned by the Stockholder free and clear of any pledges, liens, security interests, adverse claims, assessments, proxies, participations, options, equities, charges or encumbrances of any nature whatsoever with respect to the ownership of or right to vote or dispose of such Shares.

1.2 Authority; Due Execution; Enforceability. The Stockholder has the full right, power, capacity and authority to enter into this Agreement and has sole voting power and sole power of disposition with respect to the Shares with no restrictions on the Stockholder's voting rights or rights of disposition pertaining thereto; and this Agreement has been duly and validly executed and delivered by the Stockholder and constitutes a legal, valid and binding obligation of the Stockholder enforceable against him in accordance with its terms, except as enforcement thereof may be limited against the Stockholder by (i) bankruptcy, insolvency, reorganization, moratorium

and similar laws, both state and federal, affecting the enforcement of creditors' rights or remedies in general as from time to time in effect or (ii) the exercise by courts of equity powers.

1.3 No Conflicts. The execution and delivery of this Agreement do not, and the consummation of the transactions contemplated hereby will not, with or without giving of notice or the passage of time, (a) violate any judgment, award, decree, injunction or order of any court, arbitrator or governmental agency applicable to the Stockholder or the Stockholder's property or assets or any federal or state law, statute or regulation, or (b) conflict with, result in the breach of any provision of or constitute a violation of or default under any agreement or instrument to which the Stockholder is a party or by which the Stockholder or the Stockholder's property or assets may be bound.

2. Covenants of the Stockholder. The Stockholder hereby covenants and agrees that during the term hereof:

(a) The Stockholder shall not enter into any transaction, take any action or by inaction permit any event to occur, that would result in any of the representations or warranties of the Stockholder herein contained not being true and correct at and as of (i) the time immediately after the occurrence of such transaction, action or event or (ii) the date of any Closing of the purchase of Shares. Without limiting the generality of the foregoing, the Stockholder covenants and agrees that the Stockholder will not sell, transfer, pledge, hypothecate, assign or otherwise convey or dispose of, or enter into any contract, option, agreement or other arrangement or understanding with respect to the sale, transfer, pledge, assignment, conveyance or other disposition of, any Shares, other than to or in favor of Holder or Holder's assignee, or in connection with the Merger or an Acquisition Transaction between Company and Holder, Newco or another subsidiary of Holder (a "Holder Acquisition Transaction").

(b) The Stockholder hall not, nor shall it authorize or permit any of its Representatives to, directly or indirectly through another Person, (i) solicit, initiate or encourage (including by way of furnishing information) or otherwise take any action to facilitate, the making of any proposal that constitutes an Acquisition Proposal relating to the Company or (ii) participate

in any discussions or negotiations regarding, any proposal that constitutes, or may reasonably be expected to lead to, any such Acquisition Proposal. The Stockholder shall provide immediate oral and written notice to the Holder of (1) the receipt of any such Acquisition Proposal or any inquiry which could reasonably be expected to lead to any such Acquisition Proposal, (2) the material terms and conditions of any such Acquisition Proposal or inquiry, and (3) the identity of such Person or entity making any such Acquisition Proposal or inquiry. The Stockholder shall continue to keep the Holder informed of the status and details of any such Acquisition Proposal or inquiry.

(c) The Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger that such Stockholder may under Section 262 the DGCL or otherwise.

3. Agreement to Vote Shares; Irrevocable Proxy.

(a) The Stockholder hereby agrees that, during the term of this Agreement, at any meeting of the stockholders of the Company, however called, or in connection with any written consent of the stockholders of the Company, such Stockholders shall vote (or cause to be voted) the Shares held of record or beneficially by the Stockholder (i) in favor of the approval and adoption of

the Merger Agreement and the consummation of the transactions contemplated therein, including the Merger, (ii) against any action or agreement that would result in a breach in any material respect of the Company under the Merger Agreement, and (c) except as otherwise agreed to in writing in advance by the Holder (other than the Merger and the other transactions contemplated by the Merger Agreement), against: (1) any extraordinary corporate transaction involving the Company, such as a merger, consolidation or other business combination involving the Company or any of its Subsidiaries, (2) a sale, lease or transfer of a material amount of assets of the Company or any of its Subsidiaries or a reorganization, recapitalization, dissolution or liquidation of the Company or any its Subsidiaries, (3) any change in the board of directors of the Company, (4) any amendment of the Company's certificate of incorporation, or (5) any other action which is intended, or could reasonably be expected, to impede, interfere with, delay, postpone, discourage or materially and adversely affect the contemplated benefits to Holder of the Merger and the other transactions contemplated by the Merger Agreement (including the Investment Agreement). The Stockholder shall not enter into any agreement or understanding, whether oral or written, with any person or entity prior to the termination of this Agreement to vote thereafter in a manner inconsistent with this Section 3(a).

(b) The Stockholder has revoked or terminated any proxies, voting agreements or similar arrangements previously given or entered into with respect to the Shares and hereby irrevocably appoints Holder, during the term of this

Agreement, as proxy, with full power of substitution, for the Stockholder to vote (or refrain from voting) with respect to matters specified in and in any manner consistent with Section 3(a) all of the Shares of the Stockholder for the Stockholder and in the Stockholder's name, place and stead, at any annual, special or other meeting or action of the stockholders of Company or at any adjournment thereof or pursuant to any consent of the stockholders of Company in lieu of a meeting or otherwise, with respect to any issue brought before stockholders of Company. If the issue on which Holder is voting pursuant to the irrevocable proxy is the proposal to approve and adopt the Merger and the Merger Agreement, Holder shall vote for such proposal or give its consent, as applicable.

4. Assignment. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective spouses, heirs, personal representatives, successors and assigns. Holder may, without the consent of the Stockholder, assign its rights hereunder to any wholly owned subsidiary of Holder, but otherwise the consent of the Stockholder shall be required to assign the rights of Holder hereunder. The consent of Holder shall be required to assign the rights of the Stockholder hereunder.

5. Further Assurances. The Stockholder shall cooperate with Holder and execute and deliver any additional documents necessary or desirable, in the opinion of Holder or its counsel, to evidence the irrevocable proxy granted herein with respect to the Shares.

6. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered personally or sent by registered or certified mail, postage prepaid, addressed to the respective party at the following addresses:

To Holder:	iVillage, Inc. 512 Seventh Avenue New York, NY 10018 Attn: Michael Gilbert

with a copy to:	Orrick, Herrington & Sutcliffe LLP Old Federal Reserve Bank Building 400 Sansome Street San Francisco, CA 94111 Attn: Richard Vernon Smith, Esq.
To the Stockholder:	Hearst Communications, Inc. 959 Eighth Avenue, Suite 257 New York, NY 10019
with a copy to:	Clifford Chance Rogers & Wells LLP Two Hundred Park Avenue

New York, NY 10166
Attn: Steven A. Hobbs

7. Termination. This Agreement, other than as provided in Section 10 below, shall terminate on the earlier of: (i) the delivery by Holder to the Stockholder of written notice of Holder's determination to terminate this Agreement, (ii) the termination of the Merger Agreement in accordance with the terms thereof and (iii) the Effective Time (the "Termination Date").

8. Remedies. The Stockholder acknowledges that Holder will be irreparably harmed and that there will be no adequate remedy at law for a violation of any of the covenants or agreements of the Stockholder which are contained in this Agreement. It is accordingly agreed that, in addition to any other remedies which may be available to Holder upon the breach by the Stockholder of such covenants and agreements, Holder shall have the right to obtain injunctive relief to restrain any breach or threatened breach of such covenants or agreements or otherwise to obtain specific performance of any of such covenants or agreements.

9. Commissions. Each of the parties hereto represents and warrants that there are no agreements or claims for brokerage commissions or finders' fees in connection with the transactions contemplated by this Agreement, and the Stockholder and Holder will respectively pay or discharge and will indemnify each other for brokerage commissions or finders' fees incurred by reason of any action taken by such indemnifying party.

10. Survival of Representations. Notwithstanding any provision of this Agreement to the contrary, all representations and warranties made by the Stockholder in this Agreement and the covenants set forth in Section 9 hereof shall survive any vote by Holder of the Shares pursuant to the irrevocable proxy or any vote by the Stockholder in accordance with Section 3.

11. Changes in Capitalization. For all purposes of this Agreement, the Shares shall include any securities for cash or other property issued or exchanged with respect to such Shares upon any recapitalization, reclassification, or any other change in its capital structure and shall also include all Shares of Common Stock issued to the Stockholder after the date hereof pursuant to the exercise by the Stockholder of stock options.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of law thereof.

13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which

together shall constitute one and the same instrument.

14. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any current or future law, and if the rights or obligations of the parties under this Agreement would not be materially and adversely affected thereby, such provision shall be fully separable, and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. In lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement, a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible, and the parties hereto request the court or any arbitrator to whom disputes relating to this Agreement are submitted to reform the otherwise illegal, invalid or unenforceable provision in accordance with this Section 14.

15. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes any prior understandings, agreements or representations by or among the parties, written or oral, with respect to the subject matter hereof.

16. Headings; Interpretation. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any party. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

17. Expenses. Each party hereto shall pay its own costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby.

18. Definitions. Capitalized terms used but not defined herein shall have the meanings set forth in the Merger Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first above written.

STOCKHOLDER:

/s/ James M Asher

Hearst Communications, Inc.

By: James M Asher

Title: SR. VP

HOLDER:

/s/ Douglas W. McCormick
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iVillage Inc.
By: Douglas W. McCormick
Title: Chief Executive Officer

[SIGNATURE PAGE FOR HEARST COMMUNICATIONS, INC. STOCKHOLDER VOTING AGREEMENT]

SECURITIES PURCHASE AGREEMENT

by and between

iVILLAGE INC.

and

HEARST COMMUNICATIONS, INC.

Dated as of February 5, 2001

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SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT (this "Agreement") is entered into as of February 5, 2001, by and between iVillage Inc., a Delaware corporation (the "Company"), and Hearst Communications, Inc., a Delaware corporation ("Investor").

Unless the context otherwise requires, terms capitalized and not otherwise defined in context have the meanings set forth or cross-referenced in Article 8.

RECITALS:

WHEREAS, the Company, Woman.com Networks, Inc., a Delaware corporation ("WNI"), and Stanhope Acquisition Sub LLC, a Delaware limited liability company and wholly owned subsidiary of the Company, have entered into an Agreement and

Plan of Merger dated as of the date of this Agreement;

WHEREAS, the execution of this Agreement by Investor is a condition to the obligation of the Company to effect the Merger;

WHEREAS, the Company desires to sell to Investor, and Investor desires to purchase from the Company, shares of the Company's Common Stock, $0.01 par value per share ("Common Stock"), and warrants to purchase Common Stock, on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, in connection with the Merger, but subject to compliance with applicable securities laws, the Company intends to offer to all stockholders of WNI pursuant to a registered rights offering the opportunity to purchase their pro rata portion (based on their ownership of WNI's outstanding shares) of the Shares (as defined below) and the Warrant (as defined below) (the "Rights Offering");

NOW, THEREFORE, in consideration of the recitals and the mutual covenants of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1. ISSUANCE AND PURCHASE OF SECURITIES

1.1 Purchase of Securities. Upon the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue and sell to Investor, and Investor agrees to purchase from the Company on the Closing Date, 9,324,000 shares of Common Stock (the "Shares") and a warrant, substantially in the form of Exhibit A attached hereto (the "Warrant") exercisable for up to 2,100,000 shares of Common Stock (the "Warrant Shares"), for an aggregate purchase price of $20.0 million (the "Purchase Price"). The number of Shares

will be adjusted appropriately to reflect any stock split or combination, stock dividend or other adjustment to Common Stock occurring between the date hereof and the Closing Date. The Warrant shall have a per share exercise price of $0.01 (subject to adjustment as provided in the Warrant) and shall only be exercisable during the period commencing on the Closing Date and ending on December 31, 2004 and only if the Average Closing Price of the Common Stock exceeds $3.75 per share (adjusted for stock splits, stock dividends or other adjustments to Common Stock) and the other conditions set forth in the Warrant have been satisfied. In addition to the adjustments provided for in the Warrant, the number of Warrant Shares will be adjusted appropriately to reflect any stock split or combination, stock dividend or other adjustment to Common Stock occurring between the date hereof and the Closing Date.

1.2 Adjustment to Number of Shares and Amount of Purchase Price.

(a) Notwithstanding the provisions of Section 1.1, the number of Shares to be purchased by Investor pursuant to this Agreement and the Purchase Price shall be increased if Investor is required to purchase, or elects to purchase, additional shares of Common Stock pursuant to the provisions of Schedule 7.2(g) of the Agreement and Plan of Merger. In such event, then, for all purposes of this Agreement, such additional shares shall be deemed to be "Shares" and the term "Purchase Price" shall include, and be increased by, the amount of the additional investment made by Investor as required or permitted by Schedule 7.2(g) of the Agreement and Plan of Merger.

(b) The number of Shares and the number of Warrant Shares set forth in Section 1.1 assumes that none of WNI's stockholders participate in the Rights Offering to be conducted by the Company in accordance with Article 11. In the event WNI stockholders do participate in the Rights Offering, (i) the number of Shares and the number of Warrant Shares shall be reduced, on a one-for-one basis, by the number of Shares and Warrant Shares purchased by WNI's stockholders (other than Investor) in the Rights Offering and (ii) the Purchase Price shall be reduced by the amount received by the Company from WNI's stockholders (other than Investor) pursuant to the Rights Offering.

1.3 Closing Matters.

(a) Closing. Unless this Agreement has been terminated in

accordance with Article 7, and subject to the satisfaction or waiver of the conditions set forth in 00000Article 2, the closing of the Transaction (the "Closing") will occur simultaneously with the closing of the Merger and the transactions contemplated by the Agreement and Plan of Merger (the "Merger Closing"). If the conditions set forth in Article 2 are not satisfied or waived prior to the Merger Closing, then the Closing will occur as soon as practicable after such conditions are so satisfied or waived, unless this Agreement is terminated pursuant to Article 7. The Closing shall be held at 10:00 a.m., local time, at the offices of Orrick, Herrington & Sutcliffe LLP, located at 666 Fifth Avenue, New York, NY 10103. At the Closing:

(i) Investor will pay, by wire transfer of immediately available funds to an account designated in writing by the Company, the Purchase Price;

(ii) each party will execute the Transaction Documents;

(iii) each party will execute and deliver such agreements or other documents as may be necessary to evidence the satisfaction or, if applicable, the waiver of any conditions to Closing set forth in Article 2;

(iv) the Company will deliver to Investor a copy of its letter to the Transfer Agent, irrevocably instructing the Transfer Agent to, within three Business Days from the Closing Date, issue a certificate or certificates to Investor representing the Shares and deliver the same to Investor at the address designated by Investor;

(v) the Company will deliver the Warrant, duly executed by the Company, to Investor; and

(vi) each party will execute and deliver to the other:

(A) A certificate from its secretary or assistant secretary, certifying as to (1) the incumbency of any officer(s) signing this Agreement and the other Transaction Documents and any other agreements, instruments or documents executed and delivered by such party at the Closing, (2) such party's charter documents and by-laws and (3) all corporate resolutions or actions authorizing the execution, delivery or performance of this Agreement and the other Transaction Documents and any other agreements, instruments or documents executed and delivered by such party at the Closing; and

(B) The officer's certificate described in Section 2.2(a), in the case of the Company, or Section 2.3(a), in the case of Investor.

1.3 Legend. Each certificate representing any of the Securities will bear the following legend, together with any and all other legends as may be required under applicable law (and the Company may issue appropriate corresponding stop transfer instructions to the Transfer Agent):

The securities represented by this certificate or instrument have not been registered under the Securities Act of 1933, as amended (the "Act"), or under any applicable state law and may not be transferred, sold or otherwise disposed of in the absence of an effective registration statement under the Act or such laws or an opinion of counsel reasonably satisfactory to the Company that such a registration is not

required under the Act or such laws and the rules and regulations promulgated thereunder.

The securities represented by this certificate or instrument are subject to certain restrictions on transfer as set forth in a Securities Purchase Agreement, dated as of February 5, 2001, and a Stockholder Agreement, dated as of [insert date of the Closing], copies of which are on file at the principal executive offices of the Company. Any registration or transfer of such securities on the books of the Company will be subject to compliance with such restrictions.

ARTICLE 2. CONDITIONS TO CLOSING.

2.1 Conditions to Each Party's Obligations. The obligations of each party to consummate the Transaction are subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which may be waived in writing in whole or in part by the parties:

(a) No Order. The absence of any pending Order of any Governmental Entity prohibiting, enjoining or otherwise restraining the consummation of the Transaction or the performance of any party's obligations hereunder or under any other agreement to be entered into by the parties in connection with the consummation of the Transaction.

(b) Approvals. All necessary Authorizations will have been obtained from the appropriate Governmental Entity.

(c) Merger. The Merger shall have become effective, as provided by Section 2.2 of the Agreement and Plan of Merger.

2.2 Conditions to Investor's Obligations. Investor's obligation to consummate the Transaction is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which may be waived in writing in whole or in part by Investor:

(a) Representations and Warranties True. The representations and warranties of the Company in this Agreement will have been true in all material respects when made and will be true in all material respects at the time of the Closing with the same effect as though such representations and warranties had been made at such time, except for (i) changes resulting from the consummation of the Transaction, the sale of the Securities or the Merger, (ii) changes or events that do not have a Material Adverse Effect, and (iii) representations and warranties that speak as of a specific date other than the Closing Date (which need be correct only as of such other date). The Company will deliver an officer's certificate, dated the Closing Date, confirming that the conditions set forth in this Section 2.2(a), Section 2.2(b), Section 2.2(c) and Section 2.2(d) are, except as provided for above, satisfied on the Closing Date.

(b) Increase in Size of Board of Directors. Subject to the consummation of the Transaction, (i) the Company's Board of Directors shall have been increased to ten (10) members and (ii) the Board appointments described in Section 3.2(a) of the Stockholder Agreement shall have been made.

(c) Transaction Documents. The Company shall have executed the Transaction Documents and delivered executed originals thereof to Investor.

(d) Performance. The Company shall have performed or complied in all material respects with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the time of the Closing.

(e) Opinion of Company Counsel. Investor shall have received from Orrick, Herrington & Sutcliffe LLP, counsel for the Company, an opinion, dated as of the Closing Date, substantially to the effect that (i) the Company is a corporation duly organized, validly existing and in good standing under the

laws of the State of Delaware, (ii) the Company has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the Transaction, (iii) the execution, delivery and performance by the Company of this Agreement and the other Transaction Documents, and the consummation by the Company of the Transaction, have been duly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or the other Transaction Documents or to consummate the Transaction, (iv) this Agreement has been duly executed and delivered by the Company, and (v) upon issuance and sale to Investor in accordance with the terms of this Agreement, the Shares will be, and upon issuance to Investor of the Warrant Shares in accordance with the terms of this Agreement and the Warrant, the Warrant Shares will be, duly authorized, validly issued, fully paid and non-assessable.

2.3 Conditions to the Company's Obligations. The Company's obligation to consummate the Transaction is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any or all of which may be waived in writing in whole or in part by the Company:

(a) Representations and Warranties True. The representations and warranties of Investor in this Agreement will have been true in all material respects when made and will be true in all material respects at the time of the Closing with the same effect as though such representations and warranties had been made at such time. Investor shall deliver a certificate of its officers or other authorized representatives dated the Closing Date confirming that the conditions set forth in this Section 2.3(a), Section 2.3(b), Section 2.3(c) and Section 2.3(d) are satisfied on the Closing Date.

(b) Transaction Documents. Investor shall have executed the Transaction Documents and delivered executed originals thereof to the Company.

(c) Rights Offering Expenses. Investor shall have reimbursed the Company, to the extent required by Section 11.2, for all Rights Offering Expenses incurred as of the Closing Date.

(d) Performance. Investor shall have performed or complied in all material respects with all agreements and conditions contained herein required to be performed or complied with by it prior to or at the time of the Closing.

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

Except as disclosed in the Schedule of Exceptions attached to this Agreement (the "Schedule of Exceptions"), the Company hereby represents and warrants to Investor that:

3.1 Organization and Standing. The Company (a) is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, (b) has full corporate power and authority to own, lease and operate its properties and assets and to conduct its business as presently conducted and (c) is duly qualified or licensed to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a Material Adverse Effect. The Company has furnished or made available to Investor true and complete copies of its Certificate of Incorporation and Bylaws, each as amended to date. Such Certificate of Incorporation and Bylaws are in full force and effect, and the Company is not in violation of any provision therein.

3.2 Authority for Agreement. Except for receipt of the approval of the Company's stockholders, the Company has all necessary corporate power and authority to execute and deliver this Agreement and the other Transaction Documents, to perform its obligations hereunder and thereunder and to consummate the Transaction. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents, and the consummation by the Company of the Transaction, have been duly authorized by all necessary corporate action and no other corporate proceedings on the part of the Company (other than the receipt of stockholder approval) are necessary to authorize this Agreement

or the other Transaction Documents or to consummate the Transaction. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery by Investor, constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms (except as enforcement thereof may be limited against the Company by (i) bankruptcy, insolvency, reorganization, moratorium, and similar laws, both state and federal, affecting the enforcement of creditors' rights or remedies in general as from time to time in effect or (ii) the exercise by courts of equitable powers).

3.3 No Conflict. The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company and the other transactions contemplated by this Agreement will not, (i) conflict with or violate the Company's Certificate of Incorporation or Bylaws, (ii) subject to Section 3.4, conflict with or violate any Law applicable to the Company or by which any material property or asset of the Company is bound or affected, or (iii) result in a breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, give to others any right of termination, amendment, acceleration or cancellation of, result in triggering any payment or other obligations, or result in the creation of a lien or other encumbrance on any material property or asset of the Company pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company is a party or by which the Company or any property or asset of the Company is bound or affected, except in the case of clauses (ii) and (iii) above for any such conflicts, violations, breaches, defaults or other occurrences which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.4 Required Filings and Consents. The execution and delivery of this Agreement by the Company do not, and the performance of this Agreement by the Company will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for applicable requirements, if any, of the Securities Act, the Exchange Act, or state securities laws or "blue sky" laws and (ii) where failure to obtain such consents, approvals, authorizations or permits, or to make such filings or notifications, could not, individually or in the aggregate, have a Material Adverse Effect.

3.5 Compliance. Except as disclosed in the Company Reports filed by the Company with the SEC on or prior to the date of this Agreement, as of the date of this Agreement, the businesses of the Company and its Subsidiaries are not being conducted in violation of any law, ordinance, regulation, judgment, order, decree, writ, injunction, license or permit of any Governmental Entity, except for violations which have not had, and could not reasonably be expected to have, individually or in the aggregate a Material Adverse Effect. No investigation or review by any Governmental Entity with respect to the Company or any of its Subsidiaries is pending or, to the knowledge of the Company threatened, in each case other than those the outcome of which have not had, and could not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

3.6 Capitalization. The authorized capital stock of the Company consists of 65,000,000 shares of Common Stock and 5,000,000 shares of the Company's preferred stock. As of the date hereof, there were, (i) 29,706,770 shares of Common Stock outstanding, all of which are validly issued, fully paid and nonassessable and free of preemptive rights, (ii) 35,293,230 shares of Common Stock held in the treasury of the Company and (iii) 8,055,049 Company Stock Options outstanding pursuant to the Company's stock plans (excluding Company Stock Options issued pursuant to the Family Point, Inc. Stock Option Plan), each such option entitling the holder thereof to purchase one share of Common Stock, and 1,597,056 shares of Common Stock are authorized and reserved for future issuance pursuant to the exercise of such Company Stock Options and (iv) no shares of the Company's

preferred stock were issued and outstanding. The Schedule of Exceptions sets forth the aggregate amount of the outstanding Company Stock Options outstanding under each of the Company's Stock Plans as of the date of this Agreement. Except as set forth above or in the Schedule of Exceptions, there are no options, warrants, convertible securities, subscriptions, stock appreciation rights, phantom stock plans or stock equivalents or other rights, agreements, arrangements or commitments (contingent or otherwise) of any character issued or authorized by the Company relating to the issued or unissued capital stock of the Company or obligating the Company to issue or sell any shares of capital stock of, or options, warrants, convertible securities, subscriptions or other equity interests in, the Company. All shares of capital stock subject to issuance as aforesaid, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid and nonassessable. Except as set forth in the Schedule of Exceptions, as of the date of this Agreement there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or to pay any dividend or make any other distribution in respect thereof or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Person in excess of $1,000,000. As of the date hereof and except as contemplated by this Agreement and the Stockholder Agreement, there are no voting trusts or other agreements or understandings to which the Company is a party with respect to the voting of stock of the Company. Upon issuance and sale to the Investor in accordance with the terms of this Agreement, the Shares will be, and upon issuance to Investor of the Warrant Shares in accordance with the terms of this Agreement and the Warrant, the Warrant Shares will be, duly authorized, validly issued, fully paid and non-assessable and free and clear of any lien, pledge, hypothecation, mortgage, security interest, claim, lease, charge, option, right of first refusal, easement, encroachment or other encumbrance of any kind (each a "Lien"), other than Liens resulting from actions of Investor, except as provided in this Agreement or the Stockholder Agreement.

3.7 Litigation. Except as set forth in the Schedule of Exceptions, there is no claim, suit, action, proceeding or investigation pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any of its Subsidiaries which, either individually or in the aggregate, has had, or could be reasonably expected to have, a Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Governmental Entity or arbitrator, outstanding against the Company or any of its Subsidiaries, either individually or in the aggregate, which has had, or could be reasonably expected to have, a Material Adverse Effect.

3.8 Subsidiaries.

(a) The Schedule of Exceptions sets forth the name and state or jurisdiction of incorporation of each of its Subsidiaries. Each of such Subsidiaries (i) is a corporation or other business entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) has full corporate power and authority and all necessary government approvals to own, lease and operate its properties and assets and to conduct its business as presently conducted and (iii) is duly qualified or licensed

to do business as a foreign corporation and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary except where failure to be so qualified or licensed would not have, individually or in the aggregate, a Material Adverse Effect. The Company has furnished or made available to the Company true and complete copies of the certificate of incorporation, bylaws or comparable organizational documents of each of its Subsidiaries, each as amended to date. Such organizational documents are in full force and effect, and no such Subsidiary is in violation of any provision therein.

(b) The Company owns beneficially, directly or indirectly, all of the issued and outstanding capital stock or other securities of each such Subsidiary and, except as set forth in the Schedule of Exceptions, does not own an equity interest in any other corporation, partnership or entity, other than

in such Subsidiaries. Each outstanding share of capital stock or other securities of each such Subsidiary is duly authorized, validly issued, fully paid and nonassessable (or the foreign equivalent for foreign Subsidiaries) and each such share or other equity interest owned by the Company or one of its Subsidiaries is free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Company's or such other Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever.

3.9 Company Reports; Company Financial Statements.

(a) The Company has filed all Company Reports, each of which has complied in all material respects with the applicable requirements of the Securities Act, and the rules and regulations promulgated thereunder, or the Exchange Act, and the rules and regulations promulgated thereunder, each as in effect on the date so filed. None of the Company Reports (including any financial statements or schedules included or incorporated by reference therein) contained when filed any untrue statement of a material fact or omitted or omits to state a material fact required to be stated or incorporated by reference therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) All of the Company Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and its Subsidiaries at the respective dates thereof and the consolidated results of its operations and changes in cash flows for the periods indicated (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Except as set forth in the Schedule of Exceptions, there are no liabilities of the Company or any of its Subsidiaries of any kind whatsoever, whether or not accrued and whether or not contingent or absolute, that are material to the Company and its Subsidiaries, taken as a whole, other than (i) liabilities disclosed or provided for in the consolidated balance sheet of the Company and its Subsidiaries at September 30, 2000, including the notes thereto, (ii) liabilities disclosed in the Company Reports, (iii) liabilities

incurred on behalf of the Company under this Agreement, the other Transaction Documents, the Agreement and Plan of Merger and the contemplated Merger, and (iv) liabilities incurred in the ordinary course of business consistent with past practice since September 30, 2000, none of which are, individually or in the aggregate, reasonably likely to have a Material Adverse Effect.

(d) Except as set forth in the Schedule of Exceptions, the Company has heretofore furnished or made available to Investor a complete and correct copy of any amendments or modifications which have not yet been filed with the SEC to agreements, documents or other instruments which previously had been filed by the Company with the SEC as exhibits to the Company Reports pursuant to the Securities Act and the rules and regulations promulgated thereunder or the Exchange Act and the rules and regulations promulgated thereunder.

3.10 Absence of Certain Changes or Events. Except as set forth in the Schedule of Exceptions and the Company Reports and except for the transactions contemplated by this Agreement, the other Transaction Documents and the Agreement and Plan of Merger, since September 30, 2000, the Company and its Subsidiaries have conducted their business only in the ordinary course and there has not been (i) any change or event having, or that could reasonably be expected to have, a Material Adverse Effect, (ii) any split, combination or reclassification of any of the Company's outstanding capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of the Company's outstanding capital stock, (iii) except insofar as may have been disclosed in the Company Reports or required by a change in GAAP, any change in accounting methods, principles or practices by the Company or any subsidiary, materially affecting its assets, liabilities or business, or (iv) except insofar as may have been reasonably disclosed in the Company Reports, any tax election that individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

3.11 Intellectual Property.

(a) The Schedule of Exceptions sets forth a true and correct list of all Intellectual Property owned by the Company or its Subsidiaries that is the subject of registration, issuance or an application for registration and the jurisdictions where each is registered, issued or applied for and any such registration, filing and issuance remains in full force and effect as of the date of this Agreement. The Company or a subsidiary of the Company is listed in the records of the appropriate United States, state, or foreign registry as the sole current owner of record for each application, issuance and registration and has the exclusive right to file, prosecute and maintain all applications and registrations with respect to the Intellectual Property that is listed on the Schedule of Exceptions.

(b) The Company and its Subsidiaries have good and marketable title to or possesses adequate licenses or other valid rights to use all Intellectual Property (not just the Intellectual Property listed on the Schedule of Exceptions), free and clear of all liens and has paid all maintenance fees, renewals or expenses, if any, related to such Intellectual Property.

To the best knowledge of the Company and its Subsidiaries, neither the use of such Intellectual Property nor the conduct of the Company and its Subsidiaries in accordance with their businesses as presently conducted, misappropriates, infringes upon or conflicts with any patent, copyright, trade name, trade secret, trademark or other intellectual property rights of any third party. Except as set forth on the Schedule of Exceptions, no party has filed a claim against, or threatened to file a claim against, or has provided a notice to, the Company or any of its Subsidiaries alleging that either the Company or any of its Subsidiaries has violated, infringed on or otherwise improperly used the intellectual property rights of such party and, to the best knowledge of the Company and its Subsidiaries, neither the Company nor any of its Subsidiaries has violated or infringed any patent, trademark, trade name, service mark, service name, copyright, trade secret or other intellectual property held by others. Except as set forth on the Schedule of Exceptions, the Company and its Subsidiaries do not believe that any other entity has violated, infringed on or otherwise improperly used any of the Intellectual Property owned by the Company or any of its Subsidiaries and the Company and its Subsidiaries have not filed a claim against, or threatened to file a claim against, and have not provided a notice to, any third party alleging any such violation, infringement or improper use of the Intellectual Property owned by the Company or any of its Subsidiaries.

(c) Subject to any licenses and other agreements identified in Section 3.11(c) of the Schedule of Exceptions, the Company and its Subsidiaries have all right, title and interest in and to all intellectual property rights in the Company Proprietary Software. The Company and its Subsidiaries have developed the Company Proprietary Software through their own efforts, and for their own account, or have obtained all rights thereto, and the Company Proprietary Software is free and clear of all liens, except loans in the ordinary course of business. The use of the Company Licensed Software and the use of the Company Proprietary Software does not breach any terms of any license or other contract between the Company or any of its Subsidiaries and any third party that would have a Material Adverse Effect. Each of the Company and its Subsidiaries is in compliance with the terms and conditions of all license agreements in favor of the Company and its Subsidiaries relating to the Company Licensed Software material to the operation of the business of the Company and its Subsidiaries as presently conducted.

(d) To the knowledge of the Company and its Subsidiaries, the Company Proprietary Software does not infringe any patent, copyright or trade secret or any other intellectual property right of any third party in such a manner that would have a Material Adverse Effect. The source code for the Company Proprietary Software has been maintained in confidence, and has not been disclosed to any persons or entities outside the Company and its Subsidiaries, except such disclosure being made pursuant to appropriate confidentiality provisions.

(e) The Company Proprietary Software was: (i) developed by the employees of the Company and its Subsidiaries working within the scope of their employment at the time of such development; (ii) developed by agents,

consultants, contractors or others who have executed appropriate instruments of assignment or instruments of obligation to assign in favor of the Company or any of its Subsidiaries as

assignee that have conveyed or obligate such agents, consultants and contractors to convey to the Company or such subsidiary ownership of all of its intellectual property rights in the Company Proprietary Software; or (iii) acquired by the Company or any of its Subsidiaries in connection with acquisitions in which the Company or such subsidiary, where appropriate in the nature of the overall transaction, obtained appropriate representations, warranties and indemnities from the transferring party relating to the title to such Company Proprietary Software. Neither the Company nor any of its Subsidiaries has received notice from any third party claiming any right, title or interest in the Company Proprietary Software.

(f) The Company and each of its Subsidiaries take reasonable measures to protect the confidentiality of its trade secrets, including requiring their employees and other parties having access thereto to execute written non- disclosure agreements. To the knowledge of the Company and its Subsidiaries, no trade secret of the Company or its Subsidiaries has been disclosed or authorized to be disclosed to any third party other than pursuant to a non-disclosure agreement. To the knowledge of the Company and its Subsidiaries, no party to any non-disclosure agreement relating to its trade secrets is in breach or default thereof.

(g) To the knowledge of the Company and its Subsidiaries, no current or former partner, director, officer, or employee of the Company or any of its Subsidiaries (or any of their respective predecessors in interest) will, after giving effect to the transactions contemplated herein, directly own or retain any rights to use any of the Intellectual Property owned or used by the Company or any of its Subsidiaries.

3.12 Brokers. No broker, finder or investment banker (other than the Company's financial advisor, Allen & Company) is entitled to any brokerage, finder's or other fee or commission in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company. A complete and correct copy of all agreements between the Company and its financial advisor pursuant to which such firm would be entitled to any payment relating to this Agreement, the Merger or the other transactions contemplated by this Agreement or the Agreement and Plan of Merger will be provided to Investor prior to the Closing.

3.13 Taxes.

(a) Except as set forth in the Schedule of Exceptions, each of the Company and its Subsidiaries has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by any of the Company and its Subsidiaries have been paid. Except as set forth in the Schedule of Exceptions, none of the Company and its Subsidiaries currently is the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Company or any Subsidiary does not file Tax Returns that it is or may be subject to taxation in that jurisdiction. There are no security interests on any of the assets of any of the Company and its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax.

(b) Each of the Company and its Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF INVESTOR.

Investor represents and warrants to the Company that:

4.1 Corporate Status. Investor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate or other power and authority to enter into this Agreement and the other Transaction Documents and to carry out the provisions of this Agreement and the other Transaction Documents.

4.2 Power and Authority. Investor has the corporate power and authority to execute and deliver, and to perform its obligations under, this Agreement and the other Transaction Documents. Investor has taken all necessary corporate action to authorize this Agreement and the other Transaction Documents and their execution, delivery and performance. This Agreement has been, and as of the Closing Date, the other Transaction Documents will have been, duly executed and delivered by Investor and this Agreement constitutes, and the other Transaction Documents will constitute upon their execution and delivery, valid and binding agreements of Investor enforceable against Investor in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application that may affect the enforcement of creditors' rights generally and by general equitable principles.

4.3 Non-Contravention.

(a) Investor is not in violation of any term of its charter, bylaws or other organizational documents.

(b) The execution, delivery and performance of this Agreement and the consummation of the Transaction in accordance with the terms hereof will not violate or contravene any provision of applicable Law or the charter or bylaws of Investor or any agreement or other instrument binding on Investor, except as would not have a Material Adverse Effect.

4.4 Consents and Approvals.

(a) Schedule 4.4(a) lists as of the date hereof (i) all Authorizations that, to the knowledge of Investor, are required to be made, filed, given or obtained by Investor and any of its Subsidiaries or controlling persons with, to or from any Governmental Entity in connection with the Transaction and (ii) all consents, approvals and waivers required to be given by, or obtained from, any other Persons to or by Investor and any of its Subsidiaries in connection with the consummation of the Transaction, other than those

Authorizations, consents, approvals and waivers as to which the failure to make, file, give or obtain, individually or in the aggregate, would not have a Material Adverse Effect.

(b) Investor and each of its Subsidiaries has made, filed, given or obtained all Authorizations and has been given or obtained all consents, approvals or waivers necessary as of the date hereof for Investor to perform its obligations under this Agreement and the other Transaction Documents at or prior to the Closing, except as would not have a Material Adverse Effect.

4.5 Investment Intent. Investor is acquiring the Securities for its own account and with no present intention of distributing or selling any of the Securities in violation of the Securities Act or any applicable state securities law. Investor will not sell or otherwise dispose of any of the Securities, unless such sale or other disposition has been registered or is exempt from registration under the Securities Act and has been registered or qualified or is exempt from registration or qualification under applicable state securities laws. Investor understands that the Securities to be acquired by Investor hereunder have not been registered under the Securities Act by reason of their contemplated issuance in transactions exempt from the registration and prospectus delivery requirements of the Securities Act pursuant to Section 4(2) thereof or Rule 506 of Regulation D promulgated under the Securities Act, and that the reliance of the Company on this exemption is predicated in part on these representations and warranties of Investor contained in this Article 4.

Investor acknowledges that a restrictive legend consistent with the foregoing and with the provisions of Section 1.3 and Article 6 has been or will be placed on each certificate representing any Securities, and related stop transfer instructions will be noted in the transfer records of the Company and the Transfer Agent.

4.6 Accredited Investor Status. Investor is an "accredited investor" as such term is defined in Rule 501 of Regulation D promulgated under the Securities Act and, either alone or in connection with its financial advisors, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment to be made by it hereunder in the Securities.

4.7 Brokers and Finders. Neither Investor nor any of its Subsidiaries or Affiliates has employed any investment banker, broker, finder, consultant or intermediary in connection with this Agreement or the Transaction that would be entitled to any investment banking, brokerage, finder's or similar fee or commission in any way relating thereto or in connection therewith, other than those (if any) that shall be the sole responsibility of and shall be paid in full by the Investor or its Subsidiaries.

4.8 Acquisition of Voting Securities. Except as contemplated by this Agreement or the other Transaction Documents, and other than by reason of ownership of WNI shares of capital stock, neither Investor nor any of its Subsidiaries or Affiliates has any "beneficial ownership" (as that term is defined under Rule 13d-3 under the Exchange Act) of any securities of the Company that are entitled to vote for the election of directors, nor are any of them a party to any agreement or arrangement (a) that gives any of them or entitles any

of them to acquire "beneficial ownership" (as that term is defined under Rule 13d-3 under the Exchange Act) of any securities of the Company that are entitled to vote for the election of directors, or (b) with respect to corporate governance matters concerning the Company or its Subsidiaries (including, without limitation, the exercise or failure to exercise voting rights with respect to any voting securities of the Company).

4.9 Access to Funds. Investor holds or has access to unrestricted funds in amounts sufficient to permit Investor to pay the Company the Purchase Price on the Closing Date and to perform its obligations under this Agreement and the other Transaction Documents.

4.10 Reliance on Company SEC Reports. In making its investment decision and related commitments relating to the acquisition of the Securities hereunder, Investor hereby confirms that it has relied only on the representations and warranties of the Company set forth herein and on the other information contained or incorporated by reference in the Company Reports filed on or prior to the date hereof, and specifically disclaims reliance on any other information, whether or not provided or otherwise made available by the Company or any authorized representative thereof, and including without limitation any published reports, news stories or analyses relating to the Company and/or its Subsidiaries or their respective businesses, assets, liabilities or prospects.

ARTICLE 5. CERTAIN COVENANTS.

5.1 Other Approvals.

(a) Prior to the Closing, each of the Company and Investor will use commercially reasonable efforts to obtain all necessary Authorizations as are required to be obtained under any federal or state law or regulations, including applicable antitrust laws.

(b) Prior to the Closing, the Company and Investor each agree to (and to cause their respective appropriate Subsidiaries and Affiliates to) cooperate with the other in the preparation and filing of all forms, notifications, reports and information, if any, required or reasonably deemed advisable pursuant to any Requirement of Law or the rules of the NASDAQ-NMS in connection with the Transaction and to use their respective commercially reasonable efforts jointly to agree on a method to overcome any objections by any Governmental Entity to the Transaction or any component thereof.

Notwithstanding the foregoing, nothing in this Section 5.1(b) shall require, or be deemed to require, the parties hereto to agree to or effect any divestiture (including divestitures of assets of the Company or the Investor) or take any other action if, in the reasonable judgment of each party hereto, doing so could, individually or in the aggregate, reasonably be expected to impair the parties respective abilities to achieve the overall benefits expected, as of the date hereof, to be realized from the consummation of the transactions contemplated hereby.

5.2 Public Announcements. Except pursuant to any Requirement of Law, the exercise of fiduciary duty, or the policies or rules of any stock exchange (or the NASDAQ-NMS) on which the Company's securities are listed, prior to the Closing Date, the form and content of all press releases or other public communications of any sort relating to the subject matter of this Agreement, the Transaction, the Merger or any other transaction to be entered into by either of the parties in connection herewith, and the method of their release, or publication thereof by either of the parties hereto or their respective Affiliates, will be subject to the prior approval of each of the parties hereto, which approval will not be unreasonably withheld or delayed. To the extent reasonably requested by a party hereto, on and following the Closing Date, the other party and its Subsidiaries and Affiliates will consult with and provide reasonable cooperation to the other in connection with the issuance of further press releases or other public documents describing the Transaction, other than as would not have a Material Adverse Effect.

5.3 Further Assurances. Each party will execute and deliver such additional instruments and other documents and will take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby. Without limiting the generality of the preceding sentence, the Company and Investor will not (and will not permit their Subsidiaries or Affiliates to) take any action or actions at or prior to the Closing that would (a) cause any Authorization or any consent, approval or waiver of any other Person that has been made, filed, given or obtained in connection with the Transaction to be withdrawn or terminated or to otherwise cease to be effective, or (b) require any additional Authorization or any additional consent, approval or waiver of any other Person to be made, filed, given or obtained in connection with the Transaction.

5.4 Cooperation. The Company and Investor each agree to (and agree to cause their Subsidiaries and Affiliates to) cooperate with the other to consummate, as promptly as possible, the Transaction.

ARTICLE 6. RESTRICTIONS ON TRANSFER.

6.1 Restricted Securities.

(a) Investor acknowledges and understands that the Securities must be held indefinitely, and they may not be resold or otherwise transferred, except in a transaction registered under the Securities Act or applicable state law or otherwise exempt from such registration requirements. Investor understands that the certificate(s) evidencing the Securities will be imprinted with a legend in substantially the form set forth in Section 1.3 hereof that indicates that the transfer of the Securities is prohibited unless (i) they are registered under the Securities Act or any applicable state law, or (ii) the transfer is pursuant to an exemption from registration under the Securities Act or such laws and the rules and regulations promulgated thereunder and an opinion of counsel reasonably satisfactory to the Company is obtained to the effect that the transaction is so exempt and in compliance with such laws, rules and regulations.

(b) Investor further acknowledges that resale of the Securities may be limited by applicable state law even where a registration statement covering resale of the Securities has been declared effective under

the Securities Act. For example, certain states may limit resale of the Securities to qualified institutions or in unsolicited qualified broker transactions in the absence of qualification or another exemption in such state.

6.2 Additional Transfer Restrictions. Investor further acknowledges that the Securities are subject to certain additional transfer restrictions set forth in the Stockholder Agreement and any proposed transfer of the Securities will be subject to compliance with such restrictions. Investor understands that the certificate(s) evidencing the Securities will be imprinted with a legend in substantially the form set forth in Section 1.3 hereof that indicates that the transfer of the Securities is prohibited unless in compliance with such restrictions.

6.3 Compliance with Transfer Restrictions. Investor will not (and will cause any Affiliate not to) Transfer any of the Securities in violation of any Law or the transfer restrictions referred to herein.

ARTICLE 7. TERMINATION.

7.1 Termination. This Agreement may be terminated, and the Transaction contemplated to occur at the Closing thereby abandoned, at any time prior to the Closing as follows:

(a) By mutual written consent of Investor and the Company;

(b) By Investor, upon written notice to the Company, if any of the conditions set forth in Section 2.2 have not been satisfied on or before June 30, 2001 (or such later date as Investor and the Company may agree in writing), unless the satisfaction thereof has been frustrated or made impossible by any act or failure to act by Investor;

(c) By the Company, upon written notice to Investor, if any of the conditions set forth in Section 2.3 have not been satisfied on or before June 30, 2001 (or such later date as Investor and the Company may agree in writing), unless the satisfaction thereof has been frustrated or made impossible by any act or failure to act by the Company;

(d) By either Investor or the Company, upon written notice to the other, if any of the conditions set forth in Section 2.1 have not been satisfied on or before June 30, 2001 (or such later date as Investor and the Company may agree in writing), unless the satisfaction thereof has been frustrated or made impossible by any act or failure to act by the party seeking to terminate this Agreement;

(e) By Investor or the Company if any Governmental Entity having competent jurisdiction has issued an Order permanently restraining, enjoining or otherwise prohibiting any of such Transaction and such Order has become final and nonappealable; or

(f) By Investor or the Company if the Agreement and Plan of Merger is terminated in accordance with its terms.

7.2. Effect of Termination. Each party's right of termination under Section 7.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 7.1, all further obligations of the parties under this Agreement will terminate and, except as provided in Section 11.2, each party will pay its own costs and expenses in connection with this Agreement and the Transaction, and neither party (or any of its officers, directors, employees, agents, representatives or stockholders) will be liable to the other party for any costs, expenses, damages or losses of anticipated profits hereunder or relating to the Transaction; provided, however, that if this Agreement is terminated by a party because of a material breach of this Agreement by the other party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE 8. DEFINITIONS.

8.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"Affiliate" means, as to any Person, another Person that directly or indirectly through one or more intermediaries, Controls, or is Controlled by, or is under common Control with, such Person. For the purposes of this definition, "Control" when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or membership or partnership interests, by contract or otherwise; the terms "Controlling" and "Controlled" have meanings correlative to the foregoing; provided, that the Company and Investor will not be deemed to be direct or indirect Affiliates of each other.

"Agreement" has the meaning set forth in the preamble.

"Agreement and Plan of Merger" means the Agreement and Plan of Merger dated as of the date of this Agreement by and among the Company, Stanhope Acquisition Sub LLC and WNI.

"Authorization" means any consent, approval or authorization of, expiration or termination of any waiting period requirement of, or filing, registration, qualification, declaration or designation with or by, any Governmental Entity.

"Average Closing Price" means (i) if at the applicable time the Common Stock is listed on a national securities exchange or on the over-the-counter market (including NASDAQ-NMS), then the average closing price of the Common Stock on any fifteen (15) consecutive trading days on which a share or shares of Common Stock were sold, or if no such shares were sold on such day, then the average of the "bid" and "ask" prices of the Common Stock on such day or (ii) if at the applicable time the Common Stock is not listed on a national securities exchange or on the over-the-counter market, then the fair market value of the Common Stock as determined in good faith by the Board at the time of such exercise.

"Beneficial Owner" with respect to any securities means that a Person has "beneficial ownership" of such securities as determined pursuant to Rule 13d-3 and Rule 13d-5 promulgated under the Exchange Act.

"Business Day" means any day on which there is trading on the New York Stock Exchange and the NASDAQ-NMS.

"Closing" has the meaning set forth in Section 1.3.

"Closing Date" means the actual date on which the Closing occurs as provided in Section 1.3.

"Common Stock" has the meaning set forth in the preamble of this Agreement.

"Company" has the meaning set forth in the preamble of this Agreement.

"Company Financial Statements" shall mean all of the financial statements included in the Company Reports (as defined below).

"Company Licensed Software" shall mean all software (other than Company Proprietary Software) used by the Company and its Subsidiaries.

"Company Proprietary Software" shall mean all software owned by the Company and its Subsidiaries.

"Company Reports" shall mean all forms, reports, statements and all other documents required to be filed by the Company with the SEC since March 18, 1999.

"Company Software" shall mean the Company Licensed Software together with the Company Proprietary Software.

"Company Stock Option" shall mean each outstanding option to purchase shares of Common Stock.

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

"GAAP" shall mean generally accepted accounting principles.

"Governmental Entity" shall mean any United States federal, state or local or any foreign government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign.

"Intellectual Property" shall mean all copyrights, trade names, trademarks, service marks, patents, universal resource locators ("URLs"), Internet domain names, (and all applications or registrations therefor), trade secrets, know-how, member lists for a Person's network of websites, marketing plans, advertising and sponsorship strategy, content on such Person's network of websites, internet tools, proprietary processes, technology, rights of publicity and privacy relating to the use of the names, likenesses, voices, signatures, and which are used by such Person and its Subsidiaries or as to which such Person or any of its Subsidiaries claim an ownership interest or as to which such Person or any of its Subsidiaries is a licensee of licensor.

"Investor" has the meaning set forth in the preamble to this Agreement.

"Law" means any domestic or foreign, federal, state or local, law, statute, ordinance, rule or regulation.

" Loss" or "Losses" has the meaning set forth in Section 10.1.

"Magazine Content and Hosting Agreement" means Amendment Number Two to the Amended and Restated Magazine Content License and Hosting Agreement between the Company and Investor substantially in the form of Exhibit B attached hereto.

"Material Adverse Effect" shall mean:

(a) with respect to the Company, any change, event or effect shall have occurred or been threatened that, when taken together with all other adverse changes, events or effects that have occurred or been threatened, is or is reasonably likely to (i) be materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities (including contingent liabilities) of the Company and its Subsidiaries taken as a whole or (ii) prevent or materially delay the performance by the Company of any of its obligations under this Agreement or the consummation of the Merger or the other transactions contemplated by this Agreement, the other Transaction Documents or the Agreement and Plan of Merger; provided that none of the following alone shall be deemed, in and of itself, to constitute a Material Adverse Effect: (a) a change in the market price or trading volume of Common Stock; (b) a loss by the Company of its suppliers, customers or employees that is directly and principally related to the Company being a party to this Agreement or (c) changes

in general economic conditions or changes affecting the industry in which the Company operates generally (as opposed to Company-specific changes);

(b) with respect to Investor, any change, event or effect shall have occurred or been threatened that, when taken together with all other adverse changes, events or effects that have occurred or been threatened, is or is reasonably likely to (i) be materially adverse to the business, operations, properties, condition (financial or otherwise), assets or liabilities (including contingent liabilities) of Investor, its Affiliates and Subsidiaries taken as a whole or (ii) prevent or materially delay the performance by the Investor of any of its obligations under this Agreement or the consummation of the Merger or the other transactions contemplated by this Agreement, the other Transaction Documents or the Agreement and Plan of Merger.

"Merger" has the meaning set forth in the second recital to the Agreement and Plan of Merger.

"NASDAQ-NMS" means the Nasdaq Stock Market National Market.

"Order" means any judgment, order, injunction, decree, stipulation or award entered or rendered by any Governmental Entity.

"Person" shall mean any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, trust, joint venture, joint-stock company, syndicate, association, entity, unincorporated organization or government or any political subdivision agency or instrumentality thereof.

"Purchase Price" has the meaning set forth in Section 1.1.

"Requirement of Law" means as to any Person, any Law, rule, regulation, order, judgment, decree or determination of any arbitrator or a court or other Governmental Entity, in each case applicable to or binding upon such Person or any of its properties or to which such Person or any of its property is subject.

"Rights Offering" has the meaning set forth in the preamble to this Agreement.

"Rights Offering Expenses" has the meaning set forth in Section 11.2.

"Rights Offering Registration Statement" has the meaning set forth in Section 11.1.

"Schedule of Exceptions" has the meaning set forth in Article 3.

"SEC" means the United States Securities and Exchange Commission.

"Securities" means the Shares, the Warrant, the Warrant Shares and any shares of capital stock issued as a dividend or other distribution to holders of the Shares or the Warrant Shares.

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

"Shares" has the meaning set forth in Section 1.1.

"Stockholder Agreement" means the Stockholder Agreement, substantially in the form attached hereto as Exhibit C, to be entered into between Investor and the Company on the Closing Date.

"Subsidiary" means as to any Person, any other Person of which at least 50% of the equity interests are owned, directly or indirectly by such first Person.

"Tax" (and, with correlative meaning, "Taxes") means any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, premium,

withholding, alternative or added minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty or addition thereto, whether disputed or not, imposed by any Governmental Entity.

"Tax Return" means any return, report or similar statement required to be filed with respect to any Tax (including any attached schedules), including any information return, claim for refund, amended return or declaration of estimated Tax.

"Transaction" means the purchase and sale of the Shares and the Warrant under this Agreement and the other transactions between the parties contemplated by this Agreement and the other Transaction Documents.

"Transaction Documents" means (i) this Agreement, (ii) the Stockholder Agreement, (iii) the Warrant and (iv) the Magazine Content and Hosting Agreement.

"Transfer" means any sale, exchange, pledge, disposition or other transfer of the Securities or any interest in the Securities.

"Transfer Agent" means the transfer agent for the Common Stock.

"Voting Stock" means the Common Stock and any other securities issued by the Company having the ordinary power to vote in the election of directors of the Company (other than securities having such power upon the happening of a contingency, unless such contingency has occurred and is continuing).

"Warrant" has the meaning set forth in Section 1.1.

"Warrant Shares" has the meaning set forth in Section 1.1.

"WNI" has the meaning set forth in the preamble to this Agreement.

8.2 Other Definitional Provisions.

(a) All terms defined in this Agreement have the defined meanings when used in any certificate, report or other documents made or delivered pursuant hereto or thereto, unless the context otherwise requires.

(b) Terms defined in the singular have a comparable meaning when used in the plural, and vice versa.

(c) As used herein, the neuter gender also denotes the masculine and feminine, and the masculine gender also denotes the neuter and feminine, where the context so permits.

(d) The words "hereof," "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) The words "include," "including" and "or" mean without limitation by reason of enumeration.

(f) In addition to the terms defined in this Article 8, certain other defined terms are defined elsewhere in this Agreement and, whenever such terms are used in this Agreement, they shall have their respective defined meanings.

ARTICLE 9. MISCELLANEOUS.

9.1 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in Person, by overnight

courier or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses, or at such other address for a party as shall be specified in a notice given in accordance with this Section 9.1:

If to the Company:	.iVillage Inc. 500 - 512 Seventh Avenue New York, NY 10018 Attention: Steve Elkes Executive Vice President- Operations and Business Affairs
with a copy to:	iVillage Inc. 500 - 512 Seventh Avenue New York, NY 10018 Attention: Michael Gilbert General Counsel
with a copy to:	Orrick, Herrington & Sutcliffe LLP Old Federal Reserve Bank Building 400 Sansome Street San Francisco, CA 94111 Attention: Richard Vernon Smith, Esq.
If to Investor:	Hearst Communications, Inc. 959 Eighth Avenue, Suite 257 New York, NY 10019 Attention: Jonathan Thackeray General Counsel

with a copy to:	Clifford Chance Rogers & Wells, LLP 200 Park Avenue New York, New York 10166 Attention: Steven A. Hobbs

9.2 Expenses. Each party will bear its own expenses, including the fees and expenses of any attorneys, accountants, investment bankers, brokers, finders or other intermediaries or other Persons engaged by Investor or the Company, incurred in connection with this Agreement, the Transaction or any other agreements provided for herein or entered into in connection herewith, except as expressly provided otherwise in this Agreement or by any other written agreement of the parties.

9.3 Benefits; Assignment. The provisions of this Agreement are binding upon, and inure to the benefit of, Investor and the Company and their respective successors and Persons acquiring any Securities by Transfer in accordance with Article 6, to the extent provided therein. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Investor and the Company any rights, remedies or obligations under or by reason of this Agreement. Except as specifically stated in Article 6, none of the rights or obligations of the Company or Investor hereunder may be assigned to any other Person under any circumstances.

9.4 Entire Agreement; Amendment and Waiver. This Agreement (which includes the Schedules and Exhibits hereto), the other Transaction Documents, the Agreement and Plan of Merger and any other agreements to which Investor (including any Persons acquiring any Securities by Transfer in accordance with Article 6, if relevant) and the Company is a party concerning the Transaction or any of the Securities, constitute the entire agreement between Investor and the Company with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, both written and oral, between Investor and the Company with respect to the subject matter hereof and thereof. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed by each of the parties hereto, and none of the other agreements entered into between Investor (including any Persons acquiring any Securities by Transfer in accordance with Article 6, if relevant) and the Company in connection with this Agreement, the Transaction or any of the Securities may be amended, supplemented or otherwise modified except by an

instrument in writing signed by the Company and each other party thereto. No waiver by either party hereto of any of the provisions hereof will be effective unless explicitly set forth in writing and executed by such party. Any waiver by either party hereto of a breach of this Agreement will not operate or be construed as a waiver of any subsequent breach.

9.5 Headings. The article, section and other headings in this Agreement are for convenience of reference only and are not to affect its meaning, interpretation or construction. When a reference is made in this Agreement to Sections, subsections, Articles,

Schedules or Exhibits, such references shall be to a Section, subsection, Article, Schedule or Exhibit to this Agreement unless otherwise indicated.

9.6 Governing Law. This Agreement will be governed by and construed in accordance with the internal, substantive laws of the State of New York, without giving effect to any conflicts of law principles of such state.

9.7 Remedies. All rights, powers and remedies provided under this Agreement and the other Transaction Documents or otherwise available in respect hereof at Law or in equity will be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party does not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

9.8 Severability. In the event that any provision of this Agreement is deemed invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions are not to be in any way be affected or impaired thereby.

9.9 Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed an original and all of which taken together will constitute one and the same agreement, and it is not necessary in making proof of this Agreement to produce or account for more than one such counterpart.

9.10 Specific Performance. Each of the parties acknowledges and agrees that the other party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the parties agrees that the other party shall be entitled to seek an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

9.11 Survival. Any claim for losses or damages resulting from or arising out of any inaccuracy or breach of any representation or warranty herein must be asserted in writing before two (2) years after the Closing. All covenants and agreements, to the extent remaining to be performed after the Closing Date, will survive the Closing Date.

ARTICLE 10. INDEMNIFICATION.

10.1 Indemnification of Investor. The Company will indemnify and hold Investor harmless from any and all liabilities, obligations, claims, contingencies, damages, costs and expenses, including all court costs and reasonable attorneys' fees (each a "Loss" and, collectively, "Losses"), that the Investor may suffer or incur as a result of or relating to the inaccuracy in or breach of any representation, warranty, covenant or agreement of the

Company contained in or made pursuant to this Agreement or the Transaction

Documents (other than the Magazine Content and Hosting Agreement).

10.2 Indemnification of the Company. Investor will indemnify and hold the Company harmless from any and all Losses that the Company may suffer or incur as a result of or relating to the inaccuracy in or breach of any representation, warranty, covenant or agreement of the Investor contained in or made pursuant to this Agreement or the Transaction Documents (other than the Magazine Content and Hosting Agreement).

10.3 Notice. Any party entitled to receive indemnification under this Article 10 (the "Indemnified Party"), agrees to give prompt written notice (a "Claim Notice"), to the party required to provide such indemnification (the "Indemnifying Party"), upon the occurrence of any indemnifiable Loss or the assertion of any claim or the commencement of any action or proceeding in respect of which such a Loss may reasonably be expected to occur (such a claim, action or proceeding being referred to as a "Claim"), but the Indemnified Party's failure to give such notice will not affect the obligations of the Indemnifying Party under this Article 10 except to the extent that the Indemnifying Party is prejudiced thereby.

10.4 Defense of Claims. The Indemnifying Party may elect to assume and control the defense of any Claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of expenses related thereto, if (a) the Indemnifying Party acknowledges its obligation to indemnify the Indemnified Party for any Losses resulting from such Claim and provides reasonable evidence to the Indemnified Party of its financial ability to satisfy such obligation, and (b) the Claim does not seek to impose any material liability or obligation on the Indemnified Party other than for money damages. If such conditions are satisfied and the Indemnifying Party elects to assume and control the defense of a Claim, then (i) the Indemnifying Party will not be liable for any settlement of such Claim effected without its consent, which consent will not be unreasonably withheld; (ii) the Indemnifying Party may not settle such Claim without the consent of the Indemnified Party (not to be unreasonably withheld) unless such settlement includes a full and unconditional release of the Indemnified Party; and (iii) the Indemnified Party may employ separate counsel and participate in the defense thereof, but the Indemnified Party will be responsible for the fees and expenses of such counsel unless (A) the Indemnifying Party has failed to assume the defense of such Claim or to employ counsel with respect thereto or (B) a conflict of interest exists between the interests of the Indemnified Party and the Indemnifying Party that requires representation by separate counsel, in which case the fees and expenses of such separate counsel will be paid by the Indemnifying Party. If such conditions are not satisfied, the Indemnified Party may assume and control the defense of the Claim at the expense of the Indemnifying Party; provided that the Indemnified Party may not settle any such Claim without the consent of the Indemnifying Party (not to be unreasonably withheld) unless such settlement includes a full and unconditional release of the Indemnifying Party; and further provided that the Indemnifying Party may participate in such defense (at the Indemnifying Party's expense).

ARTICLE 11. RIGHTS OFFERING.

11.1 Company's Agreement to Conduct Rights Offering. The Company agrees to prepare and file with the SEC a Registration Statement with respect to the Rights Offering (the "Rights Offering Registration Statement"). The Company will use its reasonable commercial efforts to file the Rights Offering Registration Statement concurrently with the Registration Statement on Form S-4 to be filed with the SEC in connection with the Merger. The Rights Offering will expire on or prior to the Closing Date and the closing of the Rights Offering would occur concurrently with the closing of the transactions contemplated by this Agreement and the Agreement and Plan of Merger.

11.2 Expenses of the Rights Offering. Investor covenants and agrees with the Company that Investor will pay or cause to be paid as incurred the following: (i) the reasonable fees, disbursements and expenses of the Company's counsel and accountants incurred in connection with the Rights Offering and the registration of the Rights Offering under the Securities Act and all other expenses in connection with the preparation, printing and filing of the Rights Offering Registration Statement, any related preliminary prospectus and the related prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the WNI stockholders; (ii) the cost of printing or producing any closing documents (including any compilations thereof) and any

other documents in connection with the Rights Offering and the purchase, sale and delivery of the Shares and the Warrants pursuant to the Rights Offering; (iii) all expenses in connection with the qualification of the securities offering in the Rights Offering for offering and sale under state securities laws, (iv) all fees and expenses in connection with listing the securities subscribed for in the Rights Offering on the NASDAQ-NMS; (v) the filing fees incident to, and the reasonable fees and disbursements of counsel for the Company in connection with, securing any required review by the National Association of Securities Dealers, Inc. of the terms of the Rights Offering; (vi) the cost and charges of any transfer agent or registrar incurred as a result of the Rights Offering; and (vii) all other reasonable costs and expenses incident to the Rights Offering which are not otherwise specifically provided for in this Section (all such costs and expenses in the preceding clauses (i) through (vii) being referred to in this Agreement as the "Rights Offering Expenses"); provided, however, that notwithstanding the foregoing the Company agrees to pay the first one hundred thousand dollars ($100,000) of Rights Offering Expenses.

11.3 Limitation on Rights Offering. The Company shall have no obligation to complete the Rights Offering in the event that it would violate any Law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

iVILLAGE INC.

By: /s/ Douglas W. McCormick

Name: Douglas W. McCormick
Title: Chief Executive Officer

HEARST COMMUNICATIONS, INC.

By: /s/ James Asher

Name: James Asher
Title: Vice President

EXHIBIT A

FORM OF WARRANT

THE SECURITIES REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER ANY APPLICABLE STATE LAW AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR SUCH LAWS OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH A REGISTRATION IS NOT REQUIRED UNDER THE ACT OR SUCH LAWS AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE OR INSTRUMENT ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN A SECURITIES PURCHASE AGREEMENT, DATED AS OF FEBRUARY 5, 2001, AND A STOCKHOLDER AGREEMENT, DATED AS OF [INSERT DATE OF THE CLOSING], COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY. ANY REGISTRATION OR TRANSFER OF SUCH SECURITIES ON THE BOOKS OF THE COMPANY WILL BE SUBJECT TO COMPLIANCE WITH SUCH

RESTRICTIONS.

WARRANT TO PURCHASE
SHARES OF COMMON STOCK OF
iVILLAGE INC.
(Void after December 31, 2004)

Warrant No. ___ 2,100,000 Shares of Common Stock

iVILLAGE INC.

1. Issuance. This Warrant is issued to HEARST COMMUNICATIONS, INC., a Delaware corporation ("Investor"), by iVILLAGE INC., a Delaware corporation (hereinafter with its successors called the "Company").

2. Purchase Price; Number of Shares. The registered holder of this Warrant (the "Holder"), commencing on the date hereof but subject to the terms of this Warrant, is entitled upon surrender of this Warrant with the subscription form annexed hereto as Attachment A duly executed, at the principal office of the Company, to purchase from the Company up to 2,100,000 fully paid and nonassessable shares (the "Shares") of Common Stock, $0.01 par value per share, of the Company (the "Common Stock") at a price per share (the "Purchase Price") of $0.01 at any time or from time to time up to and including 5:00 p.m. (New York Time) on December 31, 2004, provided, however, that the Holder shall have no right to exercise this Warrant unless at the time

of exercise the Average Closing Price (as defined below) of the Common Stock exceeds $3.75 (as adjusted for stock splits, stock dividends or other adjustments to Common Stock). Upon receipt of written notice from the Company that the Average Closing Price condition specified above has been satisfied, the Holder shall have thirty (30) days, and only thirty (30) days, to exercise this Warrant; provided, however, that in no event shall this Warrant be exercisable after the Expiration Date. The person or persons in whose name or names any certificate representing shares of Common Stock is issued hereunder shall be deemed to have become the holder of record of the shares represented thereby as at the close of business on the date this Warrant is exercised, whether or not the transfer books of the Company shall be closed.

For purposes of this Warrant, "Average Closing Price" means (i) if at the applicable time the Common Stock is listed on a national securities exchange or on the over-the-counter market (including The Nasdaq Stock Market), then the average closing price of the Common Stock on any fifteen (15) consecutive trading days on which a share or shares of Common Stock were sold, or if no such shares were sold on such day, then the average of the "bid" and "ask" prices of the Common Stock on such day or (ii) if at the applicable time the Common Stock is not listed on a national securities exchange or on the over-the-counter market, then the fair market value of the Common Stock as determined in good faith by the Board at the time of such exercise.

3. Payment of Purchase Price. The Purchase Price may be paid (i) in cash or by certified check or wire transfer or (ii) pursuant to a "Net Issue Election" as provided in Section 4.

4. Net Issue Election. The Holder may elect to receive, without the payment by the Holder of any additional consideration, shares of Common Stock equal to the value of this Warrant by the surrender of this Warrant to the Company, with the net issue election notice set forth in Attachment A annexed hereto duly executed, at the principal office of the Company. Thereupon, the Company shall issue to the Holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y(A-B)}{A}$$

where:

X = the number of shares of Common Stock to be issued to the Holder pursuant to this Section 4.

Y = the number of shares of Common Stock covered by this Warrant at the time the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, determined as follows: (i) if at such time the Common Stock is listed on a national securities exchange or on the over-the-counter market, then the closing price of the Common Stock on the business day immediately prior to the date of exercise or, if no sale of the Common Stock was made on such day, the first business day immediately preceding such day upon which a sale was made, or (ii) if at such time the Common Stock is not listed on a national securities exchange or on the over-the-counter

market, then as determined in good faith by the Board at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

5. Fractional Shares. No fractional shares shall be issued upon exercise of this Warrant. The Company shall, in lieu of issuing any fractional share, pay the holder entitled to such fraction a sum in cash equal to such fraction multiplied by the then effective Purchase Price.

6. Exercise; Expiration Date. Subject to the provisions of Section 2, this Warrant may be exercised in whole or in part at any time commencing on the date hereof and ending at 5:00 p.m., New York time, on December 31, 2004 (the "Expiration Date") and shall be void thereafter.

7. Reserved Shares; Valid Issuance. The Company covenants that it will at all times from and after the date hereof reserve and keep available such number of its authorized shares of Common Stock of the Company, free from all preemptive or similar rights therein, as will be sufficient to permit the exercise of this Warrant in full. The Company further covenants that such shares as may be issued pursuant to such exercise will, upon issuance, be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof.

8. Stock Splits and Dividends. If after the date hereof the Company shall subdivide the Common Stock, by stock split or otherwise, or combine the Common Stock, or issue additional shares of Common Stock in payment of a stock dividend on the Common Stock, the number of shares of Common Stock issuable on the exercise of this Warrant shall forthwith be proportionately increased in the case of a subdivision or stock dividend, or proportionately decreased in the case of a combination, and the Purchase Price shall forthwith be proportionately decreased in the case of a subdivision or stock dividend, or proportionately increased in the case of a combination.

9. Mergers and Reclassifications. If after the date hereof the Company shall enter into any Reorganization (as hereinafter defined), then, as a condition of such Reorganization, lawful provisions shall be made, and duly executed documents evidencing the same from the Company or its successor shall be delivered to the Holder, so that the Holder shall thereafter have the right to purchase, at a total price not to exceed that payable upon the exercise of this Warrant in full, the kind and amount of shares of stock and other securities and property receivable upon such Reorganization by a holder of the number of shares of Common Stock which might have been purchased by the Holder immediately prior to such Reorganization, and in any such case appropriate provisions shall be made with respect to the rights and interests of the Holder to the end that the provisions hereof (including without limitation, provisions for the adjustment of the Purchase Price and the number of shares issuable

hereunder) shall thereafter be applicable in relation to any shares of stock or other securities and property thereafter deliverable upon exercise hereof. For the purposes of this Section 9, the term "Reorganization" shall include without limitation any reclassification, capital reorganization or change of the Common Stock (other than as a result of a subdivision, combination or stock dividend provided for in Section 8 hereof), or any consolidation of the Company with, or merger of the Company into, another corporation or other business organization (other than a merger in which the Company is the surviving corporation and which does not result in any reclassification or change of the outstanding Common Stock), or any sale or

conveyance to another corporation or other business organization of all or substantially all of the assets of the Company.

10. Certain Events; Limitations on Adjustments. If any change in the outstanding Common Stock of the Company or any other event occurs as to which the provisions of Section 8 or Section 9 are not strictly applicable or if strictly applicable would not fairly protect the purchase rights of the Holder of the Warrant in accordance with such provisions, then the Board of Directors of the Company shall make an adjustment in the number and class of shares available under the Warrant, the Purchase Price or the application of such provisions, so as to protect such purchase rights as aforesaid. The adjustment shall be such as will give the Holder of the Warrant upon exercise for the same aggregate Purchase Price the total number, class and kind of shares as he would have owned had the Warrant been exercised prior to the event and had he continued to hold such shares until after the event requiring adjustment. Notwithstanding the foregoing, no adjustment shall be required unless such adjustment would require an increase or decrease of at least $0.05 in the Purchase Price then subject to adjustment and in no event shall the Purchase Price be reduced below the then-current par value of the Common Stock. Any adjustments that are not made by reason of this Section 10 shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 10 shall be made to the nearest cent.

11. Certificate of Adjustment. Whenever the Purchase Price is adjusted, as herein provided, the Company shall promptly deliver to the Holder a certificate of the Company's chief financial officer setting forth the Purchase Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

12. Issue Tax. The issuance of certificates for the Shares upon the exercise of the Warrant shall be made without charge to the Holder of the Warrant for any issue tax (other than any applicable income taxes) in respect thereof; provided, however, that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder of the Warrant being exercised.

13. Notices of Record Date, Etc. In the event of:

(1) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase, sell or otherwise acquire or dispose of any shares of stock of any class or any other securities or property, or to receive any other right;

(2) any reclassification of the capital stock of the Company, capital reorganization of the Company, consolidation or merger involving the Company, or sale or conveyance of all or substantially all of its assets; or

(3) any voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then and in each such event the Company will provide or cause to be provided to the Holder a written notice thereof. Such notice shall be provided at least ten (10) business days prior to the date specified in such notice on which any such action is to be taken.

14. No Voting or Dividend Rights; Limitation of Liability. Nothing contained in this Warrant shall be construed as conferring upon the Holder hereof the right to vote or to receive notice as a stockholder of the Company or any other matters or any rights whatsoever as a stockholder of the Company. No dividends or interest shall be payable or accrued in respect of this Warrant or the interest represented hereby or the shares purchasable hereunder until, and only to the extent that, this Warrant shall have been exercised. No provisions hereof, in the absence of affirmative action by the Holder to purchase Shares, and no mere enumeration herein of the rights or privileges of the Holder hereof, shall give rise to any liability of such Holder for the Purchase Price or as a stockholder of the Company, whether such liability is asserted by the Company or by its creditors.

15. Amendment. The terms of this Warrant may be amended, modified or waived only with the written consent of the Holder and the Company.

16. Notices, Etc.

(a) Any notice or written communication required or permitted to be given to the Holder may be given by United States mail, by overnight courier or by facsimile transmission at the address most recently provided by the Holder to the Company or by hand, and shall be deemed received upon the earlier to occur of (i) receipt, (ii) if sent by overnight courier, then on the day after which the same has been delivered to such courier for overnight delivery, or (iii) if sent by United States mail, seventy-two (72) hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail.

(b) In case this Warrant shall be mutilated, lost, stolen or destroyed, the Company shall issue a new warrant of like tenor and denomination and deliver the same (i) in exchange and substitution for and upon surrender and cancellation of any mutilated Warrant, or (ii) in lieu of any Warrant lost, stolen or destroyed, upon receipt of an affidavit of the Holder or other evidence reasonably satisfactory to the Company of the loss, theft or destruction of such Warrant.

17. No Impairment. The Company will not, by amendment of its certificate of incorporation or through any reclassification, capital reorganization, consolidation, merger, sale or conveyance of assets, dissolution, liquidation, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance of performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Holder.

18. Descriptive Headings and Governing Law. The descriptive headings of the several sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The provisions and terms of this Warrant shall be governed by and construed in accordance with the internal laws of the State of New York.

19. Successors and Assigns. This Warrant shall be binding upon the Company's successors and assigns and shall inure to the benefit of the Holder's successors and legal representatives.

Dated: _____, 2001 iVILLAGE INC.

By:

Name:

Title:

Attachment A

SUBSCRIPTION FORM

Date: _____

iVillage Inc.
500-512 7th Avenue
New York, NY 10018

Attn: President

Ladies and Gentlemen:

The undersigned hereby elects:

|_| to exercise the warrant issued to it by iVillage Inc. (the "Company") and dated _____, 2001 (the "Warrant") to purchase _____ shares of the Common Stock of the Company (the "Shares") purchasable thereunder at a purchase price of $0.01 per Share or an aggregate purchase price of $_____ (the "Purchase Price"). Pursuant to the terms of the Warrant the undersigned has delivered the Purchase Price herewith in full in cash or by certified check or wire transfer; or

|_| to surrender the right to purchase Shares pursuant to this Warrant and to receive in lieu thereof Shares pursuant to the provisions of Section 4 of the Warrant.

The undersigned also makes the representations set forth on Attachment B attached to the Warrant.

The certificate(s) for such shares shall be issued in the name of the undersigned or as otherwise indicated below:

Very truly yours,

(name of holder)

By:

Name:

Title:

Attachment B

THIS AGREEMENT MUST BE COMPLETED, SIGNED AND RETURNED TO iVILLAGE INC. ALONG WITH THE SUBSCRIPTION FORM (ATTACHMENT A TO THE WARRANT) BEFORE THE SHARES ISSUABLE UPON EXERCISE OF THE WARRANT CERTIFICATE DATED _____, 2001 WILL BE ISSUED.

[Date]

iVillage Inc.
500-512 7th Avenue
New York, New York 10018

Attention: President

The undersigned, _____ ("Purchaser"), intends to acquire up to _____ shares of the Common Stock (the "Shares") of iVillage Inc. (the "Company") from the Company pursuant to the exercise of a certain Warrant to purchase Shares held by Purchaser. The Shares will be issued to Purchaser in a transaction not involving a public offering and pursuant to an exemption from registration under the Securities Act of 1933, as amended (the "1933 Act"), and applicable state securities laws. In connection with such purchase and in order to comply with the exemptions from registration relied upon by the Company, Purchaser represents, warrants and agrees as follows:

1. Purchaser is acquiring the Shares for its own account, to hold for investment, and Purchaser shall not make any sale, transfer or other disposition of the Shares in violation of the 1933 Act or the General Rules and Regulations promulgated thereunder by the Securities and Exchange Commission (the "SEC") or in violation of any applicable state securities law;

2. Purchaser has been advised that the Shares have not been registered under the 1933 Act or state securities laws on the ground that this transaction is exempt from registration, and that reliance by the Company on such exemptions is predicated in part on Purchaser's representations set forth in this letter;

3. Purchaser has been informed that under the 1933 Act, the Shares must be held indefinitely unless it is subsequently registered under the 1933 Act or unless an exemption from such registration (such as Rule 144) is available with respect to any proposed transfer or disposition by Purchaser of the Shares;

4. The Company may refuse to permit Purchaser to sell, transfer or dispose of the Shares (except as permitted under Rule 144) unless there is in effect a registration statement under the 1933 Act and any applicable state securities laws covering such transfer, or unless Purchaser furnishes an opinion of counsel reasonably satisfactory to counsel for the Company, to the effect that such registration is not required;

5. Purchaser acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is

capable of evaluating the merits and risks of the investment in the Shares. Purchaser represents and warrants that it is an "accredited investor" within the meaning of Rule 501 of Regulation D of the 1933 Act.

Purchaser also understands and agrees that there will be placed on the certificate(s) for the Shares, or any substitutions therefor, legends stating in substance:

> "The securities represented by this certificate or instrument have not been registered under the Securities Act of 1933, as amended (the "Act"), or under any applicable state law and may not be transferred, sold or otherwise disposed of in the absence of an effective registration statement under the Act or such laws or an opinion of counsel reasonably satisfactory to the Company that such a registration is not required under the Act or such laws and the rules and regulations promulgated thereunder.

The securities represented by this certificate or instrument are subject to certain restrictions on transfer as set forth in a Securities Purchase Agreement, dated as of February 5, 2001, and a Stockholder Agreement, dated as of [insert date of the Closing], copies of which are on file at the principal executive offices of the Company. Any registration of transfer of such securities on the books of the Company will be subject to compliance with such restrictions."

Any legend required pursuant to applicable state securities laws.

Purchaser has carefully read this letter and has discussed its requirements and other applicable limitations upon Purchaser's resale of the Shares with Purchaser's counsel.

Very truly yours,

(name of holder)

By:

Name:

Title:

AMENDMENT NUMBER TWO TO AMENDED AND RESTATED MAGAZINE CONTENT LICENSE AND HOSTING AGREEMENT

This Amendment to the Amended and Restated Magazine Content License and Hosting Agreement of effective date January 27, 1999 (the "Magazine Agreement") between Women.com Networks, Inc., a Delaware corporation (successor-in-interest to Women.com, LLC, a Delaware Limited Liability Company) ("Women.com"), and Hearst Communications, Inc. ("Hearst"), a Delaware corporation, is entered into between iVillage Inc. (collectively including its subsidiaries, "iVillage"), a Delaware corporation as successor in interest to Women.com, and Hearst effective as of this ____ day of _____, 2001.

Recitals

Whereas, pursuant to an Agreement and Plan of Merger Women.com and iVillage have effected a merger, effective as of this ___ day of _____, 2001 with the resulting corporation to be known as iVillage;

Whereas, iVillage and Hearst mutually desire for iVillage to assume the obligations and receive the benefits that had been afforded to Women.com pursuant to the Magazine Agreement, subject to the terms and conditions of this Amendment to that Magazine Agreement;

Now, Therefore, in consideration of the mutual covenants and representations set forth herein, the parties hereby agree as follows:

Amendment

1. Definitions. Capitalized terms herein not otherwise defined herein shall have the meanings set forth in the Magazine Agreement, except all references to Women.com, LLC in the Magazine Agreement shall be construed to refer to iVillage. For the avoidance of doubt, the term "Network" refers to the network of Web sites operated by iVillage, which Network includes the web sites formerly operated by Women.com and the Magazine Sites.

Section 1.12 of the Magazine Agreement is hereby deleted and replaced with the following:

"Net Advertising Revenue" means the gross revenue received by iVillage from the

sale of Advertisements on the (a) Magazine Sites, (b) any page of the Network that primarily contains Proprietary Content (other than teasers), and (c) any other page of the Network on which any article or feature that is Proprietary Content (other than teasers) is reproduced or duplicated substantially in its entirety, less agency fees (which shall not exceed fifteen percent (15%) of gross revenue from the sale of Advertisements), commissions (which shall not exceed eight percent (8%) of gross revenue from the sale of Advertisements, credits due to cancellations and provisions for bad debt. In no event

shall Net Advertising Revenue for any period be less than the product of (A) gross advertising revenue recognized from the sale of all advertising on the Magazine Sites multiplied by (B) (i) the result of dividing the total number of advertisements served (impressions -specifically including banners, buttons, text ads, newsletters, cost per click and cost per acquisition) on the Magazine Sites by the total number of advertisements served (impressions - specifically including banners, buttons, text ads, newsletters, cost per click and cost per acquisition) on the Network.

Section 1.13 of the Magazine Agreement is hereby amended to include the following:

The term "Network" as provided for in this Agreement shall not include any iVillage web site, which is not hosted in the United States and which does not have a United States domain name (no foreign country code Top Level Domains).

2. Linking and Distribution. Section 2.2 of the Magazine Agreement is hereby amended so as to include the following:

The parties agree that the homepage referred to herein is the opening screen viewed by the user upon initial entry to the Network via the URL iVillage.com. Additionally and notwithstanding anything to the contrary provided for in Section 2 of the Magazine Agreement, the parties agree that the linking and distribution provided to Hearst by iVillage for the Magazine Sites shall be substantially similar to the placement currently enjoyed by Hearst at Women.com's home page as detailed in the Women.com screen shots of the Women.com homepage and a sample of one Magazine Site's initial page directly linking off the Women.com home page, attached hereto and incorporated by this reference. Notwithstanding anything to the contrary provided for in this Amendment or the Magazine Agreement, but subject to Section 2.9 of the Magazine Agreement as amended by this Amendment, iVillage shall have complete editorial control over the Network (exclusive of the Magazine Sites), specifically including but not limited to its offers, services, products and the size and location of its advertising inventory. iVillage reserves the right to suspend, modify or discontinue any part (exclusive of the Magazine Sites) of the Network in its sole discretion.

3. Exclusivity Obligations. Section 2.9 of the Magazine Agreement is hereby deleted and replaced with the following:

iVillage hereby agrees that during the term of this Agreement it will not, without the prior written consent of Hearst, (a) enter into any agreement to include as part of the Network any magazine site (meaning a U.S. edition of a web site that is maintained as an on-line adjunct to a magazine or associated with the magazine of a third party), if such magazine site may reasonably be construed to be competitive with any of the Magazines or Magazine Sites or if such third party magazine site is branded throughout by the branding of a magazine that may reasonably be construed as competitive to the Magazines; (b) display on the Magazine Sites advertising or other promotional materials from magazines of third parties that may reasonably be construed to be competitive with any of the Magazines; or (c) display on the same web page of the iVillage Network the

brands, logo, Marks or Proprietary Content of any of the Magazines with the

brands, logo or Content of any magazine that may reasonably be construed to be competitive with any of the Magazines, in such a way that it appears that the brands, logos, Marks or Proprietary Content of any Magazine are co-branded or otherwise affiliated with the brands or logos or Content of any such competitive magazines. Subject to the restrictions set forth in subparts (a)-(c), above, nothing herein shall be construed to limit iVillage from (d) creating and distributing its own email newsletters and print publications branded with marks owned or licensed by iVillage; (e) accepting paid or barter advertising or sponsorship from a competitive Magazine (provided with respect to sponsorship opportunities either currently existing or developed during the Term received from competitors of the Magazines or Magazine sites, iVillage shall use reasonably diligent efforts to offer Hearst a period of five business days to match such offer, and with respect to sponsorship opportunities that iVillage seeks to develop during the term on areas of the Network containing Content suitable for sponsorship by the Magazines or their advertisers, iVillage will use reasonably diligent efforts to offer Hearst a right of first negotiation for a period of five business days to acquire such sponsorship rights on mutually acceptable terms); (f) obtaining content for integration within the iVillage Network from third parties including print publications from non- Hearst related publications that are competitive with the Magazines, or (g) from entering into any other business or contractual relationship or arrangement with any other entity including, without limitation, for a co-branded page or area within a site with a magazine that is competitive with one of the Magazines provided such co-branded page or area is not directly linked to or part of any Magazine Site, and so long as such relationship or arrangement is not in violation of subparts (a), (b) or (c), above.

4. Production Services. Section 3.4(b) of the Magazine Agreement is hereby deleted and replaced with the following:

Effective as of the date of this Amendment and continuing until the third anniversary date hereof, Hearst hereby agrees to purchase from iVillage and iVillage agrees to provide to Hearst, Production Services in the minimum guaranteed amount of five million dollars ($5,000,000) in each consecutive twelve month period (the "Production Commitment"), which services include the creation of Original Site Content and Third Party Work in a manner which is consistent with the quality, performance and cost standards set forth in Exhibit B as provided by Women.com prior to the effective date of this Amendment and as enhanced by the amendments to Exhibit B set forth herein, in order that the Magazine Sites provided for in Exhibit B shall continue to operate in a substantially similar manner as existed prior to the effective date of this Amendment and as enhanced by the amendments to Exhibit B set forth herein. To the extent that in any consecutive twelve month period Hearst requests that modifications be made to the Magazine Sites outlined in Exhibit B and as enhanced by the amendments to Exhibit B set forth herein, which would materially modify or change the Magazine Sites from the manner in which each looks and functions during the period prior to the effective date of this Amendment and as enhanced by the amendments to Exhibit B set forth herein, and such material modifications or changes result in the amount of Production Services performed by iVillage exceeding in any consecutive twelve (12) month period throughout the Term, the

sum of five million dollars ($5,000,000) those costs shall be billed to Hearst in addition to the Production Commitment of five million dollars. These Production Services may be performed for the Magazine Sites that are the subject of this Agreement, or for other sites associated with other units, divisions or affiliates of Hearst (the "Hearst Sites"). The precise Production Services to be performed with respect to each Magazine Site and Hearst Site shall be determined by mutual agreement of the parties as soon as reasonably practicable following the mutual execution of this Amendment and shall be consistent with the quality, performance and cost standards provided by Women.com prior to the effective date of this Amendment and as enhanced by the amendments to Exhibit B set forth herein. Until Hearst specifies otherwise, the Production Services shall be performed for the Magazine Sites specified at Exhibit B. A written work order, signed by both parties, shall be issued with respect to all Production Services to be rendered. The quality, performance and cost standards set forth herein with respect to the Magazine Sites shall also apply to any Hearst Sites for which iVillage performs Production Services. Any Original Site Content will be a work made for hire for Hearst as a contribution to a collective work in

accordance with 17 USC Sec 101 et. seq. To the extent any Original Site Content may not constitute a work made for hire, iVillage hereby grants and assigns exclusively to Hearst all right, title and interest in and to such Content for the term of copyright. iVillage will use diligent efforts to secure ownership rights to Third Party Work for Hearst. In the event iVillage is not able to secure ownership of Content from any third party for Hearst, it will consult with Hearst and based on Hearst's direction, will either refrain from securing any Content from that third party or will use commercially reasonable efforts to license such rights to that Content in Hearst's favor as Hearst may approve. In the event that Hearst Content or Magazine Content is edited or abridged by iVillage for posting to a Magazine Site, such edited or abridged version shall nonetheless be considered Hearst Content or Magazine Content, as applicable.

In that event Hearst fails to expend the Production Commitment in either of the two consecutive twelve month periods following the first anniversary date of this Amendment, it will provide iVillage with notice of same 90 days prior to the end of each twelve (12) month period, so that the parties can create mutually approved optimization plans for the implementation of the Advertising Commitment, and : (i) the amount of the Advertising Commitment set forth herein at Section 7 applicable to that twelve month period shall be increased by the amount of forty cents ($.40) for each dollar less than the Production Commitment that Hearst has failed to expend; and (ii) the amount of Guaranteed Advertising Royalty as set forth in this Amendment applicable to that twelve month period shall be reduced pro rata (i.e., if Hearst expends 5% less than the Production Commitment in any twelve month period the Guaranteed Advertising Royalty shall be reduced by 5% for that twelve month period). For avoidance of doubt, this opportunity to convert any unexpended portion of the Production Commitment to an increase in the Advertising Commitment shall not be available to Hearst for the twelve-month period following the effective date of this Amendment.

5. Guaranteed Advertising Royalty. Section 6.1 of the Magazine Agreement is hereby amended so as to add the following:

iVillage guarantees that the Royalty payable to Hearst hereunder will be no less than one million one hundred thousand dollars ($1,100,000) in the twelve month period following the effective date of this Amendment and no less than one million four hundred thousand dollars ($1,400,000) during each consecutive twelve month period thereafter throughout the Initial Term (the foregoing amounts referred to as the "Guaranteed Advertising Royalty"). The Guaranteed Advertising Royalty is subject to reduction in the event Hearst fails to expend the Production Commitment as set forth at Section 4 herein above. Within sixty (60) days following the conclusion of each three month period following the Effective Date hereof (each a "Quarter"), iVillage will pay to Hearst the greater of one-quarter of the Guaranteed Advertising Royalty or the actual earned Royalty pursuant to Section 6 of the Magazine Agreement (unless the total amount of the Guaranteed Advance Royalty owed in that twelve month period has been paid in which case iVillage would only be required to pay the actual earned Royalty for such Quarter). If at the completion of the fourth Quarter, the total fees due to Hearst do not exceed the Guaranteed Advertising Royalty, then the fees paid to Hearst for the fourth Quarter will equal the difference between Guaranteed Advertising Royalty and the fees paid to date for that twelve month period.

6. Merchandising Advertisements. Section 6.4 shall be amended to include the following:

Hearst must obtain prior written consent from iVillage, which consent shall not be unreasonably withheld, prior to contacting third parties for the purpose of attempting to sell advertising space on the iVillage Network to third parties.

7. Advertising Commitment. A new Section 6.1B is hereby added to the Magazine Agreement as follows:

Effective as of the date of this Amendment and continuing until the third anniversary date hereof, Hearst agrees to expend at least two million dollars ($2,000,000) in each consecutive twelve month period in advertising purchases to promote any property or services of Hearst or any entity in which Hearst has an interest ("Hearst Ads") on the Network ("Advertising Commitment"). The Advertising Commitment is inclusive of the amounts payable by Hearst under Section 6.1A of the Magazine Agreement. The Advertising Commitment is subject to

increase in the event Hearst fails to expend the Production Commitment as set forth in this Amendment. Hearst Ads will be purchased at the lowest CPM rate afforded by iVillage within a thirty day period before or after each advertisement placement is effectuated, exclusive of agency fees, for comparable advertising placed in comparable locations throughout iVillage by affiliates, partners, or any third party, and shall be given prominent placement throughout the Network comparable to that given to other advertisers making a similar purchasing commitment. Notwithstanding the provisions of Section 6.1 of the Magazine Agreement, no Royalty shall be payable by iVillage to Hearst with respect to the Advertising Commitment.

8. Termination. A new Section 16.7A is hereby added to the Magazine Agreement as follows:

This Agreement may be terminated by either party immediately upon written notice if the other party (a) becomes the subject of any proceeding relating to insolvency, receivership or liquidation; (b) files a petition in bankruptcy; or has filed against it a petition in bankruptcy which is not discharged within thirty (30) days thereof; (c) makes an assignment for the benefit of its creditors; (d) or admits in writing its inability to pay debts as they become due. The payment obligations set forth in this Amendment and the Magazine Agreement (to the extent not modified by this Amendment), which have been earned or accrued as of date of termination shall nonetheless remain payable.

A new Section 16.7B is hereby added to the Magazine Agreement as follows:

Hearst hereby consents to the assumption by iVillage of the Amended and Restated Magazine Content License and Hosting Agreement, as that Agreement is amended by Amendment Number Two to Amended and Restated Magazine Content License and Hosting Agreement.

9. Exhibit A. Exhibit A of the Magazine Agreement is hereby amended to include the following:

From time to time upon reasonable request by Hearst, iVillage will provide information detailing the performance of the Hosting Services provided hereunder. iVillage agrees to provide user tracking reports with respect to the Magazine Sites in such format as provided to other third parties by iVillage and including such information as Hearst may from time to time reasonably request. iVillage will receive credit for all traffic, specifically including page views, related to the Magazine Sites and Hearst will use commercially reasonable efforts to cooperate with iVillage to provide any third party traffic reporting and monitoring company (i.e., Media Metrics, Nielsen, Net Rating, PC Data) with such documentation as may be required to ensure the credit of traffic to iVillage.

10. Exhibit B. Exhibit B of the Magazine Agreement is hereby amended to include the following:

iVillage will, to the extent not already in place, undertake to install a content management system (being a system that brings structure to web development by enabling content creators to create and publish content to the web from their computer workstations, using both database and file format content and allowing content creators to schedule, automate or distribute content across multiple platforms, and allowing non-technical personnel to contribute content to the web through templates) in a form mutually reasonably acceptable to Hearst and iVillage, for use in connection with the Magazine Sites. iVillage commits that all tools, processes and systems used in connection with the Magazine Sites shall at all times be substantially consistent with or superior to those provided to the Magazine Sites prior to the effective date of this Amendment.

Exhibit B is also amended to include the following:

<TABLE>
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	DESTINATION SITE	SPECIAL INTEREST SITE	REVENUE FOCUSED SITE
<S>	<C>	<C>	<C>
Monthly Content Acquisition Budget	$5,000	$3,000	$0
PRODUCT PLAN			
Homepage Update	2x/week	1x/week	1x/month (using archive of existing content)
Newsletter	4x/month	2-4x/month	-
CONTENT:			
Daily	o Tip	o Tip	o Tip (these would be rotated from an archive)
Weekly	o Update of half the subchannel TOCs o Expert columns updated (3-5) o Polls (max of 2)	o Expert columns updated (1-2) o Poll (1)	

</TABLE>

<TABLE>
<CAPTION>

	DESTINATION SITE	SPECIAL INTEREST SITE	REVENUE FOCUSED SITE
<S>	<C>	<C>	<C>
Monthly	o Update of half the subchannel TOCs o Horoscopes (if applicable) o On Sale Now page o 10-20 features, not to exceed 80 pp. * o Ad Hoc/last-minute requests (surveys, features) : 1 per month maximum o Ad Hoc/ email requests: 4/month	o Update of the subchannel TOCs o Horoscopes (if applicable) o On Sale Now page o 6-10 features, not to exceed 40 pp. * o Ad Hoc/email requests: 2/month	o On Sale Now page o 1 feature, repurposed from the magazine's current issue
As Needed			o Update of the subchannel TOCs (for seasonality, etc.)
Permanently Highlighted on Homepage			o Signature interactive tool(s)

</TABLE>

* a flash piece equals approximately 5 regular flat features

11. Term Section 13.1 of the Magazine Agreement is hereby deleted and replaced with the following:

This Agreement shall be effective from and after the effective date of this Amendment for a period of three years, namely to _____, 2004 (the "Initial Term"). Following the Initial Term, this Agreement shall automatically renew for three consecutive terms of six (6) years each (each, a "Renewal Term"); provided that prior to the commencement of each Renewal Term the parties shall reach agreement as to any modifications to be made to the royalties, production and hosting fees or commissions to be paid hereunder. In the event the parties do not reach such agreement, the applicable Renewal Term shall, nevertheless, commence on a month-to-month basis under the then-existing terms of the Agreement until such time as the parties agree to any new terms or either party provides the other with no less than ninety (90) days notice of termination of this Agreement.

12. Payment: Section 7.4 of the Magazine Agreement is hereby deleted and replaced with the following:

All payments due to iVillage from Hearst pursuant to Sections 4 and 7 shall be paid on a monthly basis, within thirty (30) days after the last day of each calendar month.

13. Successors and Assigns; Change in Control: Section 16.7 of the Magazine Agreement is hereby amended to add at the end of the section the following:

The reference in this Section 16.7 to Women.com, LLC shall be modified to "either party" and the reference to Hearst shall be modified to "the other party". Subparagraphs (iv) and (v) of that Section 16.7 are deleted.

14. Exhibit C is hereby amended to include the following in section I:

iVillage Inc Marks.
to be provided over the term of the Magazine Agreement.

15. Ratification. Except as expressly set forth herein, the Magazine Agreement is hereby ratified and remains in full force and effect.

In Witness Whereof, each of the parties have executed this Amendment as of the date first written above.

iVillage Inc.,
as successor-in-interest to Women.com Networks, Inc.

By:_____

Title:_____

Hearst Communications, Inc.

By:_____

Title:_____

EXHIBIT C

STOCKHOLDER AGREEMENT

This STOCKHOLDER AGREEMENT (this "Agreement") is entered into as of _____,2001 by and between iVillage Inc., a Delaware corporation (the "Company"), and Hearst Communications, Inc., a Delaware corporation ("Purchaser").

RECITALS

WHEREAS, the Company and Purchaser are parties to that certain Securities Purchase Agreement, dated as of February 5, 2001 (the "Securities Purchase Agreement"), which, among other things, provides for the sale by the Company and the purchase by Investor of up to 9,324,000 shares of the Company's Common Stock (the "Purchase Shares") and a warrant to purchase up to an additional 2,100,000 shares of the Company's Common Stock (the "Warrant" and, upon exercise, the "Warrant Shares" and, each together with the Purchase Shares, the "Investment Shares"); and

WHEREAS, the Investor Group (as hereinafter defined) acquired [_____] shares of Common Stock of the Company in exchange for certain shares of Women.com Networks, Inc. common stock pursuant to an Agreement and Plan of Merger, dated as of February 5, 2001 (the "Merger Shares"); and

WHEREAS, the Investment Shares and the Merger Shares constitute all of the Voting Securities (as defined hereafter) owned by the Investor Group as of the date hereof.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions

For the purposes of this Agreement, the following words and phrases shall have the following meanings:

(a) "13D Group" means any group of persons formed for the purpose of acquiring, holding, voting or disposing of Voting Securities which would be required under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, to file a statement on Schedule 13D with the Securities and Exchange Commission as a "person" within the meaning of Section 13(d)(3) of the Exchange Act if such group beneficially owned sufficient securities to require such a filing under the Exchange Act.

(b) "Actual Voting Power" means, as of the date of determination, the total number of votes attaching to the outstanding securities entitled to vote for the election of directors of the Company.

(c) "Affiliate" shall have the meaning set forth in Rule 12b-2

under the Exchange Act and shall also include any person acting on behalf of any person or its affiliate.

(d) "Consenting Vote" means (i) the unanimous written consent of the Company's Board of Directors (the "Board") or (ii) the approval of the Board at any properly noticed Board meeting at which a quorum is present which approval shall include all of the non-Investor Group Designees present at the meeting.

(e) "Independent Director" means any person, as of the date of his or her appointment or election to the Board, that is not and has not been during the three years preceding the date of such appointment or election (i) an Investor Group Designee, or (ii) an employee of the Company or any of its subsidiaries.

(f) "Investor Group" means Purchaser and its Affiliates.

(g) "Investor Group Designee" means any person representing, employed by, designated as nominee by or otherwise affiliated with any member of the Investor Group.

(h) "Investor Group Percentage" means, as of the date of determination, the percentage resulting from dividing the Investor Group Voting Power by the Actual Voting Power.

(i) "Investor Group Voting Power" means, as of the date of determination, the total number of votes attaching to the outstanding securities entitled to vote for the election of directors of the Company owned by the Investor Group.

(j) "Maximum Interest" means, as of the date of determination, the total number of Voting Securities resulting from the product of the Threshold Percentage and the total outstanding Voting Securities.

(k) "Minimum Interest" means ten percent (10%) of the outstanding Voting Securities.

(l) "Non-Investor Group Designees" means all directors on the Company's Board of Directors as of the time of the determination, other than Investor Group Designees.

(m) "Person" shall mean any individual, corporation, partnership (general or limited), limited liability company, limited liability partnership, trust, joint venture, joint-stock company, syndicate, association, entity, unincorporated organization or government or any political subdivision, agency or instrumentality thereof.

(n) "Restricted Block" means, at the time of determination, the number of Voting Securities held by the Investor Group in excess of the Unrestricted Block.

(o) "Threshold Percentage" means (i) thirty-five percent (35%) if none of Hope's stockholders (other than Investor Group) participate in the Rights Offering (as defined in the Securities Purchase Agreement), or (ii) if any of Hope's stockholders (other than Investor Group) participate in the Rights Offering, thirty-five percent (35%) reduced by the percentage resulting from dividing the number of Voting Securities acquired by such stockholders pursuant to the Rights Offering by the total Voting Securities outstanding on the Closing Date.

(p) "Transfer" means (i) to sell, exchange, pledge or otherwise transfer any interest in, and (ii) a sale, exchange, pledge or other transfer of any interest in, Voting Securities.

(q) "Unrestricted Block" means, at the time of determination, the number of Voting Securities held by the Investor Group which represents twenty-five percent (25%) or less of the total outstanding Voting Securities of the Company.

(r) "Voting Security" means, as of the date of determination,

the Common Stock of the Company, any other security generally entitled to vote for the election of directors and any outstanding convertible securities, options, warrants or other rights which are convertible into or exchangeable or exercisable for securities entitled to vote for the election of directors.

1.2 Other Defined Terms. In addition to the terms defined in Section 1.1, certain other defined terms are defined elsewhere in this Agreement and, whenever such terms are used in this Agreement, they shall have their respective defined meanings.

ARTICLE II
PURCHASE RESTRICTIONS

2.1 Standstill Obligations.

(a) Limitation. At any time following the date of this Agreement, without a prior Consenting Vote, no member of the Investor Group shall, directly or indirectly, (i) acquire any Voting Securities (except by way of (A) stock splits, stock dividends or other distributions or offerings made available to holders of Voting Securities generally), or (B) stock options, warrants or other rights to purchase Voting Securities approved by Consenting Vote, or (ii) (other than in connection with an actual sale of such securities) exercise any stock options, warrants or other rights to purchase Voting Securities if the effect of such acquisition or exercise would be to increase the Investor Group Percentage to more than the Threshold Percentage.

(b) Recapitalizations, Etc. Notwithstanding Section 2.1(a), no member of the Investor Group shall be obligated to dispose of any Voting Securities if the Investor Group Percentage exceeds the Threshold Percentage as a result of (i) a recapitalization of the Company approved by Consenting Vote, (ii) a repurchase of Voting Securities approved by Consenting Vote or (iii) any other action taken by the Company or its Affiliates other than the Investor Group provided such action is approved by Consenting Vote.

(c) Participation. Without a prior Consenting Vote, the Investor Group will not (i) solicit proxies in respect of any Voting Securities, (ii) become a "participant" or "participant in a solicitation", as those terms are defined in Rule 14a-11 under the Exchange Act, in opposition to a solicitation by the Company, (iii) form or join any group (other than a group composed solely of the Investor Group) for the purpose of voting, purchasing or disposing of Voting Securities, (iv) initiate, propose or otherwise solicit stockholders for any matter at any time, or induce or attempt to induce any other person (including the Company) to initiate any stockholder proposal or tender offer for shares of the Company, or for the purpose of convening a stockholders' meeting of the Company, (v) take any action by written consent in lieu of a meeting, or (vi) deposit any Voting Securities in a voting trust or subject them to a voting agreement or other arrangement of similar effect, except as contemplated by this Agreement; provided, however, that the Investor Group shall

not be deemed to be a "participant" or to have become engaged in a solicitation hereunder solely by reason of (I) the membership of an Investor Group Designee on the Board of Directors, (II) the voting of the Investor Group's Voting Securities in any election of such representative of the Investor Group to the Board of Directors, or (III) the solicitation of proxies by the Company approved by Consenting Vote in connection with any annual meeting of the stockholders of the Company.

2.2 Purchaser Reporting Obligations.

(a) [Intentionally omitted].

2.3 Company Repurchase Rights; Disposition Obligation. In the event that any acquisition of Voting Securities by the Investor Group should cause the Investor Group Percentage to exceed the Threshold Percentage:

(a) The Company or its designee shall have the right, but shall not be required, to purchase from the Investor Group, and the Investor Group shall have the obligation to sell, such number of Voting

Securities owned by the Investor Group as is necessary to reduce the Investor Group Percentage to the Threshold Percentage. The exercise of such right by the Company shall require a Consenting Vote. Any Voting Securities purchased by the Company pursuant to this Section shall be purchased for cash at a price per share equal to the lowest of:

(i) the average cost per share to the Investor Group of the Voting Securities being purchased (it being conclusively presumed that the Voting Securities last acquired which exceeded the Threshold Percentage are the Voting Securities being purchased);

(ii) the average of the closing price for the Company's Common Stock on a national stock exchange or automated quotation system for the ten (10) consecutive trading days preceding the date on which the Company or its designee gives written notice to Purchaser of its intent to exercise its option under this Section; or

(iii) the closing price for the Company's Common Stock on a national stock exchange or automated quotation system on the last trading day preceding the date on which the Company or its designee gives written notice to Purchaser of its intent to exercise its option under this Section. This right is exercisable by the Company's delivery of written notice to Purchaser, within thirty (30) days after the Company first learns of such violation, specifying the number of Voting Securities to be purchased, the date on which said purchase shall occur (which date shall be not more than thirty (30) days after the date on which such notice was delivered to Purchaser) and the place designated for such transaction to take place.

(b) The Company shall have the right, but shall not be required, to require the Investor Group, and the Investor Group shall have the obligation to sell or transfer as soon as practicable and in compliance with all applicable securities laws, such number of Voting Securities owned by the Investor Group as is necessary to reduce the Investor Group Percentage to the Threshold Percentage so as to not be in violation of Section 2.1(a). This right is exercisable by the Company's delivery of written notice to Purchaser, within thirty (30) days after the Company first learns of such violation. In the event the Company exercises such right, the sale or transfer of such number of Voting Securities owned by the Investor Group necessary to reduce the Investor

Group Percentage to the Threshold Percentage shall be effected only in ordinary brokerage transactions, or in private block trades approved by Consenting Vote, provided, however, that (i) the selling member of the Investor Group shall inform the Company of such sale or transfer of Voting Securities, prior to effecting it, and (ii) Purchaser will use its reasonable efforts to effect or to cause the sale or transfer in a manner which will effect the broadest possible distribution with no sales or transfers to any one person or group within the meaning of the Exchange Act in excess of one percent (1%) of the then-outstanding Voting Securities. The exercise of such right by the Company shall require a Consenting Vote.

The rights contained in this Section 2.3 shall not be deemed to be the exclusive remedies for acquisition of Voting Securities resulting in the Investor Group Percentage exceeding the Threshold Percentage in violation of Section 2.1(a), nor shall such right be deemed to prejudice, or to operate as a waiver of, any remedy contained in Section 6.1, or any other remedy to which the Company may be entitled at law or in equity.

ARTICLE III
VOTING OBLIGATIONS

3.1 Voting Obligations. For so long as the Investor Group holds a Minimum Interest:

(a) Quorum Obligation. Purchaser agrees, as a stockholder, and shall cause each member of the Investor Group to so agree, to be present in person or to be represented by proxy at all stockholder meetings of the Company so that all Restricted Block Voting Securities owned by the Investor Group may be counted for the purpose of determining the presence of a quorum at such meetings with respect to those matters as to which Purchaser agrees to vote its shares in Section 3.1(b).

(b) Voting of Shares. Purchaser, as a stockholder, may vote the Unrestricted Block in its sole discretion. Purchaser agrees, as a stockholder, and shall cause each member of the Investor Group to so agree, to vote or cause to be voted the Restricted Block in the manner recommended to stockholders by Consenting Vote on any vote submitted to the stockholders for vote or action by written consent including, without limitation, any stockholder rights plan approved by Consenting Vote.

3.2 Board Representation. In consideration of the Purchaser's agreement to acquire the Purchase Shares (as defined in the Securities Purchase Agreement), the Company agrees as follows:

(a) Appointment and Nomination. Upon the Closing (as defined in the Securities Purchase Agreement), the Company's Board of Directors will be fixed at ten (10) persons and the Company will cause the following appointments to be made:

(i) Three (3) Investor Group Designees shall be appointed to the Company's Board of Directors, with each such Investor Group Designee appointed to a separate class of directors.

(ii) One (1) Investor Group Designee appointed to the Board pursuant to Section 3.2(a)(i) shall be appointed to the Company's nominating committee.

(iii) One (1) Investor Group Designee appointed to the Board pursuant to Section 3.2(a)(i) shall be appointed to the Company's compensation committee.

(iv) Five (5) Independent Directors shall be appointed to the Board.

Thereafter, during the term of this Agreement and for so long as the Investor Group holds at least a Minimum Interest and subject to Section 3.2(b), (i) the Company's nominating committee shall recommend to the Company's Board of Directors that the Investor Group Designees be included in the slate of nominees recommended by the Board to the stockholders for election as directors at each annual meeting of stockholders for which an election is held for such class of directors, (ii) the total size of the Company's Board of Directors shall be fixed at ten (10) persons, (iii) one (i) Investor Group Designee appointed to the Board pursuant to Section 3.2(a) or 3.2(b) shall be appointed to each of the Company's nominating committee (which committee shall be set at three (3) members consisting of the Company's Chief Executive Officer, an Investor Group Designee, and an Independent Director appointed by the Company's Chief Executive Officer) and compensation committee and (iv) in connection with each annual meeting, the Company's nominating committee shall recommend to the Company's Board of Directors a slate of nominees which, if elected at such annual meeting, would conform with the requirements of the composition of the Board to be in effect upon the Closing, and the Board shall recommend such slate to the stockholders. In the event that any of such Investor Group Designees shall cease to serve as a director for any reason, the vacancy resulting thereby shall be filled according to the procedures described in the previous sentence.

(b) Board Nominees. During the Term of this Agreement and for so long as the Investor Group holds a Minimum Interest, the Investor Group may recommend to the Company's nominating committee and the Company's nominating committee shall recommend to the Company's Board of Directors, the number of Investor Group Designees determined in the manner described below. Such Investor Group Designees shall be included in the slate of nominees recommended by the Board to the stockholders for election as directors at each annual meeting of stockholders for which an election is held for such class of directors.

(i) For so long as the Investor Group owns at least eighty percent (80%) of the Maximum Interest, the Investor Group may recommend three (3) Investor Group Designees, each to be recommended and nominated upon the expiration of the term of each Investor Group Designee appointed pursuant to Section 3.2(a)(i) or elected subsequent to nomination under this Section 3.2(b). If, at any time during the Term of this Agreement, the Investor Group shall hold at least sixty-six percent (66%) but less than eighty percent (80%) of the Maximum Interest, immediately upon such occurrence the Investor Group shall cause all the Investor Group Designees serving on the Board of Directors in

excess of the number of Investor Group Designees described in Section 3.2(b)(ii) to resign from the Board of Directors, effective as of the date of such occurrence. In the event that more than one Investor Group Designee shall be required to resign pursuant to this Section, the order of resignation shall proceed beginning with the most recently elected or appointed Investor Group Designee and proceeding to the next most recently elected or appointed Investor Group Designee;

(ii) For so long as the Investor Group owns at least sixty-six percent (66%) but less than eighty percent (80%) of the Maximum Interest, the Investor Group may name two (2) Investor Group Designees, each to be recommended and nominated upon the expiration of the

term of each Investor Group Designee appointed pursuant to Section 3.2(a)(i) or elected subsequent to nomination under this Section 3.2(b). If, at any time during the Term of this Agreement, the Investor Group shall hold at least a Minimum Interest but less than sixty-six percent (66%) of the Maximum Interest, immediately upon such occurrence the Investor Group shall cause all the Investor Group Designees serving on the Board of Directors in excess of the number of Investor Group Designees described in Section 3.2(b)(iii) to resign from the Board of Directors, effective as of the date of such occurrence. In the event that more than one Investor Group Designee shall be required to resign pursuant to this Section, the order of resignation shall proceed beginning with the most recently elected or appointed Investor Group Designee and proceeding to the next most recently elected or appointed Investor Group Designee;

(iii) If the Investor Group owns less than sixty-six percent (66%) of the Maximum Interest, the Investor Group may name one (1) Investor Group Designee.

(c) Termination of Representation. If, at any time during the Term of this Agreement, the Investor Group shall hold less than a Minimum Interest, immediately upon such occurrence the Investor Group shall cause all Investor Group Designees serving on the Board of Directors to resign from the Board of Directors, effective as of the date of such occurrence.

(d) Revival. If, at any time during the Term of this Agreement, the number of Voting Securities held by the Investor Group shall increase in excess of any of the percentages indicated in Section 3.2(b)(i)-(iii) (but in no event in excess of the Threshold Percentage), the Investor Group may name such additional Investor Group Designees as may be provided by Sections 3.2(b)(i)-(iii). Each additional Investor Group Designees shall be included in the slate of nominees recommended by the Board to the stockholders for election as directors at the next annual meeting of stockholders.

ARTICLE IV
TRANSFER RESTRICTIONS

4.1 Restrictions on Transfer. For so long as the Investor Group shall own at least the Minimum Interest, Purchaser shall not Transfer any Voting Securities, except certain permitted transactions made in accordance with Sections 4.2 and 4.3 or Transfers made to members of the Investor Group, provided, that any proposed transferee that is a member of the Investor Group must, as a condition to such Transfer, agree to be bound by the restrictions of this Article 4, and, provided further, that if Purchaser ceases to own, directly or indirectly, securities representing at least 80% of the aggregate voting power of all voting securities issued by any such member of the Investor Group or if Purchaser ceases to control, directly or indirectly, the management or policies of any such member of the Investor Group (whether through ownership of securities, partnership or membership interests, by contract or otherwise), then in either such case, any Transfers to such member of the Investor Group will automatically and without further action be rescinded and nullified and the member of the Investor Group will be stripped of any ownership or voting rights relating to any Voting Securities and will be irrevocably obligated promptly to Transfer any and all Voting Securities held by it to Purchaser unless such transfer would be permitted pursuant to Section 4.3.

4.2 Consent Required for Certain Transfers. Except in the case of

Transfers to Investor Group members as permitted

by Section 4.1 or in the case of Transfers permitted by Section 4.3, Purchaser must obtain a Consenting Vote to any proposed Transfer of any Voting Securities by Purchaser or any Investor Group member. The Company may refuse to grant or may withhold its consent to any such proposed Transfer of Voting Securities in its sole and absolute discretion, and also in its sole and absolute discretion may condition its consent to any such proposed Transfer of Voting Securities on agreements of either or both the Purchaser and the proposed transferee, including (by way of example and not limitation), an agreement of the proposed transferee to be bound by any or all of the restrictions set forth in this Agreement or of the Purchaser to be jointly and severally liable with the proposed transferee for any breach or violation of this Agreement by such proposed transferee.

4.3 Permitted Transactions. The provisions of Sections 4.1 and 4.2 of this Agreement shall not pertain or apply to:

(a) Any pledge of any Voting Securities made by a member of the Investor Group pursuant to a bona fide loan transaction which creates a mere security interest;

(b) Any repurchase of any Voting Securities by the Company;

(c) Any bona fide gift of any Voting Securities by a member of the Investor Group;

(d) Any sale or transfer by the Investor Group of Voting Securities to a transferee which transfer shall not cause the transferee to hold a Minimum Interest or more after giving effect to such transfer;

(e) Any sale or transfer of any Voting Securities pursuant to a tender offer or exchange approved by Consenting Vote; and

(f) Any sale or transfer of any Voting Securities in connection with a merger or consolidation in which the Company is acquired, or the sale of all or substantially all of the Company's assets which, in either case, is approved by Consenting Vote;

provided, however, in each case (other than Sections 4.3(d), 4.3(e) and 4.3(f)), that (i) the transferring member of the Investor Group shall inform the Company of such pledge, transfer or gift of Shares, at least five (5) days prior to effecting it, and (ii) the pledgee, transferee or donee shall furnish the Company and the Investor Group with a written agreement to be bound by and comply with all applicable provisions of this Agreement.

ARTICLE V
TERM AND TERMINATION

5.1 Term. Unless earlier terminated as hereinafter provided, this Agreement shall terminate on the earlier of (i) the fifth anniversary date of this Agreement and (ii) the date of any merger or consolidation pursuant to which the Company is not the surviving corporation.

5.2 Termination. This Agreement may only be terminated before the expiration of its term by mutual written consent of the Company and the Purchaser. In the event of termination of this Agreement, the Investor Group shall cause all the Investor Group Designees serving on the

Board of Directors to resign from the Board of Directors, effective as of the date of such termination. The resulting vacancies on the Board of Directors

shall be filled in accordance with the procedures set forth in the Company's Bylaws.

ARTICLE VI
MISCELLANEOUS

6.1 Equitable Relief. The parties acknowledge and agree that irreparable damage would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, it is agreed that the parties shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement and to enforce specifically the terms and provisions of this Agreement in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which they may be entitled in law or in equity.

6.2 Waiver. The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party. None of the terms, covenants and conditions of this Agreement can be waived except by the written consent of the party waiving compliance.

6.3 Amendments and Waivers. Any term of this Agreement may be amended or waived only with the written consent of the parties or their respective successors and assigns. Any amendment or waiver effected in accordance with this Section 6.3 shall be binding upon the parties and their respective successors and assigns.

6.4 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

6.5 Governing Law; Jurisdiction. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law. Each of the parties to this Agreement consents to the exclusive jurisdiction and venue of the courts of the state and federal courts of the County of New York, New York.

6.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

6.7 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.8 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in Person, by overnight courier or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses, or at such other address for a party as shall be specified in a notice given in accordance with this Section 6.8:

If to the Company:

iVillage Inc.
500 - 512 Seventh Avenue
New York, NY 10018
Attention: Steve Elkes
Executive Vice President-
Operations and Business Affairs

with a copy to:

iVillage Inc.
500 - 512 Seventh Avenue
New York, NY 10018
Attention: Michael Gilbert
General Counsel

with a copy to:

Orrick, Herrington & Sutcliffe LLP
Old Federal Reserve Bank Building
400 Sansome Street
San Francisco, CA 94111
Attention: Richard Vernon Smith, Esq.

If to Purchaser:

Hearst Communications, Inc.
959 Eighth Avenue
New York, New York 10019
Attention: Jonathan Thackeray, Esq.
General Counsel

with a copy to:

Clifford Chance Rogers & Wells, LLP
200 Park Avenue
New York, New York 10166
Attention: Steven A. Hobbs, Esq.

6.9 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith, in order to maintain the economic position enjoyed by each party as close as possible to that under the provision rendered unenforceable. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

6.10 Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

6.11 Entire Agreement. This Agreement is the product of both of the parties hereto, and constitutes the entire agreement between such parties pertaining to the subject matter hereof, and merges all prior negotiations and drafts of the parties with regard to the transactions

contemplated herein. Any and all other written or oral agreements existing between the parties hereto regarding such transactions are expressly canceled.

6.12 Survival. The provisions of Section 5.2 and Article VI shall survive the termination of this Agreement forever. This Agreement shall apply, without further act or formality, with any necessary changes to any new class, series or numbers of securities to which any Voting Securities owned by the Investor Group may be changed by virtue of any reorganization or recapitalization of the Company or after a consolidation, subdivision or other change in the capital stock of the Company, in each case, approved by Consenting Vote.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the day and year first above written.

iVILLAGE INC.

By:

Name:

Name:

Title:

HEARST COMMUNICATIONS, INC.

By:

Name:

Title:
