

SECURITIES AND EXCHANGE COMMISSION

FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-03-26**
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FILER

CRITICAL PATH INC

CIK: **1060801** | IRS No.: **911788300** | State of Incorpor.: **CA**
Type: **S-1/A** | Act: **33** | File No.: **333-71499** | Film No.: **99573405**
SIC: **7389** Business services, nec

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 4
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

CRITICAL PATH, INC.
(Exact name of registrant as specified in its charter)

California	7389	91-1788300
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

320 1st Street
San Francisco, California 94105
(415) 808-8800
(Address, including zip code, and telephone number, including area code, of
registrant's principal executive offices)

DOUGLAS T. HICKEY
President and Chief Executive Officer
CRITICAL PATH, INC.
320 1st Street
San Francisco, California 94105
(415) 808-8800
(Name, address, including zip code, and telephone number, including area code,
of agent for service of process)

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2550 Hanover Street	650 Page Mill Road
Palo Alto, CA 94304	Palo Alto, CA 94304

Approximate date of commencement of proposed sale to the public: As soon as
practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a
delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box.

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

If this form is a post-effective amendment filed pursuant to 462(c) under the
Securities Act, check the following box and list the Securities Act

registration statement number of the earlier effective registration statement for the same offering. []

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. []

CALCULATION OF FILING FEE

<TABLE>
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Table with 3 columns: Class of Securities To Be Registered, Proposed Maximum Aggregate Offering Price(1), Amount of Registration Fee(2). Row 1: Common Stock, \$.0001. par value..... \$103,500,000 \$28,773

</TABLE>

(1) Estimated solely for the purpose of composing the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(2) A filing fee of \$14,387 was paid by the Registrant on January 29, 1999.

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

+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the +
+Securities and Exchange Commission is effective. This prospectus is not an +
+offer to sell securities, and we are not soliciting offers to buy these +
+securities, in any state where the offer or sale is not permitted. +

SUBJECT TO COMPLETION, DATED March 26, 1999

(logo)

CRITICAL PATH, INC.
4,500,000 Shares
Common Stock

Critical Path, Inc. is offering 4,500,000 shares of its common stock. This is Critical Path's initial public offering and no public market currently exists for its shares. We have applied for approval for quotation on the Nasdaq National Market under the symbol "CPTH" for the shares we are offering. We anticipate that the initial public offering price will be between \$18.00 and \$20.00 per share.

Investing in the common stock involves risks.
See "Risk Factors" beginning on page 6.

<TABLE>
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Table with 3 columns: Description, Per Share, Total. Row 1: Public Offering Price..... \$ \$
Row 2: Underwriting Discounts and Commissions..... \$ \$
Row 3: Proceeds to Critical Path..... \$ \$

</TABLE>

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Critical Path has granted the underwriters a 30-day option to purchase up to an additional _____ shares of common stock to cover over-allotments.

BancBoston Robertson Stephens

Hambrecht & Quist

Dain Rauscher Wessels
a division of Dain Rauscher Incorporated

FAC/Equities

The date of this prospectus is _____, 1999.

INSIDE FRONT COVER

EMAIL
Questions
Need
Answers

is your email always up
and running?

Can you upgrade your
email quickly and easily
to support additional users?

is your email operation the
most cost-effective?

Will you be able to keep up
with the internet messaging
demands of tomorrow?

[Logos of Strategic
partners appear here]

GATEFOLD

Critical Path	The email messaging service	enterprise services
Software	Solution	future capabilities including
Branding Service	basic email hosting	secure email hosting
24x7 Scalable	ecommerce services	unified messaging directions
	spam blocking	calendar
	anti-virus	future capabilities including
		billing transactions
		security

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. In this prospectus, the "Company," "Critical Path," "we," "us," and "our" refer to Critical Path, Inc., a California corporation.

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 This prospectus contains trademarks and trade names of other companies.

Unless otherwise noted, the information in this prospectus assumes that all of the outstanding preferred stock of Critical Path, with the exception of 45,067 shares of preferred stock that Critical Path intends to repurchase at \$4.26 per share prior to the closing of the offering, will be converted into common stock, that certain warrants for the purchase of Series A and Series B Preferred Stock will be exercised on a net basis and that the underwriters will not exercise their overallotment option.

SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the entire prospectus, including "Risk Factors" and the Financial Statements, carefully before making an investment decision.

The Company

We are a leading provider of email hosting services designed to allow a wide range of organizations, including Internet service providers, web hosting companies, web portals and corporations, to reduce costs and improve customer service by outsourcing their email systems. We believe we are a leading provider of email hosting services because our services are designed to support growth, enhance reliability, allow access to advanced technologies and provide greater access with high levels of security. In addition, our service is

designed so that our customers can enhance their brand recognition by maintaining their existing "look and feel" while improving the functionality of their email service. We intend to build on our expertise in email services to provide additional Internet messaging services in the future. At December 31, 1998, we had over 100 customers. We seek to establish strategic relationships with entities that are both commercial partners and/or equity investors or with whom we have contractualized reseller relationships. We have strategic relationships with ICQ, a subsidiary of America Online, E*TRADE, Network Solutions, Sprint and US West.

Email, one of the most popular Internet applications, has broadened from a simple messaging tool to a widely accepted form of communication for both personal and business use. According to Electronic Mail & Messaging Systems, there were 263 million electronic mailboxes worldwide as of September 30, 1998. Electronic Mail & Messaging Systems estimates that there could be as many as 400 million electronic mailboxes worldwide by the end of 1999. According to the Gartner Group, approximately 300 billion electronic mail messages were sent in 1998. In addition, the complexity of the individual messages is increasing, allowing email to become a more functional communications tool for both personal and business use. At the same time, we believe that customers are increasingly expecting the same reliability from their email service that they are accustomed to receiving from their telephone service, commonly referred to as web-tone reliability. Due to this expectation and the expense and expertise required to maintain a reliable email system, organizations are increasingly seeking to outsource their email systems.

Our services provide the following benefits to our customers:

- . reduced costs associated with acquiring and maintaining hardware and software and with recruiting and retaining systems engineering and administrative support;
- . a scalable and reliable system architecture designed to support global service over hundreds of millions of mailboxes across millions of domains with web-tone reliability;
- . access to advanced technologies based on our expertise in rapidly deploying new technologies, combating system failures and maintaining network and system security;
- . easy access by customers and end-users by designing our services on open Internet-based standards; and
- . control over their own brand and functionality through customized web-based email interfaces.

Our headquarters are located at 320 1st Street, San Francisco, California 94105 and our telephone number is (415) 808-8800. Our website address is www.cp.net. The information on our website is not a part of this prospectus.

The Offering

<TABLE>	
<C>	<S>
Common stock offered by Critical Path.....	4,500,000 shares
Common stock to be outstanding after the offering..	34,107,684 shares
Use of proceeds.....	Expand sales and marketing activities, open additional data centers, expand international operations and for general corporate purposes and working capital.
Proposed Nasdaq National Market symbol.....	CPTH
</TABLE>	

Summary Consolidated Financial Data (in thousands, except per share data)

Please see Note 1 of Notes to Consolidated Financial Statements for an explanation of the determination of the number of shares used in computing per

share data. The As Adjusted Consolidated Balance Sheet Data summarized below reflects the application of the net proceeds from the sale of the 4,500,000 shares of common stock offered by Critical Path at an assumed initial public offering price of \$19.00 per share and after deducting the underwriting discounts and commissions and our estimated offering expenses.

<TABLE>
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	Period from	
	February 19, 1997	Year Ended
	(Inception) to	December 31,
	December 31, 1997	1998

<S>	<C>	<C>
Consolidated Statement of Operations Data:		
Net revenues.....	\$ --	\$ 897
Loss from operations.....	(1,056)	(11,448)
Net loss.....	(1,074)	(11,461)
Net loss per share -- basic and diluted.....	\$ (0.54)	\$ (2.94)
Weighted average shares -- basic and diluted....	1,994	3,889
Pro forma net loss per share (unaudited):		
Net loss per share -- basic and diluted.....		\$ (0.81)
Weighted average shares -- basic and diluted...		14,194

</TABLE>

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	December 31, 1998	
	Actual	As Adjusted

<S>	<C>	<C>
Consolidated Balance Sheet Data:		
Cash and cash equivalents.....	\$14,791	\$93,506
Working capital.....	12,524	91,239
Total assets.....	20,663	99,378
Capital lease obligations, long-term.....	2,454	2,454
Shareholders' equity.....	15,358	94,073

</TABLE>

RISK FACTORS

This offering involves a high degree of risk. You should carefully consider the risks described below and the other information in this prospectus before deciding to invest in shares of our common stock. Our business, operating results and financial condition could be adversely affected by any of the following risks. The trading price of our common stock could decline due to any of these risks, and you could lose all or part of your investment. You should also refer to the other information set forth in this prospectus, including our financial statements and the related notes.

This prospectus also contains certain forward-looking statements that involve risks and uncertainties. These statements relate to our future plans, objectives, expectations and intentions, and the assumptions underlying or relating to any of these statements. These statements may be identified by the use of words such as "expects," "anticipates," "intends," and "plans" and similar expressions. Our actual results could differ materially from those discussed in these statements. Factors that could contribute to such differences include, but are not limited to, those discussed below and elsewhere in this prospectus.

Because we have a limited operating history, it is difficult to evaluate our business and we may face various risks, expenses and difficulties associated with early stage companies

Because we have only a limited operating history upon which you can evaluate our business and prospects, you should consider the risks, expenses and difficulties that we may encounter when making your investment decision. These risks include our ability to:

- . expand our sales and marketing activities;

- . create and maintain strategic relationships;
- . expand our customer base and retain key clients;
- . introduce new services;
- . manage growing operations;
- . compete in a highly competitive market;
- . upgrade our systems and infrastructure to handle any increases in messaging traffic;
- . reduce service interruptions; and
- . recruit and retain key personnel.

We expect that our operating expenses will increase as we spend resources on building our business and that this increase may have a negative effect on our operating results and financial condition

We have spent heavily on technology and infrastructure development. We expect to continue to spend substantial financial and other resources on developing and introducing new email service offerings, and expanding our sales and marketing organizations, strategic relationships and operating infrastructure. We expect that our cost of revenues, sales and marketing expenses, general and administrative expenses, operations and customer support expenses, and depreciation and amortization expenses will continue to increase in absolute dollars and may increase as a percent of revenues. If our revenues do not correspondingly increase, our operating results and financial condition could be negatively affected.

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We have a history of losses, expect continuing losses and may never achieve profitability

We incurred net losses of approximately \$1.1 million for the period from February 19, 1997 (inception) through December 31, 1997 and \$11.5 million for the year ended December 31, 1998. As of December 31, 1998, we had an accumulated deficit of approximately \$12.5 million. We have not achieved profitability in any period, and we expect to continue to incur net losses for the foreseeable future. Should we continue to incur net losses in future periods, we may not be able to increase our number of employees or our investment in capital equipment, sales and marketing programs, and research and development in accordance with our present plans. Continuation of our net losses may also require us to secure additional financing sooner than anticipated. Such financing may not be available in sufficient amounts, or on terms acceptable to us, and may dilute existing shareholders. We may never obtain sufficient revenues to achieve profitability. If we do achieve profitability, we may not sustain or increase profitability in the future. This may, in turn, cause our stock price to decline.

Due to our limited operating history and the emerging nature of the email services market, our future revenues are unpredictable, and our quarterly operating results may fluctuate

We cannot accurately forecast our revenues as a result of our limited operating history and the emerging nature of the Internet-based email services market. Our revenues could fall short of our expectations if we experience delays or cancellations of even a small number of orders. We often offer volume-based pricing, which may affect our operating margins. A number of factors are likely to cause fluctuations in our operating results, including, but not limited to:

- . continued growth of the Internet in general and of email usage in particular;
- . demand for outsourced email services;
- . our ability to attract and retain customers and maintain customer satisfaction;

- . our ability to upgrade, develop and maintain our systems and infrastructure;
- . the amount and timing of operating costs and capital expenditures relating to expansion of our business and infrastructure;
- . technical difficulties or system outages;
- . the announcement or introduction of new or enhanced services by our competitors;
- . our ability to attract and retain qualified personnel with Internet industry expertise, particularly sales and marketing personnel;
- . the pricing policies of our competitors;
- . failure to increase our international sales; and
- . governmental regulation surrounding the Internet and email in particular.

In addition to the factors set forth above, our operating results will be impacted by the extent to which we incur non-cash charges associated with stock-based arrangements with employees and non-employees. In particular, we expect to incur substantial non-cash charges associated with the grant of a warrant to America Online. In addition to amortization of the initial fair value of this warrant, which totaled \$16.5 million, we expect that future changes in the trading price of our common stock at the end of each quarter and at the date certain milestones are achieved, will cause additional substantial changes in the ultimate amount of such amortization.

Due to lead times required to purchase, install and test equipment, we typically need to purchase equipment well in advance of the receipt of any expected revenues. Delays in obtaining this equipment could result in unexpected revenue shortfalls. Small variations in the timing of the recognition of specific revenues could cause significant variations in operating results from quarter to quarter.

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Period-to-period comparisons of our operating results are not a good indication of our future performance. It is likely that our operating results in some quarters will be below market expectations. In this event, the price of our common stock is likely to decline.

If we fail to expand our sales and marketing activities, we may be unable to expand our business

Our ability to increase our revenues will depend on our ability to successfully recruit, train and retain sales and marketing personnel. As of February 28, 1999, we had 38 sales and marketing personnel. We plan to continue to invest significant resources to expand our sales and marketing organizations. Competition for additional qualified personnel is intense and we may not be able to hire and retain personnel with relevant experience. We have recently hired most of our sales and marketing personnel, including our Vice President of Sales, who joined us in November 1998.

The complexity and implementation of our Internet messaging services require highly trained sales and marketing personnel to educate prospective customers regarding the use and benefits of our services. Our current and prospective customers, in turn, must be able to educate their end-users. With our relatively brief operating history and our plans for expansion, we have considerable need to recruit, train, and retain qualified staff. Any delays or difficulties we encounter in these staffing efforts would impair our ability to attract new customers and to enhance our relationships with existing customers. This in turn would adversely impact the timing and extent of our revenues. Because the majority of our sales and marketing personnel have recently joined Critical Path and have limited experience working together, our sales and marketing organizations may not be able to compete successfully against bigger and more experienced sales and marketing organizations of our competitors. If we do not successfully expand our sales and marketing activities, our business could suffer and our stock price could decline.

Unplanned system interruptions and capacity constraints could reduce our ability to provide email services and could harm our business and our

reputation

Our customers have in the past experienced some interruptions in our email service. We believe that these interruptions will continue to occur from time to time. These interruptions are due to hardware failures, unsolicited bulk email, or "spam," attacks and operating system failures. For example, in October 1998, our customers experienced a four-hour service interruption due to an operating system failure. Our revenues depend on the number of end-users who use our email services. Our business will suffer if we experience frequent or long system interruptions that result in the unavailability or reduced performance of our systems or networks or reduce our ability to provide email services. We expect to experience occasional temporary capacity constraints due to sharply increased traffic, which may cause unanticipated system disruptions, slower response times, impaired quality and degradation in levels of customer service. If this were to continue to happen, our business and reputation could suffer dramatically.

We have entered into service agreements with some of our customers that require certain minimum performance standards, including standards regarding the availability and response time of our email services. If we fail to meet these standards, our customers could terminate their relationships with us and we could be subject to contractual monetary penalties. Any unplanned interruption of services may adversely affect our ability to attract and retain customers.

We depend on strategic relationships and other sales channels and the loss of any of our strategic relationships could harm our business and have an adverse impact on our revenue

We depend on our strategic relationships to expand our distribution channels and to undertake joint product development and marketing efforts. Our ability to increase revenues depends upon

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marketing our services through new and existing strategic relationships. We have entered into written agreements with ICQ, a subsidiary of America Online, Inc., E*TRADE Group, Inc., Network Solutions, Inc., Sprint Communications Company L.P. and US West Communications Services, Inc., among others. We depend on a broad acceptance of outsourced email services on the part of potential partners and acceptance of us as the supplier for these outsourced email services. We also depend on joint marketing and product development through our strategic relationships to achieve market acceptance and brand recognition. For example, through our relationship with E*TRADE, we can conduct shared advertising campaigns and include our messaging services in E*TRADE's international strategic relationships. Our agreements with our strategic partners typically do not restrict them from introducing competing services and may be terminated by either party without cause. These agreements typically are for terms of one to three years, and automatically renew for additional one-year periods unless either party gives prior notice of its intention to terminate the agreement. In addition, these agreements are terminable by our partners without cause, and some agreements are terminable by us, upon 30-120 days' notice. Most of the agreements also provide for the partial refund of fees paid or other monetary penalties in the event that our services fail to meet defined minimum performance standards. Distribution partners may choose not to renew existing arrangements on commercially acceptable terms, or at all. If we lose any of our strategic relationships, fail to renew these agreements or relationships or fail to develop new strategic relationships, our business will suffer. The loss of any of our key strategic relationships would have an adverse impact on our current and future revenue. For example, E*TRADE accounted for approximately 62% of our 1998 net revenues, excluding the value of stock purchase rights received by E*TRADE, and TABNet, a wholly owned subsidiary of Verio, accounted for approximately 30% of our 1998 net revenues. In addition to our strategic relationships, we also depend on the ability of our customers to sell and market our services to their end-users.

We have experienced rapid growth which has placed a strain on our resources and our failure to manage our growth could cause our business to suffer

We recently began to expand our operations rapidly and intend to continue this expansion. The number of our employees increased from 17 on December 31, 1997 to 93 on December 31, 1998. As of February 28, 1999, we had 133 employees. This expansion has placed, and is expected to continue to place, a significant strain on our managerial, operational and financial resources. To manage any

further growth, we will need to improve or replace our existing operational, customer service and financial systems, procedures and controls. Any failure by us to properly manage these system and procedural transitions could impair our ability to attract and service customers, and could cause us to incur higher operating costs and delays in the execution of our business plan. We will also need to continue the expansion of our operations and employee base. Our management may not be able to hire, train, retain, motivate and manage required personnel. In addition, our management may not be able to successfully identify, manage and exploit existing and potential market opportunities. If we cannot manage growth effectively, our business and operating results could suffer.

We may not be able to respond to the rapid technological change of the Internet messaging industry

The Internet messaging industry is characterized by rapid technological change, changes in user and customer requirements and preferences and the emergence of new industry standards and practices that could render our existing services, proprietary technology and systems obsolete. We must continually improve the performance, features and reliability of our services, particularly in response to competitive offerings. Our success depends, in part, on our ability to enhance our existing email and messaging services and to develop new services, functionality and technology that

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address the increasingly sophisticated and varied needs of our prospective customers. If we don't properly identify the feature preferences of prospective customers, or if we fail to deliver email features which meet the standards of these customers, our ability to market our service successfully and to increase our revenues could be impaired. The development of proprietary technology and necessary service enhancements entail significant technical and business risks and require substantial expenditures and lead-time. We may not be able to keep pace with the latest technological developments. We may also not be able to use new technologies effectively or adapt our services to customer requirements or emerging industry standards. If we cannot, for technical, legal, financial or other reasons, adapt or respond in a cost-effective and timely manner to changing market conditions or customer requirements, our business and operating results would suffer.

If our system security is breached, our business and reputation could suffer

A fundamental requirement for online communications is the secure transmission of confidential information over public networks. Third parties may attempt to breach our security or that of our customers. If they are successful, they could obtain our customers' confidential information, including our customers' profiles, passwords, financial account information, credit card numbers or other personal information. We may be liable to our customers for any breach in our security and any breach could harm our reputation. We rely on encryption technology licensed from third parties. Although we have implemented network security measures, our servers are vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays or loss of data. We may be required to expend significant capital and other resources to license encryption technology and additional technologies to protect against security breaches or to alleviate problems caused by any breach. Our failure to prevent security breaches may have a material adverse effect on our business and operating results.

We depend on broad market acceptance for outsourced Internet-based email service

The market for outsourced Internet-based email service is new and rapidly evolving. Concerns over the security of online services and the privacy of users may inhibit the growth of the Internet and commercial online services. We cannot estimate the size or growth rate of the potential market for our service offerings, and we do not know whether our service will achieve broad market acceptance. To date, substantially all of our revenues have been derived from sales of our email service offerings and we currently expect that our email service offerings will account for substantially all of our revenues for the foreseeable future. We depend on the widespread acceptance and use of outsourcing as an effective solution for email. If the market for outsourced email fails to grow or grows more slowly than we currently anticipate, our business would suffer dramatically.

We expect the email services market will be very competitive and we will need to compete successfully in this market

We expect that the market for Internet-based email service will be intensely competitive. In addition to competing with companies that develop and maintain in-house solutions, we compete with email service providers, such as USA.NET, Inc., and iName, and with product-based companies, such as Software.com, Inc. and Lotus Development Corporation. We believe that competition will increase and that companies such as Microsoft Corporation and Netscape Communications Corp., which currently offer email products primarily to Internet service providers who provide access to the Internet, web hosting companies, World Wide Web sites intended to be major starting site for users when they connect to the Internet, commonly referred to as web portals, and corporations, may leverage their existing relationships and capabilities to offer email services.

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We believe competition will increase as our current competitors increase the sophistication of their offerings and as new participants enter the market. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do and may enter into strategic or commercial relationships with larger, more established and better-financed companies. Further, any delays in the general market acceptance of the email hosting concept would likely harm our competitive position. Any such delay would allow our competitors additional time to approve their service or product offerings, and also provide time for new competitors to develop email service solutions and solicit prospective customers within our target markets. Increased competition could result in pricing pressures, reduced operating margins and loss of market share, any of which could cause our business to suffer.

A limited number of customers account for a high percentage of our revenues and the loss of a major customer or failure to attract new customers could harm our business

In 1998, E*TRADE accounted for approximately 62% and TABNet, a wholly owned subsidiary of Verio, accounted for approximately 30% of our net revenues, excluding the value of stock purchase rights received by customers. We expect that sales of our services to a limited number of customers will continue to account for a high percentage of our revenue for the foreseeable future. Our future success depends on our ability to retain our current customers and attract new customers in our target markets. The loss of a major customer or our inability to attract new customers could have a material adverse effect on our business. Our agreements with our customers have terms of one to three years with automatic one year renewals and can be terminated without cause upon 30-120 days' notice.

If we do not successfully address service design risks, our reputation could be damaged and our business and operating results could suffer

We must accurately forecast the features and functionality required by target customers. In addition, we must design and implement service enhancements that meet customer requirements in a timely and efficient manner. We may not successfully determine customer requirements and we may be unable to satisfy customer demands. Furthermore, we may not be able to design and implement a service incorporating desired features in a timely and efficient manner. In addition, if any new service we launch is not favorably received by customers and end-users, our reputation could be damaged. If we fail to accurately determine customer feature requirements or service enhancements or to market services containing such features or enhancements in a timely and efficient manner, our business and operating results could suffer materially.

We need to upgrade our systems and infrastructure to accommodate increases in email traffic

We must continue to expand and adapt our network infrastructure as the number of users and the amount of information they wish to transmit increases, and as their requirements change. The expansion and adaptation of our network infrastructure will require substantial financial, operational and management resources. Due to the limited deployment of our services to date, the ability of our network to connect and manage a substantially larger number of customers at high transmission speeds is unknown, and we face risks related to the

network's ability to operate with higher customer levels while maintaining expected performance.

As the frequency and complexity of messaging increases, we will need to make additional investments in our infrastructure, which may be expensive. In addition, we may not be able to accurately project the rate or timing of email traffic increases or upgrade our systems and

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infrastructure to accommodate future traffic levels. We may also not be able to achieve or maintain a sufficiently high capacity of data transmission as customer usage increases. Customer demand for our services could be greatly reduced if we fail to maintain high capacity data transmission. In addition, as we upgrade our network infrastructure to increase capacity available to our customers, we are likely to encounter equipment or software incompatibility which may cause delays in implementations. We may not be able to expand or adapt our network infrastructure to meet additional demand or our customers' changing requirements in a timely manner or at all. If we fail to do so, our business and operating results could suffer materially.

If we do not successfully address the risks inherent in the expansion of our international operations, our business could suffer

We intend to continue to expand into international markets and to spend significant financial and managerial resources to do so. If our revenues from international operations do not exceed the expense of establishing and maintaining these operations, our business, financial condition and operating results will suffer. At present, we have a subsidiary in Germany, and we have plans to commence operations in the United Kingdom and in Asia within the next twelve months. We have limited experience in international operations and may not be able to compete effectively in international markets. We face certain risks inherent in conducting business internationally, such as:

- . unexpected changes in regulatory requirements;
- . difficulties and costs of staffing and managing international operations;
- . differing technology standards;
- . difficulties in collecting accounts receivable and longer collection periods;
- . political and economic instability;
- . fluctuations in currency exchange rates;
- . imposition of currency exchange controls;
- . potentially adverse tax consequences; and
- . reduced protection for intellectual property rights in certain countries.

Any of these factors could adversely affect our international operations and, consequently, our business and operating results. Specifically, failure by us to successfully manage our international growth could result in higher operating costs than anticipated, or could delay or preclude altogether our ability to generate revenues in key international markets.

Because we provide our email messaging services over the Internet, our business could suffer if efficient transmission of data over the Internet is interrupted

The recent growth in the use of the Internet has caused frequent interruptions and delays in accessing the Internet and transmitting data over the Internet. To date we have not experienced a significant adverse effect from these interruptions. However, because we provide email messaging services over the Internet, interruptions or delays in Internet transmissions will adversely affect our customers' ability to send or receive their email messages. We rely on the speed and reliability of the networks operated by third parties. Therefore, our market depends on improvements being made to the entire Internet infrastructure to alleviate overloading and congestion.

We depend on telecommunications network suppliers such as MCI WorldCom and Sprint to transmit email messages across their networks. In addition, to

deliver our services, we rely on a number of public and private peering interconnections, which are arrangements among access

providers to carry traffic of each other. If these providers were to discontinue these arrangements, and alternative providers did not emerge or were to increase the cost of providing access, our ability to transmit our email traffic would be reduced. If we were to increase our current prices to accommodate any increase in the cost of providing access, it could negatively impact our sales. If we did not increase our prices in response to rising access costs, our margins would be negatively affected. Furthermore, if additional capacity is not added as traffic increases, our ability to distribute content rapidly and reliably through these networks will be adversely affected.

If we encounter system failure, we may not be able to provide adequate service and our business and reputation could be damaged

Our ability to successfully receive and send email messages and provide acceptable levels of customer service largely depends on the efficient and uninterrupted operation of our computer and communications hardware and network systems. Substantially all of our computer and communications systems are located in Palo Alto and San Francisco, California and Laurel, Maryland. Our systems and operations are vulnerable to damage or interruption from fire, flood, earthquake, power loss, telecommunications failure and similar events. The occurrence of any of the foregoing risks could subject us to contractual monetary penalties if we fail to meet our minimum performance standards, and could have a material adverse effect on our business and operating results and damage our reputation.

We must recruit and retain our key employees to expand our business

Our success depends on the skills, experience and performance of our senior management and other key personnel, many of whom have worked together for only a short period of time. For example, our Chief Executive Officer, Chief Financial Officer, Vice President of Sales and Vice President and Chief Information Officer have joined us within the past six months. The loss of the services of any of our senior management or other key personnel, including our founder, David Hayden, and our President and Chief Executive Officer, Douglas Hickey, could materially and adversely affect our business. We do not have long-term employment agreements with any of our senior management and other key personnel. Our success also depends on our ability to recruit, retain and motivate other highly skilled sales and marketing, technical and managerial personnel. Competition for these people is intense, and we may not be able to successfully recruit, train or retain qualified personnel. In particular, we may not be able to hire a sufficient number of qualified software developers for our email services. If we fail to retain and recruit necessary sales and marketing, technical and managerial personnel, our business and our ability to develop new services and to provide acceptable levels of customer service could suffer.

Unknown software defects could disrupt our services, which could harm our business and reputation

Our service offerings depend on complex software, both internally developed and licensed from third parties. Complex software often contains defects, particularly when first introduced or when new versions are released. Although we conduct extensive testing, we may not discover software defects that affect our new or current services or enhancements until after they are deployed. Although we have not experienced any material software defects to date, it is possible that, despite testing by us, defects may occur in the software. These defects could cause service interruptions, which could damage our reputation or increase our service costs, cause us to lose revenue, delay market acceptance or divert our development resources, any of which could cause our business to suffer.

We may need additional capital and raising additional capital may dilute existing shareholders

We believe that our existing capital resources, including the anticipated proceeds of this offering, will enable us to maintain our current and planned operations for at least the next

12 months. However, we may be required to raise additional funds due to unforeseen circumstances. If our capital requirements vary materially from those currently planned, we may require additional financing sooner than anticipated. Such financing may not be available in sufficient amounts or on terms acceptable to us and may be dilutive to existing shareholders.

Our failure to acquire or successfully integrate acquired businesses or technologies could harm our operating results and our business

We may use a portion of the net proceeds of this offering to acquire or invest in businesses, products, services and technologies that complement or augment our current business. However, we have no specific agreements or commitments and are not currently engaged in any negotiations with respect to these transactions. Integrating any newly acquired businesses or technologies may be expensive and time-consuming. To finance any acquisitions, it may be necessary for us to raise additional funds through public or private financings, which may be on terms that are not favorable to us and, in the case of equity financings, may result in dilution to our shareholders. We may not be able to operate any acquired businesses profitably or otherwise implement our growth strategy successfully. If we are unable to integrate any newly acquired entities or technologies effectively, our results of operations could suffer.

We may not be able to protect our intellectual property and proprietary rights

We regard our copyrights, service marks, trademarks, trade secrets and similar intellectual property as critical to our success, and rely on trademark and copyright law, trade secret protection and confidentiality and/or license agreements with our employees, customers and partners to protect our proprietary rights. Despite our precautions, unauthorized third parties may copy certain portions of our services or reverse engineer or obtain and use information that we regard as proprietary. End-user license provisions protecting against unauthorized use, copying, transfer and disclosure of the licensed program may be unenforceable under the laws of certain jurisdictions and foreign countries. The status of United States patent protection in the software industry is not well defined and will evolve as the U.S. Patent and Trademark Office grants additional patents. We have one patent pending in the United States and we may seek additional patents in the future. We do not know if our patent application or any future patent application will be issued with the scope of the claims we seek, if at all, or whether any patents we receive will be challenged or invalidated. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. Our means of protecting our proprietary rights in the United States or abroad may not be adequate and competitors may independently develop similar technology.

Third parties may infringe or misappropriate our copyrights, trademarks and similar proprietary rights. In addition, other parties may assert infringement claims against us. Although we have not received notice of any alleged infringement, we cannot be certain that our products do not infringe issued patents that may relate to our products. In addition, because patent applications in the United States are not publicly disclosed until the patent is issued, applications may have been filed which relate to our software products. We may be subject to legal proceedings and claims from time to time in the ordinary course of our business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties. Intellectual property litigation is expensive and time-consuming and could divert management's attention away from running our business.

We may need to license third party technologies and we face risks in doing so

We also intend to continue to license certain technology from third parties, including our web server and encryption technology. The market is evolving and we may need to license additional

technologies to remain competitive. We may not be able to license these technologies on commercially reasonable terms or at all. In addition, we may fail to successfully integrate any licensed technology into our services. These third-party in-licenses may expose us to increased risks, including risks with

the integration of new technology, the diversion of resources from the development of our own proprietary technology, our inability to generate revenues from new technology sufficient to offset associated acquisition and maintenance costs. Our inability to obtain any of these licenses could delay product and service development until equivalent technology can be identified, licensed and integrated. Any such delays in services could cause our business and operating results to suffer.

Governmental regulation and legal uncertainties could impair the growth of the Internet and decrease demand for our services or increase our cost of doing business

Although there are currently few laws and regulations directly applicable to the Internet and commercial email services, a number of laws have been proposed involving the Internet, including laws addressing user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. Further, the growth and development of the market for online email may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations may impair the growth of the Internet or commercial online services which could decrease the demand for our services and increase our cost of doing business, or otherwise harm our business and operating results. Moreover, the applicability to the Internet of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve.

If we do not adequately address "Year 2000" issues, we may incur significant costs and our business could suffer

The Year 2000 issue is the result of computer programs and embedded hardware systems having been developed using two digits rather than four to define the applicable year. These computer programs or hardware that have date-sensitive software or embedded chips may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions of operations including, among other things, a temporary inability to process transactions, send invoices or engage in normal business activities. As a result, many companies' computer systems may need to be upgraded or replaced in order to comply with the "Year 2000." We are in the process of testing our internally developed software. Many of our customers maintain their Internet operations on commercially available operating systems, which may be impacted by Year 2000 complications. In addition, we rely on third-party vendors for certain software and hardware included within our services, which may not be Year 2000 compliant. Failure of our internal computer systems or third-party equipment or software, or of systems maintained by our suppliers, to operate properly with regard to the year 2000 and thereafter could require us to incur significant unanticipated expenses to remedy any problems and could cause system interruptions and loss of data. Any of these events could harm our reputation, business and operating results. We have not yet developed a comprehensive contingency plan to address the issues that could result from Year 2000 complications. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Issues."

We may have liability for Internet content and we may not have adequate liability insurance

As a provider of email services, we face potential liability for defamation, negligence, copyright, patent or trademark infringement and other claims based on the nature and content of the materials transmitted via email. We do not and cannot screen all of the content generated by our users, and we

could be exposed to liability with respect to this content. Furthermore, some foreign governments, such as Germany, have enforced laws and regulations related to content distributed over the Internet that are more strict than those currently in place in the United States.

Although we carry general liability and umbrella liability insurance, our insurance may not cover claims of these types or may not be adequate to indemnify us for all liability that may be imposed. There is a risk that a single claim or multiple claims, if successfully asserted against us, could exceed the total of our coverage limits. There is also a risk that single claim

or multiple claims asserted against us may not qualify for coverage under our insurance policies as a result of coverage exclusions that are contained within these policies. Should either of these risks occur, capital contributed by our shareholders may need to be used in order to settle claims. Any imposition of liability, particularly liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our reputation and our business and operating results, or could result in the imposition of criminal penalties.

Our stock has not been publicly traded before this offering and our stock price may be volatile

Our common stock has not been publicly traded, and an active trading market may not develop or be sustained after this offering. We and the underwriters will determine the initial public offering price. The price at which our common stock will trade after this offering is likely to be highly volatile and may fluctuate substantially due to factors such as:

- . actual or anticipated fluctuations in our results of operations;
- . changes in or failure by us to meet securities analysts' expectations;
- . announcements of technological innovations;
- . introduction of new services by us or our competitors;
- . developments with respect to intellectual property rights;
- . conditions and trends in the Internet and other technology industries;
and
- . general market conditions.

In addition, the stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the common stocks of technology companies, particularly Internet companies. These broad market fluctuations may result in a material decline in the market price of our common stock. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. We may become involved in this type of litigation in the future. Litigation is often expensive and diverts management's attention and resources, which could have a material adverse effect upon our business and operating results.

Future sales of our common stock may depress our stock price

After this offering, we will have 34,107,684 shares of common stock outstanding. All the shares sold in this offering will be freely tradable. The remaining 29,607,684 shares of common stock outstanding after this offering are subject to lock-up agreements that prohibit the sale of the shares for 180 days after the date of this prospectus. Immediately after the 180 day lockup period, 26,348,136 shares which will be outstanding after the offering will become available for sale. The remaining shares of our common stock will become available at various times thereafter upon the expiration of one-year holding periods. Sales of a substantial number of shares of common stock in the public market after this offering or after the expiration of the lockup and holding periods could cause the market price of our common stock to decline.

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Purchasers of our common stock will suffer immediate and substantial dilution

The initial public offering price is expected to be substantially higher than the book value per share of our common stock. Some elements of our market value do not originate from measurable transactions. Therefore there is not a corresponding rise in "book" or historical cost accounting, value for our rise in market value, if any. Examples of these elements include the perceived value associated with our strategic relationships, perceived growth prospects of our core commercial market and our perceived competitive position within that market. Purchasers of our common stock in this offering will experience immediate dilution of \$15.80 in the pro forma net tangible book value per share of common stock assuming a public offering price of \$19.00 per share. Purchasers will also experience additional dilution upon the exercise of outstanding stock options and warrants.

Our directors, executive officers and principal shareholders will be able to exert significant influence over us

After this offering, our directors, executive officers and our shareholders who currently own over 5% of our common stock will beneficially own approximately 51.6% of our outstanding common stock. These shareholders, if they vote together, will be able to exercise significant influence over all matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also delay or prevent a change in control of Critical Path.

Our articles of incorporation and bylaws contain provisions which could delay or prevent a change in control

Our articles of incorporation and bylaws will contain provisions that could delay or prevent a change in control of Critical Path. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock. Some of these provisions:

- . authorize the issuance of preferred stock which can be created and issued by the board of directors without prior shareholder approval, commonly referred to as "blank check" preferred stock, with rights senior to those of common stock;
- . prohibit shareholder action by written consent; and
- . establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by shareholders at a meeting.

See "Description of Capital Stock" for additional discussion of these provisions.

If we do not use the proceeds in a manner beneficial to us, our business could suffer

We have no current specific plans for the net proceeds from this offering. We intend generally to use the net proceeds from this offering to expand our sales and marketing activities, open additional data centers, expand our international operations and for general corporate purposes, including working capital and strategic investments. We have not yet determined the actual expected expenditures and thus cannot estimate the amounts to be used for each specified purpose. The actual amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash generated by our operations and the market response to the introduction of any new service offerings. Depending on future developments and circumstances, we may use some of the proceeds for uses other than those described above. Our management will therefore have significant flexibility in applying the net proceeds of this offering. If the proceeds are not used in a manner beneficial to Critical Path, our business could suffer and our stock price could decline.

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USE OF PROCEEDS

The net proceeds we will receive from the sale of the 4,500,000 shares of common stock offered by us are estimated to be \$78,715,000 after deducting the underwriting discounts and commissions and the estimated offering expenses payable by us and assuming a public offering price of \$19.00 per share.

We have no current specific plans for the net proceeds from this offering. We generally intend to use the proceeds of this offering for the following:

- . expansion of our sales and marketing activities;
- . opening of additional data centers;
- . expansion of our international operations; and
- . working capital and other general corporate purposes.

We have not yet determined the actual expected expenditures and thus cannot

estimate the amounts to be used for each purpose discussed above. The amounts and timing of these expenditures will vary significantly depending on a number of factors, including, but not limited to, the amount of cash generated by our operations and the market response to the introduction of any new service offerings.

In addition, we may use a portion of the net proceeds of this offering to acquire or invest in businesses, products, services or technologies complementary to our current business, through mergers, acquisitions, joint ventures or otherwise. However, we have no specific agreements or commitments and are not currently engaged in any negotiations with respect to these transactions. Accordingly, our management will retain broad discretion as to the allocation of the net proceeds of this offering. We intend to invest the net proceeds of this offering in short-term, interest-bearing investment grade securities pending the above uses.

The principal purposes of this offering are: to create a public market for our common stock, to increase our visibility and credibility, to facilitate future access to the public capital markets and to obtain additional capital.

DIVIDEND POLICY

We have never declared or paid dividends on our capital stock and do not anticipate paying any dividends in the foreseeable future. We currently intend to retain any future earnings for the expansion and operation of our business. Furthermore, our line of credit agreement with Silicon Valley Bank prohibits the payment of dividends.

CAPITALIZATION

The following table sets forth the capitalization of Critical Path as of December 31, 1998: (A) on an actual basis; (B) on a pro forma basis after giving effect to the conversion of all outstanding shares of preferred stock into common stock upon completion of this offering and the assumed exercise on a net basis of certain warrants for the purchase of Series A and Series B Preferred Stock; and (C) and on a pro forma basis as adjusted to reflect the sale by Critical Path of 4,500,000 shares of common stock offered hereby at an assumed initial public offering price of \$19.00 per share and the receipt of the estimated net proceeds therefrom after deducting underwriting discounts and commissions and estimated offering expenses payable by Critical Path. See "Use of Proceeds."

<TABLE>
<CAPTION>

	December 31, 1998		
	Actual	Pro Forma	Pro Forma As Adjusted
	(in thousands)		
<S>	<C>	<C>	<C>
Capital lease obligations, less current portion.....	\$ 2,454	\$ 2,454	\$ 2,454
Shareholders' equity:			
Series A Convertible Preferred Stock, \$0.001 par value; 13,288,519 shares authorized, 12,725,864 shares issued and outstanding, actual; no shares issued and outstanding pro forma and pro forma as adjusted.....	13	--	
Series B Convertible Preferred Stock, \$0.001 par value; 10,000,000 shares authorized, 3,636,739 shares issued and outstanding, actual; no shares issued and outstanding pro forma and pro forma as adjusted.....	4	--	
Common stock, \$0.001 par value; 38,636,363 shares authorized; 8,294,338 shares issued and outstanding, actual; 24,943,453 shares issued and outstanding, pro forma; 29,443,453 shares issued and outstanding, pro forma as adjusted(1).....	8	25	30
Additional paid-in capital.....	46,390	46,390	125,100

Notes receivable from shareholders.....	(1,151)	(1,151)	(1,151)
Unearned compensation.....	(17,371)	(17,371)	(17,371)
Accumulated deficit.....	(12,535)	(12,535)	(12,535)
	-----	-----	-----
Total shareholders' equity.....	15,358	15,358	94,073
	-----	-----	-----
Total capitalization.....	\$ 17,812	\$ 17,812	\$ 96,527
	=====	=====	=====

</TABLE>

(1) The number of shares of common stock to be outstanding after this offering is based on the number of shares outstanding as of December 31, 1998 and does not include the following:

- . 7,752,556 shares subject to options outstanding as of December 31, 1998 at a weighted average exercise price of \$0.86 per share;
- . 2,611,462 additional shares that could be issued under Critical Path's 1998 Stock Plan as of December 31, 1998;
- . 794,066 shares that could be issued upon exercise of outstanding warrants and stock purchase rights as of December 31, 1998;
- . 600,000 shares that could be issued under Critical Path's Employee Stock Purchase Plan; and
- . 4,283,240 shares that could be issued upon exercise of warrants and options granted subsequent to December 31, 1998.

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DILUTION

Our pro forma net tangible book value as of December 31, 1998 was \$15,358,000, or \$0.62 per share of common stock. Pro forma net tangible book value per share is determined by dividing the amount of our total tangible assets less total liabilities by the number of shares of common stock outstanding at that date, assuming conversion of all outstanding shares of preferred stock and the exercise on a net basis of certain warrants relating to Series A and Series B Preferred Stock. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of shares of common stock in the offering made hereby and the net tangible book value per share of common stock immediately after the completion of this offering. After giving effect to the sale of the 4,500,000 shares of common stock offered by Critical Path hereby (at an assumed public offering price of \$19.00 per share and after deducting the underwriting discounts and commissions and our estimated offering expenses), our pro forma as adjusted net tangible book value of Critical Path at December 31, 1998 would have been \$94,073,000, or \$3.20 per share. This represents an immediate increase in pro forma net tangible book value of \$2.58 per share to the existing shareholder and an immediate dilution of \$15.80 per share to new investors purchasing shares in this offering. The following table illustrates this per share dilution:

<TABLE>		
<S>	<C>	<C>
Assumed initial public offering price per share.....		\$19.00

Pro forma net tangible book value per share as of December 31, 1998.....	\$0.62	
Increase in pro forma net tangible book value per share attributable to this offering.....	2.58	

Pro forma net tangible book value per share after the offering...		3.20

Dilution per share to new investors.....		\$15.80
		=====

</TABLE>

The following table summarizes, on a pro forma basis as of December 31, 1998, the total number of shares of common stock purchased from Critical Path, the total consideration paid to Critical Path and the average price per share paid by existing shareholders and by new investors purchasing shares in this offering (based upon an assumed initial public offering price of \$19.00 per share and before deducting the underwriting discounts and commissions and our

estimated offering expenses):

<TABLE>
<CAPTION>

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
<S>	<C>	<C>	<C>	<C>	<C>
Existing shareholders.....	24,943,453	85%	\$ 25,926,000	23%	\$ 1.04
New investors.....	4,500,000	15%	85,500,000	77%	\$19.00
	-----	---	-----	---	
Total.....	29,443,453	100%	\$111,426,000	100%	
	=====	===	=====	===	

</TABLE>

The foregoing table assumes no exercise of the underwriters' over-allotment option or of any outstanding stock options or warrants after December 31, 1998. As of December 31, 1998, there were outstanding options to purchase an aggregate of 7,752,556 shares of common stock at a weighted average exercise price of \$0.86 per share and warrants to purchase an aggregate of 794,066 shares at a weighted average purchase price of \$2.50 per share. To the extent any of these options or warrants are exercised, there will be further dilution to new investors. See "Management--1998 Stock Plan" and Notes 6, 7 and 8 of the Notes to Consolidated Financial Statements.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated balance sheet data as of December 31, 1997 and 1998 and the selected consolidated statement of operations data for the period from February 19, 1997 (Inception) to December 31, 1997 and for the year ended December 31, 1998 have been derived from the Consolidated Financial Statements of Critical Path, Inc., included elsewhere in this prospectus. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and the Notes thereto included elsewhere in this prospectus (in thousands, except per share data).

<TABLE>
<CAPTION>

	Period from	
	February 19, 1997 (Inception) to December 31, 1997	Year Ended December 31, 1998
<S>	<C>	<C>
Consolidated Statement of Operations Data:		
Net revenues.....	\$ --	\$ 897
Cost of net revenues.....	--	(2,346)
	-----	-----
Gross profit (loss).....	--	(1,449)
	-----	-----
Operating expenses:		
Research and development.....	454	2,246
Sales and marketing.....	244	2,318
General and administrative.....	358	5,435
	-----	-----
Total operating expenses.....	1,056	9,999
	-----	-----
Loss from operations.....	(1,056)	(11,448)
Interest and other income.....	--	375
Interest expense.....	(18)	(388)
	-----	-----
Net loss.....	\$ (1,074)	\$ (11,461)
	=====	=====
Net loss per share--basic and diluted.....	\$ (0.54)	\$ (2.94)
	=====	=====
Weighted average shares--basic and diluted.....	1,994	3,899
	=====	=====
Pro forma net loss per share (unaudited):		
Net loss per share--basic and diluted.....		\$ (0.81)
		=====

</TABLE>

<TABLE>

<CAPTION>

	December 31,	
	1997	1998
	-----	-----
<S>	<C>	<C>
Consolidated Balance Sheet Data:		
Cash and cash equivalents.....	\$ 1	\$14,791
Working capital (deficit).....	(1,524)	12,524
Total assets.....	550	20,663
Capital lease obligations, long-term.....	42	2,454
Shareholders' equity (deficit).....	(1,021)	15,358

</TABLE>

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

The following discussion should be read in conjunction with the Consolidated Financial Statements and Notes thereto appearing elsewhere in this prospectus. The following discussion contains forward-looking statements. Critical Path's actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ materially from those projected in the forward-looking statements include, but are not limited to, those discussed in "Risk Factors" and elsewhere in this prospectus.

Overview

Critical Path was founded in February 1997 to deliver email hosting solutions to Internet service providers, web hosting companies, web portals and corporations. From its inception to October 1997, Critical Path's operating activities related primarily to the planning and developing of our proprietary technological solution, recruiting personnel, raising capital and purchasing operating assets. Critical Path initiated service in October 1997. We have since continued making investments to improve the quality of our services. In December 1997, we enhanced our initial service offering, a hosting service based on Post Office Protocol 3, with the addition of a web mail interface. Post Office Protocol 3 is a standard protocol for receiving email commonly referred to "POP3". More recently, in January 1999, we enhanced service with the addition of an offering based on the Lightweight Directory Access Protocol, or LDAP, a directory software protocol. At December 31, 1998, Critical Path had over 100 customers. In early 1999, we intend to further enhance our service offering with the inclusion of IMAP4. IMAP4 is a new hosting service based on the Internet Message Access Protocol, a standard protocol for accessing and storing email from a user's server.

We derive substantially all of our revenues through the sale of email hosting services. Our service revenues are derived primarily from contractual relationships providing revenues on a per mailbox basis. These contracts are typically one to three years in length. Agreements with some of our customers require minimum performance standards regarding the availability and response time of our email services. If we fail to meet these standards, our customers could terminate their relationships with us and we could be subject to contractual monetary penalties. Service revenues are recognized and billed on a monthly basis as the service is performed.

We expect to expand our operations and employee base, including our sales, marketing, technical, operational and customer support resources. In particular, we intend to expand our sales force to deliver our email outsourcing services to customers in our four target markets: ISPs, web hosting companies, web portals and corporations. We also intend to further develop new and existing strategic relationships to expand our distribution channels and to undertake joint product development and marketing efforts.

We intend to develop worldwide sales offices and data centers. We currently have sales offices in the United States and Germany and expect to open additional data centers in the United States, Europe and Asia.

Future investments in technology may involve the development, acquisition or licensing of technologies that complement or augment our existing services and technologies.

During 1998, we recorded aggregate unearned compensation totaling approximately \$19.9 million in connection with the certain sales of stock and the grant of certain options to employees,

directors and consultants, which amount is being amortized over the four-year vesting period of such options. These options were issued to create incentives for continued performance. Of the total unearned compensation, approximately \$366,000, \$217,000, \$269,000 and \$1.7 million were amortized in the quarters ended March 31, June 30, September 30, and December 31, 1998, respectively. In January and March 1999, we granted options resulting in an additional \$14.9 million of unearned compensation. We expect aggregate per quarter amortization related to unearned compensation of between \$4.4 million and \$3.5 million during 1999, between \$2.8 million and \$1.9 million during 2000, between \$1.5 million and \$900,000 during 2001, and between \$644,000 and \$282,000 during 2002. These amortization amounts are allocated among the operating expense categories based upon the primary activity of the individuals who received the option grants.

In January 1999, we entered into an agreement with ICQ, a subsidiary of America Online, Inc., pursuant to which we will provide email hosting services that will be integrated with ICQ's instant messaging service provided to ICQ's customers. The ICQ instant messaging service is designed to allow users to communicate in real time over the Internet. As part of the agreement, ICQ agreed to provide sub-branded advertising for us in exchange for a warrant to purchase 2,442,766 shares of Series B Preferred Stock, issuable upon attainment of each of five milestones. We believe that this agreement will have a significant current and potential future impact on our results of operations. The following table summarizes the shares underlying each milestone and the related exercise price:

<TABLE>
<CAPTION>

	Shares Underlying Warrant	Exercise Price
	-----	-----
<S>	<C>	<C>
Milestone 1.....	814,254	\$ 4.26
Milestone 2.....	407,128	5.50
Milestone 3.....	407,128	6.60
Milestone 4.....	407,128	8.80
Milestone 5.....	407,128	11.00

Totals.....	2,442,766	
	=====	

</TABLE>

The shares underlying the first milestone were immediately vested on the effective date of the agreement. The shares underlying the remaining milestones vest on the dates that ICQ completes registration of the specified number of sub-branded ICQ mailboxes applicable to each milestone. Using the Black-Scholes option pricing model and assuming a term of seven years and expected volatility of 90%, the initial fair value of the warrant on the effective date of the agreement approximated \$16.504 million, which is being amortized to advertising expense using the straight-line method over four years. The shares underlying the second through fifth milestones will be remeasured at each subsequent reporting date until each sub-branded ICQ mailbox registration threshold is achieved. In the event such remeasurement results in increases or decreases from the initial fair value, which could be substantial, such increases or decreases will be recognized immediately, in the event the fair value of the shares underlying the milestone has been previously recognized, or over the remaining term. We expect to incur substantial non-cash charges associated with the grant of the warrant to America Online. In addition to amortization of the initial fair value of this warrant, which totaled \$16.504 million, we expect that future changes in the trading price of our common stock at the end of each quarter and at the date certain milestones are achieved, will cause additional

substantial changes in the ultimate amount of such amortization.

We have incurred significant losses since our inception, and as of December 31, 1998 had an accumulated deficit of approximately \$12.5 million. We intend to invest heavily in sales and marketing, continued development of our network infrastructure and continued technology developments. We expect to continue to incur substantial operating losses for the foreseeable future.

In view of the rapidly evolving nature of our business and our limited operating history, we believe that period-to-period comparisons of our revenues and operating results, including our gross profit margin and operating expenses as a percentage of total net revenues, are not meaningful and should not be relied upon as indications of future performance. We do not believe that our historical growth rates are indicative of future results.

Results of Operations

The following table sets forth financial data for the year ended December 31, 1998. Data for the inception period are not presented as Critical Path had no revenues in that period. Further, amounts from the inception period are not comparable to those for the year ended December 31, 1998 due to the different duration of the periods and the acceleration of Critical Path's activities and related expenses throughout 1998. We believe that operating expenses will continue to increase in the future as we continue to expand our operations.

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	
	(dollars in thousands)	
	\$	% of net revenues
<S>	<C>	<C>
Net Revenues.....	\$ 897	100.0%
Cost of revenues.....	(2,346)	(261.5)
Gross profit (loss).....	(1,449)	(161.5)
Operating expenses:		
Research and development.....	2,246	250.4
Sales and marketing.....	2,318	258.4
General and administrative.....	5,435	605.9
Total operating expenses.....	9,999	1,114.7
Loss from operations.....	(11,448)	(1,276.2)
Interest and other income.....	375	41.8
Interest expense.....	(388)	(43.3)
Net loss.....	\$(11,461)	(1,277.7%)

</TABLE>

Net Revenues

Net revenues include charges relating to the amortization of fair value of warrants issued to certain customers. In January 1998, we began to recognize revenues from the sale of our email hosting services. Net revenues for 1998 were \$897,000. In early 1998, we executed agreements with E*TRADE, an on-line brokerage services company, and Verio, a web hosting organization, pursuant to which we began to derive revenue for providing email services. For 1998, E*TRADE and Verio accounted for approximately 62% and 30%, respectively, of our net revenues, excluding the value of stock purchase rights received by customers. A substantial portion of those revenues occurred during the quarter ended December 31, 1998. Net revenues during the quarter ended December 31, 1998, were \$605,000, or 68% of net revenues for 1998.

Cost of Net Revenues

Cost of net revenues consists primarily of costs incurred in the delivery and support of our email services, including depreciation of capital equipment used in our network infrastructure and

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personnel costs in our operations and customer support functions. During 1998, these costs were approximately \$2.3 million, or 261.5% of net revenues. We made significant acquisitions of equipment for our data centers at the beginning of the quarter ended September 30, 1998, and, as a result, our depreciation expense increased significantly in the final two quarters of 1998. Additionally, we significantly increased our headcount in operations and customer support throughout the year. From January 1, 1998 to December 31, 1998, operations and customer support personnel increased from zero to 25.

Operating Expenses

Research and Development. Our research and development expenses consist primarily of compensation for our technical staff, payments to outside contractors, and, to a lesser extent, allocated occupancy costs and related overhead. We expense research and development expenses as they are incurred. Research and development expenses amounted to \$2.2 million, or 250.4% of net revenues, during 1998, and increased substantially each quarter throughout the year as we increased personnel and our use of outside contractors. From January 1, 1998 to December 31, 1998, our research and development personnel increased from 11 to 27.

Sales and Marketing. Our sales and marketing expenses consist primarily of compensation for our sales and marketing personnel, advertising, trade show and other promotional costs, and, to a lesser extent, allocated occupancy costs and related overhead. Sales and marketing expenses amounted to \$2.3 million or 258.4% of net revenue during 1998, and increased substantially in the final two quarters of the year as we expanded our sales force and significantly increased the promotion of our email hosting services. Increases in compensation associated with additional headcount, incentive compensation payments, and increases in advertising and promotional expenses accounted for the increases to sales and marketing expense in the second half of 1998. From January 1, 1998 to December 31, 1998, our sales and marketing personnel increased from 2 to 30.

General and Administrative. Our general and administrative expenses consist primarily of compensation for personnel, fees for outside professional services, and, to a lesser extent, allocated occupancy costs and related overhead. General and administrative expenses amounted to \$5.4 million, or 605.9% of net revenues, during 1998, and increased substantially in the quarter ended December 31, 1998. Increases in compensation associated with additional headcount, higher fees for outside professional services, and the amortization of unearned compensation related to stock and stock option grants accounted for this increase. From January 1, 1998 to December 31, 1998, general and administrative personnel increased from 4 to 11.

Interest and Other Income and Interest Expense

Interest and other income consist primarily of interest earnings on our cash and cash equivalents. Interest and other income amounted to \$375,000 during 1998. We concluded a private placement of equity securities in September 1998. As a result, interest income increased significantly in the final quarter of the year. To date, we have incurred interest expense on notes payable and capital lease obligations. For 1998, interest expense amounted to \$388,000.

Income Taxes

No provision for federal and state income taxes was recorded as we incurred net operating losses from inception through December 31, 1998. At December 31, 1998, we had approximately

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\$8.8 million of federal and state net operating loss carryforwards available to offset future taxable income which expire in varying amounts beginning in 2012. Under the Tax Reform Act of 1986, the amounts of and benefits from net operating loss carryforwards may be impaired or limited in certain circumstances. For example, the amount of net operating losses that we may utilize in any one year would be limited in the presence of a cumulative

ownership change of more than 50% over a three year period. Because there is significant doubt as to whether we will realize any benefit from this deferred tax asset, we have established a full valuation allowance as of December 31, 1998.

Stock-Based Compensation

During 1998, we recorded aggregate unearned compensation in the amount of \$19.9 million in connection with the grant of certain stock options during 1998. Amortization of such compensation is allocated among operating expense categories based upon the principal activity of the individuals who received the option grants and totaled \$2.5 million during 1998. See Notes 8 and 9 of Notes to Consolidated Financial Statements.

Quarterly Results of Operations

The following table sets forth certain unaudited quarterly statements of operations data for the four quarters ended December 31, 1998. This information has been derived from Critical Path's consolidated unaudited financial statements, which, in management's opinion, have been prepared on the same basis as the audited consolidated financial statements, and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the quarters presented. This information should be read in conjunction with the audited consolidated financial statements of Critical Path and the notes thereto included elsewhere in this prospectus. The operating results for any quarter are not necessarily indicative of the operating results for any future period.

<TABLE>
<CAPTION>

	Three Months Ended			
	Mar. 31, 1998	June 30, 1998	Sept. 30, 1998	Dec. 31, 1998
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
Net revenues.....	\$ 70	\$ 66	\$ 156	\$ 605
Cost of revenues.....	(82)	(230)	(941)	(1,093)
Gross profit (loss)...	(12)	(164)	(785)	(488)
Operating expenses:				
Research and development.....	298	420	590	938
Sales and marketing....	266	236	660	1,156
General and administrative.....	594	978	987	2,876
Total operating expenses.....	1,158	1,634	2,237	4,970
Loss from operations....	(1,170)	(1,798)	(3,022)	(5,458)
Interest and other income (expense), net..	(150)	47	(39)	129
Net loss.....	\$ (1,320)	\$ (1,751)	\$ (3,061)	\$ (5,329)

</TABLE>

Revenues increased substantially in the quarter ended December 31, 1998, as revenues from E*TRADE rose significantly during this period relative to prior periods. General and administrative expenses increased substantially during the quarter ended December 31, 1998, due to increases in compensation associated with additional headcount, higher fees for outside professional services, and the amortization of unearned compensation.

Fluctuations in Quarterly Results

We have incurred operating losses since inception, and we cannot be certain that we will achieve profitability on a quarterly or annual basis in the future. Critical Path believes that future operating results will be subject to quarterly fluctuations due to a variety of factors, including, but not limited

to:

- . continued growth of the Internet and of email usage;
- . demand for outsourced email services;
- . our ability to attract and retain customers and maintain customer satisfaction;
- . our ability to upgrade, develop and maintain our systems and infrastructure;
- . the amount and timing of operating costs and capital expenditures relating to expansion of our business and infrastructure;
- . technical difficulties or system outages;
- . the announcement or introduction of new or enhanced services by our competitors;
- . our ability to attract and retain qualified personnel with Internet industry expertise, particularly sales and marketing personnel;
- . the pricing policies of our competitors;
- . failure to increase our international sales; and
- . governmental regulation surrounding the Internet and email in particular.

In addition to the factors set forth above, our operating results will be impacted by the extent to which we incur non-cash charges associated with stock-based arrangements with the employees and non-employees. In particular, we expect to incur substantial non-cash charges associated with the grant of a warrant to America Online. In addition to amortization of the initial fair value of this warrant, which totaled \$16.5 million, we expect that future changes in the trading price of our common stock at the end of each quarter and at the date certain milestones are achieved, will cause additional substantial changes in the ultimate amount of such amortization.

Due to lead times required to purchase, install and test equipment, we typically need to purchase equipment well in advance of the receipt of any expected revenues. Delays in obtaining this equipment could result in unexpected revenue shortfalls.

Liquidity and Capital Resources

Our cash and cash equivalents increased by approximately \$14.8 million during 1998. This net change occurred as we raised approximately \$23.4 million in proceeds from the sale of equity securities, and incurred a net loss of approximately \$11.5 million during the year as we expanded our organization and operations. Net of depreciation, our investment in property and equipment increased approximately \$4.2 million during 1998. Installation of network infrastructure equipment in our data centers, purchases of furniture and equipment for new employees, and leasehold improvements related to office expansions accounted for this increase.

We have a credit agreement with a bank which provides a line of credit for working capital advances of up to \$1.0 million. There were no borrowings under this line of credit at December 31, 1998. Outstanding borrowings accrue interest at a rate equal to the bank's prime rate plus 2.0%. During 1998, we retired approximately \$1.3 million in convertible promissory notes payable by

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converting approximately \$1.1 million of the outstanding notes into equity securities and paying cash for the remainder. Capital lease obligations, including both short-term and long-term portions, increased approximately \$4.0 million during fiscal year 1998 as we secured financing for a substantial share of our additions to property and equipment. Deferred revenue increased \$500,000 during 1998 as we received payment from one customer as an advance for future services. Our line of credit and capital lease obligations contain no provisions that would limit our future borrowing ability.

In January 1999, we completed the second round of the Series B Convertible

Preferred Stock financing through the issuance of approximately 3.2 million shares, including 454,544 shares issued pursuant to outstanding stock purchase rights, for gross proceeds of \$13.6 million. Also in January 1999, we sold 1,090,909 shares of common stock for gross proceeds of \$2.4 million.

We believe that our current cash balances, proceeds from the January equity sales and cash available under our line of credit will be sufficient to meet our working capital and capital expenditure requirements for at least the next 12 months. We anticipate that further expansion of our operations will cause us to incur negative cash flows on a short-term basis, and therefore require us to consume our cash and other liquid resources to support our growth in operations.

We believe that the net proceeds from this offering, together with our current cash balances and cash available under our line of credit, will be sufficient to meet our working capital and capital requirements beyond the 12 months immediately following this offering. However, our operating and investing activities on a longer-term basis may require us to obtain additional equity or debt financing. In addition, although there are no present understandings, commitments or agreements with respect to any acquisition of other businesses, products, or technologies, we may, from time to time, evaluate potential acquisitions of other businesses, products, and technologies. In order to consummate potential acquisitions, we may need additional equity or debt financings in the future.

Net of depreciation, our investment in property and equipment increased approximately \$4.2 million during 1998. Installation of network infrastructure equipment in our data center, purchases of furniture and equipment for new employees, and leasehold improvements related to office expansions accounted for this increase. We expect that our investment in property and equipment will continue to grow as we seek to increase our capacity to provide email hosting services. As of February 28, 1999, we had purchased or were committed over the 12 months to purchase approximately \$2.0 million of property and equipment.

Year 2000 Issues

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any computer programs or hardware that have date-sensitive software or embedded chips may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failures or miscalculations causing disruptions of operations for any company using such computer programs or hardware, including, among other things, a temporary inability to process transactions, send invoices or engage in normal business activities. As a result, many companies' computer systems may need to be upgraded or replaced in order to avoid "Year 2000" issues.

We are a comparatively new enterprise, and, accordingly, the software and hardware we use to manage our business has all been purchased or developed by us within the last 24 months. While this fact pattern does not uniformly protect us against Year 2000 exposure, we believe we gain some mitigation from the fact that the information technology ("IT") we use to manage our business is

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not based upon "legacy" hardware and software systems. "Legacy system" is a term often used to describe hardware and software systems which were developed in previous decades when there was less awareness of Year 2000 issues. Generally, hardware and software design within the current decade and the past several years in particular has given greater consideration to Year 2000 issues. All of the software code we have internally developed to manage our network traffic, for example, is written with four digits to define the applicable year.

We are in the process of testing our internal IT and non-IT systems. To date, we have only completed preliminary testing of our internally developed IT and non-IT systems. All of the testing we have completed has been performed by our own personnel; to date, we have not retained any outside service or consultants to test or review our systems for Year 2000 compliance. Based on the testing we have performed, we believe that such software is Year 2000 compliant; however, we intend to complete more extensive testing by mid 1999.

In addition to our internally developed software, we utilize software and

hardware developed by third parties both for our network and internal information systems. To date, we have not done any testing of such third-party software or hardware to determine Year 2000 compliance. We have, however, obtained certifications from our key suppliers of hardware and networking equipment for our data centers that such hardware and networking equipment is Year 2000 compliant. Additionally, we have received assurances from the providers of key software applications for our internal operations that their software is Year 2000 compliant. Based upon an initial evaluation of our broader list of software and hardware providers, we are aware that all of these providers are in the process of reviewing and implementing their own Year 2000 compliance programs, and we will work with these providers to address the Year 2000 issue and continue to seek assurances from them that their products are Year 2000 compliant.

In addition, we rely on third party network infrastructure providers to gain access to the Internet. If such providers experience business interruptions as a result of their failure to achieve Year 2000 compliance, our ability to provide Internet connectivity could be impaired, which could have a material adverse effect on our business, results of operations and financial condition.

Our customers' success in maintaining Year 2000 compliance is also significant to our ability to generate revenues and execute our business plan. We currently derive revenue either by charging a fixed fee per month for each mailbox we host, or by sharing advertising revenues with our customers. In either case, interruptions in our customers' services and on-line activities caused by Year 2000 problems could have a material, adverse effect on our revenues to the extent that such interruptions limit or delay our customers' ability to expand their base of email users.

We have not incurred any significant expenses to date, and we do not anticipate that any future costs associated with our Year 2000 remediation efforts will be material. However, if we, our customers, our providers of hardware and software, or our third party network providers fail to remedy any Year 2000 issues, our service could be interrupted and we could experience a material loss of revenues that could have a material, adverse effect on our business, results of operations, and financial condition. We would consider such an interruption to be the most reasonably likely unfavorable result of any failure by us, or failure by the third parties upon whom we rely, to achieve Year 2000 compliance. Presently, we believe we are unable to reasonably estimate the duration and extent of any such interruption, or quantify the effect it may have on our future revenues. We have yet to develop a comprehensive contingency plan to address the issues which could result from such an event. We are prepared to develop such a plan if our ongoing assessment leads us to conclude we

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have significant exposure based upon the likelihood of such an event. See "Risk Factors--We Face Year 2000 Risks."

Recent Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") No. 98-1, "Software for Internal Use," which provides guidance on accounting for the cost of computer software developed or obtained for internal use. SOP No. 98-1 is effective for financial statements for fiscal years beginning after December 15, 1998. Critical Path does not expect that the adoption of SOP No. 98-1 will have a material impact on its consolidated financial statements.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). Critical Path is required to adopt SFAS 133 in fiscal 2000. SFAS 133 established methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. Critical Path has not yet determined what the effect of SFAS 133 will be on its operations and financial position.

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BUSINESS

Company Overview

We are a leading provider of email hosting services. Our email services are designed to allow a wide range of organizations, including Internet service providers, web hosting companies, web portals and corporations, to reduce costs and improve customer service by outsourcing their email systems. Our services are designed to facilitate scalability and reliability, allow access to advanced technologies and provide greater access with high levels of security. In addition, our service is designed to allow our customers to enhance their brand recognition by maintaining their "look and feel" while improving the functionality of their email service. We intend to build on our expertise in email services to provide additional Internet messaging services in the future. At December 31, 1998, we had over 100 customers and intend to further develop new and existing strategic relationships to expand our distribution channels and to undertake joint product development and marketing efforts. Our strategic partners to date include ICQ, a subsidiary of America Online, E*TRADE, Network Solutions, Sprint and US West.

Industry Background

Growth of the Internet and Email

The Internet has experienced rapid growth and has developed into a significant tool for global communications, commerce and media, enabling millions of people to share information and transact business electronically. International Data Corporation ("IDC") estimates that there were over 38 million web users in the United States and over 68 million worldwide at the end of 1997. IDC projects these numbers to increase to over 135 million web users in the United States and over 319 million worldwide by the end of 2002. Internet-based businesses have emerged to offer a variety of products and services over the Internet. Additionally, many traditional businesses now use the Internet for a growing number of applications, including advertising, sales, customer service and training. Advances in on-line security and payment mechanisms have also prompted more businesses and consumers to engage in electronic commerce. IDC estimates that the number of customers buying goods and services on the Internet will grow from 17.6 million worldwide in 1997 to 128.4 million worldwide in 2002. The growth of the Internet is the result of a number of factors, including the extensive and growing installed base of advanced personal computers in the home and workplace, increasingly faster and cheaper access to the Internet, improvements in network infrastructure and an increased awareness of the Internet among consumer and business users. Alternative access devices, including television set-top boxes, personal digital assistants, pagers, Internet capable telephones and wireless phones are also contributing to the increasing use of the Internet. Further, the development of applications for the Internet platform has helped fuel the growth of the Internet.

Email, one of the most popular Internet applications, has broadened from a simple personal messaging tool to a strategic business tool. According to Electronic Mail & Messaging Systems, there were 263 million electronic mailboxes worldwide as of September 30, 1998. Electronic Mail & Messaging Systems estimates that there could be as many as 400 million electronic mailboxes worldwide by the end of 1999. According to the Gartner Group, approximately 300 billion electronic mail messages were sent in 1998. Email messages have increased in volume and functionality, and this trend is expected to continue. For example, email is expected to become a major vehicle for e-commerce transactions. Forrester Research predicts that the typical online consumer will participate

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in eight to ten commerce-related exchanges via email per week by 2001. Furthermore, the electronic mailbox as a locating and delivering device has enabled additional applications such as directory services, scheduling, document sharing, work-flow and unified messaging. This increased functionality, along with the widespread acceptance of email, positions the electronic mailbox as a platform for other forms of electronic messaging.

Development of Email

Email was initially developed for isolated groups of people working on single mainframe computers or on small networks of homogeneous computers. Early email implementations were based on proprietary technologies, incompatible with other systems and limited to single local area networks ("LANs"). Mail transfer standards were subsequently developed to carry mail traffic between LANs but

did not allow for communication outside of the user's corporation or service. While these systems were limited when compared to current email systems, they became an increasingly important communication tool within many organizations.

Users have migrated to open-standards mail systems, such as Lotus Notes and Microsoft Exchange, that allow communication with any email user on the Internet, from proprietary systems, such as Lotus cc:mail and Microsoft Mail. Simple Mail Transport Protocol ("SMTP"), currently the most widely used mail standard on the Internet, allows users of proprietary mail systems to communicate over the Internet by converting messages' internal mail formats to SMTP before transmission. In addition, new open standards are emerging to enhance the functionality of email. For example, Post Office Protocol ("POP"), which has been adopted by most ISPs, allows users to connect to a shared mail server and download mail to their PC or alternative access device. In addition, Internet Messaging Access Protocol ("IMAP"), one of the latest email standards, allows users to access their mailboxes at the server rather than at the desktop level. This flexibility is particularly valuable for users who access their mail from a variety of different computers with different email clients such as Microsoft Outlook, Eudora and HyperText Markup Language ("HTML"), more commonly known as web-based email.

Current Trends in Email

As the importance of email grows, customers increasingly expect their email service to meet the same standards of carrier-class reliability and availability that consumers have traditionally received from their telephone service providers. For example, email customers expect reliability from their email service similar to the dial tone they hear when they pick up the telephone, commonly referred to as web-tone reliability. Similarly, customers want email access to be as ubiquitous as their telephone access by being able to download their email from anywhere in the world, at anytime and through a variety of devices. Just as many individuals have multiple phone numbers for home and business use, a growing number of people have multiple email accounts. As a result, domain names, which are the Internet identities that correlate to unique electronic addresses such as user@domain.com, are proliferating. Companies use multiple domains to build awareness of their brands in electronic communication, and individuals increasingly use domains to express personal identity.

To address this growth, a wide range of businesses, including ISPs, web hosting companies, web portals and corporations, are finding that providing their customers or employees with email access is a necessity. ISPs, web hosting companies and telecommunication carriers offer email to enhance their services offerings and to maintain competitiveness with other companies in their industry. Many web portals offer email service to increase web traffic on their sites and strengthen their brand due to

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repeat traffic from users checking for messages. In addition, corporations increasingly view email as a means to decrease costs and increase productivity.

Email messages have increased not only in volume but also in complexity. The use of graphics and multimedia elements is becoming more common and requires greater functionality on the part of the email service. As organizations and the numbers of users grow, the ability to accommodate thousands, or millions, of additional mailboxes in a single domain requires substantial investment in hardware, software and personnel. Further, in the largest email implementations, such as ISPs or web portals, the design architecture must handle complex networking and scale issues across many domains. Web organizations that implement and host multiple domains for customers incur substantial additional expenses because of the complexity associated with hosting multiple domains. There is no unified email service standard, and online service providers must continually enhance and maintain email applications for existing standards, as well as seek to develop new features and functionality for emerging standards. For example, LDAP is an emerging standard that is the foundation for adding additional applications to login and access features of email service. Moreover, ISPs and corporations running their own email must make substantial investments in backup systems and networking equipment if they are to meet the growing expectation of email service with carrier class access, availability and reliability.

Today, most organizations are using internal hardware and software solutions to address their email needs. Many companies attempting to manage expanding and

increasingly sophisticated email systems lack the resources and expertise to cost-effectively implement, maintain, scale, enhance and service the hardware and software components of an email system. Businesses often find it difficult to implement state-of-the-art technology in their own infrastructure and individuals with the expertise to maintain a sophisticated email system can be scarce and costly to hire, train and retain. As a result, organizations seeking to lower their costs and to quicken time to market with complex technologies are increasingly looking to outsource non-core competencies to maintain competitiveness.

Critical Path Solution

We deliver advanced email services to ISPs, web hosting companies, web portals and corporations, giving them the ability to provide a feature-rich email service to their customers and employees. Our services are designed to provide the following key benefits:

Lower Total Cost of Ownership

Our customers do not need to lease, buy or continually upgrade existing hardware and software, or recruit and retain systems engineers and administrative personnel for their email services. Our service is designed to reduce customers' administrative burden by eliminating the cycle of purchasing, installing, testing, debugging and deploying email systems. The software is maintained at our facilities, not at customer facilities, and we employ a team of systems administrators to monitor the service 24 hours a day, seven days a week. By having the capability to host millions of mailboxes, we provide customers a cost savings over in-house email solutions through economies of scale.

Scalability; Web-Tone Reliability

Our system's architecture and infrastructure are designed to facilitate scalability and reliability. While existing email software solutions can scale to support millions of users at a single domain (user@domain.com), we have designed our architecture to support our service over hundreds of

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millions of mailboxes across millions of domains (user@domain1.com, user@domain2.com, user@domain3.com, etc.), allowing each customer to create email addresses at his or her own domain. Our hardware and software infrastructure consists of multiple servers running software in a manner that balances the use of the servers. This infrastructure allows multiple domain hosting while reducing the amount of required equipment and capacity. We have created a global network strategy to provide the type of continuous service that individuals have come to expect from their telephone service providers. We provide our customers improved performance through our multiple peering relationships, agreements with companies with existing peering relationships and the purchase of additional access to telecommunication paths from national Internet access providers. For redundancy purposes, we maintain two data centers in the United States and plan to open additional data centers in the United States, Europe and Asia.

Leading-Edge Technology

We provide our customers with access to advanced technologies. We eliminate the need for customers and partners to maintain a core competency in email by having experts with experience in rapidly deploying new technologies, combating system failures due to unsolicited commercial email traffic and maintaining network and system security. Our services include POP3, web-based email and, in the near future, IMAP4, which enables customers to choose the option that suits their end-users' needs. Customers rely on us to evaluate, test and implement the leading features to maintain a leading email solution. Our technological capabilities enable us to quickly implement competitive new technologies for our customers and end-users, reducing their time to market for leading technologies.

Anytime, Anywhere Accessibility

We have designed our services to allow easy access by customers and end-users. Designed and built on open Internet-based standards, our services are compatible with leading desktop software such as Microsoft Outlook and Eudora. In addition, we have developed a web-based email interface that is compatible

with leading web browsers, including Microsoft Internet Explorer and Netscape Navigator. Our email services are designed to allow administrators and end-users to access their email system anywhere at any time. Our technology is designed to support innovations in standards-based access devices, such as hand-held computers, cellular and personal communications services ("PCS") telephones and pagers.

Enhanced Security

We have created a custom firewall solution to enhance network and data center security. Using a combination of licensed software technology, internally developed software and sophisticated third-party hardware, we reduce the potential for network breaches. We have network and data center surveillance 24 hours a day, seven days a week to identify and curtail potential security breaches. We are not aware of any security breaches to our network.

Branding; Customer Control

Our messaging service solution enables our customers to maintain control over their own brand and desired functionality. Our fully customized web-based "brandable" email interfaces include customer logos and preserve the existing "look and feel" of the customers' brands. Our web-based Mail Administration Center is designed to give customers control via a secure Account Provisioning Protocol, a software interface into our platform which allows customers to integrate their existing functionality with our mail system. This enables customers to add and delete accounts and functionality either at the domain level, or at the individual end-user level.

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Strategy

Our objective is to be the premier provider of comprehensive, advanced Internet messaging services. We plan to attain this goal by pursuing the following key strategies:

Extend Technology Leadership in Messaging Applications

We intend to capitalize on our expertise in email services to deliver industry-leading functionality to other types of electronic messaging. Building upon our Internet-based email architecture, we plan to deliver industry-leading functionality, including global and local directories and other capabilities, and to deliver new applications that will extend the core functionality of email and integrate smoothly with existing back office applications. Our services development team regularly meets with customers and participates in research projects with leading industry groups and analysts to anticipate future customer needs. We also participate in open standards organizations and Internet technology leadership groups, such as IETF (Internet Engineering Task Force), the North American Network Operators Group and the Coalition Against Unsolicited Commercial Email, a spam control organization.

Develop and Leverage Strategic Relationships

We intend to expand our marketing and distribution channels through strategic relationships with key ISPs, web hosting companies, web portals and corporations to increase quickly the number of electronic mailboxes we host. Our strategic partners include ICQ, a subsidiary of America Online, E*TRADE, Network Solutions, Sprint and US West. We intend to further develop new and existing strategic relationships to expand our distribution channels and to undertake joint product development and marketing efforts, such as integrating email into e-commerce applications.

Increase Sales and Marketing Efforts

We intend to significantly expand our sales and marketing activities while focusing on four target markets: ISPs, web hosting companies, web portals and corporations. In this expansion, we plan to target and hire seasoned sales professionals with specific expertise and contacts within our focused markets. We also intend to expand our indirect sales channel by teaming with leading distributors, resellers and system integrators with strong backgrounds and market presence. As of February 28, 1999, we had 38 sales and marketing personnel.

Develop Value-Added Services

We intend to extend our services beyond email by offering additional value-added services. These services are intended to extend our relationships with current customers, to attract new customers and to allow us to differentiate ourselves in the email service provider market. We believe that our email hosting solution can form the foundation of a wide range of Internet messaging applications for which we intend to provide solutions. Examples of value-added services or applications that can be leveraged are secure email, e-commerce and enterprise services.

Expand International Presence

In addition to expanding our U.S. presence, we believe there is substantial opportunity for outsourcing messaging services in non-U.S. markets. We intend to capitalize by developing worldwide sales offices, data centers and strategic relationships. We have established a sales office in Germany, and we plan to open additional sales offices and data centers in Europe and Asia. In

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addition, we intend to support our worldwide operations by offering localized web-based email interfaces. For example, we have already developed web-based email interfaces in Spanish, Portuguese, German, French and English.

Services

We offer multiple email services to ISPs, web hosting companies, web portals and corporations. Our "all-in" service model pricing includes all enhancements, upgrades and new standard features. Pricing is based on a per mailbox, per month charge that varies depending on functionality and volume. Web portal market pricing is based on a minimal per mailbox, per month charge plus a share of revenue generated by advertising on the web-based email interface. Our standard service offering includes our basic services as part of the monthly mailbox fee. Our add-ons are included in the basic mailbox offering or offered as an optional premium service. Our premium services are optional add-ons to the basic mailbox charge and are offered for an additional charge.

Our service offering includes web-based end-user support. Additional support through customer help desks is provided 24 hours a day, seven days a week by contractual agreement. Professional implementation and transitioning support for new customers is also included in the basic offering.

[VALUE-FUNCTIONALITY CHART APPEARS HERE]

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Current Services

We have introduced to market a variety of email services. Information concerning our current email services is summarized in the following table:

Service	Description	Benefits	Class of Service	Target Markets
Web-Based Email	. Hosting service based on a web mail interface	. Requires no software downloads or configurations . End-users simply point any browser to http://mail.userdomain.com , enter account name and password for full email access	Basic	All
POP3 Hosting	. Hosting service based on Post Office Protocol	. Allows users to connect to a shared mail server and download email to their	Basic (Premium add-on)	ISPs, web hosting, corporate

desktop client (Microsoft Outlook, Eudora), which stores the message on the user's hard drive each time the inbox is accessed for portals)

Web-Based Administration	. Mail Administration Center (MAC) has Secure Socket Layer-based brandable web interface	. Allows email administrators to add, delete and modify accounts online	Basic Add-On	All
Spam Blocking/UBE Filtering	. Utilizes comprehensive filtering system	. Protects users from unsolicited bulk email, commonly referred to as "spam" or "junk mail" . Identifies and eliminates spam	Basic Add-On	All
Directory Services (LDAP)	. Common directory layer to share information between various independent software applications . LDAP services allow publishing of directory information for user communities	. Search capabilities . End-users can update their own directory entries, and domain administrators to update, add and delete entries . Key component of many collaborative applications such as certified delivery and calendaring	Premium Add-On	All
Additional Data Storage	. Additional storage in increments of 5 megabytes	. Provides expandability of storage space	Premium Add-On	All
Unified Messaging	. Private-label unified messaging service through JFAX, a company that provides a unified messaging solution	. Allows users to retrieve faxes and voice messages by logging into their email . Allows users to retrieve faxes and emails via voicemail and universal telephone number	Premium Add-On	Portal

</TABLE>

Planned Services

We intend to develop several new Internet messaging services to complement our existing services.

Service	Description	Benefits	Class of Service	Target Markets
IMAP4 Hosting	. Hosting service that bridges the gap between POP3 functionality and web-based email accessibility	. Email messages and files hosted on an IMAP server can be manipulated from multiple email environments without the need to transfer data	Basic	All

Double-Byte Localization and Traffic	. Web mail interface in double-byte languages: Chinese and Japanese	. Allows display of web-based email interface in double-byte languages and transfer and storage of messages containing double-byte message data	Basic Add-On	All
Permanent Archiving	. Archives up to 5 megabytes of data per mailbox included in basic service	. Stores and backs up daily archived documents on its servers	Basic Add-On	All
ETRN	. Email access that does not require a dedicated access line to the Internet	. Allows store and forward service for some or all messages at a specific domain . Provides ability to send email through the Internet while maintaining the existing groupware functionality of a local mailserver	Basic Add-On	ISP, Corporate
Mailing List Management	. Supports custom-generated lists, digest formats, list filters, auto-subscribe and unsubscribe, and confirmation of subscriptions	. Allows for user specified list management	Premium Add-On	All
Calendar and Schedule Functionality	. On-line calendars which provide groupware functionality	. Integrates scheduling function with the ability to access the user's schedule and those of colleagues	Premium Add-On	Corporate
SSL-Based Email	. SSL-based encryption of POP3, IMAP4 and web-based email messages	. Provides enhanced security of email messages	Premium Add-On	All
USENET/ Newsgroup	. Public and private newsgroups which give the enterprise a platform for discussion outside the mailing list functionality	. Facilitates participation in newsgroup in a web-friendly manner . Allows access to messages stored on a news server	Premium Add-On	All
Digital Certificates	. Receipt verification service	. Verifies that message was received by the authenticated recipient . Sends a confirmation notice to sender that the intended recipient has picked up the message when both sender and recipient are hosted on our system	Premium Add-On	All
Certified Delivery	. More sophisticated receipt verification service	. In addition to verifying that the message was delivered, users return encrypted digital certificates that identify them as the recipient	Premium Add-On	Corporate

</TABLE>

The statements in this prospectus regarding planned service offerings and anticipated features of such planned service offerings are forward-looking statements. Actual service offerings and benefits could differ materially from those projected as a result of a variety of factors, some or all of which may be out of our control. For a discussion of some of these factors, see "Risk Factors."

Customers

We currently have the opportunity to offer email services to millions of mailboxes across our four target markets. The following is a list of companies with whom we have email services agreements and which have the greatest number of mailboxes within their respective categories:

<TABLE>

<S>	<C>
Internet Service Providers -----	Web Hosting Companies -----
DSL Networks Isp.net Las Vegas Digital Internet NetConX Surfree.com, Inc. US Online Network Verio Texas WNC Net	CardSecure Data 2 Info Navisite Network Solutions, Inc. TABNet Tonic Domains Corporation True Media Solutions Ultima Networks Worldport Online

</TABLE>

<TABLE>

<CAPTION>

Web Portals -----	Corporations -----
<S> Ancestry.com E*TRADE Gayweb ifan (San Francisco Giants) The Mountain Zone The Password (a division of Password Internet Publishing) Raging Bull Starmedia Third Age Media, Inc. US West	<C> Bank Law Services Birkenstock California Family Health Council, Inc. CompareNet Inc. ICT Financial Partech International Ventures C.V. Photonetics Sprint

</TABLE>

As of February 28, 1999, we delivered email services under agreements with approximately 73 ISPs, 23 web hosting companies, 50 web portals and 90 corporations.

Target Markets

We intend to expand our marketing and distribution channels through strategic relationships to rapidly increase the number of electronic mailboxes hosted. We have developed strategic relationships within four target markets: ISPs, web hosting companies, web portals and corporations.

Internet Service Providers (ISPs)

Internet service providers are companies that provide access to the Internet. Email has become an integral part of ISP service offerings. ISPs provide service via dial-up and ISDN as well as dedicated private-line hookups. For a monthly fee, customers receive a software package, username, password and access phone number. Many ISPs offer free home-page hosting to members at the ISP's domain name (for example, www.ispname.com/~username). Some ISPs are also providing commercial web hosting (hosting sites at a domain name registered by the user). ISPs serve large companies by providing a direct connection from the companies' networks to the Internet.

Web Hosting Companies

Web hosting companies offer corporate customers and individual consumers hosting of their website on a commercial web server (at a unique domain registered to the customer). In addition, web hosting companies are increasingly offering web design, domain name registration service and email services to their customers. We believe that most business customers are looking for a full-service web hosting company that can provide domain name

Web Portals

Web portals include online communities and search engines which offer a one-stop source of information to a broad range of users, and vertical portals, such as E*TRADE, which cater to the needs of a specific audience. The goal of portal sites is to develop a sense of community in order to draw large online audiences, encourage repeat visits, and keep users engaged. Portals are accomplishing this goal by providing users with value-rich content and services such as search engines, free individual homepages and free email. The majority of a portal's revenue comes from advertising targeting its large, demographic-specific audience and repeat website visits.

Corporations

Email has become a mission-critical application for businesses. Many U.S.-based corporations of varying sizes use email as a primary form of communication. In addition, the ability to access Internet-based email from outside the office has added to email's appeal and utility for corporations. A large percentage of the corporate market's email is supplied internally via LAN mail systems. Companies are struggling with aging LAN-based systems designed in the late 1980s and early 1990s when email was used on a much more casual basis and by a smaller user population. Until recently, Internet standards-based email has accounted for only a small portion of corporate messaging systems, but according to Internet Week, that portion will increase to one-third of the corporate market by the end of the decade.

Strategic Relationships

A key element of our strategy is to expand our marketing and distribution channels through strategic relationships with entities that are both commercial partners and/or equity investors or entities with whom we have contractualized reseller relationships. We believe that these strategic relationships will enable us to expand our distribution channels and to undertake joint product development and marketing efforts. The following are examples of our existing strategic relationships which we believe will position us to increase quickly the number of electronic mailboxes we host.

America Online, Inc./ICQ

In January 1999, we entered into an agreement with ICQ, a subsidiary of America Online, Inc., pursuant to which we will provide email hosting services that will be integrated with ICQ's instant messaging service provided to ICQ's customers. The ICQ instant messaging service allows users to communicate in real time over the Internet. Our agreement with ICQ also provides for our integration of features of the ICQ instant messaging service with our standard email services and our offering of these integrated services to our other customers.

E*TRADE Group, Inc.

In September 1998, we entered into an agreement with E*TRADE, an on-line brokerage services company, pursuant to which each party will include the other in certain advertising campaigns, including E*TRADE's international and strategic partner relationships. We will also provide email services to users of E*TRADE's Internet access services. E*TRADE uses our email services to extend its brand and value-added services to its fast-growing customer base. As online trading grows, the need for secure transmissions of trade confirmations grows. In addition, we are in the process of developing an electronic order confirmation system designed to be SEC compliant, which could allow online brokerages to conduct most of their customer communications electronically.

Network Solutions, Inc.

In May 1998, we entered into an agreement with Network Solutions, currently

the exclusive registrar of Internet domain names, pursuant to which we provide email outsourcing services to users of Network Solutions' website. In exchange for our services, Network Solutions will provide domain name registration services for our customers. Through this agreement, a Network Solutions customer is able to extend its brand using its unique domain name for its email address instead of the domain name of its Internet access provider.

Sprint Communications Company L.P.

In September 1998, we entered into an agreement with Sprint's IP Business Services pursuant to which we provide email services to Sprint's corporate IP customers. Sprint has over 7,000 sales representatives who can now offer hosted email services to their business customers at their own domain name. We provide a dedicated customer support number and a sales support center to support Sprint's sales representatives. It is expected that Sprint will integrate our brand and bill email services under the Sprint name.

US West Communications Services, Inc.

In December 1998, we entered into an agreement with US West pursuant to which we provide email services to US West's telephone customers. We believe that US West views web mail as part of its strategy to offer its telephone customers value-added Internet services. Web mail is a user-friendly, simple vehicle to transition telephone customers from dial-tone to web-tone. The agreement also provides for the enhanced email functionality of US West's Enterprise Internet customers through an email viewer.

Our agreements with our strategic partners typically are for terms of one to three years, and automatically renew for additional one-year periods unless either party gives prior notice of its intention to terminate the agreement. In addition, these agreements are terminable by our partners without cause, and some of the agreements are terminable by us without cause, upon 30 - 120 days' notice. Most of the agreements also provide for the partial refund of fees paid or other monetary penalties in the event that our services fail to meet defined minimum performance standards. These strategic agreements may be terminated upon short notice.

Sales and Marketing

Sales Strategy

Our sales efforts target all market segment audiences through direct and indirect channels. We maintain our own direct sales force to introduce and educate prospective customers and partners about our service. The direct sales group targets larger ISPs, telecommunications companies, medium to large corporate customers, large web hosting companies and high-trafficked web portals. As of February 28, 1999, we had 21 account executives in the direct sales group, and we plan to significantly expand this group in the next 12 months. Offices in the United States currently include San Francisco, Irvine, San Jose, Seattle and New York, and are planned to include Denver and Washington D.C. We currently have an international office in Munich, Germany. Within our direct sales group, a subgroup is responsible for retaining and increasing use by existing customers. This group is critical to ensuring customer satisfaction and selling existing customers new add-on services as they become available in our service offering.

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A telesales group is being formed and will be located in Tempe, Arizona, beginning in the first quarter of 1999. The telesales group will generate and qualify leads for referral to the direct sales group. The target markets of the telesales group will be smaller ISPs, web hosting companies and corporations. The vast majority of the activity generated through this channel will result from phone calls that we initiate to prospective customers. The telesales group will also handle outbound calls to a specific list of contacts provided by our marketing organization. In addition, the telesales group will follow up on leads resulting from web and telephone communication initiated by prospective customers and qualify those leads by placing additional calls or referring them to the direct sales group.

The indirect sales channel will use the sales forces of our partners to offer our services to their end-users. We share revenue with our partners to achieve this purpose. To gain market presence and market share overseas, we plan to

team with leading distributors, resellers and system integrators that have strong industry backgrounds and market presence in their respective markets and geographic regions.

Marketing Strategy

Our marketing strategy includes a media relations and public speaking focus to develop a reputation as an industry leader for email services and messaging. We will use narrowly focused, co-branded print and online advertising campaigns for lead generation. Direct marketing will be used to target specific ISP and web hosting firms. Co-branded and cooperative direct mail will be the cornerstone of the direct marketing efforts. Event, forum and trade show participation will also be used to promote our business-to-business brand presence.

Enhanced Services Development

Our application management and marketing organizations focus on marketing and service development. Our application management team monitors new email and messaging service introductions by our competitors. This in turn assists our marketing group in determining our application pipeline and feature development schedules and provides direction for our engineering, operations, sales and support teams. We also have segment managers for each of our four target markets who are responsible for defining strategies to address specific needs within each market. These segment managers work with our technical service managers, who are in turn responsible for service strategies and development plans.

Our service management team focuses on provisioning and billing, mail and directory services and mail center technology. In addition, the services management team manages cross-departmental service development effort. The development process also includes quality-control steps such as reviews, walk-throughs and post-implementation audits. The services development process incorporates input from a variety of sources, including our current and potential customers, and refines this information through a business prioritization process. The service management team prepares a marketing requirements document, which is reviewed by our change control board. The change control board, which is attended by a cross-department management team, prioritizes and schedules our development efforts and assigns resources to the development project team.

Our services development process involves coordination among our application management, marketing and service management teams. To support our service development and marketing functions, we conduct an ongoing analysis of competitive intelligence, product forecasting, financial analysis and pricing strategies.

Technology

In offering email services, we employ advanced software and hardware, combining internal expertise with industry standard technology to create a proprietary infrastructure.

Mail Center Technology

We have created a proprietary email system, Mail Center Technology ("MCT"), designed to ensure access to hundreds of millions of mailboxes across millions of domains. MCT is able to handle high-volume loads for complex and diverse mail environments such as those required for ISPs, web hosting companies, web portals and corporations providing email accounts to their end-users for activities such as trading securities, shopping or participating in online communities. We have written proprietary load-balancing and email software, and Oracle Corporation databases are used in account provisioning and management.

MCT is made up of multiple groups of servers and routers acting as a single, virtual point of contact to customers for email services. Our MCT hardware consists of Sun Microsystems, Inc. Ultra Enterprise servers, Cisco Systems, Inc. routers, Network Appliance, Inc. RAID array storage and rackmounted Intel processor-based servers running Solaris and FreeBSD, a free operating language. All aspects of MCT are deployed in pairs with the goal of ensuring that if any process or system goes down, another will be available to handle customer

traffic seamlessly. This behavior is called "transparent failover," and is designed to increase the availability of email services to the customer. MCT also includes a dynamic load-balancing system that acts as proxy servers for firewall safety. The load balancers are configured in parallel to ensure that if one goes down, the load is transferred to the remaining systems.

MCT currently hosts SMTP, POP3 and web-based email services and will also host IMAP4 and other services as they are released. Both the hardware capacity and the services hosted by the mail center can be expanded based on customer demand.

Simple Mail Transfer Protocol (SMTP)

SMTP is currently the standard mail protocol for the Internet. It allows hosts on the Internet to route mail from the sender to the destination. All Internet messages must be sent using SMTP; older proprietary mail systems must convert their internal mail formats to SMTP in order to communicate effectively over the Internet.

Post Office Protocol (POP)

With POP, mail is delivered to a shared mail server; users periodically connect to the server and download all pending mail to their machines. Thereafter, all mail processing is local to the client machine. POP provides only the store-and-forward service, moving mail on demand from a mail server to a single destination machine, usually a PC, Macintosh or UNIX workstation, and then typically deleting the messages from the POP server.

Web-based Email

Web-based email, also known as HTML (Hyper Text Markup Language) email, allows users to access their mail from any computer with Web browser and Internet access. This eliminates the need to maintain a separate program for accessing email.

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Internet Message Access Protocol (IMAP)

IMAP is more sophisticated than the POP3 protocol and provides greater flexibility at the server level. This enhanced service allows users to sort mail by sender and subject, search for specific text, and manipulate folders and mailboxes while the files remain on the server, rather than downloading them to their local desktop. This flexibility is particularly valuable for users who travel frequently and access their mail from a variety of different computers and email clients.

Account Provisioning

We have created a proprietary Account Provisioning Protocol ("APP") for account creation and maintenance. The APP enables accounts transitioning from other services or legacy systems to be bulk-loaded, tested, replicated and deployed on our service automatically. This addresses a critical time to market issue by enabling organizations to quickly transition to the new standards-based email service with minimal down-time and degradation to their existing internal systems. In addition, the APP can be used by customers and partners to facilitate automatic account sign-ups from websites, typically in less than three minutes.

Data Centers and Network Access

We maintain data centers in San Francisco and Palo Alto, California and Laurel, Maryland. The data centers have private peering with all major backbones to allow high-bandwidth access to the Internet. With multiple high-speed connections to different backbone providers, we have reduced the likelihood that our customers will suffer downtime as a result of network outages. Our backbone architecture and interconnection strategy consists of clear channel DS-3 and OC-3 connections and direct 100 MB/sec Ethernet connections.

We currently have bilateral peering arrangements in place with the following organizations:

<TABLE>		
<S>	<C>	<C>
AboveNet Communications Inc.	Exodus Communications	Nuri Net
Compaq/Digital Equipment Corporation	Frontier GlobalCenter	Pilot Network Services
Concentric Networks	GTE Internetworking/Genuity	Skybytes
Dacom, Inc.	@Home	Verio
DataResearch Associates	Hurricane Electric	Web Professionals
Electric Lightwave, Inc.	MAXIM	XMISSION
</TABLE>		

In addition to our peering connections, we currently purchase additional Internet access from MCI WorldCom and Sprint, through their relationships with AboveNet Communications Inc.

Our data centers feature redundant systems for power, fire protection, seismic reinforcement, and security surveillance 24 hours a day, seven days a week by both personnel and video monitors. If we experience service interruptions on either the East Coast or the West Coast due to a natural disaster, all Critical Path-hosted messages will be automatically rerouted to the data center that is not affected. We intend to open data centers in Europe and Asia. These data centers will add further redundancy and create a local connectivity in those markets.

Network Security

We have created a custom firewall solution to reduce the incidence of network security breaches, utilizing Cisco Systems, Inc. routers for firewall hardware. To enhance security for the network, our staff members monitor the network and hardware 24 hours a day, seven days a week. Any suspicious activity is reported and investigated immediately.

Our operations and engineering staffs include many active participants in open Internet security groups. Newsgroups and industry consortium postings are actively monitored for information regarding reported security flaws. Suspected flaws in software and hardware products that could compromise security are investigated thoroughly and fixes are implemented, often within a matter of hours.

The goals of our security efforts are to prevent intruders from gaining access to our customers' email messages, passwords or financial information, to protect our server software and design information from being accessed by intruders, and to prevent malicious individuals from causing service failure or slowdown. We accomplish these goals by ensuring that our server clusters are entirely isolated from the Internet at large except for the specific services we provide, continuously monitoring the network to detect intrusion attempts, staying up to date on current security issues, and tracking abuse incidents, such as "spamming," blocking as necessary, and reporting incidents to the appropriate originating ISPs.

Spam Blocking

Our basic email and web-based email services include comprehensive spam prevention at no additional charge. This spam prevention is currently being used to screen messages for all of our service partners and customers.

Our engineers have written proprietary "learning" software that automatically screens incoming messages for telltale items in message headers and subject lines. We have also developed a comprehensive database of commonly forged addresses and frequently abused domain names. Most additions to the "black list" have been reported by our end-users, who are encouraged to notify us of suspected abuse. The black list is actively reviewed to ensure that no legitimate domains or individual users are blocked from accessing the system or sending messages.

In addition to filtering technology at the server level, our personnel monitor incoming messages 24 hours a day, seven days a week. We are part of a group of key network operators and ISPs working to develop technologies and other measures aimed at protecting users from junk email. We have representatives serving on the Coalition Against Unsolicited Commercial Email, the leading national organization lobbying for anti-spam legislation. Our

Acceptable Use Policy explicitly states that partners and customers may not use our service to send unsolicited bulk email.

Customer Support

We provide customer support 24 hours a day, seven days a week by contractual agreement. Our customer support service consists of two tiers. Tier 1 includes technical support in response to end-user inquiries. Although our customers typically provide Tier 1 support directly to their end-users, they can outsource this function to us and we can provide Tier 1 support to their end-users via email or web-based support. We also provide support information on our website.

Tier 2 support includes technical support, provided to our ISP, web hosting, web portal and corporate customers, via toll-free access and email correspondence managed by our team of trained technical support representatives. Our technical support representatives include pooled and dedicated representatives. Pooled representatives are trained to resolve the majority of inquiries and, where necessary, to escalate and manage inquiries through to resolution. Dedicated representatives must meet stringent technical criteria, are assigned to strategic accounts and assist in identifying and qualifying new features and functionality in addition to advanced problem solving.

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In an effort to further improve customer satisfaction, we are deploying new tools designed to allow customers to track the status of their open tickets and access standard reported metrics through a secure web interface. These tools will also facilitate our ability to track recurring customer issues that will identify opportunities for service improvements. Our staff of trained technical representatives, coupled with leading edge monitoring and tracking tools allows us to successfully serve the needs of our clients.

Competition

The market for Internet-based email service is characterized by companies that elect to develop and maintain in-house solutions and companies that seek outsourcing arrangements for their email service. For customers seeking outsourcing arrangements, we compete with email service providers, such as USA.NET, and iName, as well as product-based companies, such as Software.com and Lotus Development Corporation. In addition, companies such as Software.com, Microsoft, Netscape, Lotus and Sun Microsystems are currently offering email products directly to ISPs, web hosting companies, web portals and corporations. These companies could potentially leverage their existing capabilities and relationships to enter the email service industry by redesigning their system architecture, pricing and marketing strategies to sell through to the entire market. In the future, ISPs, web hosting companies and outsourced application companies may broaden their service offerings to include outsourced email solutions.

The level of competition is likely to increase as current competitors increase the sophistication of their offerings and as new participants enter the market. In the future, as we expand our service offerings, we expect to encounter increased competition in the development and delivery of these services. Many of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, marketing and other resources than we do and may enter into strategic or commercial relationships with larger, more established and well-financed companies. Certain of our competitors may be able to enter into such strategic or commercial relationships on more favorable terms. Further, certain of our competitors may offer services at or below cost. In addition, new technologies and the expansion of existing technologies may increase competitive pressures on us. Increased competition may result in reduced operating margins and loss of market share. We believe that our service solution competes favorably with that of other providers with respect to the following:

- . providing cost savings over in-house solutions by relieving customers of expenses associated with acquiring and maintaining hardware and software and the associated administrative burden;
- . providing greater functionality and access to leading technologies and protocols, which in turn enables customers to choose the protocol that

best suits their end-users' needs;

- . enabling customers to maintain brand control, thereby enhancing their brand identity; and
- . facilitating scalability through an infrastructure designed to support hundreds of millions of mailboxes across millions of domains.

However, despite our competitive positioning, we may not be able to compete successfully against current and future competitors, and competitive pressures we face could have a material adverse effect on our business, operating results and financial condition.

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Intellectual Property

We regard our copyrights, service marks, trademarks, trade secrets and similar intellectual property as critical to our success, and rely on trademark and copyright law, trade secret protection and confidentiality and/or license agreements with our employees, customers, partners and others to protect our proprietary rights. We have no registered trademarks or service marks to date. It may be possible for unauthorized third parties to copy certain portions of our products or reverse engineer or obtain and use information that we regard as proprietary. Certain end-user license provisions protecting against unauthorized use, copying transfer and disclosure of the licensed program may be unenforceable under the laws of certain jurisdictions and foreign countries. We have one patent pending in the United States. We do not know whether this patent will be granted or, that if granted, that the patent will not be challenged or invalidated. In addition, the laws of some foreign countries do not protect proprietary rights to the same extent as do the laws of the United States. There can be no assurance that our means of protecting our proprietary rights in the United States or abroad will be adequate or that competing companies will not independently develop similar technology.

Other parties may assert infringement claims against us. We may also be subject to legal proceedings and claims from time to time in the ordinary course of our business, including claims of alleged infringement of the trademarks and other intellectual property rights of third parties by us and our licensees. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

We also intend to continue to strategically license certain technology from third parties, including our web server and SSL encryption technology. In the future, if we add certificate technology to our systems, we may license additional technology from third-party vendors. We cannot be certain that these third-party content licenses will be available to us on commercially reasonable terms or that we will be able to successfully integrate the technology into our products and services. These third-party in-licenses may expose us to increased risks, including risks associated with the assimilation of new technology, the diversion of resources from the development of our own proprietary technology and our inability to generate revenues from new technology sufficient to offset associated acquisition and maintenance costs. The inability to obtain any of these licenses could result in delays in product and service development until equivalent technology can be identified, licensed and integrated. Any such delays in services could cause our business, financial condition and operating results to suffer. See "Risk Factors--We Have Limited Protection of Our Intellectual Property and Proprietary Rights."

Government Regulation

Although there are currently few laws and regulations directly applicable to the Internet and commercial email services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or commercial email services covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. Further, the growth and development of the market for online email may prompt calls for more stringent consumer protection laws that may impose additional burdens on those companies conducting business online. The adoption of any additional laws or regulations may impair the growth of the Internet or commercial online services, which could, in turn, decrease the demand for our products and services and increase our cost of doing business, or otherwise have a material adverse effect on our business, operating results

and financial condition. Moreover, the applicability to the Internet of existing laws in various jurisdictions governing issues such as property ownership,

sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. Any such new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business or the application of existing laws and regulations to the Internet could have a material adverse effect on our business, operating results and financial condition. See "Risk Factors--We Face Risks Associated with Government Regulation and Legal Uncertainties."

Employees

As of February 28, 1999, we had 133 full-time employees. None of our employees is covered by collective bargaining agreements. We believe that our relations with our employees are good.

Facilities

Our principal executive offices are located in San Francisco, California, in a 31,500 square foot facility under a lease expiring on June 30, 2002, with a five-year renewal option and a sublease expiring on March 31, 2002. We believe that our facilities will be adequate for the next 12 months. However, we may not be able to lease additional space on commercially reasonable terms or at all.

MANAGEMENT

Directors and Executive Officers

The executive officers, directors and key employees of Critical Path and their ages as of December 31, 1998 are as follows:

<TABLE>

<CAPTION>

Name	Age	Position
----	---	-----
<S>	<C>	<C>
Douglas T. Hickey.....	43	President, Chief Executive Officer and Director
David C. Hayden.....	43	Chairman of the Board of Directors
David A. Thatcher.....	43	Executive Vice President and Chief Financial Officer
Wayne D. Correia.....	32	Chief Technology Officer
Joseph Duncan.....	50	Vice President and Chief Information Officer
Judie A. Hayes.....	51	Vice President of Corporate Communications
Carolyn J. Patterson...	34	Vice President of Operations
William H. Rinehart....	34	Vice President of Sales
Marcy Swenson.....	34	Vice President of Software Engineering
Mari E. Tangredi.....	33	Vice President of Marketing and Strategic Planning
Christos M. Cotsakos....	50	Director
Lisa Gansky(1).....	40	Director
Kevin R. Harvey(1).....	34	Director
James A. Smith(2).....	46	Director
George Zachary(2).....	33	Director

</TABLE>

(1) Member of Compensation Committee of the Board of Directors.

(2) Member of Audit Committee of the Board of Directors.

Douglas T. Hickey has served as the President and Chief Executive Officer and a director of Critical Path since October 1998. From February 1998 to October 1998, Mr. Hickey served as Executive Vice President of Frontier Communications Corporation, a telecommunications company, and as President of Frontier GlobalCenter. From July 1996 to February 1998, Mr. Hickey served as President and CEO of GlobalCenter, Inc., a web hosting company. In February 1998, GlobalCenter was acquired by Frontier. From December 1994 to July 1996, Mr. Hickey was President of Internet services at MFS Communications, a provider of high-speed fiber-optic services. From September 1990 to November 1994, Mr.

Hickey was general manager of North American sales and field operations at Ardis, a Motorola company. Mr. Hickey received a B.S. in economics from Siena College.

David C. Hayden founded Critical Path and served as the Chairman, President and Chief Executive Officer and Secretary from its inception in February 1997 to October 1998. Mr. Hayden has served as Chairman of the Board of Directors of Critical Path since October 1998. From February 1993 to August 1996, Mr. Hayden served as Chairman, Chief Executive Officer, and co-founder of The McKinley Group, Inc., creators of Magellan, an Internet search engine. Mr. Hayden received a B.A. in political science from Stanford University.

David A. Thatcher has served as Executive Vice President, Chief Financial Officer and Secretary of Critical Path since December 1998, and served as a director of Critical Path from May 1997 to March 1998 and from May 1998 to November 1998. From June 1998 to December 1998, Mr. Thatcher served as President and Chief Executive Officer of Geoworks Corporation, a provider of software solutions for the wireless market. Mr. Thatcher joined Geoworks Corporation in March 1997 as Vice President of Finance and Administration and Chief Financial Officer and was appointed President and Director in January 1998. From May 1996 to January 1997, Mr. Thatcher served as

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Vice President and Chief Financial Officer of Diba, Inc., an Internet software company, which was later acquired by Sun Microsystems, Inc. From January 1996 to May 1996, Mr. Thatcher served as Vice President and Chief Financial Officer of The McKinley Group. From March 1993 to November 1995, Mr. Thatcher served as Vice President and Chief Financial Officer of Peregrine Systems, Inc., a provider of customer support software. Mr. Thatcher received a B.S. in accounting from San Diego State University and is a CPA in California.

Wayne D. Correia has served as the Chief Technology Officer since April 1997 and as a director of Critical Path from May 1997 to January 1999. From November 1994 to February 1997, Mr. Correia was President and founder of domainNET, an Internet strategy, engineering and services company, providing application hosting and on-demand high-speed wireless Internet connections for mediacasts and other events. In January 1992, Mr. Correia founded Collaboration Technologies, a developer of leading-edge computer telephony hardware and software and was Chief Executive Officer until May 1995. From July 1988 to October 1993, he worked in the Macintosh Software Architecture Division and Apple Developer Group at Apple Computer, Inc., a computer manufacturer.

Joseph Duncan has served as Vice President and Chief Information Officer of Critical Path since December 1998. From December 1997 to December 1998, Mr. Duncan was founder and Chief Executive Officer of Charybdis Software, a software company. From June 1993 to November 1997, Mr. Duncan held various positions at Oracle Corporation, most recently as Senior Vice President for Groupware Systems and Object-Oriented Tools. Mr. Duncan received a B.A. in philosophy from the University of Minnesota.

Judie A. Hayes joined Critical Path as Vice President of Corporate Communications in December 1998. From January 1997 to December 1998, Ms. Hayes served as Vice President Corporate Marketing and Communications for Frontier GlobalCenter. From March 1995 to January 1997, Ms. Hayes served as Senior Director of Corporate Communications for NETCOM On-Line Communication Services, Inc., an Internet service provider. Ms. Hayes has served as Director of Marketing Communications for MCI Data Services Division, a telecommunications company, and Director of Corporate Communications for British Telecom North America, a telecommunications company. Ms. Hayes received her bachelor's degree from University of Wisconsin-Whitewater.

Carolyn J. Patterson has served as Vice President of Operations of Critical Path since January 1999 and as Director of Operations of Critical Path from August 1998 to January 1999. From January 1998 to July 1998, Ms. Patterson served as Manager, Strategic Alliances for Sybase Inc. From February 1997 to January 1998, Ms. Patterson served as General Manager, Data Services Operations for AT&T Corp. From June 1986 to February 1997, Ms. Patterson worked as a programmer and later in various AT&T Corp. divisions including sales, product management, customer care, finance and sales. Ms. Patterson holds a B.S.C. in decision science from Rider University and an M.B.A. from Monmouth University.

William H. Rinehart joined Critical Path as Vice President, Sales in November 1998. From May 1997 to November 1998, Mr. Rinehart served as Senior Vice

President, General Manager at Frontier GlobalCenter. From July 1996 to June 1997, Mr. Rinehart held a range of positions including Vice President, Product Development and Vice President, Sales for Genuity, a Bechtel company. He has also served as Vice President, General Manager at MFS Communications, Internet Division, from January 1995 to July 1996. From April 1993 to January 1995, Mr. Rhinehart was a Senior Account Executive at Ardis, a wireless data communications company. Mr. Rinehart received a B.S. in business administration from Ball State University.

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Marcy Swenson has served as the Vice President of Software Engineering of Critical Path since June 1997. From May 1995 to June 1997, Ms. Swenson served as Vice President of Software Development at Providence Systems. In June 1987, Ms. Swenson co-founded After Hours Software, Inc., which provides custom software solutions to Fortune 500 customers, and served as Vice President of Software and Consulting Services until May 1994. Ms. Swenson has completed advanced studies in Artificial Intelligence at Stanford University, and received a B.S. in math/computer science from UCLA.

Mari E. Tangredi has served as Vice President, Marketing and Strategic Planning for Critical Path since February 1998. From June 1995 to November 1997, Ms. Tangredi served as the General Manager/Vice President of Electronic Commerce of Pacific Bell. From July 1986 to May 1995, Ms. Tangredi worked at AT&T Corp. as a programmer and later in various positions in sales, emerging product development and customer care, providing network products and services to Fortune 500 customers. Ms. Tangredi received a B.S. in M.I.S. from Clarkson University and an M.B.A in high technology from Northeastern University.

Christos M. Cotsakos has served as a director of Critical Path since May 1998. Mr. Cotsakos has served as President, Chief Executive Officer and a director of E*TRADE, an on-line brokerage services company, since March 1996. From March 1995 to January 1996, Mr. Cotsakos served as President, Co-Chief Executive Officer, Chief Operating Officer and a director of A.C. Nielsen, Inc. From September 1993 to March 1995, he served as President and Chief Executive Officer of Nielsen International. From March 1992 to September 1993, he served as President and Chief Operating Officer of Nielsen Europe, Middle East and Africa. Mr. Cotsakos serves as a director of National Processing Company, Forte Software, Inc. and The Fourth Network Communications Network, Inc. Mr. Cotsakos received a B.A. from William Patterson College and an M.B.A. from Pepperdine University and is currently pursuing a Ph.D. in economics at the Management School, University of London.

Lisa Gansky has served as a director of Critical Path since May 1998. Ms. Gansky has been a Principal at Trading Fours, a venture development company, since January 1997. From June 1995 to January 1997, Ms. Gansky served as Vice President of AOL, Inc., an online and Internet services company. From June 1994 to January 1995, Ms. Gansky founded and served as Chief Executive Officer of Global Network Navigator, Inc., an Internet solutions company.

Kevin R. Harvey has served as a director of Critical Path since April 1998. Mr. Harvey has been a General Partner of Benchmark Capital, a venture capital firm, since January 1995. From July 1993 to January 1995, he served as General Manager for Lotus Development Corporation. In August 1990, Mr. Harvey founded Approach Software Corporation ("Approach"), a software company, where he served as the President and Chief Executive Officer until July 1993 when Approach was sold to Lotus Development Corporation. Prior to founding Approach, Mr. Harvey founded Styleware, a software company, which was subsequently sold to Claris Corporation. Mr. Harvey is also a director of Silicon Gaming, Inc., an entertainment and gaming technology company, and a director of several privately held companies. Mr. Harvey received a B.S.E.E. degree from Rice University, 1987.

James A. Smith has served as a director of Critical Path since January 1999. Mr. Smith has served as the President and Chief Executive Officer of US West Dex, a provider of Internet directory and database marketing services, since October 1997. From March 1996 to October 1997, Mr. Smith served as Vice President of Local Markets for US West. From July 1992 to March 1996, Mr. Smith served as Vice President and General Manager of Mass Markets for US West. Mr. Smith received a B.A. from Willamette University and a J.D. from the University of Washington.

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George Zachary has served as a director of Critical Path since April 1998. Mr. Zachary has been a partner at Mohr, Davidow Ventures II, a venture capital firm, since January 1996. From March 1993 to December 1997, Mr. Zachary ran the consumer products business at Silicon Graphics, Inc., a computer workstation company. Since September 1986 until March 1993, Mr. Zachary has held various engineering and marketing management positions at Silicon Graphics, Inc., VPL Research, Inc., Apple Computer, Inc., Texas Instruments Incorporated and C-ATS Software Inc. Mr. Zachary received a B.S. degree from Massachusetts Institute of Technology and Massachusetts Institute of Technology Sloan School of Management.

We have authorized seven (7) directors. All directors are elected to hold office until our next annual meeting of shareholders and until their successors have been elected. Officers are elected at the first board of directors meeting following the shareholders' meeting at which the directors are elected and serve at the discretion of the board of directors. There are no family relationships among any of our directors or executive officers.

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is responsible for determining salaries, incentives and other forms of compensation for our directors, officers and other employees and administering various incentive compensation and benefit plans. The Compensation Committee consists of two outside directors. Lisa Gansky and Kevin Harvey are currently the two outside directors on our Compensation Committee.

Director Compensation

We reimburse each member of our board of directors for out-of-pocket expenses incurred in connection with attending board meetings. No member of our board of directors currently receives any additional cash compensation. In connection with their joining the board of directors in May 1998, directors Christos Cotsakos and Lisa Gansky each received an option to purchase 136,363 shares of common stock vesting monthly over two years at an exercise price of \$0.22 per share.

Executive Compensation

The following table summarizes all compensation earned by or paid to Critical Path's Chief Executive Officer and to each of Critical Path's four most highly compensated executive officers other than the Chief Executive Officer whose total annual salary and bonus exceeded \$100,000 (collectively, the "Named Executive Officers"), for services rendered in all capacities to Critical Path during the fiscal year ended December 31, 1998.

Summary Compensation Table for Last Fiscal Year

<TABLE>
<CAPTION>

Name and Principal Position	Annual Compensation (1)		Long-Term Compensation Awards
	Salary	Bonus	Security Underlying Options (#)
<S>	<C>	<C>	<C>
Douglas Hickey(2) President and Chief Executive Officer.....	\$ 51,136	\$ --	2,549,374(4)
David Hayden(3) Chairman of the Board of Directors.....	170,833	135,000	1,363,636(5)
Wayne Correia Chief Technology Officer.....	140,417	25,000	--
Marcy Swenson Vice President of Software Engineering.....	127,500	40,000	--
Mari E. Tangredi Vice President of Marketing and Strategic Planning.....	108,056	65,000	431,816(6)

</TABLE>

- (1) Other than the salary and bonus described herein, Critical Path did not pay any executive officer named in the Summary Compensation Table any fringe benefits, perquisites or other compensation in excess of 10% of such executive officer's salary and bonus during fiscal 1998.
- (2) Mr. Hickey became President and Chief Executive Officer in October 1998.
- (3) Prior to October 1998, Mr. Hayden served as Critical Path's Chief Executive Officer and President as well as its Chairman.
- (4) In October 1998, Mr. Hickey received two options to purchase shares of common stock (an option to purchase 478,468 and 2,070,906 shares at an exercise price of \$0.84, each of which vest in equal installments over 48 months.
- (5) Option to purchase 1,363,636 shares of common stock at an exercise price of \$.02 per share vests as to 25% of the shares on the first anniversary of Mr. Hayden's employment with Critical Path and 1/48th each full month thereafter.
- (6) Includes options to purchase 68,181, 45,454, 227,272 and 90,909 shares at exercise prices of \$0.02, \$0.22, \$0.84 and \$2.20 per share, respectively. All options vest as to 25% of the shares on the first anniversary of Ms. Tangredi's employment with Critical Path and 1/48th each full month thereafter.

Option Grants in Last Fiscal Year

<TABLE>

<CAPTION>

Name	Options Granted	Percentage of Total Options Granted to Employees in Fiscal Year(1)	Exercise or Base Price (\$/Share) (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(3)	
					5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Douglas Hickey.....	478,468 (4)	4.50%	\$0.84	10/18/08	14,406,192	23,177,519
	2,070,906 (5)	19.5	0.84	10/18/08	62,352,904	100,316,979
David Hayden.....	1,363,636 (6)	12.9	0.02	3/2/03	42,175,895	67,174,219
Wayne Correia.....	--	--	--	--	--	--
Marcy Swenson.....	--	--	--	--	--	--
Mari Tangredi.....	68,181 (7)	0.64	0.02	3/2/08	2,108,770	3,358,672
	45,454 (7)	0.43	0.22	6/15/08	1,396,756	2,230,024
	227,272 (7)	2.14	0.84	9/29/08	6,842,932	11,009,307
	90,909 (7)	0.86	2.20	12/29/08	2,613,543	4,280,096

</TABLE>

- (1) Based on options to purchase an aggregate of 10,595,453 shares of common stock granted during fiscal 1998. Under the terms of Critical Path's 1998 Stock Plan, the committee designated by the board of directors to administer the 1998 Stock Plan retains the discretion, subject to certain limitations within the 1998 Stock Plan, to modify, extend or renew outstanding options and to reprice outstanding options. Options may be repriced by canceling outstanding options and reissuing new options with an exercise price equal to the fair market value on the date of reissue, which may be lower than the original exercise price of such canceled options. See "Stock Plans."
- (2) The exercise price on the date of grant was equal to 100% of the fair market value on the date of grant as determined by the board of directors.
- (3) The 5% and 10% assumed rates of appreciation are mandated by the rules of the Securities and Exchange Commission and do not represent Critical Path's estimate or projection of the future common stock price. There can be no assurance that any of the values reflected in the table will be achieved.
- (4) This incentive stock option has a 10-year term, subject to earlier

termination in certain events related to termination of employment, and vests as to 1/48th of the shares per month over a four-year period. This option provides for partial acceleration of vesting upon change of control of Critical Path, and an early exercise provision.

- (5) This non-statutory stock option has a 10-year term, subject to earlier termination in certain events related to termination of employment, and vests as to 1/48th of the shares per month over a four-year period. This option provides for partial acceleration of vesting upon change of control of Critical Path, and an early exercise provision. In November 1998 this option was exercised as to 1,274,687 shares.
- (6) This incentive stock option has a five-year term, subject to earlier termination in certain events related to termination of employment, and vests as to 25% of the shares on the first anniversary of the vest start date, and vests ratably on a monthly basis thereafter, becoming fully vested on the fourth anniversary of the vest start date.
- (7) These incentive stock options have a ten-year term, subject to earlier termination in certain events related to termination of employment, and vest as to 25% of the shares on the first anniversary of the vest start date, and vest ratably on a monthly basis thereafter, becoming fully vested on the fourth anniversary of the vest start date.

Aggregated Option Exercises in Last Fiscal Year And Fiscal Year-End Option Values

<TABLE>
<CAPTION>

Name	Shares Acquired on Exercise	Value Realized	Number of Unexercised Options at Fiscal Year-End	Value of Unexercised In-the-Money Options at Fiscal Year-End(3)
			Exercisable/Unexercisable	Exercisable/Unexercisable
<S>	<C>	<C>	<C>	<C>
Douglas Hickey(1).....	1,274,687(2)	\$--	1,274,687/0	\$23,148,315/--
David Hayden.....	--	--	653,409/710,227	12,401,702/13,480,108
Wayne Correia.....	--	--	--	--
Marcy Swenson.....	--	--	--	--
Mari Tangredi.....	--	--	--/431,816	--/7,802,232

</TABLE>

- (1) Mr. Hickey's option agreements allow for early exercise subject to repurchase by Critical Path over the vesting period. A portion of the shares acquired by Mr. Hickey upon exercise of his option remain subject to vesting.
- (2) Includes 9,090 shares which are held in trust for benefit of minor children.
- (3) Assumes a per share fair market value equal to \$19.00, the mid-point of the estimated per share price of the common stock offered hereby.

1998 Stock Plan

Our 1998 Stock Plan was adopted by the board of directors on January 21, 1998, amended on December 15, 1998 and will be amended and restated effective upon completion of this offering. Our 1998 Stock Plan provides for awards or sales of shares and options (including incentive stock options ("ISOs") and nonstatutory stock options ("NSOs")). Employees, consultants and advisors of Critical Path are eligible for all awards except ISOs. Only employees are eligible for the grant of ISOs. A total of 12,288,741 shares of common stock has been reserved for issuance under our 1998 Stock Plan and this amount is increased by 5% each January 1, commencing January 1, 2000.

Our 1998 Stock Plan is administered by our compensation committee and our non-insider option committee. Our compensation committee consists of at least two directors who are "non-employee directors," as defined in Rule 16b-3. The board of directors may amend our 1998 Stock Plan as desired without further

action by Critical Path's shareholders except as required by applicable law. Our 1998 Stock Plan will continue in effect until terminated by the board or for a term of 10 years from its original adoption date, whichever is earlier.

The consideration for each award under our 1998 Stock Plan will be established by the compensation committee, but in no event will the option price for ISOs be less than 100% of the fair market value of the stock on the date of grant. Awards will have such terms and be exercisable in such manner and at such times as the compensation committee may determine. However, each ISO must expire within a period of not more than 10 years from the date of grant.

Our 1998 Stock Plan provides that, in the event of a merger or reorganization of Critical Path, outstanding options and restricted shares shall be subject to the agreement of merger or reorganization.

As of February 28, 1999, 11,498,862 awards had been granted under our 1998 Stock Plan. Such options have exercise prices ranging from \$0.02 to \$3.39 per share and a weighted average per share exercise price of \$0.95, and were held by 157 persons. Options to purchase 2,230,401 shares have been exercised.

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Employee Stock Purchase Plan

The board of directors adopted our Employee Stock Purchase Plan in January 1999, to be effective upon completion of this offering. A total of 600,000 shares of common stock have been reserved for issuance under our Employee Stock Purchase Plan and this amount will be increased by 5% each January 1 commencing January 1, 2000, up to a maximum of 1,000,000 shares per year. Our Employee Stock Purchase Plan, which is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended, is administered by the board of directors or by a committee appointed by the board. Employees (including officers and employee directors of Critical Path but excluding 5% or greater shareholders) are eligible to participate if they are customarily employed for at least 20 hours per week and for more than five months in any calendar year. Our Employee Stock Purchase Plan permits eligible employees to purchase common stock through payroll deductions, which may not exceed 15% of an employee's compensation.

Our Employee Stock Purchase Plan will be implemented in a series of overlapping 24 month participation periods. The initial participation period commences on the effectiveness of this offering and ends on April 30, 2001. Subsequent 24 month participation periods will commence on November 1, 1999 and each May 1 and November 1 thereafter. Purchases will occur on each April 30 and October 31 (the "purchase dates") during each participation period, excluding April 30, 1999. If on any purchase date during a participation period the fair market value of a share of common stock is less than the fair market value on the commencement of the participation period, the participation period shall be terminated immediately following such purchase date. The employees who had enrolled in the terminated participation period shall automatically be enrolled in the participation period commencing on the day after the purchase date.

The purchase price of the common stock under our Employee Stock Purchase Plan will be equal to 85% of the fair market value per share of common stock on either the start date of the offering period or on the purchase date, whichever is less. Employees may end their participation in an offering period at any time during that period, and participation ends automatically on termination of employment with Critical Path. In the event of a proposed dissolution or liquidation of Critical Path, the offering periods terminate immediately prior to the consummation of the proposed action, unless otherwise provided by the board. If there is a proposed sale of all or substantially all of Critical Path's assets or the merger of Critical Path with or into another corporation, then the offering period in progress will be shortened and a new exercise date will be set that is before the sale or merger. The offering period in progress shall end on the new exercise date. Each participant shall be notified at least ten business days prior to the new exercise date, and unless such participant ends his or her participation, the option will be exercised automatically on the new exercise date. Our Employee Stock Purchase Plan will terminate in 2009, unless sooner terminated by the board of directors.

401(k) Plan

Critical Path has established a tax-qualified employee savings and retirement

plan (the "401(k) Plan") for which all of Critical Path's employees are eligible except for employees subject to a collective bargaining agreement and nonresident aliens with no U.S. source income. Pursuant to the 401(k) Plan, employees may elect to reduce their current compensation by up to the lower of 16% or the statutorily prescribed limit and have the amount of such reduction contributed to the 401(k) Plan. The 401(k) Plan permits additional discretionary matching contributions by Critical Path. To date, Critical Path has made no such matching contributions. The 401(k) Plan is intended to qualify under

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Section 401 of the Internal Revenue Code of 1986, as amended, so that contributions by employees or by Critical Path to the 401(k) Plan, and income earned on plan contributions, are not taxable to employees until withdrawn from the 401(k) Plan, and so that contributions by Critical Path, if any, will be deductible by Critical Path when made.

Employment Agreement and Change in Control Arrangements

Critical Path does not currently have any employment contracts in effect with any of the Named Executive Officers other than Douglas T. Hickey, its President, Chief Executive Officer and director.

Critical Path and Mr. Hickey are parties to a letter agreement dated October 1, 1998 governing his employment with Critical Path. The agreement sets forth Mr. Hickey's compensation level and eligibility for salary increases, bonuses, benefits and option grants under the 1998 Stock Plan. In the event of a change of control, Mr. Hickey is entitled to receive, for each of his shares of common stock and each vested option, a bonus equal to the difference between the value of the consideration per share to be received by Critical Path's Series B Preferred shareholders and the value of the consideration per share to be received by Critical Path's common shareholders, up to a maximum amount equal to \$8 million less the consideration payable in the transaction with respect to Mr. Hickey's shares. Mr. Hickey's right to receive this bonus will terminate upon the closing of this offering. The agreement also provides for accelerated vesting of a portion of Mr. Hickey's options in the event of a change of control. Mr. Hickey also received a loan in the amount of \$500,000, bearing interest at the applicable federal rate. The loan will be due on the earlier of five years or 30 days following termination of his employment and is non-recourse unless Mr. Hickey terminates his employment voluntarily. Mr. Hickey's employment under the letter agreement is at-will and may be terminated by Critical Path or Mr. Hickey at any time, with or without cause and with or without notice.

Limitation of Liability and Indemnification Matters

Critical Path's articles of incorporation limit the liability of directors to the maximum extent permitted by California law. This limitation of liability is subject to exceptions including intentional misconduct, obtaining an improper personal benefit and abdication or reckless disregard of director duties. Critical Path's articles of incorporation and bylaws provide that Critical Path may indemnify its directors, officers, employees and other agents to the fullest extent permitted by law. Critical Path's bylaws also permit it to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in such capacity, regardless of whether the bylaws would permit indemnification.

Critical Path has entered into agreements to indemnify its directors and executive officers, in addition to indemnification provided for in Critical Path's bylaws. These agreements, among other things, provide for indemnification of Critical Path's directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Critical Path, arising out of such person's services as a director or executive officer of Critical Path, any subsidiary of Critical Path or any other company or enterprise to which the person provides services at the request of Critical Path. Critical Path believes that these provisions and agreements are necessary to attract and retain qualified persons as directors and executive officers.

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CERTAIN TRANSACTIONS

Transactions with Management and Others

In 1997, Critical Path sold 2,272,727 shares of common stock to David Hayden, the founder and Chairman of the Board of Critical Path at a purchase price of \$0.01 per share. Critical Path has also entered into a stock option agreement with Mr. Hayden pursuant to which it granted options to purchase 1,363,636 shares of common stock to Mr. Hayden at a purchase price of \$0.02. These options vest over a four-year period, with a portion vesting in the event of a merger, reorganization or similar change in the voting control of Critical Path.

In October 1998, Critical Path entered into a stock option agreement with Mr. Hickey pursuant to which it granted incentive stock options to purchase 478,468 shares of common stock to Mr. Hickey at a purchase price of \$0.84. Also in October 1998, Critical Path entered into a stock option agreement with Mr. Hickey pursuant to which it granted non-statutory stock options to purchase 2,070,906 shares of common stock to Mr. Hickey at a purchase price of \$0.84. These options vest over a four-year period, with a portion vesting in the event of a merger, reorganization or similar change in the voting control of Critical Path.

During 1998, Critical Path entered into four stock option agreements with Mari Tangredi pursuant to which it granted incentive stock options to purchase an aggregate of 431,816 shares of common stock to Ms. Tangredi at purchase prices of between \$0.02 and \$2.20. These options vest over a four-year period.

In May 1998, Critical Path entered into a stock option agreement with Mr. Cotsakos pursuant to which it granted a non-statutory stock option to purchase 136,363 shares of common stock to Mr. Cotsakos at a purchase price of \$0.22. This option vests over a two-year period.

In May 1998, Critical Path entered into a stock option agreement with Lisa Gansky pursuant to which it granted a non-statutory stock option to purchase 136,363 shares of common stock to Ms. Gansky at a purchase price of \$0.22. This option vests over a two-year period.

Between April 1998 and February 1999, Critical Path sold and issued 19,603,712 shares of its preferred stock for an aggregate consideration of \$38,433,214. Critical Path sold 12,707,851 shares of Series A Preferred Stock in April 1998 at a sale price of \$0.72 per share. In addition, 31,870 shares of Series A Preferred Stock were purchased at a sale price of \$0.72 per share pursuant to the exercise of warrants. Critical Path sold an aggregate of 6,863,991 shares of Series B Preferred Stock in September 1998 and January 1999 at a sale price of \$4.26 per share. Each share of Series A Preferred Stock and Series B Preferred Stock converts into one share of common stock.

The following table summarizes purchases, valued in excess of \$60,000, of shares of preferred stock and of common stock by directors, executive officers and 5% shareholders of Critical Path:

<TABLE>
<CAPTION>

	Shares		
	Common	Series A	Series B
<S>	<C>	<C>	<C>
Directors and Executive Officers			
Douglas Hickey.....	1,256,504	--	--
The Cotsakos Revocable Trust, UAD 9/3/87.....	136,363	--	39,885
David Hayden.....	2,272,727	151,104	--
Lisa Gansky.....	159,090	83,146	--
5% Shareholders			
E*TRADE Group, Inc.....	--	346,452	3,519,424
US West Data Investments, Inc.....	1,090,909	--	1,313,918
Mohr, Davidow Ventures V, L.P.....	--	4,330,654	234,628
Benchmark Capital Partners II, L.P.....	--	4,330,654	234,628
CMG@Ventures II, L.L.C.....	--	1,385,809	351,942

</TABLE>

In December 1998, Critical Path entered into an agreement with US West pursuant to which Critical Path agreed to provide email services and certain related development services to US West. In exchange for such services, US West, through the use of its sales channels, will provide Critical Path assistance in selling advertising for the email sites of certain customers of Critical Path. The agreement also provides for the joint development of certain services and features from time to time.

Certain Business Relationships

In April 1998, Critical Path entered into an agreement with E*TRADE pursuant to which each party will include the other party in certain advertising campaigns, including E*TRADE's international and strategic partner relationships. Critical Path will also provide email services to users of E*TRADE's Internet access services. In addition, under the terms of the agreement, Critical Path agreed to develop certain features for its email services which Critical Path may make available to other customers in addition to E*TRADE. E*TRADE accounted for approximately 62% of our revenues in 1998. Christos Cotsakos, the Chief Executive Officer of E*TRADE is a director of Critical Path. Mr. Cotsakos is the trustee of The Cotsakos Revocable Trust, UAD 9/3/87.

The shares held by Mohr, Davidow Ventures V, L.P. include 4,245,713 shares held by it and 319,570 shares held by Mohr, Davidow Ventures V, L.P. as nominee for MDV Entrepreneurs' Network Fund II (A), L.P. and MDV Entrepreneurs' Network Fund II (B), L.P. George Zachary, a member of Mohr, Davidow Ventures V, L.P., is a director of Critical Path.

The shares held by Benchmark Capital Partners II, L.P. are held by it as nominee for Benchmark Capital Partners II, L.P., Benchmark Founders' Fund II, L.P., Benchmark Founders Fund II-A, L.P. and Benchmark Members' Fund II, L.P. Kevin Harvey, a managing member of Benchmark Capital Partners II, L.P., is a director of Critical Path.

Indebtedness of Management

In November 1998, Critical Path loaned Douglas Hickey, the Chief Executive Officer of Critical Path, \$500,000 pursuant to a five-year promissory note bearing interest at the rate of 4.51% (the applicable federal rate) per annum. In November 1998, Mr. Hickey exercised an option to purchase 1,274,687 shares of common stock by execution of a five-year promissory note in the principal amount of \$1,065,638.94 bearing interest of 4.51% annually.

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In January 1999, Critical Path loaned William Rinehart \$65,000 pursuant to a promissory note bearing interest at the rate of 4.64% per annum. Mr. Rinehart is an executive officer of Critical Path.

Critical Path believes that the foregoing transactions were in its best interests. It is Critical Path's current policy that all transactions by Critical Path with officers, directors, 5 percent shareholders and their affiliates will be entered into only if such transactions are approved by a majority of the disinterested independent directors, are on terms no less favorable to Critical Path than could be obtained from unaffiliated parties and are reasonably expected to benefit Critical Path.

For information concerning indemnification of directors and officers, see "Management--Limitation of Liability and Indemnification Matters."

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PRINCIPAL SHAREHOLDERS

The following table sets forth certain information regarding beneficial ownership of common stock as of February 28, 1999, on a pro forma basis to reflect the automatic conversion upon completion of this offering of the outstanding shares of Series A Preferred Stock and Series B Preferred Stock into common stock and the conversion of outstanding warrants into common stock for a total of 29,607,684 shares of common stock, by:

. each person or entity known to Critical Path to own beneficially more

- than 5% of Critical Path's common stock;
- . each of Critical Path's directors;
- . each of Critical Path's Named Executive Officers; and
- . all executive officers and directors as a group.

<TABLE>
<CAPTION>

Name and Address of Beneficial Owner(1)	Total Shares Beneficially Owned(2)	Percentage of Common Stock(2)	
		Before Offering	After Offering
<S>	<C>	<C>	<C>
Benchmark Capital Partners II, L.P.(3) 2480 Sand Hill Road Menlo Park, CA 94025...	4,565,283	15.4%	13.4%
Mohr, Davidow Ventures V, L.P.(4) 2775 Sand Hill Road, Suite 240 Menlo Park, CA 94025...	4,565,283	15.4	13.4
CMG@Ventures II, L.L.C. 2420 Sand Hill Road Menlo Park, CA 94025...	1,737,752	5.9	5.1
E*TRADE Group, Inc. Four Embarcadero 2400 Geng Road Palo Alto, CA 94306....	3,865,877	13.1	11.3
US West Data Investments, Inc. 1999 Broadway, Suite 500 Denver, CO 80202.....	2,404,827	8.1	7.1
Douglas T. Hickey(5)....	1,316,315	4.4	3.9
David Hayden(6).....	3,219,283	10.6	9.2
Wayne Correia.....	2,500,000	8.4	7.3
Marcy Swenson.....	1,113,636	3.8	3.3
Mari Tangredi(7).....	99,427	*	*
Christos M. Cotsakos(8).....	176,248	*	*
Lisa Gansky(9).....	242,236	*	*
Kevin R. Harvey(10)....	4,565,283	15.4	13.4
James A. Smith.....	0	*	*
George Zachary(11).....	4,565,283	15.4	13.4
All directors and executive officers as a group (15 persons)(12).....	18,147,303	59.1%	51.6%

</TABLE>

*Less than 1%.

(1) Unless otherwise indicated, the address for the following shareholders is c/o Critical Path, Inc., 320 1st Street, San Francisco, California 94105.

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(2) Assumes no exercise of the underwriters' over-allotment option. Applicable percentage ownership is based on 29,607,684 shares of common stock outstanding as of February 28, 1999 and 34,107,684 shares outstanding immediately following completion of this offering. Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus are deemed outstanding. These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other

person. Except as indicated in the footnotes to this table and pursuant to applicable community property laws, each shareholder named in the table has sole voting and investment power with respect to the shares set forth opposite such shareholder's name.

- (3) These shares are held by Benchmark Capital Partners II, L.P. as nominee for Benchmark Capital Partners II, L.P., Benchmark Founders Fund II, L.P., Benchmark Founders Fund II-A, L.P. and Benchmark Members' Fund II, L.P.
- (4) Includes 4,245,713 shares held by Mohr, Davidow Ventures V, L.P. and 319,570 shares held by Mohr, Davidow Ventures V, L.P. as nominee from MDV Entrepreneurs' Network Fund II (A), L.P. and MDV Entrepreneurs' Network Fund II (B), L.P.
- (5) Includes 1,034,009 shares of common stock subject to Critical Path's right of repurchase as of April 29, 1999. Also includes 18,181 shares held in the name of Mr. Hickey's minor children's name.
- (6) Includes 767,043 shares subject to options exercisable within 60 days after February 28, 1999.
- (7) Includes 99,427 shares subject to options exercisable within 60 days after February 28, 1999.
- (8) Represents shares held by The Cotsakos Revocable Trust, UAD 9/3/87 of which Mr. Cotsakos is the trustee and includes 73,872 shares of common stock subject to Critical Path's right of repurchase as of April 29, 1999.
- (9) Includes 73,872 shares of common stock subject to Critical Path's right of repurchase as of April 29, 1999.
- (10) Represents shares held by Benchmark Capital Partners II, L.P., of which Mr. Harvey is a managing partner. Mr. Harvey disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein.
- (11) Represents shares held by Mohr, Davidow Ventures V, L.P., of which Mr. Zachary is a member. Mr. Zachary disclaims beneficial ownership of all such shares except to the extent of his pecuniary interest therein.
- (12) Includes 1,087,916 shares subject to options exercisable within 60 days after February 28, 1999, of which 1,255,625 shares of common stock is subject to Critical Path's right of repurchase as of April 29, 1999.

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DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering, our authorized capital stock, after giving effect to the conversion of all outstanding preferred stock into common stock, conversion of outstanding warrants and the amendment of our articles of incorporation, will consist of 150,000,000 shares of common stock, par value \$0.001 and 5,000,000 shares of preferred stock, par value \$0.001.

The following summary of certain provisions of our common stock, preferred stock, amended and restated articles of incorporation and bylaws, as in effect upon completion of this offering, assumes that our shareholders will approve of the amended and restated articles of incorporation and bylaws.

Common Stock

As of February 28, 1999, there were 29,607,684 shares of common stock outstanding, held by approximately 102 shareholders of record.

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the shareholders, including the election of directors, and will not have cumulative voting rights when Critical Path becomes a "listed company" as defined under Section 301.5(d) of the California Corporations Code. Subject to preferences that may be applicable to any then outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the board of directors out of funds legally available therefor. See "Dividend Policy." Upon a liquidation, dissolution or winding up of Critical Path, the holders of

common stock will be entitled to share ratably in the net assets legally available for distribution to shareholders after the payment of all debts and other liabilities of Critical Path, subject to the prior rights of any preferred stock then outstanding. Holders of common stock have no preemptive or conversion rights or other subscription rights and there are no redemption or sinking funds provisions applicable to the common stock. All outstanding shares of common stock are, and the common stock to be outstanding upon completion of this offering will be, fully paid and nonassessable.

Preferred Stock

Upon the closing of this offering, there will be no shares of preferred stock outstanding. Our board of directors has the authority, without further action by the shareholders, to issue from time to time the preferred stock in one or more series and to fix the number of shares, designations, preferences, powers and relative, participating, optional or other special rights and the qualifications or restrictions thereof. The preferences, powers, rights and restrictions of different series of preferred stock may differ with respect to dividend rates, amounts payable on liquidation, voting rights, conversion rights, redemption provisions, sinking fund provisions and purchase funds and other matters. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock or affect adversely the rights and powers, including voting rights, of the holders of common stock, and may have the effect of delaying, deferring or preventing a change in control of Critical Path. We currently do not plan to issue any shares of preferred stock.

Registration Rights

The holders of the Series A Preferred Stock and B Preferred Stock, who own 19,603,712 shares of Series A Preferred Stock and Series B Preferred Stock, and holders of 6,037,468 shares of common stock have the right to cause us to register the shares of common stock issuable upon

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conversion of the Series A Preferred Stock and Series B Preferred Stock and the common stock under the Securities Act of 1933, as amended (the "Securities Act"), as follows:

- . Demand Registration Rights: Six months after this offering, the holders can send a written request to Critical Path to register their shares with respect to all or a part of their registrable securities having an aggregate proceeds, net of underwriting discounts and expenses, exceeding \$12,500,000 and an initial offering price of at least \$2.88 per share (as adjusted for splits or the like). The initial offering price of \$2.88 per share is equal to four times the price per share of the Series A Preferred Stock, which was \$0.72. The \$12,500,000 aggregate proceeds threshold was negotiated as part of the Series A Preferred Stock financing.
- . Piggyback Registration Rights: The holders can request to have their shares registered anytime Critical Path is filing a registration statement to register any of our securities for our own account. Such registration opportunities are unlimited but the number of shares that can be registered may be eliminated entirely or cut back in certain situations by the underwriters.
- . S-3 Registration Rights: The holders of at least 20% of the registrable securities can request Critical Path to register their shares if Critical Path is eligible to use Form S-3 and if the aggregate price of the shares to the public is at least \$1,000,000. The Form S-3 registration opportunities are not limited.

All of the holders of registrable securities may sell their shares pursuant to Rule 144 after the 180 day lockup period ends, with the exception of 3,227,252 shares held by Series B holders who purchased these shares in the second closing of the Series B financing. All of these shares are subject to a 180 day lockup and will be eligible for resale under Rule 144 after January 2000.

The registration rights terminate the earlier of 5 years following the closing of this offering or when Rule 144 becomes available for the sale of all of the registrable shares during any 90 day period.

Our articles of incorporation and bylaws authorize us to indemnify our current and former directors, officers, employees or agents to the fullest extent permitted by law. Our articles of incorporation eliminate a director's liability for monetary damages to the fullest extent permitted by the California Corporations Code. We believe that these provisions will assist us in attracting or retaining qualified individuals to serve as directors and officers.

Articles of Incorporation

Under our articles of incorporation, the board of directors has the power to authorize the issuance of up to 5,000,000 shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without further vote or action by the shareholders. The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, may delay, defer or prevent a change in control of Critical Path, may discourage bids for the common stock at a premium over the market price of the common stock and may adversely affect the market price of and the voting and other rights of the holders of the common stock. These provisions are intended to:

- . enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors,

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- . discourage certain types of transactions that may involve an actual or threatened change of control of Critical Path
- . reduce the vulnerability of Critical Path to an unsolicited acquisition proposal and
- . discourage certain tactics that may be used in proxy fights. These provisions, however, could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our shares that could result from actual or rumored takeover attempts. These provisions also may have the effect of preventing changes in our management.

Our articles of incorporation provide that our bylaws may be repealed or amended only by a two-thirds vote of the board of directors or a two-thirds shareholder vote and that all shareholder action be taken at a shareholders' meeting. These provisions of the articles of incorporation may only be amended or repealed by the holders of at least two-thirds of the voting power of all the then-outstanding shares of stock entitled to vote generally for the election of directors voting together as a single class.

Bylaws

Our bylaws provide for a board that consists of a range of authorized directors from four to seven, which exact number can be set and amended from time to time by our board. The directors will be elected at the annual meeting of shareholders or any special meeting of shareholders and each director so elected will hold office until the next annual meeting or until his successor is duly elected and qualified or until his earlier resignation or removal. The shareholders may not cumulate their votes in the election of directors when we become a listed company under Section 301.5(d) of the California Corporations Code. Unless otherwise restricted by statute, our articles of incorporation or our bylaws, any director or the entire board may be removed, with or without cause, by the holders of at least two-thirds of the shares entitled to vote at an election of directors. Vacancies may be filled by a majority of the directors then in office or by a sole remaining director.

Special meetings of shareholders may be called by the board of directors, the chairman of the board, the chief executive officer and president, or by the holders of shares entitled to cast no less than 10% of the votes at the meeting. The notice of any special meeting must specify the general nature of the business to be transacted and no other business may be transacted at such

meeting.

The bylaws may be amended or repealed by the affirmative vote of two-thirds of the outstanding shares entitled to vote or by the board of directors. The provisions described above, together with the ability of the board of directors to issue preferred stock as described above, may deter a hostile takeover or delay a change in control or management of Critical Path. See "Risk Factors-- Antitakeover Effects of Our Articles of Incorporation and Bylaws."

Transactions Involving Interested Parties Under California Law

Section 1203 of the California Corporations Code requires delivery of a report of an independent appraiser to shareholders in certain reorganizations, tender offers and cash-for-asset sales proposed by an interested party. The report must include an opinion as to the fairness of the consideration. An interested party is a person who indirectly or directly controls the subject corporation, is directly or indirectly controlled by an officer or director of the subject corporation or is an entity in which a material financial interest is held by any director or executive officer of the corporation.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Securities Transfer & Trust.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering there has been no public market for our common stock. No predictions can be made regarding the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to certain contractual and legal restrictions on resale. Nevertheless, sales of substantial amounts of our common stock in the public market after the restrictions lapse could adversely affect the prevailing market price.

Upon completion of this offering, we will have 34,107,684 shares of common stock outstanding based on 29,607,684 shares outstanding at February 28, 1999 and assuming no exercise of the underwriters' over-allotment option. The 4,500,000 shares of common stock being sold hereby will be freely tradable, other than by our "affiliates" as such term is defined in the Securities Act, without restriction or registration under the Securities Act. The 29,607,684 remaining shares were issued and sold by us in private transactions are restricted shares and are eligible for public sale if registered under the Securities Act or sold in accordance with Rule 701 under the Securities Act.

All restricted shares are subject to lock-up agreements with the underwriters under which the holders of the restricted shares have agreed they will not sell any common stock owned by them without the prior written consent of the representatives of the underwriters for a period of 180 days from the effective date of the Registration Statement of which this prospectus is a part.

The following table indicates approximately when the shares of our common stock that are not being sold in the offering but which will be outstanding after the offering is completed will be eligible for sale into the public market.

Eligibility for Resale into Public Market of Restricted Shares

<TABLE>
 <CAPTION>

Time	Number of Shares
----	-----
<S>	<C>
Effective Date	0
180 days after Effective Date	26,348,136

</TABLE>

The remaining shares of our common stock, including 3,227,252 shares of common stock issuable upon conversion of the Series B Preferred Stock issued in January 1999, will be eligible for sale into the public market at various times after the expiration of one-year holding periods. Most of the restricted shares

that will be available for public resale after 180 days after the effective date will be subject to volume and other resale restrictions pursuant to Rule 144 because the holders are affiliates of Critical Path.

Subject to limitations on the aggregate offering price of a transaction and other conditions, Rule 701 may be relied upon with respect to the resale of securities originally purchased from us by our employees, directors, officers, consultants or advisers prior to the closing of this offering, pursuant to written compensatory benefit plans or written contracts relating to the compensation of such persons. In addition, the Securities and Exchange Commission has indicated that Rule 701 will apply to stock options granted by us before this offering, along with the shares acquired upon exercise of these options. Securities issued in reliance on Rule 701 are deemed to be restricted shares and, beginning 90 days after the date of this prospectus, unless subject to the contractual restrictions described above, may be sold by persons other than affiliates subject only to the manner of sale provisions of Rule 144 and by affiliates under Rule 144 without compliance with its two-year minimum holding period requirements.

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In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person deemed to be our affiliate, or a person holding restricted shares who beneficially owns shares that were not acquired from us or our affiliate within the previous two years, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- . 1% of the then outstanding shares of common stock, approximately 340,754 shares immediately after this offering, or
- . the average weekly trading volume of the common stock during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission.

Sales under Rule 144 are subject to certain requirements relating to manner of sale, notice and availability of current public information about us. However, if a person (or persons whose shares are aggregated) is not deemed to have been our affiliate at any time during the 90 days immediately preceding the sale, he or she may sell his or her restricted shares under Rule 144(k) without regard to the limitations described above if at least three years have elapsed since the later of the date the shares were acquired from us or from our affiliate. The foregoing is a summary of Rule 144 and is not intended to be a complete description of it.

We intend to file a registration statement under the Securities Act covering approximately 12,288,741 shares of common stock reserved for issuance under the 1998 Stock Plan. This registration statement is expected to be filed soon after the date of this prospectus and will automatically become effective upon filing. Shares registered under this registration statement will be available for sale in the open market, unless the shares are subject to vesting restrictions with us or the contractual restrictions described above.

We also intend to register an aggregate of 600,000 shares of common stock reserved for issuance under our 1999 Employee Stock Purchase Plan.

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UNDERWRITING

The underwriters named below, acting through their representatives, BancBoston Robertson Stephens Inc., Hambrecht & Quist LLC, Dain Rauscher Wessels, a division of Dain Rauscher Incorporated, and FAC/Equities, a division of First Albany Corporation, have severally agreed with Critical Path, subject to the terms and conditions set forth in the underwriting agreement, to purchase from Critical Path the number of shares of common stock set forth opposite their names below. The underwriters are committed to purchase and pay for all such shares if any are purchased.

<TABLE>
<CAPTION>

Number

Underwriter of Shares

<S>

BancBoston Robertson Stephens Inc.....
Hambrecht & Quist LLC.....
Dain Rauscher Wessels.....
First Albany Corporation.....

<C>

Total..... 4,500,000

=====

</TABLE>

Critical Path has been advised by the representatives of the underwriters that the underwriters propose to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at such price less a concession of not in excess of \$ per share, of which \$ may be reallocated to other dealers. After the initial public offering, the public offering price, concession and reallowance to dealers may be reduced by the representatives. No such reduction shall change the amount of proceeds to be received by Critical Path as set forth on the cover page of this prospectus. The common stock is offered by the underwriters as stated herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part.

The underwriters do not intend to confirm sales to any accounts over which they exercise discretionary authority.

Over-allotment Option

Critical Path has granted to the underwriters an option, exercisable during the 30-day period after the date of this prospectus, to purchase up to 675,000 additional shares of common stock at the same price per share as Critical Path will receive for the 4,500,000 shares that the underwriters have agreed to purchase. To the extent that the underwriters exercise this option, each of the underwriters will have a firm commitment to purchase approximately the same percentage of such additional shares that the number of shares of common stock to be purchased by it shown in the above table represents as a percentage of the shares offered hereby. If purchased, such additional shares will be sold by the underwriters on the same terms as those on which the 4,500,000 shares are being sold. Critical Path will be obligated, pursuant to the option, to sell shares to the extent the option is exercised. The underwriters may exercise such option only to cover over-allotments made in connection with the sale of the shares of common stock offered hereby. If such option is exercised in full, the total public offering price, underwriting discounts and commissions and proceeds to Critical Path will be \$, \$ and \$, respectively.

Indemnity

The underwriting agreement contains covenants of indemnity among the underwriters and Critical Path against certain civil liabilities, including liabilities under the Securities Act and

liabilities arising from breaches of representations and warranties contained in the underwriting agreement.

Lock-up Agreements

Each of Critical Path's executive officers, directors, director-nominees, shareholders of record, optionholders, warrant holders and holders of convertible notes has agreed with the representatives of the underwriters, for a period of 180 days after the date of this prospectus, subject to certain exceptions, not to offer to sell, contract to sell, or otherwise sell, dispose of, loan, pledge or grant any rights with respect to any shares of common stock, any options or warrants to purchase any shares of common stock, or any securities convertible into or exchangeable for shares of common stock owned as of the date of this prospectus or thereafter acquired directly by such holders or with respect to which they have or hereafter acquire the power of disposition, without the prior written consent of BancBoston Robertson Stephens Inc. However, BancBoston Robertson Stephens Inc. may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to the lock-up agreements. There are no agreements between the representatives and any of Critical Path's shareholders providing consent by

the representatives to the sale of shares prior to the expiration of the lock-up period.

Future Sales

In addition, Critical Path has agreed that during the lock-up period Critical Path will not, without the prior written consent of BancBoston Robertson Stephens Inc., subject to certain exceptions,

- . consent to the disposition of any shares held by shareholders subject to lock-up agreements prior to the expiration of the lock-up period or
- . issue, sell, contract to sell, or otherwise dispose of, any shares of common stock, any options to purchase any shares of common stock or any securities convertible into, exercisable for or exchangeable for shares of common stock other than Critical Path's sale of shares in this offering, the issuance of common stock upon the exercise of outstanding options, and the issuance of options under existing stock option and incentive plans provided such options do not vest prior to the expiration of the lock-up period. See "Shares Eligible for Future Sale."

Listing

The common stock has been approved for quotation on the Nasdaq National Market under the symbol "CPTH."

No Prior Public Market

Prior to this offering, there has been no public market for the common stock of Critical Path. Consequently, the initial public offering price for the common stock offered hereby will be determined through negotiations between Critical Path and the representatives of the underwriters. Among the factors to be considered in such negotiations are prevailing market conditions, certain financial information of Critical Path, market valuations of other companies that Critical Path and the representatives believe to be comparable to Critical Path, estimates of the business potential of Critical Path, the present state of Critical Path's development and other factors deemed relevant.

Stabilization

The representatives of the underwriters have advised Critical Path that, pursuant to Regulation M under the Securities Act, certain persons participating in this offering may engage in

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transactions, including stabilizing bids, syndicate covering transactions or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of the common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the common stock. A "syndicate covering transaction" is the bid for or the purchase of the common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with this offering. A "penalty bid" is an arrangement permitting the representatives to reclaim the selling concession otherwise accruing to an underwriter or syndicate member in connection with this offering if the common stock originally sold by such underwriter or syndicate member is purchased by the representatives in a syndicate covering transaction and has therefore not been effectively placed by such underwriter or syndicate member. The representatives have advised Critical Path that such transactions may be effected on the Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

Directed Share Program

At the request of Critical Path, the underwriters have reserved up to five percent of the shares of common stock to be issued by Critical Path and offered hereby for sale, at the initial public offering price, to directors, officers, employees, business associates and related persons of Critical Path. The number of shares of common stock available for sale to the general public will be reduced to the extent such individuals purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

Prior Transactions

In September 1998 and January 1999, Hambrecht & Quist LLC acted as the placement agent for a private placement of Critical Path's Series B Preferred Stock. As compensation for its services as placement agent, Hambrecht & Quist LLC received a cash fee of approximately \$1.0 million and warrants to purchase an aggregate of 121,654 shares of Series B Preferred Stock at an exercise price of \$4.26 per share, the same price per share paid by all investors who participated in the private placement. Some entities affiliated with Hambrecht & Quist LLC also invested in the private placement, purchasing an aggregate of 351,942 shares of Series B Preferred Stock on the same terms and conditions as the other investors in the private placement, including price per share.

Prior to the closing of this offering, Hambrecht & Quist LLC will exercise each of the warrants described above. In addition, Hambrecht & Quist LLC and persons associated with it have entered into written agreements with Critical Path, whereby Hambrecht & Quist LLC and these associated persons have agreed that, for a period of three years from the effective date of the registration statement, they will not sell or otherwise transfer any of the shares of Series B Preferred Stock purchased by them in the private placement, any shares of Series B Preferred Stock received pursuant to exercise of the warrants referred to above, or any shares of Critical Path's common stock received upon conversion of any of their shares of Series B Preferred Stock. Hambrecht & Quist LLC has provided an undertaking to the NASD that prior to the closing of the offering it will sell back to Critical Path at \$4.26 per share an aggregate of 45,067 shares held by Hambrecht & Quist LLC or its affiliates. The \$4.26 per share price is equal to the price at which the shares were originally sold to Hambrecht & Quist LLC and its affiliates.

In February 1999, BancBoston Robertson Stephens made a \$2,000,000 loan to David C. Hayden, our Chairman, pursuant to a promissory note bearing interest at prime plus .25% per annum for the purchase of a personal residence.

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LEGAL MATTERS

Certain legal matters with respect to the validity of the common stock offered hereby are being passed upon for Critical Path by Pillsbury Madison & Sutro LLP, Palo Alto, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. Certain partners of Pillsbury Madison & Sutro LLP beneficially own an aggregate of 138,747 shares of common stock.

EXPERTS

The consolidated financial statements of Critical Path, Inc. as of December 31, 1997 and 1998 and for the period from February 19, 1997 (Inception) through December 31, 1997 and for the year ended December 31, 1998 included in this Prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 with respect to the common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules which are part of the registration statement. For further information with respect to Critical Path and the common stock, reference is made to the registration statement and the exhibits and schedules thereto. You may read and copy any document we file at the SEC's public reference room in Washington, DC. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>.

Upon completion of this offering, Critical Path will become subject to the information and periodic reporting requirements of the Securities Exchange Act and, in accordance therewith, will file periodic reports, proxy statements and other information with the SEC. Such periodic reports, proxy statements and

other information will be available for inspection and copying at the SEC's public reference rooms, Critical Path's website and the website of the SEC referred to above. Information on our website does not constitute a part of this prospectus.

CRITICAL PATH, INC.

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Report of Independent Accountants

To the Board of Directors and Shareholders
of Critical Path, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of shareholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Critical Path, Inc. and its subsidiary at December 31, 1997 and 1998, and the results of their operations and their cash flows for the period from February 19, 1997 (Inception) to December 31, 1997 and the year ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

San Jose, California
January 28, 1999, except

for Note 9, which is as of March 25, 1999

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CRITICAL PATH, INC.

CONSOLIDATED BALANCE SHEET
(in thousands, except per share amounts)

<TABLE>			
<CAPTION>			
			Pro Forma
			Shareholders'
	December 31,		Equity at
	-----		December 31,
	1997	1998	1998

<u><S></u>	<u><C></u>	<u><C></u>	<u>(Unaudited)</u>
<u><C></u>	<u><C></u>	<u><C></u>	<u><C></u>
ASSETS			
Current assets:			
Cash and cash equivalents.....	\$ 1	\$ 14,791	
Restricted cash.....	--	325	
Accounts receivable, net.....	--	121	
Other current assets.....	4	138	
	-----	-----	
Total current assets.....	5	15,375	
Note receivable from officer.....	--	500	
Property and equipment, net.....	501	4,687	
Other assets.....	44	101	
	-----	-----	
	\$ 550	\$ 20,663	
	=====	=====	
LIABILITIES AND SHAREHOLDERS'			
EQUITY (DEFICIT)			
Current liabilities:			
Accounts payable.....	\$ 593	\$ 423	
Accrued expenses.....	34	426	
Deferred revenue.....	--	500	
Convertible promissory notes payable.....	420	--	
Convertible promissory notes payable-- related party.....	427	--	
Capital lease obligations, current.....	55	1,502	
	-----	-----	
Total current liabilities.....	1,529	2,851	
Capital lease obligations, long-term.....	42	2,454	
	-----	-----	
	1,571	5,305	
	-----	-----	
Commitments (Note 6)			
Shareholders' equity (deficit):			
Series A Convertible Preferred Stock, \$0.001 par value; 13,288 shares authorized, 12,725 shares issued and outstanding, no shares pro forma (unaudited).....	--	13	\$ --
Series B Convertible Preferred Stock, \$0.001 par value; 10,000 shares authorized, 3,637 shares issued and outstanding, no shares pro forma (unaudited).....	--	4	--
Common Stock, \$0.001 par value, 38,636 shares authorized; 2,394 and 8,294 shares issued and outstanding, 24,943 (unaudited) shares issued and outstanding pro forma....	2	8	25
Additional paid-in capital.....	51	46,390	46,390
Notes receivable from shareholders.....	--	(1,151)	(1,151)
Unearned compensation.....	--	(17,371)	(17,371)
Accumulated deficit.....	(1,074)	(12,535)	(12,535)
	-----	-----	-----
Total shareholders' equity (deficit).....	(1,021)	15,358	\$ 15,358
	-----	-----	=====
	\$ 550	\$ 20,663	
	=====	=====	

</TABLE>

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

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CRITICAL PATH, INC.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share amounts)

<TABLE>
<CAPTION>

Period from
February 19,
1997
(Inception) to Year Ended

	December 31, 1997	December 31, 1998
<S>	<C>	<C>
Net revenues.....	\$ --	\$ 897
Cost of net revenues.....	--	(2,346)
	-----	-----
Gross profit (loss).....	--	(1,449)
	-----	-----
Operating expenses:		
Research and development.....	454	2,246
Sales and marketing.....	244	2,318
General and administrative.....	358	5,435
	-----	-----
Total operating expenses.....	1,056	9,999
	-----	-----
Loss from operations.....	(1,056)	(11,448)
Interest and other income.....	--	375
Interest expense.....	(18)	(388)
	-----	-----
Net loss.....	\$ (1,074)	\$ (11,461)
	=====	=====
Net loss per share--basic and diluted	\$ (0.54)	\$ (2.94)
	=====	=====
Weighted average shares--basic and diluted.....	1,994	3,899
	=====	=====
Pro forma net loss per share (unaudited):		
Net loss per share basic and diluted		\$ (0.81)
		=====
Weighted average shares--basic and diluted.....		14,194
		=====

</TABLE>

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

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CRITICAL PATH, INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (DEFICIT)
(in thousands)

<TABLE>
<CAPTION>

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Notes Receivable from Shareholders	Unearned Compensation	Accumulated Deficit	Total Shareholders' Equity (Deficit)
	Shares	Amount	Shares	Amount					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Inception, February 19, 1997									
Issuance of Common Stock.....	--	\$--	2,394	\$ 2	\$ 51	\$ --	\$ --	\$ --	\$ 53
Net loss.....	--	--	--	--	--	--	--	(1,074)	(1,074)
	-----	-----	-----	-----	-----	-----	-----	-----	-----
Balance at December 31, 1997.....	--	--	2,394	2	51	--	--	(1,074)	(1,021)
Issuance of Common Stock.....	--	--	3,975	4	82	(85)	--	--	1
Exercise of stock options.....	--	--	1,925	2	1,104	(1,066)	--	--	40
Issuance of Series A Preferred Stock, net... 12,725 13	12,725	13	--	--	9,111	--	--	--	9,124
Issuance of Series B Preferred Stock, net... 3,637 4	3,637	4	--	--	15,437	--	--	--	15,441
Issuance of warrants and stock purchase rights..	--	--	--	--	723	--	--	--	723
Unearned compensation...	--	--	--	--	19,882	--	(19,882)	--	--
Amortization of unearned compensation.....	--	--	--	--	--	--	2,511	--	2,511

Net loss.....	--	--	--	--	--	--	--	(11,461)	(11,461)
	-----	---	-----	---	-----	-----	-----	-----	-----
Balance at December 31, 1998.....	16,362	\$17	8,294	\$ 8	\$46,390	\$ (17,371)	\$ (17,371)	\$ (12,535)	\$ 15,358
	=====	===	=====	===	=====	=====	=====	=====	=====

</TABLE>

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

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CRITICAL PATH, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands)

<TABLE>

<CAPTION>

	Period from February 19, 1997 (Inception) to Year Ended December 31, December 31, 1997 1998	
	<C>	<C>
<S>		
Cash flows from operating activities:		
Net loss.....	\$ (1,074)	\$ (11,461)
Adjustments to reconcile net loss to net cash used in operating activities:		
Provision for doubtful accounts.....	--	50
Depreciation and amortization.....	26	1,019
Common stock issued for services.....	3	--
Amortization of warrants and stock purchase rights.....	--	473
Amortization of unearned compensation.....	--	2,511
Changes in assets and liabilities:		
Accounts receivable.....	--	(171)
Other assets.....	(48)	(86)
Accounts payable.....	593	(170)
Accrued expenses.....	34	392
Deferred revenue.....	--	500
	-----	-----
Net cash used in operating activities.....	(466)	(6,943)
	-----	-----
Cash flows from investing activities:		
Notes receivable from officer.....	--	(500)
Property and equipment purchases.....	(409)	(491)
Restricted cash.....	--	(325)
	-----	-----
Net cash used in investing activities.....	(409)	(1,316)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of Convertible Preferred Stock, net.....	--	23,445
Proceeds from equipment lease line.....	--	198
Proceeds from issuance of Common Stock.....	50	41
Proceeds from convertible promissory notes payable.....	847	500
Repayment of convertible promissory notes payable.....	--	(227)
Principal payments on lease obligations.....	(21)	(908)
	-----	-----
Net cash provided by financing activities..	876	23,049
	-----	-----
Net increase in cash and cash equivalents.....	1	14,790
Cash and cash equivalents at beginning of period...	--	1
	-----	-----
Cash and cash equivalents at end of period.....	\$ 1	\$ 14,791
	=====	=====
Supplemental cash flow disclosure:		
Cash paid for interest.....	\$ 1	\$ 244

Non-cash investing and financing activities		
Property and equipment leases.....	\$ 118	\$ 4,714
Common Stock issued for notes receivable.....	\$ --	\$ 1,151
Conversion of notes payable into Convertible		
Preferred Stock.....	\$ --	\$ 1,120

</TABLE>

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

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--THE COMPANY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Company

Critical Path, Inc. (the "Company") was incorporated in California on February 19, 1997 to deliver advanced email hosting services.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of presentation

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

Cash equivalents and restricted cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents consist primarily of deposits in money market funds. Restricted cash comprises amounts held on deposit which is required as collateral for Company provided credit cards.

Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, restricted cash and accounts receivable. Cash and cash equivalents and restricted cash are deposited with financial institutions that management believes are creditworthy. The Company's accounts receivable are derived from transactions with companies throughout the United States. The Company maintains an allowance for doubtful accounts receivable based upon the expected collectibility of accounts receivable.

During the year ended December 31, 1998, approximately 62% and 30% of revenues before charges related to amortization of the fair value of warrants issued to customers were derived from the delivery of email services to two customers.

Fair value of financial instruments

The Company's financial instruments, including cash and cash equivalents, restricted cash, accounts receivable, accounts payable and capital lease obligations, are carried at cost, which approximates fair value due to the short maturity of these instruments.

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CRITICAL PATH, INC.

Property and equipment

Property and equipment are stated at cost. Depreciation and amortization is computed using the straight-line method over the shorter of the estimated useful lives of the assets, generally three to five years, or the lease term, if applicable. The Company periodically assesses the recoverability of the carrying amount of property and equipment and provides for any possible impairment loss based upon the difference between the carrying amount and the fair value of such assets. Since February 19, 1997 (Inception) through December 31, 1998, no impairment losses have been identified.

Revenue recognition

The Company derives revenue through the sale of email hosting services. Payments for such services are based either on contractual rates per active mailbox per month, non-refundable fixed payments or as a percentage of customer generated email advertising revenues. Revenues from contracts specifying a contractual rate per active mailbox per month are recognized monthly for each active mailbox covered by the respective contract. Revenues from contracts that provide non-refundable fixed payments are not dependent upon the active number of mailboxes and are therefore recognized ratably over the contract term. Revenues based upon a percentage of customer generated email advertising revenues are recognized when such revenues are earned and reported by the customer. Amounts billed or received in advance of service delivery are recorded as deferred revenue.

In connection with certain customer contracts, the Company granted warrants or options to purchase Series B Convertible Preferred Stock to such customers. The fair value of such warrants or options, determined using the Black-Scholes option pricing model, is being recognized ratably as a sales discount over the terms of the respective agreements. See Note 7--Shareholders' Equity.

Research and development

Research and development costs include expenses incurred by the Company to develop and enhance its email service offerings and to develop new electronic messaging services. Research and development costs are expensed as incurred.

Advertising expense

Advertising costs are expensed as incurred and totaled \$0 and \$135,000 during the period from February 19, 1997 (Inception) through December 31, 1997 and the year ended December 31, 1998, respectively.

Stock-based compensation

The Company accounts for stock-based employee compensation arrangements in accordance with the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" and complies with the disclosure provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation." Under APB No. 25, compensation expense is based on the difference, if any, on the date of the grant, between the fair value of the Company's stock and the exercise price of the option. The Company accounts for equity instruments issued to nonemployees in accordance with the provisions of SFAS No. 123 and Emerging Issues Task Force ("EITF") 96-18.

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CRITICAL PATH, INC.

Income taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current year and deferred tax assets and liabilities for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax assets and liabilities are

based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

Net loss per share

Net loss per share is calculated in accordance with SFAS No. 128, "Earnings per Share" and Securities and Exchange Commission ("SEC") Staff Accounting Bulletin No. 98 ("SAB 98"). Under the provisions of SFAS No. 128 and SAB 98, basic net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net loss per share is computed by dividing the net loss for the period by the weighted average number of common and potential common shares outstanding during the period if their effect is dilutive. Potential common shares comprise restricted Common Stock and incremental common and preferred shares issuable upon the exercise of stock options and warrants and upon conversion of Series A and Series B Convertible Preferred Stock. At December 31, 1998, 28,607,997 potential common shares are excluded from the determination of diluted net loss per share as the effect of such shares on a weighted average basis is anti-dilutive.

Pro forma net loss per share (unaudited)

Pro forma net loss per share for the year ended December 31, 1998 is computed using the weighted average number of common shares outstanding, including the pro forma effects of the automatic conversion of the Company's Series A and Series B Convertible Preferred Stock into shares of the Company's Common Stock as if such conversion occurred on January 1, 1998, or at date of original issuance, if later. The resulting pro forma adjustment includes an increase in the weighted average shares used to compute basic and diluted net loss per share of approximately 10,295,000 shares for the year ended December 31, 1998. The pro forma effects of these transactions are unaudited and have been reflected in the accompanying pro forma consolidated statement of operations.

Pro forma shareholders' equity (unaudited)

Effective upon the closing of the Company's planned initial public offering ("Offering"), the outstanding shares of Series A and Series B Convertible Preferred Stock, with the exception of 45,067 shares of preferred stock that Critical Path intends to repurchase at \$4.26 per share prior to the closing of the offering, will automatically convert into 12,725,864 and 3,636,739 shares, respectively, of Common Stock. In addition, warrants relating to 231,982 shares of Series A Preferred and 54,530 shares of Series B Preferred Stock are expected to be exercised on a net basis immediately prior to the close of the Offering. The pro forma effects of these transactions are unaudited and have been reflected in the accompanying pro forma consolidated balance sheet at December 31, 1998.

Comprehensive income

Effective January 1, 1998, the Company adopted the provisions of SFAS No. 130, "Reporting Comprehensive Income." SFAS No. 130 establishes standards for reporting comprehensive income

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

and its components in financial statements. Comprehensive income, as defined, includes all changes in equity (net assets) during a period from non-owner sources. To date, the Company has not had any transactions that are required to be reported in comprehensive income other than its net loss.

Segment information

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." This statement establishes standards for the way companies report information about operating segments in annual financial statements. It also establishes standards for related disclosures about products and services, geographic areas and major customers. In accordance with the provisions of SFAS No. 131, the

Company has determined that it does not have separately reportable operating segments.

Recent accounting pronouncements

In March 1998, the American Institute of Certified Public Accountants issued Statement of Position ("SOP") No. 98-1, "Software for Internal Use," which provides guidance on accounting for the cost of computer software developed or obtained for internal use. SOP No. 98-1 is effective for financial statements for fiscal years beginning after December 15, 1998. The Company does not expect that the adoption of SOP No. 98-1 will have a material impact on its consolidated financial statements.

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". The Company is required to adopt SFAS 133 in fiscal 2000. SFAS 133 established methods of accounting for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. To date, the Company has not entered into any derivative financial instruments or hedging activities.

NOTE 2--BALANCE SHEET COMPONENTS:

<TABLE>
<CAPTION>

	December 31,	
	-----	-----
	1997	1998
	----	-----
	(in thousands)	
	<C>	<C>
Accounts receivable, net:		
Accounts receivable.....	\$ --	\$ 171
Less: Allowance for doubtful accounts.....	--	(50)
	----	-----
	\$ --	\$ 121
	====	=====
Property and equipment, net:		
Computer equipment and software.....	\$440	\$ 5,247
Furniture and fixtures.....	34	74
Leasehold improvements.....	53	411
	----	-----
	527	5,732
Less: Accumulated depreciation and amortization.....	(26)	(1,045)
	----	-----
	\$501	\$ 4,687
	====	=====

</TABLE>

CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Property and equipment includes \$118,000 and \$4,832,000 of assets under capital leases at December 31, 1997 and 1998, respectively. Accumulated depreciation of assets under capital leases totaled \$3,000 and \$765,000 at December 31, 1997 and 1998, respectively.

<TABLE>
<CAPTION>

	December 31,	
	-----	-----
	1997	1998
	----	-----
	(in thousands)	
	<C>	<C>
Accrued liabilities:		
Compensation related.....	\$ 18	\$ 89
Other.....	16	337
	----	-----
	\$ 34	\$ 426

</TABLE>

NOTE 3--RELATED PARTY TRANSACTIONS:

Notes receivables from shareholders

At December 31, 1998, the Company had notes receivable from shareholders and officers of the Company related to purchases of Common Stock in the amount of \$85,000 and \$1,066,000 which accrue interest at 5.69% and 4.51% per annum, respectively. The notes are full recourse and secured by Common Stock. The notes are due and payable in February 2003 or, for the \$1,066,000 note, 90 days following termination of the officer.

At December 31, 1998, the Company held a note receivable from an officer totaling \$500,000. The note accrues interest at the rate of 4.51% per annum, is secured by all shares of the Company's Common Stock held by this individual, and is due and payable in November 2003 or 30 days following termination.

Revenues

In April 1998, the Company entered into an email services agreement with a significant customer, who is also a holder of the Company's Series B Preferred Stock. Net revenues from this shareholder approximated \$605,000 in 1998.

NOTE 4--INCOME TAXES:

No provision for income taxes was recorded due to the net losses for the periods from February 19, 1997 (Inception) to December 31, 1998.

At December 31, 1998, the Company had deferred tax assets of approximately \$4,001,000. Management believes that, based on a number of factors, it is more likely than not that the deferred tax assets will not be realized, such that a full valuation allowance has been recorded. Deferred tax assets relate primarily to net operating loss carryforwards.

At December 31, 1998, the Company had approximately \$8,803,000 of federal and state net operating loss carryforwards available to offset future taxable income which expire in varying amounts beginning in 2012 and 2005, respectively. Under the Tax Reform Act of 1986, the amounts

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

of and benefits from net operating loss carryforwards may be impaired or limited in certain circumstances. Events which cause limitations in the amount of net operating losses that the Company may utilize in any one year include, but are not limited to, a cumulative ownership change of more than 50%, as defined, over a three year period.

NOTE 5--BORROWINGS:

Line of credit

At December 31, 1998, the Company maintained a revolving line of credit with a bank that provides for borrowings of up to \$1,000,000. The line of credit expires in November 1999 and accrues interest on outstanding borrowings at a rate equal to the bank's prime rate plus 2.0% (9.75% at December 31, 1998). The line of credit requires the Company to meet certain financial tests and to comply with certain other covenants. Borrowings are secured by substantially all of the assets of the Company. At December 31, 1998, there were no borrowings outstanding and the Company was in compliance with all restrictive covenants.

Convertible promissory notes

At December 31, 1997, the Company had obligations totaling \$420,000 under 7% convertible promissory notes payable to individual investors. In April 1998, the principal amount of the notes was converted into 582,040 shares of Series A Convertible Preferred Stock at \$0.72 per share.

In January and February 1998, the Company issued an additional \$430,000 of 7% convertible promissory notes to individual investors. In April 1998, the principal amount of the notes was converted into 595,897 shares of Series A Convertible Preferred Stock at \$0.72 per share.

Convertible promissory notes--related parties

At December 31, 1997, the Company had obligations totaling \$427,000 under 7%-10% convertible promissory notes payable to the Company's founder and an individual associated with the founder. In April 1998, \$200,000 of the principal amount of the notes was converted into 277,162 shares of Series A Convertible Preferred Stock at \$0.72 per share and the remaining balance of \$227,000 was repaid in cash.

In January and February 1998, the Company issued an additional \$70,000 of 7% convertible promissory notes to a member of the Board of Directors and an individual associated with the Company's founder. In April 1998, the principal amount of the notes was converted into 97,006 shares of Series A Convertible Preferred Stock at \$0.72 per share.

NOTE 6--COMMITMENTS:

Leases

The Company leases office space and equipment under noncancelable operating and capital leases with various expiration dates through 2002. Rent expense for the period from February 19,

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

1997 (inception) to December 31, 1997 and the year ended December 31, 1998, totaled \$33,000 and \$220,000, respectively.

Future minimum lease payments under noncancelable operating and capital leases, including operating lease commitments entered into subsequent to December 31, 1998, are as follows:

<TABLE>
<CAPTION>

Year Ending December 31,	Capital Leases	Operating Leases
	-----	-----
	(in thousands)	
<S>	<C>	<C>
1999.....	\$1,792	\$358
2000.....	1,779	222
2001.....	979	213
2002.....	3	103
	-----	-----
Total minimum lease payments.....	4,553	\$896
		====
Less: Amount representing interest.....	(453)	
Unamortized discount.....	(144)	

Present value of capital lease obligations.....	3,956	
Less: Current portion.....	(1,502)	

Long-term portion of capital lease obligations.....	\$2,454	
	=====	

</TABLE>

Equipment lease lines

In April 1998, the Company entered into a financing agreement that provides for the acquisition of equipment up to \$1,000,000. Amounts available under this agreement are limited to specific acquisitions through March 2001 and are collateralized by the related equipment. Such amounts are payable over a three-year period in monthly installments of principal and interest, with interest accruing at a rate of 6.3% per annum.

In April 1998, the Company entered into another financing agreement which provides for the acquisition of equipment up to \$2,000,000. Amounts available under this agreement are limited to specific acquisitions between May 1, 1998 and April 30, 1999. Such amounts are payable over a three-year period in monthly installments of principal and interest, with interest accruing at the rate of 7.0% per annum. As part of this agreement, the Company issued warrants to purchase 97,006 shares of Series A Preferred Stock at a purchase price of \$0.72 per share. The Company estimated the fair value of these warrants at date of issuance was approximately \$53,000 which is being amortized as interest expense over the term of the lease obligation.

In May 1998, the Company entered into a financing agreement which provides for the acquisition of equipment up to \$3,500,000 and software and tenant improvements up to \$1,500,000. Amounts available under this agreement are limited to specific acquisitions between March 1, 1998 and May 1, 1999. Such amounts are payable over a three-year period in monthly installments of principal and interest, with interest accruing at the rate of 7.0% per annum. As part of this agreement, the Company issued warrants to purchase 242,516 shares of Series A Preferred Stock at a purchase price of \$0.72 per share. The Company estimated the fair value associated with these warrants at date of issuance was approximately \$133,000 which is being amortized as interest expense over the term of the lease obligation.

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Email service commitments

Net revenues are derived from contractual relationships which typically have one to two year terms. Certain agreements require minimum performance standards regarding the availability and response time of email services. If these standards are not met, such contracts are subject to termination and the Company could be subject to monetary penalties.

NOTE 7--SHAREHOLDERS' EQUITY:

As of December 31, 1998, the Company's Articles of Incorporation authorized the Company to issue 38,636,363 shares of Common Stock at \$0.001 par value, and 13,288,519 and 10,000,000 shares of Series A and Series B Convertible Preferred Stock ("Preferred Stock"), respectively, at \$0.001 par value.

Preferred Stock

On April 1, 1998, the Company completed its Series A Convertible Preferred Stock ("Series A") financing through the issuance of 12,707,851 shares at a price per share of \$0.72 for net cash proceeds of \$7,991,000, and the conversion of convertible promissory notes payable totaling \$1,120,000. The Company issued an additional 18,013 shares of Series A Preferred Stock to the convertible promissory note holders upon the exercise of their warrants for proceeds of \$13,000.

In September 1998, the Company issued 3,636,739 shares of its Series B Convertible Preferred Stock ("Series B") at \$4.26 per share for net proceeds of approximately \$15,441,000.

The holders of Preferred Stock have various rights and preferences as follows:

Voting

Each share of Preferred Stock has voting rights equal to an equivalent number of shares of Common Stock into which it is convertible and votes together as one class with Common Stock.

As long as at least 2,954,545 shares of Preferred Stock remain outstanding, the Company must obtain approval from a majority of the holders of Preferred Stock to declare or pay any dividend on Common Stock; redeem, purchase or otherwise acquire any Common Stock other than shares subject to right of repurchase by the Company; cause the acquisition, reorganization, merger or consolidation of the Company that results in a transfer of 50% or more of the

voting control of the Company; authorize or issue another equity security having a preference over, or being on parity with, the Series A and Series B; or increase the number of directors of the Company.

As long as at least 681,818 shares of Preferred Stock remain outstanding, the Company must obtain approval from a majority of the holders of Preferred Stock to alter the Articles of Incorporation as it relates to the Preferred Stock or change the authorized number of shares of Preferred Stock.

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Dividends

Holders of Series A and Series B are entitled to receive noncumulative dividends at the per annum rate of \$0.0577 and \$0.34 per share, respectively, when and if declared by the Board of Directors. The holders of Preferred Stock will also be entitled to participate in dividends on Common Stock, when and if declared by the Board of Directors, based on the number of shares of Common Stock held on an as-if converted basis. No dividends on Preferred Stock or Common Stock have been declared by the Board of Directors.

Liquidation

In the event of any liquidation, dissolution or winding up of the Company, including a merger, acquisition or sale of assets where the beneficial owners of the Company's Common Stock and Preferred Stock own less than 51% of the resulting voting power of the surviving entity, the holders of Series A and Series B are entitled to receive an amount of \$0.72 and \$4.26 per share, respectively, plus any declared but unpaid dividends prior to and in preference to any distribution to the holders of Common Stock. The remaining assets, if any, shall be distributed ratably among the holders of Common Stock. Should the Company's legally available assets be insufficient to satisfy the liquidation preferences, the funds will be distributed ratably among the holders of Preferred Stock

Conversion

Each share of Preferred Stock is convertible, at the option of the holder, according to a conversion ratio, subject to adjustment for dilution. Each share of Preferred Stock automatically converts into the number of shares of Common Stock into which such shares are convertible at the then effective conversion ratio upon: (1) the closing of a public offering of Common Stock at a per share price of at least \$15.50 per share with gross proceeds of at least \$30,000,000, or (2) the consent of the holders of the majority of Convertible Preferred Stock. The initial conversion ratio of Preferred Stock for Common Stock is 1 to 1.

Warrants and Stock Purchase Rights

In May 1998, the Company issued a right to purchase 454,544 shares of Common Stock or Preferred Stock in a subsequent financing to a customer as part of an email services agreement. Under the agreement, the price shall be 80% of the price at which the stock is sold in the subsequent financing for the initial 227,272 shares and 100% of such price for the remaining 227,272 shares. In September 1998, the Company completed its initial Series B financing at a per share price of \$4.26. The Company has estimated the fair value of the purchase right to be \$194,000, which will be recognized as a sales discount over the term of the services agreement. Approximately \$136,000 was recognized in 1998. No warrants were exercised as of December 31, 1998.

In May 1998, the Company issued to a different customer, a warrant to purchase up to \$250,000 of Preferred Stock in the Company's next financing round. The warrant is exercisable until December 31, 2001 and the exercise price per share will equal the price per share at which the Preferred Stock is sold by the Company. In September 1998, the warrants were exercised in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

connection with the Series B financing at a per share price of \$4.26. The Company has estimated the fair value of the warrants approximated \$143,000, which will be recognized as a sales discount over the term of the services agreement. Approximately \$95,000 was recognized in 1998.

In connection with various financing agreements described in Note 6, the Company issued warrants to purchase 339,522 share of Series A at \$0.72 per share. The warrants are exercisable for seven years from May 1, 1998, or five years from the effective date of the Company's initial public offering, whichever is shorter. As of December 31, 1998, no warrants were exercised.

In connection with the issuance of certain convertible promissory notes described in Note 5, the Company issued warrants to purchase 113,636 shares of Common Stock at \$0.02 per share and 241,123 shares of Series A at \$0.72 per share. These warrants are exercisable for one and three years, respectively. The warrants to purchase Common Stock were exercised in September 1998. At December 31, 1998, warrants to purchase 18,013 shares of Series A had been exercised. The Company estimated the fair value of the warrants issued at approximately \$119,000 which is being amortized as interest expense.

In connection with the initial Series B financing, the Company issued warrants to purchase 70,290 shares of Series B at \$4.26 per share to the placement agent. As of December 31, 1998, no warrants were exercised.

Common Stock purchase agreements

In February 1998, the Company entered into stock purchase agreements with three founders and sold 3,863,635 shares of the Company's Common Stock at \$0.02 per share. Under the terms of the stock purchase agreements, the Company has the right to purchase the shares of Common Stock at the original issue price in the event any one of the founders ceases to be an employee of the Company. The repurchase rights lapse 25% on the first anniversary of the vesting start date and ratably each month thereafter for 36 months. In the event of a change in control of the Company or the closing date of an Initial Public Offering, as defined, repurchase rights with respect to 50% of the then unvested shares of Common Stock will lapse. At December 31, 1998, 2,130,680 of these shares of Common Stock were subject to repurchase rights. In connection with the issuance of these shares, the Company recorded unearned compensation of \$1,306,000 which is being recognized over the periods in which the Company's repurchase rights lapse.

In November 1998, the Company entered into stock purchase agreement with an officer who exercised stock options to purchase 1,274,687 shares of the Company's Common Stock at a price of \$0.84 per share. Under the terms of the stock purchase agreement, the Company has the right to purchase the shares of Common Stock at the original issue price in the event the officer ceases to be an employee of the Company. The repurchase rights lapse 25% on the first anniversary of the vesting start date and ratably each month thereafter for 36 months. In the event of a change in control of the Company or the closing date of an Initial Public Offering, as defined, repurchase rights with respect to 50% of the then unvested shares of Common Stock will lapse. At December 31, 1998, 1,274,687 of these shares of Common Stock were subject to repurchase rights. In connection with the option grant preceding this transaction, the Company recognized unearned compensation totaling \$3.8 million which is included in the aggregate unearned compensation charges disclosed in Notes 8 and 9 to these consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

NOTE 8--STOCK OPTIONS:

In January 1998, the Company's Board of Directors adopted the 1998 Stock Option Plan. The Plan provides for the granting of up to 12,288,741 stock options to employees and consultants of the Company. Options granted under the

Plan may be either incentive stock options ("ISO") or nonqualified stock options ("NSO"). ISOs may be granted only to Company employees (including officers and directors who are also employees). NSOs may be granted to Company employees and consultants.

Options under the Plan may be granted for periods of up to ten years and at prices no less than 85% of the estimated fair value of the shares on the date of grant as determined by the Board of Directors, provided, however, that (i) the exercise price of an ISO may not be less than 100% of the estimated fair value of the shares on the date of grant, and (ii) the exercise price of an ISO granted to a 10% shareholder may not be less than 110% of the estimated fair value of the shares on the date of grant. Options generally vest 25% per year and are exercisable for a maximum period of ten years from the date of grant.

The following table summarizes activity under the Plan for the year ended December 31, 1998:

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	
	Shares	Weighted Average Exercise Price
<S>	<C>	<C>
Granted.....	10,595,453	\$0.74
Exercised.....	(1,924,723)	0.58
Canceled.....	(918,174)	0.16
Outstanding at end of period.....	7,752,556	0.86
Options exercisable at period end.....	939,522	0.02
Weighted average minimum value of options granted during period.....		1.56

</TABLE>

The following table summarizes information about stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

Range of Exercise Price	Options Outstanding at December 31, 1998			Options Exercisable at December 31, 1998	
	Number of Shares Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$0.02-\$0.55	2,850,201	9.2 years	\$ 0.08	939,522	\$0.02
\$0.84-\$2.20	4,902,355	9.8 years	1.30	--	--
	7,752,556	9.5 years	0.89	939,522	0.02

</TABLE>

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Fair value disclosures

The Company calculated the minimum value of each options grant on the date of grants using the Black-Scholes option pricing model as prescribed by SFAS No.

123 using the following assumptions:

<TABLE>
<CAPTION>

	Year Ended December 31,	
	1997	1998
<S>	<C>	<C>
Risk-free interest rates.....	6.0%	5.9%
Expected lives (in years).....	4.0	4.0
Dividend yield.....	0.0%	0.0%
Expected volatility.....	0.0%	0.0%

</TABLE>

The compensation cost associated with the Company's stock-based compensation plans, determined using the minimum value method prescribed by SFAS No. 123, did not result in a material difference from the reported net loss for the year ended December 31, 1998.

Unearned stock-based compensation

In connection with certain stock option grants and common stock issuances during the year ended December 31, 1998, the Company recognized unearned compensation totaling \$19,882,000 which is being amortized over the vesting periods of the related options. Amortization expense recognized during the year ended December 31, 1998 totaled approximately \$2,511,000.

NOTE 9--SUBSEQUENT EVENTS:

Reverse Stock Split

On March 1, 1999, the Company's Board of Directors approved a 1:2.2 reverse stock split of the Company's outstanding shares which became effective on March 19, 1999. All share and per share information included in these consolidated financial statements have been retroactively adjusted to reflect this reverse stock split.

Series B Convertible Preferred Stock Financing

In January 1999, the Company completed the second round of the Series B financing through the issuance of 2,772,708 shares at \$4.26 per share for gross proceeds of approximately \$11,817,000. In connection with this financing, the Company issued warrants to purchase 51,364 shares of Series B at \$4.26 per share to the placement agent.

Exercise of Stock Purchase Rights

In January 1999, a customer exercised stock purchase rights granted in May 1998 to purchase 454,544 shares of Series B for cash proceeds of approximately \$1,744,000.

Employee Stock Purchase Plan

In January 1999, the Board of Directors adopted the 1999 Employee Stock Purchase Plan (the "Purchase Plan") effective on the date of the Offering. The Purchase Plan reserves 600,000 shares

for issuance thereunder. Employees generally will be eligible to participate in the Purchase Plan if they are customarily employed by the Company for more than 20 hours per week and more than five months in a calendar year and are not 5% or greater shareholders. Under the Purchase Plan, eligible employees may select a rate of payroll deduction up to 15% of their compensation subject to certain maximum purchase limitations. The Purchase Plan will be implemented in a series of overlapping twenty-four month offering periods and beginning on the effective date of the Offering and subsequent offering periods will begin on the first trading day on or after May 1 and November 1 of each year. Purchases will occur on each April 30 and October 31 (the "purchase dates") during each

participation period. Under the Purchase Plan, eligible employees will be granted an option to purchase shares of Common Stock at a purchase price equal to 85% of the fair market value per share of Common Stock on either the start date of the offering period or the date on which the option is exercised, whichever is less. If the fair market value of the Common Stock on any purchase date (other than the final purchase date) is lower than the fair market value on the start date of that offering period, then all participants in that offering period will be automatically withdrawn from such offering period and re-enrolled in the offering period immediately following.

Stock Option Grants

In January and March 1999, the Company granted incentive stock options to employees to purchase 1,789,110 shares of Common Stock at exercise prices ranging between \$3.39 and \$7.13 per share. In connection with such option grants, the Company recognized unearned compensation totaling \$14,862,000 which is being amortized over the four year vesting period of the related options.

Sale of Common Stock

In January 1999, the Company sold 1,090,909 shares of Common Stock at a price of \$2.20 per share to a customer that also agreed to provide marketing related services. In connection with the transactions, the Company recognized a charge totaling \$2,247,000 that will be attributed to sales and marketing expense over the one year term of the agreement.

Repurchase of Preferred Stock

Prior to the closing of the offering, the Series B placement agent has agreed to sell back to the Company at \$4.26 per share an aggregate of 45,067 shares held by the placement agent or its affiliates.

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CRITICAL PATH, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Common Stock Warrant Issued for Services

In January 1999, the Company entered into an agreement with ICQ, Inc., a subsidiary of America Online, Inc., pursuant to which it will provide email hosting services that will be integrated with ICQ's instant messaging service provided to ICQ's customers. The ICQ instant messaging service is designed to allow users to communicate in real time over the Internet. As part of the agreement, ICQ agreed to provide sub-branded advertising for the Company in exchange for a warrant to purchase 2,442,766 shares of Series B, issuable upon attainment of each of five milestones. The following table summarizes the shares underlying each milestone and the related exercise price:

<TABLE>
<CAPTION>

	Shares Underlying Warrant	Exercise Price
	-----	-----
<S>	<C>	<C>
Milestone 1.....	814,254	\$ 4.26
Milestone 2.....	407,128	5.50
Milestone 3.....	407,128	6.60
Milestone 4.....	407,128	8.80
Milestone 5.....	407,128	11.00

Totals.....	2,442,766	
	=====	

</TABLE>

The shares underlying the first milestone were immediately vested on the effective date of the agreement. The shares underlying the remaining milestones vest on the dates that ICQ completes registration of the specified number of sub-branded ICQ mailboxes applicable to each milestone. Using the Black-Scholes option pricing model and assuming a term of seven years and expected volatility of 90%, the initial fair value of the warrant on the effective date of the

agreement approximated \$16.5 million, which is being amortized to advertising expense using the straight-line method over four years. The shares underlying the second through fifth milestones will be remeasured at each subsequent reporting date until each sub-branded ICQ mailbox registration threshold is achieved. In the event such remeasurement results in increases or decreases from the initial fair value, which could be substantial, such increases or decreases will be recognized immediately, in the event the fair value of the shares underlying the milestone has been previously recognized, or over the remaining term.

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INSIDE BACK COVER

the
 brand
 behind
 the
 brand

[pictures of Critical Path
 customer branded
 web mail interfaces
 appears here]

Until _____, 1999, all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

[LOGO]

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses expected to be incurred by the Registrant in connection with the sale and distribution of the securities being registered hereby, other than underwriting discounts and commissions. All amounts are estimated except the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee.

<TABLE>
 <CAPTION>

	Payable by Registrant -----
<S>	<C>
SEC registration fee.....	\$ 28,773
National Association of Securities Dealers, Inc. filing fee.....	5,675
Nasdaq National Market Listing Fee.....	95,000
Accounting fees and expenses.....	200,000
Legal fees and expenses.....	250,000
Printing and engraving expenses.....	200,000
Blue Sky fees and expenses.....	1,000
Registrar and Transfer Agent's fees.....	15,000
Miscellaneous fees and expenses.....	4,552

Total.....	\$800,000 =====

</TABLE>

Item 14. Indemnification of Directors and Officers

Section 317 of the California Corporations Code provides for the indemnification of officers, directors and other corporate agents in terms sufficiently broad to indemnify such persons under certain circumstances for

liabilities (including reimbursement for expenses incurred) arising under the Securities Act of 1933, as amended (the "Act"). Article V, Section B of our articles of incorporation (Exhibit 3.1 hereto) provides for indemnification of our directors, officers, employees and other agents to the extent and under the circumstances permitted by the California Corporations Code. We have also entered into agreements with our directors and officers that will require us, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or officers to the fullest extent permitted by law.

The Underwriting Agreement (Exhibit 1.1) provides for indemnification by ourself, our underwriters and our directors and officers of the underwriters, for certain liabilities, including liabilities arising under the Act, and affords certain rights of contribution with respect thereto.

Item 15. Recent Sales of Unregistered Securities

1. From February 1997 to February 26, 1999, the Registrant issued and sold 8,486,398 shares of common stock to employees, directors and consultants at prices ranging from \$0.02 to \$2.20 per share.
2. On April 1, 1998, the Registrant issued and sold 12,707,869 shares of Series A Preferred Stock to a total of 29 investors for an aggregate purchase price of \$9,170,002.

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3. On September 11, 1998 and January 13, 1999, the Registrant issued and sold 6,863,991 shares of Series B Preferred Stock to a total of 19 investors for an aggregate purchase price of \$29,061,014.
4. On January 13, 1999, the Registrant issued and sold 1,090,909 shares of common stock to one investor for an aggregate purchase price of \$2,400,000.
5. From February 1997 to February, 1998, the Registrant issued and sold 6,258,251 shares of common stock to 5 investors at a purchase price of \$0.02 per share.
6. On January 1999 the Registrant issued a warrant to purchase up to 2,442,766 shares of Series B Preferred Stock to one investor in connection with the Registrant's entering into a commercial agreement with a subsidiary of such investor.

The sales of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act, or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under Rule 701. The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationship with the Registrant, to information about the Registrant.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

See exhibits listed on the Exhibit Index following the signature page of the Form S-1, which is incorporated herein by reference.

(b) Financial Statement Schedules

Schedules other than those referred to above have been omitted because they are not applicable or not required or because the information is included elsewhere in the Financial Statements or the notes thereto.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act"), may be permitted to directors, officers and

controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) The Registrant will provide to the underwriters at the closing(s) specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 4 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on the 26th day of March, 1999.

Critical Path, Inc.

/s/ Douglas T. Hickey
 By: _____
 Douglas T. Hickey
 President, Chief Executive
 Officer and Director

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

<TABLE>
 <CAPTION>

Name ----	Title -----	Date ----
<S> /s/ Douglas T. Hickey _____ Douglas T. Hickey	<C> President, Chief Executive Officer and Director (Principal Executive Officer)	<C> March 26, 1999
/s/ David A. Thatcher _____ David A. Thatcher	Executive Vice President, Chief Financial Officer (Principal Financial Officer) and Accounting Officer	March 26, 1999

/s/ David C. Hayden	Chairman of the Board	March 26, 1999
<hr/>		
David C. Hayden		
*	Director	March 26, 1999
<hr/>		
Christos M. Cotsakos		
*	Director	March 26, 1999
<hr/>		
Lisa Gansky		
*	Director	March 26, 1999
<hr/>		
Kevin R. Harvey		
*	Director	March 26, 1999
<hr/>		
James A. Smith		
*	Director	March 26, 1999
<hr/>		
George Zachary		

</TABLE>

*By: /s/ David A. Thatcher

David A. Thatcher
(Attorney-in-Fact)

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EXHIBIT INDEX

<TABLE>

<CAPTION>

Exhibit Number -----	Description of Document -----
<C>	<S>
1.1**	Form of Underwriting Agreement.
3(i)(a)**	Amended and Restated Articles of Incorporation and amendments thereto.
3(i)(b)**	Form of Amended and Restated Articles of Incorporation to be filed prior to completion of this offering.
3(ii)(a)**	Bylaws of the Registrant, as amended.
3(ii)(b)**	Form of Amended and Restated Bylaws.
4.1**	Form of Common Stock Certificate.
4.2**	Warrant to Purchase Preferred Stock dated September 11, 1998 issued by the Registrant to Hambrecht & Quist LLC.
4.3**	Warrant to Purchase Preferred Stock dated January 13, 1999 issued by the Registrant to Hambrecht & Quist LLC.
4.4**	Warrant to Purchase Common Stock dated January 29, 1999 issued by the Registrant to America Online, Inc.
5.1**	Opinion of Pillsbury Madison & Sutro LLP.
10.1**	Form of Indemnification Agreement between the Registrant and each of its directors and officers.
10.2**	Employee Stock Purchase Plan.
10.3**	1998 Stock Plan and forms of stock option agreements thereunder.
10.4**	Series B Preferred Stock Purchase Agreement dated September 11, 1998.
10.5**	Amendment to Series B Preferred Stock Purchase Agreement dated January 13, 1999.
10.6**	Amended and Restated Investors' Rights Agreement dated September 11, 1998.
10.7**	Amendment to the Amended and Restated Investors' Rights Agreement dated January 13, 1999.
10.8**	Master Equipment Lease Agreement dated April 28, 1998, and Lease Line Schedule thereto, by and between the Registrant and Lighthouse Capital Partners II, L.P.
10.9**	Master Lease Agreement dated May 1, 1998, and addendum thereto, by and between the Registrant and Comdisco, Inc.
10.10**	Standard Industrial/Multitenant Lease-Gross dated June 20, 1997

by and between the Registrant and 501 Folsom Street Building.
 10.11** Letter Agreement dated October 1, 1998 by and between the Registrant and Douglas Hickey.
 10.12** Promissory Note and Security Agreement dated November 2, 1998 by and between the Registrant and Douglas Hickey.
 10.13** Warrant Agreement dated April 28, 1998 by and between the Registrant and Lighthouse Capital Partners II, L.P.
 10.14** Warrant Agreement dated May 1, 1998 by and between the Registrant and Comdisco, Inc.
 10.15+ Master Services Agreement dated December 10, 1998 by and between the Registrant and US West Communications Services, Inc.
 10.16+ Email Services Agreement dated May 27, 1998 by and between the Registrant and Network Solutions, Inc.
 10.17+ Email Services Agreement dated July 6, 1998 by and between the Registrant and StarMedia Network, Inc.
 10.18+ Amendment to Email Services Agreement September 30, 1998 by and between the Registrant and E*TRADE Group, Inc.
 10.19+ Email Services Agreement dated September 14, 1998 by and between the Registrant and Sprint Communications Company L.P.
 10.20+ Email Services Agreement dated March 19, 1998 by and between the Registrant and NTX, Inc. dba TABNet, Inc.

</TABLE>

<TABLE>
 <CAPTION>

Exhibit Number -----	Description of Document -----
----------------------------	----------------------------------

<C>	<S>
10.21**	QuickStart Loan and Security Agreement dated May 12, 1998 by and between the Registrant and Silicon Valley Bank.
10.22+	Email Services Agreement dated January 29, 1999 by and between the Registrant and ICQ, Inc.
10.23**	Sublease dated February 8, 1999 by and between Times Direct Marketing, Inc. and Critical Path.
10.24**	Promissory Note and Security Agreement dated January 26, 1999 by and between the Registrant and Bill Rinehart.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2**	Consent of Pillsbury Madison & Sutro LLP (included in Exhibit 5.1).
24.1**	Power of Attorney.
27.1**	Financial Data Schedule.

</TABLE>

**Previously Filed.

+ Confidential treatment has been requested with respect to certain portions of these agreements.

Agreement No. 980051509

CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

MASTER SERVICES AGREEMENT

U S WEST Communications Services, Inc. ("Customer") and Critical Path, Inc. ("Supplier") agree as follows:

1. Scope: This Master Services Agreement ("Agreement") provides the general terms and conditions that shall apply to the services (the "Services") and the deliverables developed specifically for Customer at Customer's request (the "Deliverables") to be provided by Supplier to Customer under this Agreement. The Services and Deliverables will be provided pursuant to statements of work and other addenda (collectively, "Statements of Work") attached to and made a part of this Agreement, each of which shall describe the functional specifications ("Specifications"), other requirements and additional terms and conditions relating to the Services and/or Deliverables. In the event of a conflict between a provision or provisions of this Agreement and a provision or provisions of a Statement of Work, the Statement of Work shall apply with respect to the Services and/or Deliverables specified in such Statement of Work. Customer's Affiliates may purchase Services and Deliverables under the terms and conditions of this Agreement. "Affiliate" means any entity which directly or indirectly controls, or is controlled by, or is under common control with, Customer. "Control" means (i) for corporate entities, direct or indirect ownership of fifty percent (50%) or more of the stock or shares entitled to vote for the election of the board of directors or other governing body of the entity; and (ii) for non-corporate entities, direct or indirect ownership of fifty percent (50%) or greater of the equity interest.
2. Term: This Agreement shall be effective on December 10th, 1998 and shall expire on December 31st, 1999. The Agreement may be extended by the parties by executing a separate written agreement of extension prior to the expiration of the term.
3. Invoices and Payments: Supplier will issue invoices within thirty (30) days following completion of Services or on a monthly basis for ongoing Services, unless otherwise specified in the Statement of Work. Invoices will contain an itemized description of Services performed, expenses, charges, costs, and all state, federal, sales, or other applicable taxes separately. Undisputed invoices will be paid within thirty (30) days of receipt. Payment shall not constitute acceptance or approval of Services. All late payments shall bear interest at the rate of one and one-half percent (1-1/2 percent) per month or, if lower, the maximum amount allowable under applicable law, with interest accruing from the date due until the amount due is paid.
4. Warranty: Services shall be performed in a professional manner, consistent with industry standards. With respect to each Deliverables, unless otherwise specified in the Statement of Work, Supplier warrants that, for a period of six weeks commencing on the acceptance of the Deliverable (the "Warranty Period"), the Deliverable under normal use will operate substantially in accordance with the functional Specifications during the Warranty Period. Customer acknowledges that the development of computer software is not an exact science and the Supplier does not warrant that the Deliverables will operate at all times without interruption or will be error-free. Supplier's entire liability and the Customer's exclusive remedy for any breach of the foregoing remedy shall be that Supplier, at Supplier's own expense, shall exercise commercially reasonable efforts to repair any reproducible defect in the Deliverable reported to Supplier by the Customer during the Warranty Period that causes the Deliverable not to operate substantially in accordance with the functional Specifications. If Supplier is unable to so repair the Deliverable within thirty (30) days of notice by Customer of such defect, Customer shall be entitled to a refund of the development fees paid under this Agreement to Supplier, in an amount that Customer and Supplier reasonably determine is the amount by which the value of the Deliverable is reduced due to its defects.

OTHER THAN THE FOREGOING, THE SERVICES AND ALL DELIVERABLES ARE PROVIDED BY SUPPLIER TO CUSTOMER AND CUSTOMER'S USERS "AS IS" AND SUPPLIER AND ITS SUPPLIERS MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, REGARDING THE SERVICES OR THE DELIVERABLES AND SPECIFICALLY DISCLAIM THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT, TO THE MAXIMUM EXTENT POSSIBLE BY LAW.

5. Confidential Information and Property: "Confidential Information" shall mean any and all business, technical or third-party information (including but not limited to marketing plans, financial data, specifications, drawings

sketches, models, samples, computer programs, or documentation) marked or otherwise designated as confidential or proprietary and provided, disclosed or made available under this Agreement. All Confidential Information shall remain the property of the disclosing party. The parties shall restrict access to the Confidential Information to employees or agents who have a "need to know". The parties, employees or agents, shall not disclose the Confidential Information to any third party and shall treat the Confidential Information in the same way it treats its own Confidential Information of like kind. This provision will not apply to information which is in the public domain, is previously known to the receiving party without obligation or confidentiality, is independently developed by the receiving party or is obtained by the receiving party from a third party that does not have an obligation to keep the information confidential. The parties will not make any copies of the Confidential Information and Supplier will not remove any property from Customer's premises without prior approval.

6. Work Product: Unless otherwise specified in the Statement of Work, and subject to Supplier's ownership of the Background Technology (as defined below), all Deliverables, in any medium, that are specifically identified in a Statement of Work and prepared or originated specifically for Customer at Customer's request under this Agreement shall be the property of Customer and are deemed works for hire, and to the extent they may not be works for hire, Supplier assigns to Customer all rights, title and interest in and to such Deliverables ("Work Product"), including rights to copyright. If the Deliverables include any code, data, modules, components, designs, utilities, subsets, objects, processes, tools, features, functionality, interfaces, technology or other items (a) previously developed, owned, copyrighted or otherwise used by Supplier or its subcontractors, or (b) that are not specifically identified as Deliverable in the

Page 1

Confidential. Disclose and distribute solely to those individuals who have a need to know

Agreement No. 9800051509

Statement of Work and prepared or originated specifically for Customer at Customer's request, such items ("Background Technology") shall be and remain the property of Supplier and its subcontractors or suppliers. Supplier grants to Customer a royalty-free, non-transferable, non-exclusive license to copy and use the Background Technology only in connection with use of the Deliverables for their intended purpose as specified in the Statement of Work.

7. Independent Contractor: Supplier certifies that it is engaged in an independent business and will perform its obligations under this Agreement as an independent contractor and not as the agent or employee of Customer; that it has no authority to act for or bind Customer; that Supplier may and does work for other customers; that any persons provided by Supplier shall be solely the employees or agents of Supplier under its sole and exclusive direction and control. Supplier is solely responsible for the hours of work, methods of performance and payment of its employees and agents. Supplier is solely responsible for providing worker's compensation, unemployment, disability insurance and social security withholding for its employees and agents, and shall comply with all other federal, state and local, rules and regulations. Supplier is responsible for and shall pay all assessable federal and state income tax on amounts paid under this Agreement.

8. Indemnification: Each party (the "Indemnitor") shall indemnify, hold harmless and defend, the other party, its officers, directors, Affiliates, agents and employees (the "Indemnitees") from any and all claims, demands, litigation, expenses and liabilities (including costs and attorneys' fees) ("Liabilities") arising from or incident to any act, omission, negligence or performance under this Agreement by the Indemnitor, its customers, agents or representatives. This indemnity shall not apply to the extent the Liability is the result of the negligence or misconduct of the Indemnitee, its customers, agents or representatives, or to the extent liability is disclaimed or limited by either party under this Agreement. The indemnity obligations set forth in this Article are contingent upon: (a) the Indemnitee giving prompt written notice to the Indemnitor of any such claim(s); (b) the Indemnitor having sole control of the defense or settlement of the claim; and (c) at the Indemnitor's request and expense, the Indemnitee cooperating in the investigation and defense of such claim(s).

9. Infringement: If the Services or Deliverables are held to be infringing, or where Supplier believes any Services or Deliverables may be infringing, or where Customer's use of Services or Deliverables is restricted as a result of a claim of infringement, then Customer's sole and exclusive remedy and Supplier's sole and exclusive liability, shall be, at Supplier's expense, to either obtain the right for Customer to continue using the Services or Deliverables or replace or modify the Services or Deliverables with a non-

infringing service or deliverable of equivalent functionality. If neither of the alternatives is reasonably possible, then with respect to infringing Deliverables, Supplier shall refund a pro-rata portion of the fees paid by Customer to Supplier for the Deliverables out of which the claim arose, and with respect to infringing Services, this Agreement or the applicable Statement of Work may be terminated by either party.

10. Limitation of Liability; Except for breach of Article 5, entitled "Confidential Information and Property", and except for liability under Article 8, "Indemnification", neither party is liable to the other for consequential, incidental, indirect, punitive or special damages, including commercial loss and lost profits, however caused and regardless of legal theory or foreseeability, directly or indirectly arising under this Agreement, even if a party has been advised of the possibility of such damages.

11. Insurance: Supplier and any subcontractors, shall maintain insurance as follows: (a) Commercial General Liability covering claims for bodily injury, death, personal injury or property damage with minimum limits of \$1 million each occurrence with a General Aggregate limit of \$2 million and naming Customer as an additional insured as its interest may appear with respect to this Agreement; (b) Comprehensive Automobile Liability covering ownership, operation and maintenance of all owned, non-owned and hired automobiles used in connection with the performance of this Agreement, with minimum limits of \$1 million each occurrence; (c) Worker's Compensation with statutory limits as required in the state where the Services are being provided and Employers' Liability or "Stop Gap" coverage with limits of \$100,000 each accident. Customer shall be given thirty (30) days advance written notification of any cancellation or material change of the policy. Supplier shall forward certificate(s) of insurance to Customer prior to commencement of Services and upon renewal of insurance during the term of this Agreement.

12. Safety, Health and Accident Reports: The safety and health of Supplier's employees and agents brought on Customer's premises shall be the sole responsibility of Supplier. While on Customer's premises, Supplier shall comply with all local, state and federal environmental, health and safety requirements, including those relating to the use and handling of hazardous materials. Supplier shall report all accidents, injury-inducing occurrences or property damage arising from the performance of Services at Customer's premises. Supplier's employees and agents on Customer's premises shall comply with all plant rules and regulations provided by Customer to Supplier.

13. Compliance With Laws: Each party shall, at its expense, obtain all permits and licenses, pay all fees, and comply with all federal, state and local laws, ordinances, rules, regulations and orders applicable to the party's performance under this Agreement. Supplier acknowledges that any Services provided under this Agreement may be subject to The Telecommunications Act of 1996.

14. Termination for Convenience; Cancellation: Either party may terminate this Agreement, in whole or in part (unless otherwise provided in a Statement of Work), for its convenience upon thirty (30) days prior written notice. Supplier shall be entitled to payment for the Services and Deliverables completed in accordance with the terms and conditions herein as of the date of termination or cancellation. Customer shall be entitled to receive all Work Product in progress or completed as of the date of termination or cancellation. Customer shall have no other liability arising out of termination or cancellation of this Agreement.

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Either party may cancel this Agreement immediately, in whole or in part, for default, breach, insolvency, bankruptcy, inability to pay debts, or similar financial circumstances by the other. If the default or breach is reasonably capable of cure, the non-defaulting party shall give the other party written notice and reasonable opportunity to cure. The provisions of the Articles on Confidential Information and Property, Work Product, Indemnification, Limitation of Liability, Compliance with Laws and Dispute Resolution, shall survive the termination or cancellation of this Agreement or any Statement of Work. In addition, if this Agreement is terminated prior to the termination of any Statement of Work, all applicable provisions of this Agreement shall survive until expiration or termination of the Statement of Work.

15. Dispute Resolution: Any dispute, controversy or claim concerning or relating to this Agreement shall be resolved in the following manner:

15.1 The parties agree to use all reasonable efforts to initially

resolve all claims, controversies and disputes ("Dispute") between the parties through direct discussions. To that end, either party may give the other party written notice of any dispute not resolved in the normal course of business. Upon such notice, the parties shall attempt in good faith to resolve the dispute promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement.

15.2 If the parties are unable to resolve the Dispute by such means within 30 days of the notice date, or such other time period as mutually agreed, then either party may commence arbitration pursuant to the then-current Rules of Commercial Arbitration of the American Arbitration Association ("AAA"), as modified or supplemented under this Section 15. The Federal Arbitration Act, 9 U.S.C. Sec. 1-16 shall govern the arbitrability of all Disputes. The arbitrator shall not have authority to award punitive damages. All expedited procedures prescribed by the AAA rules shall apply. The arbitrator's decision and award shall be final and binding and judgment may be entered in any court having jurisdiction thereof. Each party shall bear its own costs and attorneys' fees, and shall share equally in the fees and expenses of the arbitrator. If the arbitration of the Dispute is initiated by Customer, the laws of the State of California shall govern the construction and interpretation of this Agreement, and the arbitration shall occur in San Francisco, California. If the arbitration of the Dispute is initiated by Supplier, the laws of the State of Colorado shall govern the construction and interpretation of this Agreement, and the arbitration shall occur in Denver, Colorado.

15.3 The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, contents or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceedings, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by law. The parties agree that any decision or award results from proceedings in accordance with this Section shall have no preclusive effect in any other matter involving third parties.

15.4 Notwithstanding any of the foregoing, either party may request injunctive and/or equitable relief either from the arbitrators or from a court in order to protect the rights or property of the party, pending the resolution of the dispute by arbitration as provided hereunder.

16. Force Majeure: Neither party is liable to the other party for any delay, error, failure in performance or interruption of performance resulting from causes beyond their control whether or not foreseeable or identified, including without limitation acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, earthquakes, severe weather, floods or other natural disease or the other party's or any third party's hardware, software or communications equipment or facilities ("Force Majeure Event"). Upon the occurrence of a Force Majeure Event, the party whose performance is affected thereby ("affected party") shall promptly notify the other party of such Event, and the parties agree to work together to resolve any issues arising as a result of such Force Majeure Event. The affected party agrees to resume performance as soon as reasonably possible. Notwithstanding the foregoing, if the Force Majeure Event lasts for a continuous period of 90 days or more, either party may elect to terminate this Agreement and/or any Order affected by such Force Majeure Event upon written notice without penalty or other consideration.

17. Remedies: Subject to the Article on Dispute Resolution contained in this Agreement, the remedies stated in this Agreement are cumulative and are in addition to any other rights available in law or in equity.

18. Records and Audits: With respect to any Deliverables developed under a Statement of Work for which Supplier is compensated on a time-and-materials basis or otherwise reimbursed for expenses (rather than paid on a flat fee basis for such development), Supplier shall maintain complete and accurate records of all charges for such expenses incurred by Customer ("Reimbursable Expense Records"), in accordance with generally accepted accounting principles, for a period of twenty-four (24) months from the date of termination, cancellation or expiration of this Agreement. Upon request, Supplier agrees to submit a copy of receipts or other documentation of such expenses and copies of invoices previously submitted to Customer. In addition, during Supplier's normal business hours or as otherwise mutually agreed, Customer, through an independent

third-party auditor, may inspect and make copies of such Reimbursable Expense Records only upon no less than 10 days prior written notice.

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In addition, each party shall submit with each of its payments to the other party a detailed report of the calculation of each such payment. Each party will retain records relevant to its calculations of the payments made to the other party during the term of this Agreement and for a two (2) year period thereafter. Each party shall have the right, at its expense, acting through an independent third-party auditor, to examine and audit such records at all reasonable times, on at least ten (10) days notice to the other party, but no more than once every six (6) months.

19. Assignment and Delegation: Neither party shall assign this Agreement, in whole or in part without the prior written consent of the other party; and any attempted assignment by such party shall be void; provided, however, that a party may assign this Agreement to an affiliate, or to a successor to a majority of the party's voting stock or to an entity that acquires all or substantially all of the party's assets without having to obtain the other party's prior written consent; and provided, further, that Supplier may delegate or subcontract to a third party any or all of its obligations under this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties, their successors and permitted assigns.

20. Notices: Any notices required under this Agreement shall be sent to the addresses of the parties stated below. Notice will be deemed given (1) as of the day they are deposited with an overnight courier, charges prepaid, return receipt requested, with a confirming telefax; or (2) as of the day of receipt if they are deposited in first class U.S. Mail, charges prepaid, return receipt requested; or (3) as of the day of receipt if they are hand delivered.

21. Advertising, Publicity: Neither party shall use the other party's names, marks, codes, drawings or Specifications in any advertising, promotional efforts or publicity of any kind without the prior written permission of the other party, which permission shall not be unreasonably withheld, conditioned or delayed.

22. Waivers: No waiver of any provision of this agreement or any right or obligation of a party shall be effective unless in writing, signed by the parties. The failure of either party to enforce a right shall not constitute a waiver.

23. Modifications or Amendments: Modifications and amendments to this Agreement shall be in writing and signed by the parties.

24. Nonexclusive Agreement: This Agreement is nonexclusive and Customer does not make any commitment or guarantee for any minimum or maximum amount of purchases.

25. Severability: Any term of this Agreement which is held to be invalid, illegal, unenforceable or void will in no way affect any other provision.

26. Several Liability: If more than one party is referred to as Customer, then their obligations and liabilities shall be several, not joint.

27. M/WBE Subcontracting Plan: Support of Minority and Women Businesses is part of Customer's ongoing business strategy. If required by Customer, Supplier agrees and commits to use reasonable efforts to subcontract in accordance with its subcontracting plan mutually agreed-upon by the parties, and such subcontracting plan shall be incorporated herein as an attachment to the Agreement entitled "M/WBE Subcontracting Plan."

28. Electronic Data Interchange ("EDI"): It is Customer's objective to procure Services utilizing EDI. If Supplier is EDI capable, Customer and Supplier shall enter into a Trading Partner Arrangement to implement EDI transactions and such arrangement will be incorporated herein as an attachment to the Agreement entitled "Electronic Data Interchange."

29. Year 2000 Compliance. Supplier warrants that Supplier's provision of Services to Customer, and any related Deliverables provided to Customer under this Agreement, will not be adversely affected by the occurrence or use of dates before, on, or after January 1, 2000 A.D., including dates and leap years between the twentieth and twenty-first centuries ("Millennial Dates"). Any deliverables (including any software, hardware or firmware product(s) delivered by Supplier to Customer) will without error or omission, create, receive, store,

process and output (collectively, "Compute") information related to Millennial Dates. This warranty includes, without limitation, that the deliverables will accurately, and without performance degradation, compute Millennial Dates, date-dependent data, date-related interfaces, or other date-related functions (including, without limitation, calculating, comparing, and sequencing such functions). At Customer's request, Supplier will provide written evidence sufficient to demonstrate adequate testing and conversion of the deliverable to meet the foregoing requirements. The foregoing warranty is conditioned upon the software, hardware, network and systems (other than Supplier's) with which the Services and deliverables interface or interoperate also being unaffected by Millennial Dates.

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30. Entire Agreement: This Agreement and all Statements of Work hereunder constitutes the entire agreement between the parties for the Services and Deliverables to be provided. Any prior oral or written communications or agreements of the parties with respect to the Services or Deliverables not expressly set forth in this Agreement or any Statement of Work are of no force or effect. Any additional or inconsistent terms in any acknowledgment or acceptance of an order, or any other document not in compliance with Article 23, are of no effect.

The Parties, intending to be legally bound, have caused this Agreement to be executed by their authorized representatives on the dates set forth below.

<TABLE>
<CAPTION>

U S WEST Communications Services, Inc.
<S>

Critical Path, Inc.
<C>

(Authorized Signature)

(Authorized Signature)

Joseph R. Zell

(Print or Type Name of Signatory)

(Print or Type Name of Signatory)

President, U S WEST !NTERPRISE

(Title)

(Title)

December 9, 1998

(Execution Date)

(Execution Date)

<CAPTION>
Address for Purposes of Notices:
<S>

Address for Purposes of Notices:
<C>

700 W. Mineral Ave.
Mailstop: CO H6

320 First Street

Littleton, Colorado 80120

San Francisco, California 94105

</TABLE>

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STATEMENT OF WORK #1 DATED DECEMBER 7, 1998

To the

MASTER SERVICES AGREEMENT DATED DECEMBER 7, 1998

E-MAIL SERVICES

(WEB-BASED E-MAIL)

THIS Statement of Work #1 for Email Services ("Email Agreement") is attached to and made part of the Master Services Agreement. In the event any terms and conditions of this Email Agreement conflict with the Master Services Agreement, this Email Agreement shall control for the purposes of this Email Agreement only. U S WEST

1. Provision of Services.

1.1 Services to be Provided. Under the terms and conditions of this Email Agreement, CP shall provide, and U S WEST hereby accepts, e-mail outsourcing services described in Exhibit A ("Services") which U S WEST may resell to users ("Users") of U S WEST's Customer service ("U S WEST Service"). U S WEST hereby agrees that it will access, re-sell and make the Services available to Users only pursuant to Exhibit C attached to this Email Agreement, as may be modified by CP from time to time upon notice to U S WEST, or under similar terms and conditions as agreed to in advance by CP ("Terms of Use").

1.2 Services Introduction. The parties agree to work together in an expeditious and transparent manner to launch or transition Users to CP's e-mail messaging system through which CP provides the Services ("CP System"). U S WEST shall provide to CP information and materials, such as the domain name, e-mail addresses and passwords, ("User Information") necessary for CP perform the set-up and other initial services ("CP Transition Services") to launch or transition the Users' to the CP System. Upon completion of the CP Transition Services, U S WEST shall perform any necessary changes to the U S WEST Service ("U S WEST Transition Services") before Users will have access to the Services.

1.3 Privacy. CP has a corporate policy to respect the privacy of its partners and their e-mail messages that are transmitted through the CP System or by means of the Services. CP will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the Services, to operate or maintain its systems or to protect itself or its customers.

1.4 Suspension or Termination. If CP becomes aware of or suspects any violation of the Terms of Use by U S WEST or any User, CP first shall attempt to notify U S WEST and provide reasonable detail of such violation. The parties shall use best efforts to promptly resolve the matter. However, CP reserves the right to immediately suspend or terminate the provision of Services to the User as reasonably necessary to protect CP's interests.

1.5 Modification of Services. During the term of this Email Agreement, CP will not, without U S WEST's prior consent (which consent shall not be unreasonably withheld, delayed or conditioned), delete any of the features of the Services identified in Exhibit A, Paragraph I, except that CP may without U S WEST's consent substitute such features with new features that have similar or improved functionality or as necessary to meet any applicable legal, regulatory or industry-standard requirements or demands. CP may, and reserves the right to modify the features and functionality of the CP System from time to time. However, CP will not modify the CP System in a manner that would significantly affect Users' use of or ability to use the Services, without providing reasonable prior notice to U S WEST of any such modification, no less than thirty (30) days.

1.6 Advertisements and Commercial Use. The parties agree that U S WEST may include U S WEST's own internal advertisements or advertisements for an affiliate of U S WEST for display on U S WEST's Web Mail Page to Users and that U S WEST shall not be obligated to pay CP any amounts for such advertisements. As used in this Section, "affiliate" means an entity that controls, is controlled by or is under common control with, U S WEST. "Control" means having fifty percent or more of a corporate entity's voting stock entitled to vote for its governing body or fifty percent or more equity interest of a non-corporate entity. However, if U S WEST solicits any third parties for advertisements to be included for display on U S WEST's Web Mail Page, then U S WEST shall provide prompt written notice to CP, and CP shall have the right to also solicit third parties for such advertisements. The parties shall share in the net advertising revenues

resulting from such third-party advertisements in percentages to be mutually agreed but which shall be proportionate to the effort, resources and services provided by each party with respect to such advertising. The parties' respective shares and other terms and conditions relating to such revenues (including payments and reporting) shall be included in an addendum to this Email Agreement. Each party shall be solely responsible for all obligations, liabilities and duties under any and all agreements with third parties with regard to such advertisements, unless otherwise expressly agreed in writing by the other party. U S WEST agrees that it will resell the Services only bundled with other U S WEST products and services and not as a stand-alone service or product offering. In particular, and without limiting the generality of the foregoing, U S WEST agrees that it will not resell the Services to, and that none of the Users include or will include, an Internet service provider, a web hosting company, or an email service

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provider. Other than such permitted resale as part of a bundled offering and obtaining advertising to be included on U S WEST's Web Mail Page as provided under this Email Agreement, U S WEST agrees that it will not otherwise make commercial use of or generate income from the Services or the CP System.

In addition, U S WEST will assist in the sales of advertising inventory through its sales channels for CP's customers that do not have the capability to sell all of the advertising inventory for their Web-Email site(s), as mutually agreed by the parties and subject to CP's customer approval if necessary. Advertising revenues achieved through this relationship will be split as required under the agreement between CP and CP's customers, and CP's share after such split will be shared between U S WEST and CP as mutually agreed.

2. Pricing and Payment.

Pricing and Payment. Exhibit A specifies CP's charges for the Services and

other payment provisions. All amounts payable hereunder are exclusive of any sales, use, excise, property or any other taxes associated with the provision of Services or of U S WEST's or Users' access to or use of the CP System. U S WEST is responsible for payment of any and all such taxes (excluding taxes based on CP's net income).2.2

3. Disclaimer of Warranties.

3.1 CP and its suppliers make no warranties regarding the quality, reliability, timeliness or security of the Services or the CP System or that the Services or the CP System will be uninterrupted or error free. CP and its suppliers assume no responsibility or liability for the deletion or failure to store, or to store properly, e-mail messages. U S WEST and Users assume the entire risk in downloading or otherwise accessing any data, files or other materials obtained from third parties as part of the Services or by means of the CP System, even if U S WEST or User has paid for virus protection services from CP.

3.2 U S WEST shall be solely responsible for any warranties provided to Users with respect to the Services or the CP System.

4. Service Outage Credit.

4.1 In the event of disruption of provision of the Services or availability of the CP System (other than any disruption from a Force Majeure Event) for a continuous period longer than twenty-four (24) hours, U S WEST's sole remedy shall be refund of a pro rata portion of the price paid for the affected Services during such period of disruption. CP's entire liability, and U S WEST's and Users' entire and exclusive remedy, under this Email Agreement for any damages from any cause whatsoever, regardless of form or action, whether in contract, negligence or otherwise, shall in no event exceed an amount equal to the price paid for the Services out of which the claim arose.

5. Term and Termination.

5.1 Term. This Email Agreement shall continue in effect from the

Effective Date for one (1) year period, and thereafter shall renew automatically for successive one (1) year periods unless either party gives the other party at least sixty (60) days prior written notice of its intent not to renew this Email Agreement.

5.2 Termination for Convenience. Notwithstanding the foregoing, either party may terminate this Email Agreement at any time, without cause, upon ninety (90) days prior written notice to the other party.

5.3 Termination for Breach. Notwithstanding the foregoing, either party may terminate this Email Agreement by giving to the other party written notice of such termination and an opportunity to cure within thirty (30) days after receipt of such notice, upon the occurrence of any of the following events: (i) the other party materially breaches or defaults in any of the material terms or conditions of this Email Agreement, (ii) the other party makes any assignment for the benefit of creditors, is insolvent or unable to pay its debts as they mature in the ordinary course of business, or (iii) any proceedings are instituted by or against the other party in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution.

5.4 Effect of Termination. Notwithstanding the foregoing, upon any notice of termination, CP shall provide reasonable assistance to U S WEST in the migration of its e-mail system to a setup as reasonably requested by U S WEST, and U S WEST agrees to pay for all Services rendered to U S WEST until the migration is complete. If termination of this Email Agreement is due to U S WEST's breach, U S WEST shall, in addition to payment of all Services fees, be required to pay for CP's assistance in such migration at CP's then-current time and materials rate and shall pay any out-of-pocket expenses incurred by CP in connection with such migration. After migration, CP shall delete all stored e-mail messages of U S WEST and Users on the CP System, cease providing all Services and access by U S WEST and Users to the CP System. Within thirty (30) days of the later of termination of this Email Agreement or the date of migration completion, each party shall pay to the other all accrued and unpaid fees.

5.5 Survival. Sections 2, 3, 4, 7.4, 7.5, and 9 and Exhibit A (as to amounts accrued but unpaid and paragraph B.3) shall survive any expiration or termination of this Email Agreement.

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6. Ownership. CP owns and retains all right, title and interest in and to the Services provided, and the CP System made available, hereunder. As between U S WEST and CP, U S WEST shall own all right, title and interest in the User Information, subject to CP's right to use such User Information in performing under, or as otherwise expressly permitted by, this Email Agreement. Further, as between U S WEST and CP, U S WEST shall be responsible for all acts and omissions of Users.

The Parties, intending to be legally bound, have caused this Agreement to be executed by their authorized representatives on the dates set forth below.

<TABLE>	
<CAPTION>	
U S WEST Communications Services, Inc.	Critical Path, Inc.
<S>	<C>
-----	-----
(Authorized Signature)	(Authorized Signature)
Joseph R. Zell	
-----	-----
(Print or Type Name of Signatory)	(Print or Type Name of Signatory)
President, U S WEST !NTERPRISE	
-----	-----
(Title)	(Title)

December 9, 1998

(Execution Date)

<CAPTION>

Address for Purposes of Notices:

<S>

700 W. Mineral Ave.

Mailstop: CO H6

Littleton, Colorado 80120

(Execution Date)

Address for Purposes of Notices:

<C>

320 First Street

San Francisco, California 94105

</TABLE>

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a need to know

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EXHIBIT A

SERVICES, CHARGES AND PAYMENT

This Exhibit A is attached to and made a part of the E-mail Agreement between U S WEST and CP (the "Email Agreement") and is subject to the terms and conditions of the Email Agreement.

- A. Basic Services Fees - U S WEST agrees to pay CP a fee of **** ("Mailbox Fee") per mailbox per month for the first 500,000 web-based email accounts provided to Users during the term of the Email Agreement. The price per mailbox per month that U S WEST pays to CP shall decrease to **** upon U S WEST purchasing its 500,001 concurrent mailbox and shall decrease to **** per mailbox per month upon U S WEST purchasing its 1,000,001 concurrent mailbox and will remain at this rate for so long as such level is maintained or upon the occurrence of the MFC-Plus condition listed in Section B below. The decreased price per mailbox shall be effective the first day of the month following the month in which the applicable threshold is reached. As used herein, "concurrent" means that as of the date the threshold level is reached, U S WEST shall have the applicable number (threshold level) of mailboxes available for use by Users. For example, in order for U S WEST to qualify to the **** per mailbox monthly fee, U S WEST at that time must have, and be paying CP for, no fewer than 500,001 mailboxes.
- B. MFC-Plus Pricing: U S WEST is to receive Most Favored Customer-Plus ("MFC-Plus") mailbox pricing with respect to webmail services provided hereunder as follows: If after the Effective Date of this Email Agreement, CP enters into an agreement with any U.S.-based portal ("Other Customer") that provides a more favorable price package to such Other Customer for similar webmail Services, in similar quantities, with similar mailbox requirements and features and under similar terms and conditions as those provided under this Email Agreement, U S WEST will have the option to adopt such a package in addition to receiving an additional **** discount off the webmail fees specified in Paragraph A above.
- C. Joint Development: The parties may, from time to time, agree to jointly develop certain products, features, services or other projects. Any product to be produced by a joint development project undertaken by U S WEST and CP will be governed by the terms and conditions of a separate written agreement which shall, at a minimum, include the following terms:
- . U S WEST and CP will jointly develop a project resource plan for any proposed joint development.
 - . For any jointly developed product agreed upon by the parties, U S WEST will receive a time-to-market advantage or no less than **** months before the product is made generally available to other CP customers.
 - . At such time as jointly developed products are made available to any 3rd parties, U S WEST and CP will share in the royalty fees, and/or usage fees associated with the licensing or use of the development works, as mutually agreed, based upon the percentage of effort, funding and intellectual property that U S WEST and CP has invested into the development effort. Such royalty sharing may be perpetual for the life of the product and any derivative products substantially based on such work.
- D. Premium Features Fees U S WEST and CP agree to negotiate the fees for

future Premium Features ordered by U S WEST as referred to in Addendum 1 of this Exhibit A.

E. Demographic Services and Fees

1. For hosting and reporting services with respect to demographic information of U S WEST's webmail users ("Demographic Services"), U S WEST agrees to pay CP a non-recurring consulting fee for the development of such Services, and upon development and availability of such Services, U S WEST agrees to pay CP a monthly fee for ongoing Demographic Services. The detailed scope and description of the Demographic Services, applicable functional and performance specifications, reporting requirements, fees, key assumptions and similar information with respect to the Demographic Services will be mutually agreed to by the parties and specified in an exhibit to be attached hereto.

2. Sale of Demographic Information. U S WEST intends to disclose its Users' demographic information collected by CP hereunder to certain third-party vendors who may desire to place or display advertisements and similar promotional materials to such Users through the Services. U S WEST agrees that it will share, as the parties shall mutually determine, the revenues that U S WEST receives from such third-party vendors for any and all such advertising and promotions. The parties agree that each party's share of such revenues shall be proportionate to the effort, resources and services provided by each party with respect to such advertising.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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3. Certain Responsibilities. The parties agree that the data collected using the Demographic Services may be subject to applicable privacy and similar laws and all use of the such data shall be in accordance with all applicable laws, rules and regulations. U S WEST agrees to indemnify CP for any and all claims, losses, damages, expenses or liabilities ("Claims") arising out of the collection of such data (except to the extent any such Claim is based upon CP's gross negligence or willful misconduct) and U S WEST's disclosure and use of the Demographic Information collected using the Demographic Services and reported by CP to U S WEST.

F. Branding

1. Fees - U S WEST will pay to CP a one-time fee **** for CP's

branding of the Web Mail Page. U S WEST will pay CP a one-time fee of **** for the development of an automatic sign-up page (at U S WEST's option) and **** for permanent signatures. Once approved (as provided in paragraph 2 below), CP shall only be obligated to make one change to the look and feel of the branded Web Mail Page and the automatic sign-up page, if applicable, at no additional charge. Any additional services or any customization above and beyond the basic branding and development of the Web Mail Page, automatic sign-up page, and signatures will be billed at \$75 per hour, with a minimum of one hour per request.

2. Provision, Development and Approval - U S WEST shall provide CP

with all text and images ("Branding Materials") necessary for CP to brand U S WEST's Web Mail Page. U S WEST warrants and represents to CP that U S WEST has full power and authority to provide to CP, and to authorize CP's use of, the Branding Materials provided by U S WEST for branding the Web Mail Page, and agrees to defend and indemnify CP with respect to any claims arising from CP's use of such Branding Materials. CP shall develop the branded Web Mail Page using such Branding Materials and shall provide, or otherwise make available to U S WEST, such developed Web Mail Page for U S WEST's review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. U S WEST's approval shall be deemed given if U S WEST does not provide to CP notice of its rejection of the branded Web Mail Page within seventy two (72) hours of CP's provision of it.

3. Proprietary Rights - U S WEST grants to CP a non-exclusive,

nontransferable, worldwide, royalty-free, irrevocable (during the term of the Email Agreement) license to reproduce, display, perform, modify, prepare derivative works of and otherwise use the Branding Materials for the purpose of branding U S WEST's Web Mail Page and making such Web Mail Page available through the CP Services to Users. U S WEST shall retain all other proprietary right it may have in and to the Branding Materials. CP shall retain all proprietary rights in and to the CP Services (not including the Branding Materials as incorporated into U S WEST's Web Mail Page) and all development tools, routines, subroutines, applications, software and other materials (not including the Branding Materials) that CP may use in connection with branding the Web Mail Page.

G. Support - As part of the Services, CP shall provide 2nd tier telephone support to U S WEST twenty-four (24) hours a day, seven (7) days a week. In addition, the parties agree that 1st tier support to Users shall be outsourced to a third party jointly selected and managed by CP and U S WEST. CP shall periodically invoice U S WEST, and U S WEST agrees to pay all such invoices, for such 1st tier support.

H. Payment by U S WEST to CP - All fees for Services shall be applicable for any month, or portion thereof, in which such Services are rendered. Notwithstanding the foregoing, the fees for Services shall begin accruing, and be payable by U S WEST to CP, upon the earlier of completion of the U S WEST Transition Services or thirty (30) days after completion of the CP Transition Services, as provided in Section 1.2 of the Email Agreement. CP will invoice U S WEST each month for fees that have accrued during the previous month. All fees are payable by U S WEST within thirty (30) days of the invoice date in accordance with this Exhibit and the Email Agreement. In addition, if during the previous month, CP performed any work on the branding of the Web Mail Page as provided herein, CP will include in the monthly invoice, and U S WEST shall pay, the applicable fees for such work. Payments received by CP after the due date shall be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

I. Storage Capacity - Each mailbox provided hereunder shall have a maximum storage capacity of 2.5 MB. U S WEST may purchase additional storage space from CP upon payment of CP's then-current fees. CP shall notify any User that User's mailbox is approaching or exceeds the maximum limit. Thereafter, if such User exceeds the maximum storage capacity, CP may delete e-mail messages from the affected mailboxes, at CP's discretion.

J. Email Viewer - CP is currently developing for its customers an interface ("Email Viewer") that will allow ***** to ***** and ***** on a limited basis their ***** through the *****. The Email Viewer will have a look and feel consistent with CP's web mail. Upon availability of such interface (which is currently expected to be during the *****), CP will make the Email Viewer software (and any subsequent versions) available for use by U S West for its ***** customers for a licensing fee not to exceed *****% of the per user pricing in paragraph A of this Exhibit.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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Agreement No. 9800051509

ADDENDUM 1
TO
EXHIBIT A

PREMIUM FEATURES

From time to time, CP makes available optional features ("Premium Features") of the Services that, if ordered by U S WEST, shall be chargeable in addition to the Mailbox Fee specified in Exhibit A. Upon availability of each Premium Feature ordered by U S WEST, U S WEST agrees to pay CP the following fee:

Additional Storage	****/ add'l 5 MBs/month
-----	-----
POP3 e-mail hosting	****/year
-----	-----

Pricing for future features to be agreed and negotiated separately. U S WEST shall have the right to set its own retail prices at which U S WEST resells such Premium Features to Users.

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EXHIBIT B

SERVICE LEVEL AGREEMENT

1. Performance
 - a) Average less than **** seconds response time for **** of requests. Measures server response time only, not network transmission time.
 - b) Average **** up time.
 - c) Post an approved message in the event of a system outage.
2. Monitoring/Reporting
 - a) Provide details on the method used to monitor performance times.
 - b) Provide monthly reporting which details server up time with the following details per period:
 - . average response
 - . actual daily response time detail
 - . average server up time
 - . actual daily up time

This information will be emailed to U S WEST on third working day of each month for the previous month's reports.

3. Escalation Procedures
 - a) Notify U S WEST via the following email addresses in case of a service outage:
 - . rmajeru@uswest.com
 - b) Notify U S WEST within **** minutes of a service outage. Status information to include:
 - . reason for the outage.
 - . ETA for service restoral.
 - . Frequency of outage updates
 - c) If U S WEST experiences a service outage and has not been notified by email by Critical Path, U S WEST will contact the Senior System Administrator at Critical Path by pager at 415/764-6203 and will be given the information listed in 3.b).
 - d) Continue to notify U S WEST with updated status for the duration of the outage.
 - e) Provide a post-incident summary. This summary should include:
 - . the cause of the problem.
 - . method used to correct the problem.
 - . measures Critical Path will take to prevent further occurrences.
4. Business Resumption
 - a) Critical Path must prove the ability to switch processing from the primary server to a hot backup server within 30 minutes. Testing of this procedure will be conducted as requested by U S WEST on a designated weekend by both Critical Path and U S WEST personnel during Critical Path's maintenance window.
 - b) Any modifications (by U S WEST) and/or network configuration changes (including system maintenance) as well as upgrades and removal of devices that impact the production and network connectivity need to be advised of before they occur by designated/qualified personnel.

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EXHIBIT C

TERMS OF USE

Please read the following agreement carefully.

You must accept the agreement to be able to use the U S WEST Service.

1. Acceptance of Terms of Use

U S WEST's mail service ("U S WEST Service") is provided free of charge to registered users (each, a "User") under these Terms of Use. BY COMPLETING THE REGISTRATION PROCESS AND CLICKING THE "I ACCEPT" BUTTON, YOU ARE INDICATING YOUR AGREEMENT TO BE BOUND BY THESE TERMS OF USE. These Terms of Use are the entire agreement between you and U S WEST with respect to the services provided by U S WEST.

2. Registration Information; Disclosure

User agrees that U S WEST may disclose to third parties certain information, in the aggregate, contained in users' registration applications, including User's application. U S WEST will not disclose User's name, address, e-mail address or telephone number, without User's prior written consent, except to the extent necessary or appropriate to comply with applicable laws or regulations or in legal or administrative proceedings where such information is relevant. U S WEST reserves the right to terminate any User's account if U S WEST learns that such User has provided U S WEST false or misleading registration information.

3. Modifications of these Terms of Use

U S WEST may modify these Terms of Use from time to time in its sole discretion. U S WEST will provide User with reasonable notice of any such changes, and User's continued use of the U S WEST Service will be deemed to constitute User's acceptance of any such changes.

4. U S WEST's Rights

U S WEST may modify or discontinue User's account or the U S WEST Service with or without notice to User, without liability to User or any third party. Content presented to User or otherwise available through the U S WEST Service provided by U S WEST or a supplier is protected by copyright, trademark, service marks, patents or other proprietary rights or laws. User shall only be permitted to use this content as expressly authorized by the provider. User may not copy, distribute or create derivative works from such contents without express permission.

5. Contents of Messages

It is U S WEST's policy to respect the privacy of its Users. U S WEST does not, and cannot, monitor, censor or edit the contents of User's e-mail messages. User alone is responsible for the contents of User's messages, and the consequences of any such messages. User agrees that it will not transmit or disseminate: (i) advertising, chain letters, spam, junk mail or any other type of unsolicited e-mailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; (ii) harassing, libelous, abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right, or that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable law or regulation; or (iii) viruses or other harmful, disruptive or destructive files. User agrees that it will not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will User interfere with the security of, or otherwise abuse, the U S WEST Service, system resources or accounts, or any network or another user's use or enjoyment of the mail services. User may not forge header or address information. U S WEST will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the services, to operate or maintain its systems or to protect itself or its suppliers. If U S WEST becomes aware and determines, in its sole discretion, that User is violating any of these Terms of Use, U S WEST and its suppliers reserve the right to terminate User's account, impose fines and/or termination charges, and take any other action to enforce U S WEST's and its suppliers' rights.

6. Account and Password

User is responsible for maintaining the confidentiality of its account number and password. User shall be responsible for all uses of its account, whether or not authorized by User. User agrees to immediately notify U S WEST of any unauthorized use of its account.

7. Disclaimer of Warranties

USER EXPRESSLY AGREES THAT USE OF THE CUSTOMER SERVICE IS AT USER'S SOLE RISK. THE CUSTOMER SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. CUSTOMER DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT. CUSTOMER DOES NOT MAKE ANY WARRANTY THAT THE CUSTOMER SERVICE WILL MEET USER'S REQUIREMENTS, OR THAT THE CUSTOMER SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES CUSTOMER MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE CUSTOMER SERVICE OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE CUSTOMER SERVICE. USER UNDERSTANDS AND AGREES THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE CUSTOMER SERVICE IS AT USER'S OWN DISCRETION AND RISK AND THAT USER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO USER'S COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA. CUSTOMER DOES NOT MAKE ANY WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH THE CUSTOMER SERVICE OR ANY TRANSACTIONS ENTERED INTO BY USE OF OR THROUGH THE CUSTOMER SERVICE. NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY USER FROM CUSTOMER OR THROUGH THE CUSTOMER SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

8. Limitation of Liability

CUSTOMER AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OR THE INABILITY TO USE THE CUSTOMER SERVICE OR FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO BY MEANS OF OR THROUGH THE CUSTOMER SERVICE OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF USER'S TRANSMISSIONS OR DATA, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE, EVEN IF CUSTOMER OR ITS SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. E-mail Message Storage

U S WEST does not assume any responsibility for the deletion or failure to store e-mail messages. If User exceeds the maximum permitted storage space, U S WEST reserves the right to delete e-mail messages from the affected mailboxes, at its discretion.

10. Promotional Messages

U S WEST and/or third parties may, from time to time, send e-mail messages to User containing advertisements, promotions, etc. U S WEST does not make any representation or warranty with respect to any such e-mail messages or any goods or services which may be obtained from such third parties, and User agrees that U S WEST shall have no liability with respect thereto.

11. Indemnification

User agrees to indemnify and hold U S WEST, its suppliers and their respective affiliates, officers, directors, employees and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to User's use of the U S WEST Service or the violation of these Terms of Use by User, including without limitation the infringement by User, or any other user of User's account, of any intellectual property or other right of any person or entity.

12. Applicable Law

These Terms of Use shall be governed by and construed in accordance with the laws of the State of Colorado, without giving effect to its conflict of law provisions.

13. Third Party Beneficiary

Critical Path Inc., as a supplier of U S WEST, shall be a third party beneficiary of these Terms of Use and entitled to the rights and remedies available to third party beneficiaries.

14. Age Consent

"I hereby attest to the fact that I have read and understand the Terms of Use. I voluntarily accept and will comply with all terms and conditions. I am at least eighteen (18) years on the date of such acceptance, or a parent or guardian has read and understands the Terms of Use and will ensure that any use by a minor will comply with such Terms of Use."

I ACCEPT/I DECLINE

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to the
SERVICES AGREEMENT DATED December 10th, 1998

This Statement of Work #2 is attached to and made part of the Services Agreement. In the event any terms and conditions of this Statement of Work conflict with the Services Agreement, this Statement of Work shall control for the purposes of this Statement of Work only.

Scope of Services: This Statement of Work #2 specifies the Deliverables and additional Services to be provided by Supplier to Customer with respect to the Email Services provided under Statement of Work #1 as follows:
Deliverables:

1. Software that allows Customer's users and prospective users of Customer's email services to register for an email account, and login to such account, over the internet. Advertising banners will be displayed whereby a user or prospective user can click and be redirected to the advertiser's web site.
2. A database (design and content) of demographic information provided by each user of the registration and login pages.
3. The license to use NT and SQL servers for the database.
4. The application front-end source code (used to build the web pages), connectivity source code (code which communicates to Supplier's APP to create a mailbox).

Deliverables #1 and 2 and 3 shall be considered to be Work Product, and Deliverable #4 shall be considered Background Technology, as defined in and pursuant to the terms and conditions of Article 6 of the Agreement. In addition, deliverable #4 shall be considered Confidential Information of supplier, as defined in and pursuant to the terms and conditions of Article 5 of the Services Agreement.

Services:

1. Supplier will provide the web hosting of the account registration and login pages (Deliverable #1) until Customer is able to itself host such information which should be within 6 months from the date Services are launched.
2. Supplier shall provide reports to Customer of the demographic information obtained through the account registration and login pages on a weekly basis. In addition, statistics regarding the advertisements included on such pages (number of click throughs and user demographics) will be sent to Customer as part of the weekly report. Reports will be generated and provided to Customer in flat file format.

Service Sites: Services will be performed at the following locations:

Xuma Technologies LLC	Critical Path
655 Fourth Street	320 First Street
San Francisco, CA 94107	San Francisco, CA 94105

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Service Specifications/Performance Standards: Services shall be performed by Supplier according to the following Specifications and Performance Standards. (Include all technical, functional, operational and/or performance Specifications. Include all materials to be furnished to Customer. This may be in the form of an Exhibit if too large to include as part of the Statement of Work.)

US West will be provided with a web application, database and technical environment to:

- Capture US West customer registration & demographic information
- Interface to Critical Path's Application Provisioning Protocol
- Display Advertising & provide redirection on a user login page
- Host this environment in the Xuma Data Center
- Provide Weekly reports to US West

- Provide a foundation for future interactive lookup of this information by US West and their customers

1 Registration & Login Application

1.1 Registration Page:

This will be a hosted page where a US West customer enters demographic data:

- name/password
- zipcode
- phone
- gender selection
- age range selection
- hobbies
- frequency of offers
- offer categories (e.g. fast food, travel, computing, sports, automotive)
- identify whether customer would like to receive coupons
- registration information can be updated

(US West will provide a zip code database to be cross referenced. If user is not within US West's region, then a message will be displayed that they are outside of the territory and a mail box cannot be established. Statistics for these users will still be kept.)

1.2 Create Mailbox:

- Once the user has registered, a mailbox will be created through a java interface to Critical Path's APP. Mailbox accounts can be updated through the Mail Administration Center

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1.3 Login Page:

Once the customer has registered, they will be taken to a login page to enter their id and password.

- On the login page, six ad banners will appear.
- User will be redirected to proper URL based on ad selection.
- Click-through & hits per banner statistics will be kept for each user.
- The login page will allow users to select Spanish or English

1.4 Reporting:

A weekly report will be delivered to US West in flat file format that identifies:

- Ad Statistics (click-throughs & hits per banner)
- Demographic data per user

1.5 Technology:

The technology platform for hosting this information will be:

- Windows NT version 4.0

- Microsoft SQL Server database
- Java Bean interface to Critical Path's APP Server

1.6 Testing:

The application will be tested at Xuma and Critical Path.

2 Web Hosting Services

2.1 Description:

Xuma's web hosting services for the US West website include all of the following full service features to allow US West to maximize it's internet investment while maintaining a state of the art website. These features include:

- . Connectivity
 - High-capacity, fault tolerant UUNET connectivity
- . Data Center Provisions
 - Highly scalable data center facility, fully secured
 - Advanced firewall and network security management and protection
 - Full UPS and customer-dedicate circuit breaker power protection
- . Commerce Server Specifications

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- Nightly tape backup of customer data and database logs. Offsite storage and rotation.
- Experience ecommerce engineers available onsite to add additional functionality upon request.
- . Site Monitoring
 - Detailed hit count and activity tracking with customized reports.
 - Comprehensive traffic and trend analysis of web server logs.
 - First class database administration support with regularly scheduled maintenance.
 - Proactive database performance diagnosis and tuning via scheduled database optimization scripts.
 - Custom database activity tracking and reporting.

Assumptions

- . All relevant specifications, business rules, data and html are made available in a timely manner.
- . A US West contact is available to clarify any questions/issues regarding the application functionality.
- . Xuma does not have any rights to use, sell, reproduce, distribute, perform, display, prepare derivative works based on, modify or otherwise exploit US West's specific content or rules.
- . US West can migrate the entire production and development environment (Web pages, database and APP communications) to US West's Data Center as part of a separate phase of this project.

This Statement of Work #2 identifies only the Deliverables and Services, and applicable fees, for the first phase of a potentially multi-phased project. Any additional phases, and any additional deliverables, services and fees as part of such phases, shall be separately addressed in a different Statement of Work as mutually agreed.

Service Fees: During the term of this Agreement, fees for Services rendered under this Agreement shall be held firm and are as follows:

A not to exceed fee of \$60,000 to develop the Deliverables in accordance with the Specifications. Monthly fee not to exceed \$3,000 for web hosting (bandwidth, reports, 4 hours of free maintenance). All maintenance work beyond 4 hours per month will be charged at \$175 per hour.

Labor, Tools, Equipment and Materials: Supplier will be responsible for supplying all labor, tools, equipment and materials necessary to provide the Services.

Acceptance: Upon receipt of each Deliverable, Customer shall have seven (7) days in which to inspect and test such Deliverable and to notify Supplier if such Deliverable does not materially conform to the Specifications of this Statement of Work. If such notice is provided within such time period, Supplier shall promptly correct such nonconforming Services at its own expense. If no notice is received within such time period, or if Customer uses the Deliverable for commercial purposes, the Deliverable will be deemed accepted.

Project Managers:

Customer:	Supplier:
-----	-----
Rich Majerus	Bill Meehan
612 664 3136	415-777-9641
rmajeru@uswest.com	Stephanie Dunlea
	415-808-8715
	stephanie@cp.net

Status Reports: Supplier will provide Customer with written Status Reports on a weekly (weekly, monthly . . etc.) basis detailing the progress of the Services

and any problems that may affect the milestone dates for completion of Services.

Project Changes: Any changes to the Scope of Services requested under this Agreement must be in writing signed by both parties.

The parties, intending to be legally bound, have caused this Statement of Work to be executed by their authorized representatives on the dates set forth below.

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<TABLE>
<CAPTION>
U S WEST Communications Services, Inc.
<S>

Critical Path, Inc.
<C>

(Authorized Signature)

(Authorized Signature)

Joseph R. Zell

(Print or Type Name of Signatory)

(Print or Type Name of Signatory)

President, U S WEST !NTERPRISE

(Title)

(Title)

December 9th, 1998

(Execution Date)

(Execution Date)

</TABLE>

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CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

E-MAIL SERVICES AGREEMENT

THIS E-MAIL SERVICES AGREEMENT ("Agreement") is entered into as of the 27th day of May, 1998 ("Effective Date"), by and between CRITICAL PATH, INC., a California corporation having a principal place of business at 320 First Street, San Francisco, CA 94105 ("CP"), and NETWORK SOLUTIONS, INC., a Delaware corporation, having a principal place of business at 505 Huntmar Park Drive, Herndon, VA 20170 ("NSI"). CP and NSI may also be referred to as a "Party" or collectively as the "Parties" throughout this Agreement.

RECITALS:

WHEREAS, CP provides Internet e-mail services, such as Web-based e-mail reader, spam blocking, virus scanning and protection, integrated fax and voice-messaging technologies, permanent archiving and secure certified e-mail delivery to its customers;

WHEREAS, NSI is an Internet domain name registration services provider and also provides network consulting and implementation services to businesses that desire to establish or enhance their Internet presence ("NSI Services"); and

WHEREAS, subject to the terms and conditions of this Agreement, the Parties desire that CP host e-mail services for NSI which NSI may offer to its customers as part of the NSI Services.

NOW, THEREFORE, in consideration of the mutual promises, benefits, and covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, CP and NSI hereby agree as follows:

ARTICLE 1. DEFINITIONS

1.1 "Advertising Revenues" shall mean the revenue received by either Party from third party advertisements included on the Web Mail Page, less any commissions, credits, or refunds paid to such third party advertisers with respect to such revenues.

1.2 "CP System" means CP's E-mail messaging system through which CP provides E-mail Hosting Services.

1.3 "E-mail Hosting Revenues" shall mean all gross revenue of NSI from sales of the E-mail Hosting Services to NSI Customers.

1.4 "E-mail Hosting Services" shall mean the e-mail hosting services provided by CP to NSI for sale to NSI Customers, as more fully described in Article 2 and Exhibit B below.

1.5 "Proprietary Rights" shall mean any and all patents, inventions, copyrights, trademarks, mask works, trade secrets, proprietary information or any other intellectual property rights in any country of the world or contract rights having the equivalent effect.

1.6 "Proprietary Information" shall include, but not be limited to, either Party's data, database, product plans, designs, protocols, products, costs, names, finances, marketing plans, business opportunities, personnel, and research and development originated by the disclosing

Party, not previously published or otherwise disclosed to the general public, not previously available without restriction to the receiving Party, nor normally furnished to others without restriction, and which the disclosing Party desires to protect against unrestricted disclosure or competitive use. All information regarding the terms of this Agreement shall be deemed "Proprietary Information." "Proprietary Information" shall not include information that (i) is or enters the public domain through no fault of the receiving Party; (ii) is known and has been reduced to tangible form by the receiving Party prior to the time of disclosure and is not subject to restriction; (iii) is independently developed by the receiving Party without access to or use of the Proprietary Information; (iv) is lawfully obtained by a third Party who has the right to make such disclosure; (v) is compelled by a court or otherwise required to be disclosed by law or regulation; or (vi) is made generally available by the disclosing Party without restriction on disclosure.

1.7 "Registrar" shall mean the entity acting as an interface between domain name registrants and the Internet top level domain registry providing registration and value added services in the domain name system.

1.8 "Registry" shall mean the entity who is responsible for maintaining a top level domain's zone files which contain the domain name of each second-level domain name in that top level domain and each second-level domain name's Internet Protocol number.

1.9 "NSI Customer" shall mean each of NSI's customers who choose to receive the E-mail Hosting Services through NSI's web site.

1.10 "Web Mail Page" means NSI's web mail page available through the CP System as part of the E-mail Hosting Services

ARTICLE 2. CP OBLIGATIONS

2.1 Services to be Provided. Under the terms and conditions of this Agreement,

CP shall provide and NSI hereby accepts the right to offer the E-mail Hosting Services through the CP System to NSI Customers. Except for entities already

under contract with CP on the Effective Date, NSI shall be CP's exclusive Internet Registrar distributor of the E-mail Hosting Services through the CP System for the .com, org and net top-level domains ("TLDs") for a period from the Effective Date through March 31, 1999. CP shall not provide the same or similar E-Mail Hosting Services to any other Internet Registrar for the .com, .org or .net TLDs during such time period. For the Term of this Agreement, if CP offers domain name registration services as part of its e-mail hosting services to its customers, then NSI shall be CP's exclusive Internet Registrar for the .com, .org and .net TLDs for such new service.

2.2 Privacy. CP shall respect the privacy of the NSI Customers and their e-mail

messages that are transmitted through the CP System or by means of the E-mail Hosting Services. CP shall only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the E-mail Hosting Services, to operate or maintain its systems or to protect itself or NSI's Customers. CP shall not commingle NSI Customer data and e-mail messages with the data or e-mail messages of CP or CP's other customers. In addition, CP shall provide an account provisioning system through which NSI may access and view NSI Customer data at its convenience. In the event NSI wishes to view any NSI Customer data that is not available through the account provisioning system, then CP shall provide or make such data

available to NSI within 48 hours of NSI's written request for such data. Except for the foregoing stated limited purposes, CP shall not use, sell, license or disclose any NSI Customer information without the prior written consent of NSI.

2.3 Suspension or Termination. If CP becomes aware of or suspects any

violation of NSI's Terms of Use by an NSI Customer, CP shall immediately notify NSI and provide reasonable detail of such violation. The Parties shall use their best efforts to promptly resolve the violation or suspected violation. However, CP reserves the right to immediately suspend or terminate the provision of E-mail Hosting Services to the violating NSI Customer as reasonably necessary to protect CP's interests.

2.4 Modification of the E-mail Hosting Services

2.4.1 CP Changes or Modifications to the Services or the CP System. CP shall

provide 90 days prior written notice to NSI of any proposed change or modification ("Change") by CP to the E-mail Hosting Services or the CP System that will materially affect the CP System functionality, the Application Program Interface ("API"), or the NSI Customers' use of or ability to use the E-mail Hosting Services. In the event NSI objects to such Change in writing to CP within 30 days after receipt of CP's notice, then CP shall ensure that such Change is compatible with the previous version of the E-mail Hosting Services, CP System or API for a

period of 6 months from the date of implementation of such Change to permit NSI a period of time to adjust to such Change.

2.4.2 NSI Requested Changes or Modifications. During the term of the

Agreement, NSI may request reasonable functional enhancements or changes to the E-mail Hosting Services or the API. The Parties shall work together to process, develop, and integrate such enhancements or changes, and to develop a mutually agreeable time frame for implementation of such enhancements or changes. Except for enhancements or changes solely developed by NSI or jointly developed by the Parties, NSI acknowledges and agrees that all Proprietary Rights in and to such enhancements and changes shall be owned exclusively by CP, and NSI agrees to execute and deliver to CP all further instruments and documents and take such reasonable action that may be necessary or desirable as reasonably requested by CP to effectuate CP's exclusive ownership. For enhancements or changes solely developed by NSI, CP acknowledges and agrees that all Proprietary Rights in and to such enhancements and changes shall be owned exclusively by NSI, and CP agrees to execute and deliver to NSI all further instruments and documents and take such reasonable action that may be necessary or desirable as reasonably requested by NSI to effectuate NSI's exclusive ownership. NSI hereby grants to CP a non-exclusive, non-transferable, royalty-free, worldwide right to use such NSI-owned enhancements and changes to provide the E-mail Hosting Services and to otherwise perform under this Agreement. Such license shall terminate upon any termination or expiration of this Agreement, subject to survival as provided under Section 10.4. For proposed enhancements or changes that will be jointly developed by the Parties, the responsibility for developing such enhancements or changes and the ownership of such enhancements or changes will be subject of a separate addendum to this Agreement.

2.5 Cash Escrow. Within sixty (60) days of the Effective Date of this

Agreement, or such other time period as mutually agreed by the parties, CP and NSI shall enter into an escrow deposit agreement ("Escrow Agreement") with a mutually agreeable escrow agent for the establishment of an escrow account. CP shall deposit the amount of Two Hundred Fifty Thousand Dollars (US

\$250,000) (the "Deposit") in such escrow account and shall list NSI as the beneficiary thereof upon occurrence of a Release Condition as defined below. NSI agrees to pay all applicable fees for the establishment and maintenance of the escrow account.

The parties agree that NSI shall be entitled to release of the Deposit only if any of the following conditions (the "Release Conditions") shall occur during the term of this Agreement: (i) CP materially breaches or defaults in any of the material terms or conditions of this Agreement and CP ceases to provide to NSI the E-mail Hosting Services, (ii) CP makes any assignment for the benefit of

creditors, is insolvent or unable to pay its debts as they mature in the ordinary course of business and CP ceases to provide to NSI the E-mail Hosting Services, (iii) proceedings are instituted by or against CP in bankruptcy or under any insolvency laws or for receivership or dissolution and CP ceases to provide to NSI the E-mail Hosting Services or support thereof in accordance with this Agreement, or (iv) CP is subject to an Adverse Change of Control. As used in this Section 2.5, "Adverse Change of Control" means a change in ownership of CP so a majority of the voting stock in CP is held by an entity that offers Internet Registrar or Registry services that compete with NSI's services.

2.6 IP Address Space. CP shall maintain an inventory of Internet Protocol

("IP") address space sufficient to satisfy NSI's quarterly projections of NSI Customers of the E-mail Hosting Services. Within 5 business days of the Effective Date and no later than 15 days before the first day of each calendar quarter commencing July 1, 1998, NSI will provide CP its quarterly projections of the anticipated number of mailboxes to be hosted by CP for NSI Customers for such quarter. Within 5 days after the beginning of each calendar quarter, CP shall have available for use by NSI sufficient IP address space inventory to meet NSI's quarterly projections. CP's failure to maintain the necessary inventory of IP address space to meet NSI's quarterly projections shall constitute a material breach of the Agreement pursuant to Article 10.3 below.

2.7 Branding of Web Mail Page. Within 10 days from the receipt of all necessary

logos, texts and images ("Branding Materials") from NSI pursuant to Article 3.3.1 below, CP shall develop a branded Web Mail Page and shall provide, or otherwise make available to NSI, such developed Web Mail Page for NSI's review and approval. Once approved, CP shall only be obligated to make one change to the look and feel of the branded Web Mail Page at no additional charge.

ARTICLE 3. NSI OBLIGATIONS

3.1 Requirements. NSI hereby agrees that it will offer, access, and make the E-

mail Hosting Services available to NSI Customers pursuant to a Terms of Use Agreement similar in content and no less protective of CP's rights than the one set forth in Exhibit D to this Agreement, as may be modified by NSI from time to time upon notice to CP ("Terms of Use"). NSI agrees to obtain consent from each NSI Customer of the Terms of Use prior to such Customer's initial use of the E-mail Hosting Services.

3.2 New Account Transition of Existing Account. NSI will provide to CP

information, such as the domain name, e-mail addresses and passwords ("Customer Information") necessary for CP to open a new account or transition the NSI Customers' current e-mail systems to CP's System. Upon receipt of Customer Information from NSI for each NSI Customer, CP shall perform the set-up and other initial services before such NSI Customer will have access to the CP System. The Parties agree to work together to achieve a transition to the CP System that is transparent to NSI Customers.

3.3 Branding of Web Mail Page

3.3.1 Provision. Development and Approval - NSI shall provide CP with all

Branding Materials necessary for CP to brand NSI's Web Mail Page. NSI warrants and represents to CP that NSI has full power and authority to provide to CP, and to authorize CP's use of, the Branding Materials provided by NSI for branding the Web Mail Page, and agrees to defend and indemnify CP with respect to any claims arising from CP's use of such Branding Materials.

3.3.2 Proprietary Rights - NSI grants to CP a non-exclusive, non-transferable,

worldwide, royalty-free, license to reproduce, display, perform, modify, and otherwise use the Branding Materials for the purpose of branding the Web Mail Page and making such Web Mail Page available through the E-mail Hosting Services to NSI Customers and no other purpose. NSI shall retain all Proprietary Rights it may have in and to the Branding Materials. CP shall retain all Proprietary Rights in and to the CP Services (not including the Branding Materials as incorporated into NSI's Web Mail Page) and all development tools, routines, subroutines, applications, software and other materials (not including the Branding Materials) that CP may use in connection with branding the Web Mail Page.

ARTICLE 4. PROGRAM MANAGERS/MEETINGS

4.1 CP Program Manager. CP hereby appoints Stephanie Dumlea as Program Manager

to manage the relationship established by this Agreement (the "CP Program Manager") who will:

(a) have overall managerial responsibility for the E-mail Hosting Services; (b) participate in required NSI scheduled meetings and planning sessions relating to the E-mail Hosting Services as reasonably requested by NSI; (c) serve as CP's primary liaison to NSI for the E-mail Hosting Services; and (d) coordinate, oversee, and monitor CP's performance of the E-mail Hosting Services with the applicable CP managers responsible for such performance. CP may change the Program Manager by providing 14 days prior written notice to NSI. In addition to the CP Program Manager, upon mutual agreement of the Parties, CP shall provide, at no cost to NSI, a customer support FTE who will be located in an office provided by NSI in its Herndon, VA operations center to resolve escalations.

4.2 NSI Program Managers. NSI hereby appoints Dave Holtzman as its Engineering

Program Manager and Doug Wolford as its Marketing and Strategic Program Manager to manage the relationship established by this Agreement (the "NSI Program Managers") who will: (a) have overall managerial responsibility for NSI's responsibilities under this Agreement; (b) serve as the primary liaisons to the CP Program Manager; (c) have direct access to NSI's key decision

makers; and (d) be able to call upon the experience, expertise and resources of NSI as needed to properly perform its duties hereunder. At any time, NSI may change the NSI Program Managers by providing notice to CP.

4.3 Status Meetings. The Parties hereby agree to have meetings involving the

senior management of each Party no less than once per calendar year quarter to review the status of performance of the E-mail Hosting Services and resolve any outstanding issues relating to the Agreement or the E-mail Hosting Services. In addition, the Parties agree to have regular (no less than bi-monthly) marketing and strategic review meetings at which mutual business opportunities will be identified and marketing programs defined.

ARTICLE 5. PRICING/PAYMENT AND OTHER CONSIDERATION

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5.1 Pricing and Payment. Exhibit B specifies CP's prices for the E-mail Hosting

Services and other payment provisions. Such prices are valid for the Term of this Agreement and any extensions thereto. CP hereby certifies that the prices contained in Exhibit B for the E-mail Hosting Services are no higher than those charged to Comparable Customers. For purposes of this Article 5.1, "Comparable Customers" means other CP customers that purchase similar services in similar quantities with similar mailbox requirements and features, but does not include any web hosting companies with similar e-mail volumes or any free e-mail providers. In the event CP enters into an e-mail services agreement ("Comparable Agreement") with any Comparable Customer which charges prices to the Comparable Customer that are lower than the corresponding prices set forth in Exhibit B, CP shall also reduce the prices of its E-Mail Hosting Services to NSI. Any price reduction to NSI shall be effective as of the commencement of services under the Comparable Agreement. All amounts payable hereunder are exclusive of any sales, use, excise, property or any other taxes associated with the NSI Customers' access to or use of the CP System. NSI is responsible for payment of any and all such taxes (excluding taxes based on CP's net income).

5.2 Other Consideration.

(i) Subject to the provisions of paragraph 5.2 (iii) below, CP agrees to provide NSI with a warrant to purchase **** shares of capital stock of CP (as adjusted for any stock splits, stock dividends or similar recapitalization following the Effective Date).

(ii) The exercise price and the type of stock subject to the warrant will be as follows: (1) In the event CP raises at least \$5 million in equity in a private placement occurring prior to December 31, 1999 (a "Financing"), the warrant shall be exercisable, concurrent with the closing of the Financing, for the stock ("Financing Stock") issued in the Financing. The exercise price of the warrant shall be **** of the price at which the Financing Stock is sold in the Financing for the initial 500,000 shares and **** of such price for the second 500,000 shares; or (2) In the event a Financing does not occur prior to

December 31, 1999, the warrant shall be exercisable, concurrent with the closing of the Initial Public Offering ("IPO"), for the common stock, and the exercise price of the warrant shall be **** of the low end price of CP's preliminary IPO Form S-1.

(iii) CP's obligations under paragraph (i) above are subject to all of the following conditions:

- a. NSI must be current on all payments under this Agreement;
- b. NSI must not have any uncured material breach of the Agreement at the time the warrant is exercised; and
- c. The issuance of such warrants shall be subject to compliance with all applicable laws, rules and regulations, including without limitation federal and state securities laws and regulations.

As further consideration, during the Term of the Agreement, CP agrees to provide NSI with one seat on its Technical Advisory Committee to the CP Board of Directors.

5.3 Reports and Audit. Each Party shall submit with each of its payments to the -----

other Party a detailed report of the calculation of each such payment at the request of the other Party. Each Party will retain records relevant to its calculations of the payments made to the other Party during the term of this Agreement and for a two-year period thereafter. Each Party shall have the right, at its expense, acting through a certified public accountant, to examine and audit such records at all reasonable times, on at least ten (10) days prior notice to the other Party, but no more than once every six (6) months.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ARTICLE 6. WARRANTIES

6.1 NSI Warranties. NSI represents and warrants that: (a) it is a corporation -----

duly organized, validly existing and in good standing under the laws of the State of Delaware; (b) it has all requisite power and authority to execute this Agreement and to perform its obligations hereunder; (c) the execution, delivery and performance of this Agreement has been duly authorized and this Agreement is a valid and binding contract enforceable in accordance with its terms, and; (d) CP's use of any data, information, or materials, including without limitation the Branding Materials, provided by NSI does not and will not infringe, or constitute an infringement or misappropriation of any Proprietary Right of any third party. NSI hereby grants to CP a non-exclusive, non-transferable, fully paid license to use the NSI Proprietary Rights only in accordance with the terms and conditions of this Agreement. Such license shall expire upon the termination of this Agreement.

6.2 CP Warranties. CP represents and warrants that: (a) it is a corporation

duly organized, validly existing and in good standing under the laws of the State of California; (b) it has all requisite power and authority to execute this Agreement and to perform its obligations hereunder; (c) the execution, delivery and performance of this Agreement has been duly authorized and this Agreement is a valid and binding contract enforceable in accordance with its terms; (d) CP shall perform the E-mail Hosting Services in accordance with the terms set forth in this Agreement; (e) CP's E-mail Hosting Services do not infringe, or constitute an infringement or misappropriation of, any Proprietary Right of any third party; and (f) the E-mail Hosting Services, the CP System and all software and hardware relating to the services and the system support the year 2000 and are capable of correctly processing, providing and receiving date data, as well as properly exchanging accurate date data with all products and services (e.g., hardware, software and firmware) with which the services and the system are designed to be used.

ARTICLE 7. LIMITATION OF LIABILITY

7.1 IN NO EVENT SHALL EITHER PARTY, OR ITS SUPPLIERS, BE LIABLE TO THE OTHER PARTY, OR TO ANY THIRD PARTY, FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, EVEN IF THE PARTY OTHERWISE LIABLE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

7.2 CP shall not be responsible for any delays, errors, failures to perform, interruptions or disruptions in the E-mail Hosting Services or the CP Systems caused by or resulting from any act, omission or condition beyond CP's reasonable control, whether or not foreseeable or identified, including without limitation acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, earthquakes, severe weather, floods or other natural disaster or NSI's, NSI Customer's or any third party's hardware, software or communications equipment or facilities.

ARTICLE 8. PROPRIETARY INFORMATION

8.1 Non-disclosure. Each Party agrees to keep confidential and to use only for

purposes of performing under this Agreement, any Proprietary Information of the other Party disclosed pursuant to this Agreement which is appropriately marked as proprietary or confidential or which

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would reasonably be considered of a proprietary or confidential nature. Each Party shall protect the other Party's Proprietary Information from unauthorized dissemination and use with the same degree of care that such Party uses to protect its own like information, but in no event less than reasonable care, for a period of three years from receipt of the disclosing Party's Proprietary

Information. Neither Party will disclose to third parties the other Party's Proprietary Information without the prior written consent of the other Party. Except as expressly provided in this Agreement, no ownership or license rights are granted in any Proprietary Information. Both parties acknowledge that the restrictions contained in this Paragraph 8.1 are reasonable and necessary to protect their legitimate interests and that violation of these restrictions will cause irreparable damage to the other Party and each Party agrees that the other Party shall be entitled to injunctive relief against each violation. Upon any termination of this Agreement, each Party shall return to the other Party all Proprietary information of the other Party, and all copies thereof, in the possession, custody or control of the Party.

8.2 Development Rights. The Parties' obligations of confidentiality under this ----- Agreement shall not be construed to limit either Party's right to independently develop or acquire products without the use of the other Party's Proprietary Information.

ARTICLE 9. INDEMNIFICATION

Each Party (the "Indemnitor") shall defend, indemnify, and hold the other Party (the "Indemnitee") harmless from and against any third party claims, losses, actions, demands or damages, including reasonable attorney's fees, resulting from any act, omission, negligence, or performance under this Agreement by the Indemnitor, its customers, agents or representatives. This indemnity shall not apply to the extent the portion of such claim, liability, loss, cost, damage or expense is the result of the negligence or willful misconduct of the Indemnitee, its customers, agents or representatives, or to the extent liability is disclaimed or limited by either Party under this Agreement. The indemnity obligations set forth in this Section are contingent upon: (a) the Indemnitee giving prompt written notice to the Indemnitor of any such claim(s); (b) the Indemnitor having sole control of the defense or settlement of the claim; and (c) at the Indemnitor's request and expense, the Indemnitee cooperating in the investigation and defense of such claim(s).

ARTICLE 10. TERM AND TERMINATION

10.1 Term. This Agreement shall commence as of the Effective Date and shall ---- continue in effect for a one year period (the "Term") or until terminated as provided in this Article. Unless either Party gives the other Party at least 60 days written notice prior to the end of the Term of its intent not to renew the Agreement, the Agreement shall renew automatically thereafter for one year periods until one Party provides the other ninety days written notice of its intent to terminate.

10.2 Termination for Convenience. Notwithstanding the foregoing, NSI may ----- terminate this Agreement at any time, without cause, upon ninety days prior written notice to CP.

10.3 Termination for Breach. Notwithstanding the foregoing, either Party may

terminate this Agreement by giving to the other Party written notice of such termination and an opportunity to cure within thirty (30) days after receipt of such notice, upon the occurrence of any of the following events: (i) the other Party materially breaches or defaults in any of the material terms or conditions of this Agreement, (ii) the other Party makes any assignment for the benefit of

creditors, is insolvent or unable to pay its debts as they mature in the ordinary course of business, or (iii) any proceedings are instituted by or against the other Party in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution.

10.4 Effect of Termination. Upon NSI's breach of this Agreement and any

termination of this Agreement as a result of NSI's breach, CP shall immediately cease providing all E-mail Hosting Services, and NSI and Customers shall no longer have access to the CP System. Upon CP's breach of this Agreement and any termination of this Agreement as a result of CP's breach or any other termination of this Agreement except for NSI's breach, CP shall work with NSI in the migration of the E-mail Hosting Services and e-mail messages to another vendor of NSI's choice or to NSI's e-mail system. Thereafter, CP shall delete all stored e-mail messages of NSI's Customers on the CP System. Except in the event of termination for CP's breach, within fifteen (15) days of a termination of this Agreement, NSI shall pay to CP all unpaid fees accrued prior to termination.

10.5 Survival. Sections 5.1, 5.3, 6, 7, 8, 9, 10.4, 10.5, 13, 14, 17 and Exhibit B

(as to amounts accrued but unpaid) shall survive any expiration or termination of this Agreement.

ARTICLE 11. ADVERTISING/PUBLICITY

11.1 Advertisements and Commercial Use. If NSI, in its sole discretion, decides

to include advertisements in its web interface, either Party may solicit third parties for advertisements to be included on the Web Mail Page of the web site through which the E-mail Hosting Services are provided. The Parties shall share in the Advertising Revenue resulting therefrom as provided in Exhibit B. Each Party shall be solely responsible for all obligations, liabilities and duties under any and all agreements with third parties with regard to such advertisements, unless otherwise expressly agreed in writing by the other Party. NSI agrees that it will not sell, make commercial use of, or otherwise generate income from, the E-mail Hosting Services or the CP System, other than making the E-mail Hosting Services and the CP System available to NSI Customers, including any NSI distribution partners, as part of the NSI Services or obtaining advertising to be included on its Web Mail Page as permitted under the terms and conditions of this Agreement.

11.2 Publicity. During the term of this Agreement, either Party may use the

other Party's name in news releases, articles, brochures, marketing materials, advertisements and other publicity or promotions, subject to the other Party's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed.

ARTICLE 12. NOTIFICATION

All notices and requests in connection with this Agreement shall be deemed given as of the day they are received either by messenger, delivery service, or in mail, postage prepaid, certified or registered, return receipt requested, and addressed as follows:

To Network Solutions:
505 Huntmar Park Drive
Herndon, VA 20170
Attention: James M. Ulam, Esq.
Phone: (703)-742-4737
Fax: (703)-742-0065

To CP:
320 First Street
San Francisco, CA 94105
Attention: Shelly Alger
Phone: (415)543-2800
Fax: (415)543-2830

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Copy to: General Counsel
Fax: (703) 742-0065

Copy to: Marla Hoehn, Esq.
Pillsbury Madison & Sutro LLP
Fax: (650)233-4545

ARTICLE 13. RELATIONSHIP OF THE PARTIES

Nothing in this Agreement shall be construed as creating an employer-employee relationship, a partnership, or a joint venture between the parties.

ARTICLE 14. GOVERNING LAW

This Agreement shall be governed by the laws of the Commonwealth of Virginia, excluding its conflicts of law rules. Both Parties consent to personal jurisdiction and venue in the federal courts sitting either in the eastern district of the Commonwealth of Virginia or the northern district of California.

ARTICLE 15. COMPLIANCE WITH LAWS

Each Party agrees to comply with all applicable laws, rules and regulations, including any Internet regulations or policies and applicable export laws, in its performance under this Agreement.

ARTICLE 16. ASSIGNMENT

Neither Party may assign this Agreement or any of its rights or delegate any of

its duties under this Agreement without the prior written consent of the other; provided that either Party shall have the right to assign its rights and obligations hereunder to its parent, successor, or to any subsidiary or affiliate upon notice to the other Party. Any purported assignment or delegation without such required consent shall be null and void.

ARTICLE 17. CONSTRUCTION

If for any reason a court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement will continue in full force and effect. Failure by either Party to enforce any provision of this Agreement will not be deemed a waiver of future enforcement of that or any other provision. This Agreement has been negotiated by the parties and their respective counsel and will be interpreted fairly in accordance with its terms and without any strict construction in favor of or against either Party.

ARTICLE 18. ENTIRETY

This Agreement shall not be effective until signed by both parties. This Agreement constitutes the entire agreement between the parties with respect to the services and all other subject matter hereof and supersedes all prior and contemporaneous communications. This Agreement shall not be modified except by written agreement dated subsequent to the date of this Agreement and signed on behalf of NSI and CP by their respective duly authorized representatives.

IN WITNESS WHEREOF, the Parties to this Agreement have executed and delivered this Agreement as of the date first above written.

CRITICAL PATH, INC.

NETWORK SOLUTIONS, INC.

By _____

By _____

Name _____

Name _____

Its _____

Its _____

Date _____

Date _____

EXHIBIT A

A: Project Scope

CP shall be responsible for all aspects of delivering the E-Mail Hosting Services to NSI and NSI's Customers at the required performance levels as set forth in this Exhibit A.

B: CP System Requirements

CP shall furnish all necessary facilities, mail collection system equipment, software and telecommunications services to provide the E-Mail Hosting Services to NSI and the NSI Customers. CP shall provide a backup site for its message center. The backup site must provide fully redundant capabilities. In the event of a failure within a message center the backup center shall take over within 1 hour. Such backup facility shall be operational by July 31, 1998. In addition, within 60 days after the Effective Date, CP shall provide NSI with a disaster recovery plan that will facilitate recovery of the CP System within 12 hours of a disaster. All components needed to carry out the plan must be available as scheduled in the plan. In the event of any disaster, CP will use commercially reasonable efforts to recover the CP System and restore provision of the E-mail Hosting Services in accordance with the disaster recovery plan; provided, however, that any such disaster recovery plan shall not expand CP's limitation of liability as provided under the Agreement, nor shall any failure by CP to effect recovery within 12 hours of a disaster necessarily be deemed a material breach of this Agreement unless otherwise provided under the Agreement.

CP shall also provide a second data center, that is geographically dispersed from its primary west coast data center, by July 31, 1998 to provide for the continued operation of the CP System during the primary data center downtime that is transparent to NSI Customers.

The CP System uptime measured from the CP externally connected router shall be **** as measured in each calendar month. CP shall perform scheduled maintenance and upgrades on the CP System from 3am - 6am EST Saturday or Sunday. The CP System and facility shall be year 2000 compliant.

CP's processes, which interact with NSI, shall be monitorable by NSI. In addition, CP shall provide NSI with access to the network monitoring components necessary for NSI to monitor key components used in the provisioning process. On or before December 31, 1998, CP shall provide NSI access to its SNMP agent process. Such SNMP agent shall be protected from public access and will contain mutually agreed-upon read-only variables.

The CP System capacity shall meet or exceed the quarterly projections of required mailboxes for NSI Customers. CP shall provide NSI with projected growth and expansion plans of the CP System in response to NSI's Customer quarterly projections for growth. This information shall be reported in CP's monthly status report.

The CP System shall conform to the following requirements for the display to user:

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All features on web pages must display in 3.0 or above Internet Explorer or Netscape Navigator. Until such time as browsers are able to accept Java applets, without prior mutual agreement of the Parties, Java applets shall not be used. All screens must be viewable with in a 640 X 480 display.

The CP System APP used for provisioning shall have the following capabilities:

Phase I:

Add/Delete domain

Add/Update/Delete mailbox

Add/Update/Delete forward

Phase II:

Suspend mailbox

Domain status

Mailbox status

Forward status

CP shall provide NSI access to its provisioning interface. This interface shall be available to NSI for remote provisioning of domain accounts, mailboxes, and poplinks. NSI Customer status information shall also be available to NSI through the APP.

C: Project Management Requirements - See Exhibit E, Service Level Agreement.

D: Testing

CP shall provide and make available a test system that is a stable replication of the live system for the testing of new features for a 30 day period prior to the planned release of such new features to the live system. The primary (stable) test system shall meet the same uptime requirements as the live system and provide the same processing monitoring capability. Once new features are released to the live system the primary test system will be updated to reflect the new features added to the live system within 24 hours after such release to the live system.

In addition, upon launch of the E-mail Hosting Services, CP shall makes its provisioning protocol available for use by NSI. Upon the development of new versions or releases of the CP provisioning protocol, and upon NSI's request, CP may use NSI as a beta test site for such new releases or versions

of its provisioning protocol. Any such testing shall be in accordance with a separate beta test site agreement. Upon the availability of new versions or releases of the provisioning protocol to CP's customers generally, CP shall provide NSI with a non-transferable, non-exclusive limited license to use such provisioning protocol and its web interface.

E. Support Requirements - The E-mail Hosting Services shall include support, as set forth below to NSI. CP shall use its reasonable efforts to respond to requests for support within twelve (12) hours of receipt of such request. In addition, CP shall provide telephone support directly to NSI. NSI shall be responsible for first-level telephone support to NSI Customers and for all other support not otherwise specified herein to NSI Customers.

1. Support via Email:

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CP shall provide support via email for NSI Customer inquiries that can not be resolved by NSI 1st or 2nd Level. E-mail inquiries may be sent to CP from either NSI 1st or 2nd Level support operations. Prior to launch of the E-Mail Hosting Services to NSI's Customers, CP and NSI will develop criteria for escalation of NSI Customer e-mail inquiries. The performance requirements for e-mail inquiries are:

- . E-mail inquiry will be resolved within 12 hours of receipt by CP.
- . If the inquiry can not be resolved within 12 hours, an e-mail (where appropriate) will be sent to NSI 1st or 2nd Level support informing them that the issue is still pending.
- . If the inquiry can not be resolved within 24 hours, a status e-mail will be sent to NSI 1st or 2nd Level every 24 hours, or at an agreed upon interval mutually agreed upon by the Parties depending upon the severity of the problem, until resolution informing them that the issue is still pending.

2. Help Desk Support via telephone:

CP will provide Help Desk Support for escalation of issues that can not be resolved by NSI 1st or 2nd Level. NSI will not transfer NSI Customer calls, unless directed by CP. The performance requirements for NSI Customer calls are:

- Telephone escalations shall be resolved within 12 hours of receipt by CP.
- . If the escalation can not be resolved within 12 hours, an e-mail (where appropriate) will be sent to the NSI 1st or 2nd Level support informing them that the issue is still pending. If an email is not appropriate, a phone call shall be made to NSI 1st or 2nd Level to inform NSI of the status.
- . If the escalation can not be resolved within 24 hours, a status e-mail, when appropriate, will be sent to the NSI 1st or 2nd Level support every 24 hours or at an agreed upon interval depending upon the severity of the issue, until resolution informing them that the issue is still pending.
- . Escalations to CP will be via a toll free number.
- . CP will provide sufficient coverage for the performance metrics to be

mutually agreed upon by the Parties. Prior to the launch of the E-Mail Hosting Services to NSI Customers, CP and NSI will develop a Management and Off-Hours Escalation Process for emergency situations.

- . Telephone Support will be available 5 days a week, 15 hours a day (8am to 11pm EDT/EST Monday through Friday), at the launch date and effective October 1, 1998 such support will be increased to 7 x 24 x 365.
- . Prior to the time when the telephone support is increased to 7 x 24 x 365, during off hours, in emergency situations, CP shall provide pager based , on-call support to NSI 1st and 2nd Level.

CP shall use the NSI Tracking System, when available, to track all inquiries from NSI (1st and 2nd level) and to respond to NSI.

3. Training:

CP, at no cost to NSI, shall assist in the development and implementation of training programs for 1st and 2nd Level NSI support. CP, ****, shall provide updates to training materials for any product modifications, improvements or changes. CP, at no cost to NSI, shall assist in the development and implementation of training for any product modifications, improvements or changes.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

4. Other materials (for support documentation and web page support): CP, at no cost to NSI, shall provide NSI original and updated as required:

- . Troubleshooting guides for common problems
- . Common questions and answers
- . Knowledge Base with search functionality (when available)

CP, at no cost to NSI, shall assist in the development and provide NSI with the following material and updates as required:

- . Standard scripting for use on telephone support lines.
- . Standard responses for use on email responses to Customer inquiries via email.

F. Mailbox Requirements - The CP System shall be able to meet the requirements of NSI's service offering. NSI's service offering to its customers will be 3 free web and Post Office Protocol ("POP") mailboxes, for the remaining months of 1998, with the purchase of a second- level domain name. To qualify for this offer the NSI Customer must reserve its domain name with NSI. If the NSI Customer wants to add additional mailboxes at the time of purchase they will have the option of doing so at a price to be determined by NSI at its sole discretion.

1. Storage Capacity - Each mailbox provided hereunder shall have a maximum storage capacity of 10MB. NSI may purchase additional storage space from CP upon payment of CP's then-current fees. CP shall notify NSI in the event any NSI Customer's mailbox is approaching or exceeds the maximum limit. Thereafter, if such Customer exceeds the maximum storage capacity, CP may delete e-mail messages from the affected mailboxes, at CP's discretion upon prior notice to NSI.

2. Features - The Version 1 release of NSI service offering will include the following features:

1. Web and POP mail integrated
2. Auto-forward
3. **** uptime
4. send/receive
5. spam blocking
6. nicknames
7. LDAP (to be available August 1998)
8. Attachments to 4MB
9. Localization
10. Postmarking
11. POP retrieval
12. Header options
13. Account provisioning
14. Snarfing
15. POP links
16. Preferences/customizations - web mail only
17. Folders - web mail only

3. Additional Features - CP will provide NSI with a revised feature release schedule on a monthly basis. In the event NSI decides to build, at its sole cost, a "Roll-Your-Own" mail system, NSI may terminate this Agreement pursuant to Article 10.2, and CP hereby agrees to reasonably

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cooperate with NSI, upon written notice from NSI, to transition NSI Customers over to NSI's "Roll-Your-Own" system in accordance with Article 10.4 of the Agreement.

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EXHIBIT B

PRICES AND PAYMENT SCHEDULE

This Prices and Payment Schedule is attached to and made a part of the E-mail Services Agreement between NSI and CP and is subject to the terms and conditions of the Agreement.

A. Prices - NSI agrees to pay CP the following amounts for the following Services. NSI will pay CP for mailboxes only upon activation by the NSI Customer.

1. Basic hosting fee: NSI will pay to CP a basic monthly Post Office

Protocol ("POP")/Web integrated or web only email hosting fee per mailbox of \$**** for POP hosting, which includes access to and use of CP's mail administration center, and until such time as spam blocking becomes an optional feature, no charge per mailbox for spam blocking which is included in the basic package but no other premium features. Upon CP's making spam blocking an optional feature the fee payable for such feature will be no more than \$**** per mailbox.

2. POP link forwarding feature for a "catchall account" (to span multiple

domains per account): NSI will pay to CP a fee of \$**** per mailbox

per month for POP link forwarding. "Catchall accounts" are those default postmaster accounts registered to each domain name that are not utilized, but forwarded on.

3. Value added features: NSI will pay to CP ****% of NSI's retail price

received from NSI Customer for each subscribed service.

Suggested Retail Price for Value-Added Features of the Services:

Virus Protection	TBD
------------------	-----

Certified Delivery	TBD
--------------------	-----

Archiving (storage > 10Mb)	TBD
----------------------------	-----

B. Branding of Web Mail Page

1. Fees - NSI will pay to CP a one-time fee of \$**** for CP's branding

of the Web Mail Page. NSI will pay CP a one-time fee of \$**** for development of an automatic sign-up page. Once approved, CP shall only be obligated to make

one change to the look and fee] of the branded Web Mail Page at no additional charge. Any further requested changes will be chargeable at the rate of \$**** each.

C. Support - The E-mail Hosting Services shall include web-based support (i.e., through e-mail), including an HTML version of CP's support FAQs, to NSI and NSI Customers at no additional charge.

D. Payment by NSI to CP - All fees for the E-mail Hosting Services shall be applicable for any month, or portion thereof, in which such services are rendered. All fees are payable monthly by NSI within thirty days of the end of each month monthly in accordance with this Exhibit B. In addition, if during the previous month, CP performed any work on the

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branding of the Web Mail Page as provided herein, NSI shall include the applicable fees for such work in the next month's payment. Payments received by CP after the due date may be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

E. Advertising Revenues

1. Sharing of Advertising Revenues - The Parties shall share revenues

as follows: ****% CP and ****% NSI for all Advertising Revenues.

2. Payment - NSI shall pay to CP its share of Advertising Revenues

received by NSI during the preceding month within thirty days of the end of each month, subject to the terms and conditions of Section D above. CP shall pay NSI its share of Advertising Revenues received by CP during the preceding month within thirty days after the end of each month during the term of this Agreement. If, in prior remittances, the paying Party included revenues in the calculation of Advertising Revenues, as to which during the preceding month the Party granted credits or refunds, then the Party may reduce the Advertising Revenues paid to the other Party by the amount of any such credits or refunds.

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EXHIBIT C

RESERVED

EXHIBIT D

SERVICE AGREEMENT

A. AGREEMENT. In this Service Agreement ("Agreement") "you" and "your" refer to each customer and "we", "us" and "our" refer to Network Solutions, Inc. ("NSI"). This Agreement explains our obligations to you, and explains your obligations to us for various Network Solutions services. By selecting our Network Solutions service(s) you have agreed to establish an account with us for such services. When you use your account or permit someone else to use it to purchase additional Network Solutions service(s) or to cancel your Network Solutions service(s) (even if we were not notified of such authorization), this Agreement covers such service or actions. By using the service(s) provided by NSI under this Agreement, you acknowledge that you have read and agree to be bound by all terms and conditions of this Agreement and any pertinent rules or policies that are or may be published by NSI. The terms and conditions marked with an (*) apply to customers of the Network Solutions E-mail Service only.

B. FEES, PAYMENT AND TERM. As consideration for the services you have selected, which are indicated on the cover page of this Agreement, you agree to pay for the Network Solutions service(s), which includes any InterNIC fees to register or reserve your domain name. The term(s) of the Network Solutions service(s) you have selected are also set forth on the cover page of this Agreement. As further consideration for the Network Solutions service(s), you agree to: (1) provide certain current, complete and accurate information about you as required by the registration process and (2) maintain and update this information as needed to keep it current, complete and accurate. All such information shall be referred to as account information ("Account Information"). You hereby grant NSI the right to disclose to third parties certain Account Information about you in a publicly accessible directory. However, such disclosures will exclude your contact information, e-mail address and account number, unless: (1) you expressly permit NSI to disclose such information; or (2) NSI is required to disclose such information by any applicable law or legal process served on NSI (e.g., discovery, service of process, collection, etc.).

*C. DESCRIPTION OF E-MAIL SERVICE. NSI is providing you with a capability to send and receive electronic mail ("Network Solutions E-mail Service") via the World Wide Web ("Web") and on NSI's system. You must: (1) provide all equipment,

including a computer and modem, necessary to establish a connection to the Web; and (2) provide for your own connection to the Web and pay any telephone service fees associated with such connection. NSI has set no fixed upper limit on the number of messages you may send or receive through the Network Solutions E-mail Service; however, NSI retains the right, at NSI's sole discretion, to determine whether or not your conduct is consistent with this Agreement and NSI's operating rules or policies and may terminate the Network Solutions E-mail Service if your conduct is found to be inconsistent with this Agreement, such rules or policies. Your right to use the Network Solutions E-mail Service is personal to you. You agree not to resell the E-mail Service, without the prior express written consent of NSI.

*D. PRIVACY POLICY. E-mail is private correspondence between the sender and the recipient. It is NSI's policy to respect the privacy of its customers. Therefore, NSI will not monitor, edit or disclose the contents of your private communications unless required to do so by law or in the good faith belief that such action is necessary to; (1) conform to the law or comply with legal process served on NSI; (2) protect and defend the rights or property of NSI; or (3) act under exigent circumstances to protect the personal safety of its customers or the public.

You acknowledge and agree that NSI neither endorses the contents of any of your communications nor assumes responsibility for any threatening, libelous, obscene, harassing or offensive material contained therein, any infringement of third party intellectual property rights arising therefrom or any crime facilitated thereby. You acknowledge and agree that certain technical processing of e-mail messages and their content may be required to: (1) send and receive messages; (2) conform to connecting networks' technical requirements; (3) conform to the limitations of the Network Solutions E-mail Service; or (4) conform to other similar requirements.

*E. CUSTOMER CONDUCT. You are solely responsible for the content of your transmissions through the Network Solutions E-mail Service. Your use of the Network Solutions E-mail Service is subject to all applicable local, state, national and international laws and regulations. You agree: (1) to comply with U.S. law regarding the transmission of technical data exported from the United States through the Network Solutions E-mail Service; (2) not to use the Network Solutions E-mail Service for illegal purposes; (3) not to interfere with or disrupt networks connected to the Network Solutions E-mail Service; and (4) to comply with all regulations, policies and procedures of networks connected to the Network Solutions E-mail Service.

The Network Solutions E-mail Service makes use of the Internet to send and receive certain messages. Your conduct is therefore subject to applicable Internet regulations, policies and procedures. You agree not to use the Network Solutions E-mail Service for chain letters, junk mail, spamming or any use of distribution lists to any person who has not given specific permission to be included in such a process.

You agree not to transmit through the Network Solutions E-mail Service any unlawful, harassing, libelous, abusive, threatening, harmful, vulgar, obscene or otherwise objectionable material of any kind or nature. You further agree not to

transmit any material that encourages conduct that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable local, state, national or international law or regulation. Attempts to gain unauthorized access to other computer systems are prohibited. You agree not to interfere with another customer's use and enjoyment of the Network Solutions E-mail Service or another entity's use and enjoyment of similar services. NSI's contractor, Critical Path, Inc. shall be an intended third party beneficiary of the Network Solutions E-mail Service customers' obligations under this Agreement and thus shall be entitled to enforce those obligations against such customers as if a party to this Agreement. NSI may, at its sole discretion, immediately terminate Network Solutions E-mail Service if your conduct fails to conform with these terms and conditions.

*F. PROPRIETARY RIGHTS TO CONTENT. You acknowledge that content, including but not limited to text, software, music, sound, photographs, video, graphics or other material contained in either advertisements or e-mail-distributed, commercially produced information presented to you by the Network Solutions E-mail Service ("Content") by NSI or NSI's advertisers, is protected by copyrights, trademarks, service marks, patents or other proprietary rights and laws. You therefore agree to use this content as expressly authorized by the Network Solutions E-mail Service or the advertiser. You agree not to copy, reproduce, distribute or create derivative works from this content without express authorization to do so by NSI or the advertiser.

G. MODIFICATIONS TO AGREEMENT. You agree, during the period of this Agreement, that we may: (1) revise the terms and conditions of this Agreement; and (2) change the services provided under this Agreement at any time. Any such revision or change will be binding and effective immediately on posting of the revised Agreement or change to the service(s) on NSI's homepages, or on notification to you by e-mail or United States mail. You agree to review NSI's homepages, including the Agreement, periodically to be aware of any such revisions. If you do not agree with any revision to the Agreement, you may terminate this Agreement at any time by providing us with notice by e-mail or United States mail at the addresses listed on the cover page of this Agreement. Notice of your termination will be effective on receipt and processing by us. You agree that, by continuing to use the Network Solutions services following notice of any revision to this Agreement or change in service(s), you agree to abide by any such revisions or changes.

H. MODIFICATIONS TO YOUR ACCOUNT. In order to change any of your account information with us, you must use your Account Number and Password that you selected when you opened your account with us. Please safeguard your Account Number and Password from any unauthorized use. In no event will we be liable for the unauthorized use or misuse of your Account Number or Password.

I. DOMAIN NAME DISPUTE POLICY. If you reserved or registered a domain name through us you agree to be bound by our current Domain Name Dispute Policy ("Dispute Policy") which is incorporated herein and made a part of this

Agreement by reference. The current version of the Dispute Policy may be found at our web site: <http://www.networksolutions.com/dispute.html>. Please take the

time to familiarize yourself with such policy.

J. DOMAIN NAME DISPUTE POLICY MODIFICATIONS. You agree that we, in our sole discretion, may modify our Dispute Policy at any time. You agree that, by maintaining the reservation or registration of your domain name after modifications to the Dispute Policy become effective, you have agreed to these modifications. You acknowledge that if you do not agree to any such modifications, you may request that your domain name be deleted from the domain name database.

K. DOMAIN NAME DISPUTES. You agree that, if the registration or reservation of your domain name is challenged by a third party, you will be subject to the provisions specified in the Dispute Policy in effect at the time of the dispute. You agree that in the event a domain name dispute arises with any third party, you will indemnify and hold us harmless pursuant to the terms and conditions contained in the Dispute Policy.

L. AGENTS. You agree that, if an agent for you (i.e. an Internet Service Provider, employee, etc.) purchased our Network Solutions service(s) on your behalf, you are nonetheless bound as a principal by all terms and conditions herein, including the Dispute Policy.

M. ANNOUNCEMENTS. We reserve the right to distribute information that is pertinent to the quality or operation of our services. These announcements will be predominately informative in nature and may include notices describing changes, upgrades, new products or other information to enhance your identity on the Internet.

N. LIMITATION OF LIABILITY. You agree that our entire liability, and your exclusive remedy, with respect to any Network Solutions services(s) provided under this Agreement and any breach of this Agreement is solely limited to the amount you paid for such service(s). NSI and its contractors shall not be liable for any direct, indirect, incidental, special or consequential damages resulting from the use or inability to use any of the Network Solutions services or for the cost of procurement of substitute services. Because some states do not allow the exclusion or limitation of liability for consequential or incidental damages, in such states, our liability is limited to the extent permitted by law. We disclaim any and all loss or liability resulting from, but not limited to: (1) loss or liability resulting from access delays or access interruptions; (2) loss or liability resulting from data non-delivery or data mis-delivery; (3) loss or liability resulting from acts of God; (4) loss or liability resulting from the unauthorized use or misuse of your Account Number or Password; (5) loss or liability resulting from errors, omissions, or misstatements in any and all information or services(s) provided under this Agreement; and (6) loss or liability relating to the deletion of or failure to store e-mail messages.

O. INDEMNITY. You agree to release, indemnify, and hold NSI, its contractors, agents, employees, officers, directors and affiliates harmless from all liabilities, claims and expenses, including attorney's fees, of third parties

relating to or arising under this Agreement, including infringement by you, or someone else using the Network Solutions E-mail Service with your computer, of any intellectual property or other proprietary right of any person or entity or from the violation of any NSI operating rule or policy relating to the service(s) provided. You also agree to release, indemnify and hold us harmless pursuant to the terms and conditions contained in the Dispute Policy.

P. BREACH. You agree that failure to abide by any provision of this Agreement, any NSI operating rule or policy or the Dispute Policy, may be considered by us to be a material breach and that we may provide a written notice, describing the breach, to you. If

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within thirty (30) calendar days of the date of such notice, you fail to provide evidence, which is reasonably satisfactory to us, that you have not breached your obligations under the Agreement, then we may delete the registration or reservation of your domain name

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or terminate your e-mail account. Any such breach by you shall not be deemed to be excused simply because we did not act earlier in response to that, or any other breach by you.

Q. NO GUARANTY. You agree that, by registration or reservation of your chosen domain name, such registration or reservation does not confer immunity from objection to either the registration, reservation, or use of the domain name.

R. DISCLAIMER OF WARRANTIES. You agree and warrant that the information that you provide to us to register or reserve your domain name or register for the Network Solutions E-mail Service is, to the best of your knowledge and belief, accurate and complete, and that any future changes to this information will be provided to us in a timely manner according to the modification procedures in place at that time. You agree that your use of our Network Solutions service(s) is solely at your own risk. You agree that such service(s) is provided on an "as is," "as available" basis. NSI EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT. NSI MAKES NO WARRANTY THAT THE NETWORK SOLUTIONS SERVICE(S) WILL MEET YOUR REQUIREMENTS, OR THAT THE SERVICE(S) WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES NSI MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SERVICE(S) OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE NETWORK SOLUTIONS E-MAIL SERVICE OR THAT DEFECTS IN THE E-MAIL SERVICE SOFTWARE WILL BE CORRECTED. YOU UNDERSTAND AND AGREE THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE NETWORK SOLUTIONS E-MAIL SERVICE IS DONE AT YOUR OWN DISCRETION AND RISK AND THAT YOU WILL BE

SOLELY RESPONSIBLE FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA. NSI MAKES NO WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH THE E-MAIL SERVICE OR ANY TRANSACTIONS ENTERED INTO THROUGH THE E-MAIL SERVICE. NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY YOU FROM NSI OR THROUGH THE E-MAIL SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF CERTAIN WARRANTIES, SO SOME OF THE ABOVE EXCLUSIONS MAY NOT APPLY TO YOU.

S. REVOCATION. You agree that we may delete your domain name or terminate your right to use the Network Solutions E-mail Service if the information that you provided to register or reserve your domain name or register for the E-mail Service, or subsequently to modify it, contains false or misleading information, or conceals or omits any information we would likely consider material to our decision to register or reserve your domain name.

T. RIGHT OF REFUSAL. We, in our sole discretion, reserve the right to refuse to register or reserve your chosen domain name or e-mail account, or to delete your domain name within thirty (30) calendar days from receipt of your payment for such services. In the event we do not register or reserve your domain name or e-mail account, or we delete your domain name or e-mail within such thirty (30) calendar day period, we agree to refund your fees. You agree that we shall not be liable to you for loss or damages that may result from our refusal to register or reserve, or delete your domain name or e-mail account.

U. SEVERABILITY. You agree that the terms of this Agreement are severable. If any term or provision is declared invalid or unenforceable, that term or provision will be construed consistent with applicable law as nearly as possible to reflect the original intentions of the parties, and the remaining terms and provisions will remain in full force and effect.

V. ENTIRETY. You agree that this Agreement, the rules and policies published by NSI and the Dispute Policy are the complete and exclusive agreement between you and us regarding our Network Solutions services. This Agreement and the Dispute Policy supersede all prior agreements and understandings, whether established by custom, practice, policy or precedent.

W. GOVERNING LAW. You agree that this Agreement shall be governed in all respects by and construed in accordance with the laws of the Commonwealth of Virginia, United States of America, excluding its conflict of laws rules. You and we each submit to exclusive subject matter jurisdiction, personal jurisdiction and venue of the United States District Court for the Eastern District of Virginia, Alexandria Division. If there is no jurisdiction in the United States District Court for the Eastern District of Virginia, Alexandria Division, then jurisdiction shall be in the Circuit Court of Fairfax County, Fairfax, Virginia.

X. This is NSI Service Agreement Version Number 2.0. This Service Agreement is for all Network Solutions services offered by NSI.

EXHIBIT E

SERVICE LEVEL AGREEMENT

1. Performance

(a) Processing E-mails: Monthly average less than **** seconds response

time for ****% of requests. Measures server response time only, not network transmission time. This average does not include any period of unforeseen, unsolicited bulk email messages that degrade service.

(b) Availability of E-mail Server: Monthly average ****% up time (not

including scheduled downtimes for maintenance, which currently take place Monday mornings between 12 a.m. and 3 a.m. PST.

(c) Procedures for System Outages: CP posts a message in the event of a

system outage whenever possible.

(d) Definition: As used in this Exhibit, "system outage" means any

unplanned interruption in the provision of CP Services during which NSI's Customers are unable to access or use the CP Services and which is caused by a problem in the CP System and confirmed by CP. "System outage" does not include any interruptions in the CP Services caused by act, omission or condition beyond CP's reasonable control, such as acts of nature or any third party.

2. Monitoring/Reporting:

(a) CP will prepare a monthly Stewardship report that will track the performance metrics stated in Section 1 of this Exhibit. In addition, the parties will meet on a regular basis to discuss the Stewardship report and its associated performance metrics.

(b) CP will provide NSI with monthly reports which document all CP System outages or enhancements made during such month. Each report shall have capacity planning information outlined [above] and include, at a minimum, the following additional information:

Summary:

- . CP System uptime
- . Number of new NSI Customer mailboxes
- . Number of deleted NSI Customer mailboxes
- . Total number of NSI Customer mailboxes
- . Mean storage used for mailboxes
- . Number of CP System outages
- . CP System total downtime and average daily and monthly downtimes

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Specific Outage Report:

- . Time of outage
- . Length of outage
- . Affected areas
- . Reason for outage
- . Long term remedy
- . Person notified

Enhancement:

- . Reason for change
- . Areas affected

This information will be emailed to NSI by the third working day of the month following the reported month.

3. Escalation Procedures

(a) Notify NSI via the following email address in the event of a system outage. CP will send an email notice whenever possible. In the event that email is not working or CP is otherwise unable to send an email message, then CP will notify NSI by telephone within 30 minutes of the time that CP first learns of the outage.

- . NSI: Advise email address here

(b) Status information, if known by CP, to include:

- . reason for the outage; and
- . estimated time for service restoration.

(c) If NSI experiences a system outage and has not been notified by CP, NSI will contact the Technical Support staff at CP by pager at 415/764-6203 and will be given the information listed in 3.b).

(d) CP will periodically notify NSI with updated status for the duration of the outage.

(e) CP will provide a post-incident summary that will include:

- . cause of the problem;
- . method used to correct the problem; and
- . measures CP will take to prevent similar occurrences in the future.

(f) CP shall furnish necessary staff to provide the E-Mail Hosting Services. CP shall use commercially reasonable efforts to provide NSI with access to an engineering staff

member 24 hours a day 365 days a year. Upon notification of a problem with the CP System or the E-mail Hosting Services, CP shall evaluate and verify the problem and provide NSI with a mutually agreeable time estimate for resolution of the problem. CP shall promptly commence remedial activities and use commercially reasonable efforts to complete the system outage resolution within the mutually agreed upon time estimate. In the event CP is unable to complete a system outage resolution within the mutually agreed upon time estimate, NSI, in its sole discretion, will deduct an amount of 1/30th of the basic monthly hosting fee otherwise payable to CP under this Agreement for each day that a problem with the CP System or the E-mail Hosting Services remains unresolved after the mutually agreed upon time estimate. Within 30 days of the Effective Date, CP shall provide NSI with an escalation plan for system outage notification. CP shall notify NSI immediately of any change to such plan.

4. Business Resumption

(a) In the event of a system outage, CP will switch processing from the primary server to a hot backup server in accordance with Exhibit A, Section B.

(b) NSI agrees to notify CP no less than 40 hours in advance of any modifications and/or network configuration changes (including system maintenance) to, as well as upgrades and removal of devices that impact the production and network connectivity from, NSI's system through which the CP Services are provided if they are outside of the scheduled Monday maintenance windows. If any such change will or could, in either party's opinion, result in incompatibility between the parties' respective systems or interruptions in the CP Services, then the parties shall work together to resolve any such issue before NSI makes the change.

CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

CRITICAL PATH INC.

E-MAIL SERVICES AGREEMENT

THIS E-MAIL SERVICES AGREEMENT ("Agreement") is entered into as of the 6th day of July, 1998 ("Effective Date"), by and between CRITICAL PATH INC., a California corporation having its principal place of business at 320 First Street, San Francisco, CA 94105 ("CP"), and StarMedia Network, Inc., a Delaware corporation, having a principal place of business at 29 West 36th Street, New York, New York 10018 ("StarMedia"). CP and Star Media are sometimes referred to collectively herein as the "Parties" and each separately as a Party."

1. Provision of Services.

1.1 Services to be Provided. Under the terms and conditions of

this Agreement, CP shall provide, and StarMedia hereby accepts, e-mail outsourcing services described in Exhibit A ("Services") which StarMedia may offer to users ("Users") of any Internet-based service which Star Media may from time to time provide either on its own or in conjunction with its partners ("StarMedia Services"). StarMedia and CP agree to work together to ensure that Users accessing the Services shall have entered into a Users agreement which contains, at a minimum, the terms contained in the form of User agreement attached hereto as Exhibit D as may be modified by mutual advance consent of CP and StarMedia ("User Agreement ").

1.2 Transition. StarMedia shall provide to CP information and

materials regarding the Users, such as the domain name, e-mail addresses and passwords ("User Information") necessary for CP to transition the User's current e-mail system to CP's e-mail messaging system through which CP provides the Services ("CP system"). The parties shall work together to ensure that the CP System and StarMedia's universal user database are capable of seamlessly exchanging User Information with each other, both for purposes of the transition and for purposes of ongoing supplementation and modification of the User Information after launch of the services. Upon receipt of User Information from StarMedia for each User, CP shall perform the set-up and other initial services before such User will have access to the CP system. The parties agree to work together to achieve a transition to the CP System that addresses, passwords, stored messages, message folders and address books. The transition shall be completed, such that all users are able to fully access the Services, as soon as reasonably practicable, but no later than 60 days after the date of this Agreement or such other mutually agreed-upon date (the "Launch Date"), provided that SarMedia provides, or provides access to, the User Information to CP in accordance with the agreed-upon project ("Project Plan") attached hereto as Exhibit F.

1.3 In-language Services. CP agrees that all text information

presented as part of the Services to Users shall be in the native language designated by the User (which shall include only Spanish or Portuguese) ("Native Languages"). Such text information shall include, without

Limitation, all text included in initiation screens, instructions, help screens, graphics, input fields, error messages and server-generated messages. StarMedia shall provide such assistance as CP may reasonably request from time to time in translating such text information into the Native languages. Prior to the Launch Date, in the time frame as may be specified in the Project Plan, CP shall

provide or make available to StarMedia the Native Language text information proposed to be used with the Services pursuant to this Section, and the parties shall work together to make reasonable changes to such text information as requested by StarMedia. CP shall promptly notify StarMedia of modifications or additions to such native language text information, to which StarMedia may request reasonable changes. StarMedia acknowledges and agrees that, notwithstanding any such assistance it may provide, all native Language text information shall be owned exclusively by CP, and StarMedia agrees to, and hereby does, assign to CP all of StarMedia's right, title and interest in and to the Native language text information and further agrees to execute any and all documents and instruments requested by CP to establish, perfect and maintain CP's title thereto and to transfer to CP any rights therein which SstarMedia may have or acquire by operation of law or otherwise.

1.4 Scalability and Performance. CP shall support the services with

all necessary software, servers, services and network bandwidth to maintain the level of performance and features specified in Exhibit B, and will generally at all times provide adequate resources for performance of its obligations.

1.5 Domain Names, Addresses and User Information. StarMedia will

provide CP with a list of all domain name addresses to be offered to users, and will have the option of adding additional StarMedia-owned names in the feature (collectively, the "StarMedia Domains"). Users may select the Users-specific portion of their e-mail address but will be offered only StarMedia Domain-based addresses. All StarMedia domains, all addresses issued to users thereunder, any compilations of such addresses and all other User Information will remain the property of StarMedia, regardless of incorporation into the services.

1.6 Privacy. CP has a corporation policy to respect the privacy of its

customers and their re-mail messages that are transmitted through the CP System or by means of the Services. CP will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the Services, to operate or maintain its system or to protect itself or its customers, and only to the extent permitted by the User Agreement.

1.7 Compliance with laws. Each Party agrees to comply with all

applicable laws, rules and regulations, including any internet regulations or policies and applicable export laws, in its performance under this Agreement.

1.8 Suspension or Termination. If CP becomes aware of or suspects any

violation of the Terms of use by StarMedia or any User, CP first shall attempt to notify StarMedia and provide reasonable detail of such violation. The parties shall use bet efforts to promptly resolve the matters. However, CP reserves the right to immediately suspend or terminate the provision of

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Services to any such User, as reasonably necessary to prevent a violation of applicable laws or regulations or to protect CP's interest.

1.9 Modification of Services. CP reserves the right to modify or

discontinue certain features or functionality of the CP System from time to time; provided, however, that during the term of this Agreement, CP may not unilaterally discontinue the features identified in Exhibit B as those that may not be discontinued without StarMedia's prior consent. In the event that CP intends to make change or modification ("change") to the CP System in accordance with the preceding sentence that will significantly affect Users' use of or ability to use the Services, CP shall provide ninety (90) days prior written notice to StarMedia of the proposed change. In the event that StarMedia object to such change in writing to CP within thirty (30) days after receipt of CP's notice, then CP shall ensure that such Change is compatible with the previous version of the CP system for a period of three (3) months from the date of implementation of such Change to permit StarMedia a period of time to adjust to such Change.

1.10 User support. Unless otherwise mutually agreed, StrMedia shall be

solely responsible for support services to Users. Notwithstanding the

foregoing, during the first six (6) months after commercial launch of the Services, as an accommodation to StarMedia during its development of User support infrastructure, CP shall provide Native Language customer support to Users as provided in Exhibit C. CP shall reply to Users' e-mail support inquiries within the time frames specified in Exhibit C. After such six-month period, the parties shall review, on a quarterly basis, the parties' respective User support obligations. StarMedia agrees to use commercially reasonable efforts to develop its User support infrastructure and to provide full User support as soon as practical. Each party shall maintain for a period of no less than six months records of all User support inquiries and responses (including full-text records of all e-mail inquiries and responses) during the period the party is responsible for Level 1 support and shall make such records available for review by the other party upon reasonable request. CP shall provide support to StarMedia as specified in Exhibit C.

1.11 Usage Reports and Projections. CP shall provide to StarMedia

monthly reports on usage of the Services. Each monthly report shall contain the statistics listed in Exhibit D hereto, subject to amendment from time to time by mutual consent of the parties. On a quarterly basis, no later than five business days before the beginning of each calendar quarter, StarMedia shall provide to CP estimates of the anticipated number of mailboxes to be hosted by CP for Users for such quarter to the extent such estimates are reasonably available.

1.12 Advertisements and Commercial Use. Either Party may solicit third

parties for advertisements to be included for display on the e-mail services login page or within the StarMedia screen frames during use of the Services. if CP and StarMedia mutually agree, advertising may also be place within e-mail messages. Such placements may be subject to applicable fees payable to CP to the extent provided in Exhibit A, Section B. Subject to the Parties' mutual agreement with respect to usability and other issues, CP shall provide to StarMedia or provide StarMedia with access to such tools or features that will permit StarMedia

to place banner or text advertisements within e-mail messages without assistance from CP upon completion of development of such tools or features. StarMedia will develop guidelines and mechanism for CP's sales force to efficiently interface with StarMedia's sales force, to avoid confusion and duplicate sales of identical ad space. Neither Party will solicit or accept advertisements for the other Party's competitors. The Parties shall share in the net revenues resulting therefrom as provided in Exhibit A. StarMedia shall have the right to manage all aspects of advertising and sponsorship relating to the Services ("Advertising"), including placement of all Advertising. Advertisers or sponsors secured by CP shall be referred to Star Media, and StarMedia shall be responsible for billing and collecting revenues from all right to accept or decline to accept any prospective advertiser or sponsor and any Advertising, in its sole discretion.

2. Pricing and Payment.

2.1 Pricing and Payment. Exhibit A specifies CP's charges for the

Services and other payment provisions. All amounts payable hereunder are exclusive of any sales, use, excise, property or any other taxes associated with the provision of Services or of StarMedia's or Users' access to or use of the CP system or arising out of or in connection with the Advertising. Except as otherwise provided herein, CP shall be responsible for payment of any and all such taxes, other than those based on StarMedia's income, that arise out of or in connection with the Services Revenues, and StarMedia shall be responsible for payment of any and all taxes, other than those based on CP's income, that arise out of or in connection with the Advertising Revenues. Upon availability of a billing system for such purposes, CP shall be responsible for billing Users for all charges for Value-Added Features, including any and all taxes relating to such Value-Added Features; provided, however, that StarMedia shall assist in such billing as reasonably requested by CP by providing relevant information regarding Users. CP acknowledges and agrees that such user information shall be used or disclosed only for such billing parties share in the revenue received from Value-Added Features as provided in Exhibit A. Each Party shall submit with each of its payment to the other party a detailed report of the calculation

of each such payment. Each Party will retain records relevant to its calculations of the payments made to the other Party during the term of this Agreement and for a two (2) year period thereafter. Each Party shall have the right, at its expense, acting through a certified public accountant, to examine and audit such records at all reasonable times, on at least ten (10) days notice to the other Party, but no more than once every six (6) months.

3. Disclaimer of Warranties.

3.1 EXCEPT AS SPECIFICALLY PROVIDED HEREIN, THE SERVICES ARE PROVIDED, AND THE CP SYSTEM IS MADE AVAILABLE, BY CP TO STARMEDIA AND USERS "AS IS," EXCEPT AS SPECIFICALLY PROVIDED HEREIN, CP AND ITS SUPPLIERS MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, REGARDING THE SERVICES OR THE CP SYSTEM AND SPECIFICALLY DISCLAIM

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THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT, TO THE MAXIMUM EXTENT POSSIBLE BY LAW. Financial Printing Group Financial Printing Group THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT, TO THE MAXIMUM EXTENT POSSIBLE BY LAW.

3.2 Except as specifically provided herein, CP and its suppliers make no warranties regarding the quality, reliability, timeliness or security of the Services or the CP System or that the Services or the CP System will be uninterrupted or error free; provided, however that CP shall use commercially reasonable efforts to correct any interruption or error in the Services or the CP System within the time frames set forth in Exhibit C hereto. StarMedia and Users assume the entire risk in downloading or otherwise accessing any data, files or other materials obtained from third parties as part of the Services or by means of the CP System, even if StarMedia or User has paid for virus protection services from CP.

3.3 Neither Party shall be liable to the other Party for any claims or losses arising from or relating to Users' use or misuse of the Services or User access to the CP System, including without limitation any claims or losses arising from or related to the content of messages received or sent by Users, or any other actions or omissions by Users, or Users' accessing the third-party content of any Advertising or of any internet sites to which any Advertising may be linked. StarMedia agrees to promptly notify CP of any User's misuse of the Services or CP System or violation of the User Agreement of which StarMedia becomes aware.

3.4 StarMedia shall be solely responsible for any warranties provided by StarMedia to Users with respect to the Services or the CP System.

3.5 Critical Path represents and warrants that the CP Services are Year 2000 Compliant. For purposes of this Agreement, "Year 2000 Compliant" shall mean that the CP Services will not be materially affected by any inability to (i) completely and accurately address, present, product, store and calculate data involving dates beginning with January 1, 2000, and will not produce abnormally ending or incorrect results involving such dates as used in any forward or regression date based function; or (ii) function in such a way that all "date" related functionalities and date fields include the indication of century and millennium, and will perform calculations which involve a four-digit year field.

4. Limitation of Liability.

4.1 IN NO EVENT SHALL EITHER PARTY, OR ITS SUPPLIERS, BE LIABLE TO THE OTHER PARTY, OR TO ANY THIRD PARTY, FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, EVEN IF THE PARTY OTHERWISE LIABLE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

4.2 Neither Party shall be responsible for any delays, errors, failures to perform, interruptions or disruptions in the Services or the CP Systems or StarMedia Services caused by

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Or resulting from any act, omission or condition beyond the Party's reasonable control, whether or not foreseeable or identified, including without limitation acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, Customer Service, Financial Printing Group or resulting from any act, omission or condition beyond the Party's reasonable control, whether or not foreseeable or identified, including without limitation acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, earthquakes, severe weather, floods or other natural disease or the other Party's, User's or any third party's hardware, software or communications equipment or facilities.

4.3 Except as provided in Section 7, CP's and StarMedia's liability under this Agreement for any damages from any cause whatsoever, regardless of form or action, whether in contract, negligence or otherwise, shall in no event exceed an amount equal to such Party's portion of the Net Advertising Revenues and Service Revenues charges actually received or receivable pursuant to this Agreement as provided in Exhibit A hereto.

5. Confidential Information. Each Party shall treat as confidential all

Confidential Information (as defined below) received from the other Party (including, except as provided in Section 9 hereof, the terms of this Agreement and all negotiations relating thereto), shall not use such Confidential Information except as expressly permitted under this Agreement, and shall not disclose such Confidential Information to any third party without the other Party's prior written consent. Without limiting the foregoing, each Party shall use at least the same degree of care which it uses to prevent the disclosure of its own confidential information of like importance, but in no event with less than reasonable care, to prevent the disclosure of Confidential Information disclosed to it by the other Party under this Agreement. The obligation of confidentiality shall not apply to information which is publicly available through authorized disclosure, is known by the receiving party at the time of disclosure as evidenced in writing, is rightfully obtained from a third party who has the right to disclose it, or which is required by law to be disclosed. Upon any termination of this Agreement, each Party shall return to the other Party all Confidential Information of the other Party, and all copies thereof, in the possession, custody or control of the Party. The term "Confidential Information" shall mean any information disclosed by one Party to the other in connection with this Agreement which is in written, graphic, machine readable or other tangible form and is marked "Confidential", "Proprietary" or in some other manner to indicate its confidential nature or is provided under such conditions that reasonably indicate its confidential nature. Confidential Information may also include information that is disclosed orally, provided that such information is designated as confidential at the time of disclosure and confirmed in writing as confidential within a reasonable time after its oral disclosure. Confidential Information shall also include the following information, regardless of whether such information is designated as "confidential": all User information and all information regarding site traffic, subscriber levels, service usage, advertising rates or other contractual arrangements with advertisers. Each Party acknowledges that any breach of any of its obligations with respect to confidentiality or use of the other Party's Confidential Information hereunder is likely to cause or threaten irreparable harm to the disclosing Party, and, accordingly, the Parties agree that in the event of such breach the disclosing Party shall be entitled to equitable relief to protect its interest therein, including but not limited to preliminary and permanent injunctive relief, as well as money damages.

6. Representations and Warranties.

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6.1 CP Representations and Warranties.

CP represents and warrants as follows:

- (a) CP is a corporation duly organized, validly existing and in good standing under the laws of the state of California;
- (b) CP has the full power and authority to enter into this Agreement, to carry out its obligations hereunder and to grant the rights herein granted to StarMedia.
- (c) All materials and services provided by CP hereunder are owned or licensed for use by CP or are in the public domain and are a proper subject of the Agreement herein, and the use thereof by StarMedia and Users as contemplated by this Agreement does not, to CP's knowledge, violate or infringe any tangible or intangible right, copyright, moral right, trademark, trade secret right, patent, industrial property right, or any other proprietary right of any kind of any third party.
- (d) None of the materials and services provided by CP hereunder, is the subject of any claim of or proceeding for infringement of any proprietary rights by a third party.
- (e) CP has not previously and will not grant any rights in the materials and services provided by it hereunder, to any third party which are inconsistent with CP's obligations under this Agreement, and has not otherwise made or entered into, and will not make or enter into during the term of this Agreement, any commitment obligation in conflict with its obligations and rights under this Agreement.

During the term of this Agreement, CP shall promptly notify StarMedia in writing of any material event or change in circumstance which would reasonably make, or threaten to make the foregoing representations and warranties untrue or inaccurate.

6.2 StarMedia Representations and Warranties.

StarMedia represents and warrants as follows:

- (a) StarMedia is a corporation duly organized, validly existing and in good standing under the laws of Delaware.
- (b) StarMedia has the full power and authority to enter into this Agreement, to carry out its obligations hereunder.
- (c) All materials provided hereunder and the StarMedia Services are owned or licensed for use by StarMedia or are in the public domain and are a proper subject of the Agreement herein, and the use thereof by CP and Users as contemplated by this Agreement does not, to StarMedia's knowledge, violate trademark, trade secret right, patent, industrial property right, or any other proprietary right of any kind of any third party.

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- (d) None of the materials provided hereunder or the StarMedia Services is the subject of any claim of or proceeding for infringement of any proprietary rights by a third party.
- (e) StarMedia has not previously and will not grant any rights in the materials provided by it hereunder or the StarMedia Services to any third party which are inconsistent with StarMedia's obligations under this Agreement, and has not otherwise made or entered into, and will not make or enter into during the term of this Agreement, any commitment or obligation in conflict with its obligations and rights under this Agreement.

During the term of this Agreement, StarMedia shall promptly notify CP in writing of any material event or change in circumstance which would reasonably make, or threaten to make the foregoing representations and warranties untrue or inaccurate

7. Indemnification. Each Party (the "Indemnitor") shall defend, indemnify, and -----

hold the other Party (the "Indemnitee") harmless from and against any claims, losses, actions, demands or damages, including reasonable attorney's fees, resulting from any act, omission, negligence, or performance under this Agreement by the Party, its agents or representatives. This indemnity shall not apply to the extent the portion of such claim, liability, loss, cost, damage or

expense is the result of the negligence or willful misconduct of the Indemnatee, its Users, agents or representatives, or to the extent liability is disclaimed or limited by either party under this Agreement. The indemnity obligations set forth in this Section are contingent upon: (a) the Indemnatee giving prompt written notice to the Indemnitor of any such claim(s); (b) the Indemnitor having sole control of the defense or settlement of the claim; and (c) at the Indemnitor's request and expense, the Indemnatee cooperating in the investigation and defense of such claims(s).

8. Term and Termination.

8.1 Term. This Agreement shall continue in effect from the Effective Date

for a two (2) year period, and thereafter shall renew automatically for successive on (1) year periods unless either Party gives the other Party at least sixty (60) days prior written notice of its intent not to renew the Agreement.

8.2 Termination for convenience. Notwithstanding the foregoing, either

Party may terminate this Agreement at any time, without cause, upon one hundred and twenty days (120) days prior written notice to the other Party.

8.3 Termination for Breach. Notwithstanding the foregoing, either Party

may terminate this Agreement by giving to the other party written notice of such termination, upon the occurrence of any of the following events: (i) the other Party materially breaches or defaults in any of the material terms or conditions of this Agreement and fails to cure such breach within thirty (30) business days of receipt of notice of such breach, (ii) the other Party makes any assignment for the benefit of creditors, is insolvent or unable to pay its debts as they mature in the ordinary course of business, or (iii) any proceedings are instituted by or against the other

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Party in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution.

8.4 Effect of Termination. In the event of termination for StarMedia's breach,

CP shall immediately cease providing all Services and Users shall no longer have any access to the CP System. For any other termination of this Agreement, CP shall work with StarMedia in the migration of its e-mail system back to its setup in existence immediately before the Effective Date of this Agreement, or to a service similar in scale/scope to the Services. CP and StarMedia shall work together to ensure that such migration is completed in a reasonable timeframe. Thereafter, CP shall delete all stored e-mail messages of StarMedia and Users on the CP System. Within fifteen (15) days of any termination of CP's provision of Services pursuant to this Agreement, each Party shall pay to the other all unpaid fees accrued prior to such termination.

8.5 Survival. Sections 2, 3, 4, 5, 6, 7, 8.4, 8.5, 10.1 and 11 shall

survive any expiration or termination of this Agreement.

9. Publicity. During the term of this Agreement, either Party may use the

others Party's name in new releases, articles, brochures, marketing materials, advertisements and other publicity or promotions, subject to the other Party's prior written approval, in its sole direction.

10. Trademarks.

10.1 Ownership of Trademarks. Each Party acknowledges the ownership of

the other Party in the tradenames, service marks, trademarks and logos of the other Party (collectively the "marks") and agrees that all use of the other Party's marks (including all goodwill associated with the marks) shall inure to the benefit, and be on behalf of the Party owning the marks. Each Party acknowledges that its use of the other Party's marks will not create in it, nor will it represent it has any right, title or interest in

or to such marks other than the limited right to use them as provided for herein. Each party agrees not to do anything contesting or impairing the rights of the other Party, including, without limitation, seeking to register the other Party's marks as part of a composite mark or to register any confusing similar mark.

10.2 Use or Marks. During the term of this Agreement, each Party grants to the

other Party a non-exclusive, limited license to use its marks for the purpose of carrying out the terms of this Agreement, provided that any use not specifically authorized by this Agreement shall be with the prior written approval of the Party owning the marks. Other than as set forth in this preceding sentence, no right, property, license or interest in any mark owned by either Party hereto or any of their respective affiliates is intended to be given to or acquired by the other Party by the execution of or the performance of this Agreement.

11. Miscellaneous.

11.1 Entire Agreement. This Agreement, together with all Exhibits and any

Schedules accepted by CP, constitutes the entire agreement of the parties with respect to the subject matter of this Agreement. This Agreement supersedes any and all agreements, either oral or written, between the parties to this Agreement with respect to the subject of this Agreement. Except as otherwise expressly provided herein, this Agreement may be modified only by a writing signed by an authorized representative of each Party.

11.2 Notices. Notices under this Agreement shall be in writing and shall be

deemed given when delivered personally, or by e-mail (with confirmation of receipt) or conventional mail (registered or certified, postage prepaid with return receipt requested). Notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each Party may change the address by written notice in accordance with this paragraph.

11.3 Assignment. This Agreement shall be binding upon and inure to the benefit

of the subsidiaries, affiliates, successors and permitted assigns of the parties to this Agreement. Neither Party may transfer, sublicense or otherwise assign this Agreement or any of its rights or obligations hereunder without the other Party's prior written consent, which consent will not be unreasonably withheld. Notwithstanding the foregoing, either party may assign this Agreement to (i) any entity in which the Party has a greater than fifty percent (50%) equity ownership interest or of which the Party has voting control, or (ii) to person or entity that buys fifty percent (50%) or more of that Party's stock or all or substantially all of that Party's assets.

11.4 General Provisions. This Agreement shall be governed by and construed in

accordance with the laws of the State of California exclusive of its conflict of laws principles. Noting contained in this Agreement is intended or is to be construed to constitute CP and StarMedia as partners or joint venturers or either Party as an agent of the other. If any provision of this Agreement shall be declared invalid, illegal or unenforceable, such provision shall be reformed only to the extent necessary to effect the original intention of the parties, and all remaining provisions shall continue in full force and effect. No waiver of any rights hereunder shall be deemed to be a waiver of the same or other right on any other occasion.

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement as of the date first above written.

CRITICAL PATH INC.

By _____

Its _____

STARMEDIA NETWORK, INC.

By _____

Its _____

EXHIBIT A

SERVICES, CHARGES AND PAYMENT SCHEDULE

This Services, Charges and Payment Schedule ("Schedule") is attached to and made a part of the E-mail Services Agreement between StarMedia Network, Inc. and Critical Path Inc. (the "Agreement") and is subject to the terms and conditions of the Agreement.

A. Services Charges Users will be charged the following amounts for the following Services:

1. **** web mail: There will be **** charge for Web-based e-mail service provided to Users during the term of the Agreement, including without limitation for maintenance of e-mail accounts, storage (other than as provided below) and retrieval of e-mail messages and storage and management of address books.

2. Value added features: The services listed below (the "Value-Added Features") shall be provided to Users. If, as of the Launch Date, CP's billing system is not yet available, the Value-Added Features shall be provided to Users **** charge. Upon availability of the billing system, the Users shall be charged for the Value-Added Features at the prices set forth below.

Suggested Retail Price for Value-Added Features of the Services:

POP3 e-mail hosting	****/Month/Mailbox
Virus Protection	****/Month/Mailbox
Certified Delivery	****/Month/Mailbox
Archiving (storage > 2.5 Mb)	****/Mb/Month/Mailbox

B. Branding and Customization

1. Obligations - CP will provide such engineering, design and other services and resources as are needed to expeditiously complete the transition to the CP System pursuant to Section 1.2 of the Agreement, and to customize the Services and the CP System to meet and maintain the specifications set forth in Exhibit B hereto. There will be no setup, maintenance, support cost or contingent liability of any nature to StarMedia in connection with the transition to or the launch and maintenance of the Services, except as provided herein.

2. Branding of Web Mail Page - StarMedia shall provide CP with all text and images ("Branding Materials") necessary for CP to brand StarMedia's Web Mail Page. StarMedia warrants and represents to CP that StarMedia has full power and authority to provide to CP, and to authorize CP's use of, the Branding Materials provided by StarMedia for branding the Web Mail Page, and agrees to defend and indemnify CP with respect to any claims arising from CP's use of such Branding Materials. CP shall develop the branded Web Mail Page

using such Branding Materials and shall provide, or otherwise make available to StarMedia, such

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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Developed Web Mail Page for IP's review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. The parties agree that CP shall not be liable for failure to make the Services available to Users by the Launch Date if such failure is due to StarMedia's Actions or inaction, including without limitation, delay in approving the branded Web Mail Page. Starmedia will pay to CP a one-time fee of **** for CP's branding of the Web Mail Page for each Native Language translation.

3. Modifications to Branded Web Mail Page - Once approved, CP shall only

be obligated to make one revision to the look and feel of the branded Web Mail Page and the automatic sign-up page at no additional charge. Any further requested changes (other than changes in the text displayed on the Web Mail Page) will be chargeable at the rate of **** per hour with a minimum of one hour per request.

4. Proprietary Rights - StarMedia grants to CP a non-exclusive,

nontransferable, worldwide, royalty-free, irrevocable (during the term of the Agreement) license to reproduce, display, perform, modify, prepare derivative works of and otherwise use the Branding Materials for the purpose of branding StarMedia's Web Mail Page in accordance with StarMedia's instructions and making such Web Mail Page available through the CP Services to Users. StarMedia shall retain all other proprietary rights it may have in and to the Branding Materials. CP shall retain all proprietary rights in and to the CP Services (not including the Branding Materials as incorporated into StarMedia's Web Mail Page) and all development tools, routines, subroutines, applications, software and other materials (not including the Branding Materials) that CP may use in connection with branding the Web Mail Page.

5. Promotional Messages - As requested by StarMedia, CP shall, at no

additional charge, perform the technical services necessary to place up to two banner ads supplied by StarMedia on the Web Mail Page frame (but not within email messages to Users of the Services), and change such banner ads up to five times per month. Any services performed by CP's staff at StarMedia's request to place or modify additional ads or changes will be chargeable at the rate of **** per hour with a minimum of one hour per request. Upon availability to StarMedia of such tools to permit access to make such changes without assistance from CP as provided in Section 1.12 of the Agreement, CP shall no longer be obligated to provide free services with respect to promotional messages displayed to Users as part of the Services, and any services requested by StarMedia and performed by CP relating to such promotional messages shall be chargeable at the rate of **** per hour with a minimum of one hour per request.

C. Payment by StarMedia to CP - If during the previous quarter, CP

performed any work on the branding of the Web Mail Page which is subject to additional fees as provided herein, CP will submit a quarterly invoice, and StarMedia shall pay within 45 days of receipt of such invoice, the applicable fees for such work. Payments received by CP after the due date shall be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

D. Advertising and Service Revenues

1. Sharing of Revenues.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

The Parties shall share Service Revenues (as defined below) as follows:

**** StarMedia
**** Critical Path

The Parties shall share in the Net Advertising Revenues (as defined below) as follows:

**** StarMedia
**** Critical Path

"Net Advertising Revenues" means cash receipts of revenue (as determined in accordance with US generally accepted accounting principles) generated from the sale of advertising on the display on the dedicated e-mail service login page or within the StarMedia screen frames display of pages generated by the CP System (excluding headlines or excerpts thereof) ("Gross Revenues"), less (i) applicable international sales, value added and withholding taxes and (ii) twenty percent (20%) of Gross Revenues. The parties understand and agree that StarMedia may enter into additional contractual revenue-sharing arrangements with third parties to increase site traffic and advertising revenues. To the extent that any additional revenue sharing rights shall apply to any Net Advertising Revenues, the Parties' respective shares of such Net Advertising Revenues shall be proportionately reduced such that the aforementioned 60:40 share ratio is maintained.

The following hypothetical example serves to illustrate the foregoing adjustment methodology: StarMedia enters into a contractual arrangement with an Internet service provider ("ISP") pursuant to which ISP shall direct its Spanish and Portuguese-speaking subscribers to a co-branded Web site which promotes use of StarMedia Services. Pursuant to such arrangement, ISP is to receive **** of all net advertising revenues attributable to advertising impressions delivered to ISP subscribers. For a given period, such revenues total ****, so that the ISP is to receive \$10. In such event, StarMedia's share of Net Advertising Revenues attributable to advertising impressions delivered to ISP subscribers shall be reduced by **** to ****, and CP's share of such Net Advertising Revenues shall be reduced by **** to ****, thereby maintaining the **** ratio.

"Service Revenues" means cash receipts of revenue (as determined in accordance with US generally accepted accounting principles) generated from the provision of Value-Added Features to Users as part of the Services under this Agreement, less (i) applicable international sales, value added and withholding taxes, (ii) any amounts payable by CP to any non-affiliated third party, with respect to such revenue, pursuant to a contractual obligation of CP, including without limitation any and all credit card processing fees, and (iii) any out-of-pocket expenses incurred by CP with respect to the processing or administration of the billing or collection from Users.

2. Report - Within ten (10) days after the end of each quarter, each

Party shall provide to the other a report ("Report") indicating the total amount of Net Advertising Revenues or Service Revenues received by each party during the quarter.

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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3. Payment - StarMedia shall pay to CP its share of Net Advertising

Revenues received by StarMedia during the preceding quarter within forty five (45) days of the end of each quarter. Users and/or credit card companies of Users shall be directed to deposit payments for Value-Added Features in a bank account designated by CP. CP shall pay StarMedia its share of Service Revenues received by CP during the preceding month within forty-five (45) days after the end of each quarter during the term of this Agreement. If, in prior remittances, the paying party included revenues in the calculation of

Advertising Revenues or Service Revenues, as to which during the preceding month the party granted credits or refunds, then the party may reduce the Net Advertising Revenues or Service Revenues paid to the other party by the amount of any such credits or refunds.

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EXHIBIT B

ELECTION UNDER SECTION 83(b) OF
THE INTERNAL REVENUE CODE

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

(i) The name, address and social security number of the undersigned:

Social Security No.: _____

(ii) Description of property with respect to which the election is being made:

5,500,000 shares of common stock of Critical Path, Inc. (the "Company").

(iii) The date on which the property was transferred is February 28, 1998.

(iv) The taxable year to which this election relates is calendar year 1998.

(v) Nature of restrictions to which the property is subject:

The shares of stock transferred to the undersigned taxpayer are subject to the provisions of a right of repurchase in favor of the Company, in the event of the undersigned's termination of employment with the Company.

(vi) The fair market value of the property at the time of transfer (determined without regard to any lapse restriction) was \$0.01 per share.

(vii) The amount paid by taxpayer for the property was \$0.01 per share.

(viii) A copy of this statement has been furnished to the Company.

Dated: _____, 1998

CP shall provide StarMedia with access to its provisioning interface for remote provisioning of domain accounts, mailboxes and poplinks. StarMedia User status information shall also be available to StarMedia through the APP.

2. Support Requirements

a. Technical Support: CP shall provide technical support to StarMedia as provided in Exhibit C.

b. Training: CP shall, at no cost to StarMedia, reasonably assist StarMedia in the development and implementation of training programs for first and second level StarMedia support, including training for any product modifications during the term of the Agreement. CP shall provide StarMedia with reasonable quantities of training materials and updates thereto for any product modifications, improvements or changes.

3. Mailbox Requirements

a. Storage Capacity - Each mailbox provided hereunder shall have a maximum storage capacity of 2.5 MB. Each User may purchase additional storage space from CP upon payment of CP's then-current fees. CP shall notify any User that User's mailbox is approaching or exceeds the maximum limit. Thereafter, if such User exceeds the maximum storage capacity, CP may delete email message from the affected mailboxes, at CP's discretion upon prior notice to StarMedia.

b. Features - Upon launching, the Services will include the following features:

- 1. Web and POP mail integrated (as applicable)
- 2. Autoforward
- 3. **** uptime
- 4. send/receive
- 5. spam blocking
- 6. nicknames
- 7. LDAP (expected to be available August 1998)
- 8. attachments to 4 MB*
- 9. localization
- 10. postmarking
- 11. POP retrieval (as applicable)
- 12. Header options
- 13. Account provisioning
- 14. Snarfing
- 15. POP links (as applicable)
- 16. Preferences/customizations web mail only
- 17. Folders web mail only
- 18. Address book creation, updating and storage

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*To the extent that attachments received exceed a User's storage capacity, the User will be provided no less than 72 hours notice of the need to purchase additional storage capacity before any file deletions.

4. Permanent Features. Pursuant to Section 1.9 of the Agreement, CP shall not -----

unilaterally discontinue the following features without StarMedia's prior consent during the term of the Agreement:

<TABLE>
<CAPTION>

Category	Features
<S>	<C>
Administration	Create, Modify, Delete users
Administration	Identify and send notification to inactive users automatically
Administration	User lockout
Basic	Traditional- compose
Basic	Traditional- read
Basic	Traditional- forward
Basic	Traditional- reply
Basic	Traditional- reply all
Basic	Traditional- next
Basic	Traditional- previous
Basic	Traditional- delete
Basic	Email forwarding- 3rd party
Basic	Email forwarding- Web Mail
Basic	Access mailbox through POP account or POP-compliant email software
Basic	Send/Receive Attachments
Basic	Cc capability
Basic	Bcc Capability
Basic	Address Book storage
Basic	Multiple Address Books
Basic	Address Book Mailing Lists
Basic	Anti-Spam policies/capabilities
Basic	Spammer address book blocking
Basic	Signature Files
Basic	Folders/Filing systems
Basic	Ability to create, modify, delete folders
Basic	Status indicator/ You Have Mail
Basic	Status Indicator per message (read, replied, forwarded)
Basic	Sort Messages, By field
Basic	Integration with Search Directories
Basic	Global Auto-responder
Basic	Integration with SMN Directories
Basic	Filtering to Folders
Basic	Applet for new mail notification
Integration	Ability to pass signup/sign-in and user profile data back and forth real-time to StarMedia

</TABLE>

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<C>

Integration	Real-time integration of usage data for ad targeting
Interface	Real-time customization of interface based on referring site
Interface	Multiple domain support
Interface	UI Flexibility
Interface	Spanish Interface
Interface	Portuguese Interface
Interface	StarMedia Branding
Integration	Integration with SM ad servers
Migration	Full migration of existing StarMedia Mail accounts
Reporting	Activity Reporting -
Reporting	Activity Monitoring per user? (i.e. inactive account monitoring)

</TABLE>

EXHIBIT C

RESPONSE TIME REQUIREMENTS

The Services shall include support, as set forth below, to StarMedia. CP shall use commercially reasonable efforts to respond to requests for support within the time frames provided below.

a. Temporary First Level Support by CP: Except as otherwise provided in

the Agreement, StarMedia shall be responsible for first-level support, and for all other support not otherwise specified herein, to StarMedia Users. Notwithstanding the foregoing, during the first six (6) months after commercial launch of the Services (subject to extension by mutual consent of the parties), CP shall provide customer support to Users via e-mail seven (7) days per week. Such support shall initially be provided in English and in Spanish. CP shall use commercially reasonable efforts to provide Portuguese language support as soon as practical, and pending commencement of such support shall provide sufficient training and resources to enable StarMedia's Portuguese-speaking staff to perform user support functions. CP shall use commercially reasonable efforts to respond to e-mail inquiries from Users within 24 hours of receipt by CP.

b. Second Level Support via Email: Beginning at such time as StarMedia

commences providing first and/or second level user support, CP shall provide support via email for StarMedia User inquiries that cannot be resolved by StarMedia first or second level. Such support shall be provided in English only. Email inquiries may be sent to CP from either StarMedia first or second level support operations. Prior to launch of the Services, CP and StarMedia will develop criteria for escalation of User email inquiries. The performance requirements for email inquiries are:

-Email inquiry will be resolved within 12 hours of receipt by CP.

-If the inquiry cannot be resolved within 12 hours, an email (where appropriate) will be sent to StarMedia first or second level support informing them that the issue is still pending..

-If the inquiry cannot be resolved within 24 hours, a status email will be sent to StarMedia first or second level support every 24 hours, or at an agreed-upon interval, depending upon the severity of the problem, informing them that the issue is still pending until the issue is resolved.

c. Support via Telephone: CP will provide support for resolving systems

performance problems reported by StarMedia's staff, and, at such time as StarMedia commences providing first and/or second level user support, for escalation of user support issues that cannot be resolved by StarMedia first or second level. Such support shall be provided in English only. If StarMedia is responsible for first level user support, StarMedia will not transfer User calls unless directed by CP. The performance requirements for telephone support are:

-CP shall respond to and resolve systems performance problems reported by StarMedia's staff (i) within three hours in the case of system performance problems which impede the ability of Users to access the Service or send or receive e-mail, (ii) within 12 hours in all other cases.

-Telephone escalations relating to User inquiries shall be resolved within 12 hours of receipt by CP.

-If the escalation relating to User inquiries cannot be resolved within 12 hours, an email (where appropriate) will be sent to the StarMedia first or second level support informing them that the issue is still pending. If an email is not appropriate, a phone call shall be made to StarMedia first or second level to inform them of the status.

-If the escalation relating to User inquiries cannot be resolved within 24 hours, a status email, when appropriate, will be sent to the StarMedia first or second level support every 24 hours or at an agreed-upon interval depending upon the severity of the issue, informing them that the issue is still pending, until the issue is resolved.

-Escalations to CP will be via a toll free number.

-CP will provide sufficient coverage for the performance metrics to be mutually agreed upon by the parties. Prior to the launch of the Services to Users, CP and StarMedia will develop a Management and off-Hours Escalation Process for emergency situations.

-Telephone Support will be available Monday through Friday, 5:00 a.m. to 8:00 p.m. PDT/PST, and is expected to be increased to 7 x 24 x 365 by the end of calendar year 1998.

-Prior to the time that telephone support is available 7 x 24 x 365, during off-hours, in emergency situations, CP shall provide pager-based on-call support to StarMedia's staff.

EXHIBIT D

USAGE REPORT STATISTICS

1. Performance

a) Processing E-mails: The monthly average Time Delay (as hereinafter

defined) for incoming and outgoing User messages shall be less than **** seconds for **** of messages. This average does not include any period of unforeseen, unsolicited bulk email messages that degrade service. "Time Delay" means the time between (i) in the case of incoming messages, arrival the message at the CP System and availability of the message to the User on the Web Mail Page or via the POP3 server, and (ii) in the case of outbound messages, receipt of a "send" command from a user either on the Web Mail Page or via the SMTP server and such message leaving the CP System into the Internet or being delivered locally to another CP System User.

b) Availability of E-mail Server: Monthly average **** up time (not

including scheduled downtimes for maintenance, which currently takes place Monday mornings between 12am and 3 am PST).

c) Procedures for System Outages: CP posts a message in the event of a

system outage, whenever possible.

d) Definition: As used in this Exhibit, "system outage" means any

unplanned interruption in the provision of the Services during which StarMedia's Users are unable to access or use the Services and which is caused by a problem in the CP System and confirmed by CP. "System outage" does not include any interruptions in the Services caused by act, omission or condition beyond CP's reasonable control, such as acts of nature or any third party.

2. Monitoring/Reporting

a) CP will prepare a monthly Stewardship report that will track the performance metrics stated in Section 1 of this Exhibit. In addition, the parties will meet on a regular basis to discuss the Stewardship report and its associated performance metrics

b) CP will provide StarMedia with monthly reports which document all CP System outages or enhancements made during such month. Each report include, at a minimum, the following additional information:

Summary:

- . CP System uptime
- . Number of new StarMedia User mailboxes
- . Number of deleted StarMedia User mailboxes
- . Total number of StarMedia User mailboxes
- . Number of CP System outages
- . CP System total downtime and average daily and monthly downtimes

Specific Outage Report:

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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- . Time of outage
- . Length of outage
- . Affected areas
- . Reason for outage
- . Long term remedy
- . Person notified

Enhancement:

- . Reason for change
- . Areas affected

Each report shall include the following additional information upon implementation of a third-party solution for reporting such information (which is anticipated by third quarter 1998):

- . Mean storage used for mailboxes
- . Mean POP processing time for incoming messages
- . Mean SMTP processing time for outbound messages
- . Mean time for availability of incoming messages on Web server

This information will be emailed to StarMedia by the third working day of the month following the reported month.

In addition, CP will provide StarMedia with a weekly e-mail report with the following information:

- . Number of new StarMedia User mailboxes
- . Number of outgoing messages from StarMedia users
- . Number of incoming messages to StarMedia users

3. Escalation Procedures

a) Notify StarMedia via the following email address in the event of a system outage. CP will send an email notice whenever possible. In the event that

email is not working, or CP is otherwise unable to send an email message, then CP will notify StarMedia by telephone at the number designated below within 30 minutes of the time that CP first learns of the outage.

. StarMedia: Advise email address and telephone number here

b) Status information, if known by CP, to include:

- . reason for the outage; and
- . estimated time for service restoration.

c) If StarMedia experiences a system outage and has not been notified by CP, StarMedia will contact the Technical Support staff at CP by pager at 415/764-6203 (or at such other number as CP may designate from time to time upon notice to StarMedia) and will be given the information listed in 3.b).

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d) CP will periodically notify StarMedia with updated status for the duration of the outage.

e) CP will provide a post-incident summary that will include:

- . cause of the problem;
- . method used to correct the problem; and
- . measures Critical Path will take to prevent similar occurrences in the future.

f) Upon notification of a system outage, CP shall evaluate, and if CP verifies that the outage is caused by a problem in the CP System, CP shall provide StarMedia with a time estimate for resolution of the problem. CP shall promptly commence remedial activities and use commercially reasonable efforts to complete the system outage resolution within such time estimate.

4. Business Resumption

a) In the event of a system outage, CP will switch processing from the primary server to a hot backup server in accordance with Exhibit B, Section B.

b) StarMedia agrees to notify CP no less than ten (10) days in advance of any modifications and/or network configuration changes (including system maintenance) to, as well as upgrades and removal of devices that impact the production and network connectivity from, StarMedia's system through which the Services are provided if they are outside of the scheduled Monday maintenance windows. If any such change will or could, in either party's opinion, result in incompatibility between the parties' respective systems or interruptions in the Services, then the parties shall work together to resolve any such issue before StarMedia makes the change.

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EXHIBIT E

TERMS OF USE

Please read the following agreement carefully.

You must accept the agreement to be able to use the Customer Service.

1. Acceptance of Terms of Use

Customer's mail service ("Customer Service") is provided free of charge to registered users (each, a "User") under these Terms of Use. BY COMPLETING THE REGISTRATION PROCESS AND CLICKING THE "I ACCEPT" BUTTON, YOU ARE INDICATING YOUR AGREEMENT TO BE BOUND BY THESE TERMS OF USE. These Terms of Use are the entire agreement between you and Customer with respect to the services provided by Customer.

2. Registration Information; Disclosure

User agrees that Customer may disclose to third parties certain information, in the aggregate, contained in users' registration applications, including User's application. Customer will not disclose User's name, address, e-mail address or telephone number, without User's prior written consent, except to the extent necessary or appropriate to comply with applicable laws or regulations or in legal or administrative proceedings where such information is

relevant. Customer reserves the right to terminate any User's account if Customer learns that such User has provided Customer false or misleading registration information.

3. Modifications of these Terms of Use

Customer may modify these Terms of Use from time to time in its sole discretion. Customer will provide User with reasonable notice of any such changes, and User's continued use of the Customer Service will be deemed to constitute User's acceptance of any such changes.

4. Customer's Rights

Customer may modify or discontinue User's account or the Customer Service with or without notice to User, without liability to User or any third party.

Content presented to User or otherwise available through the Customer Service provided by Customer or a supplier is protected by copyright, trademark, service marks, patents or other proprietary rights or laws. User shall only be permitted to use this content as expressly authorized by the provider. User may not copy, distribute or create derivative works from such contents without express permission.

5. Contents of Messages

It is Customer's policy to respect the privacy of its Users. Customer does not, and cannot, monitor, censor or edit the contents of User's e-mail messages. User alone is responsible for the contents of User's messages, and the consequences of any such messages.

User agrees that it will not transmit or disseminate: (i) advertising, chain letters, spam, junk mail or any other type of unsolicited e-mailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; (ii) harassing, libelous,

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abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right, or that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable law or regulation; or (iii) viruses or other harmful, disruptive or destructive files. User agrees that it will not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will User interfere with the security of, or otherwise abuse, the Customer Service, system resources or accounts, or any network or another user's use or enjoyment of the mail services. User may not forge header or address information. Customer will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the services, to operate or maintain its systems or to protect itself or its suppliers.

Customer reserves the right to terminate User's account if it becomes aware and determines, in Customer's sole discretion, that User is violating any of these Terms of Use.

6. Account and Password

User is responsible for maintaining the confidentiality of its account number and password. User shall be responsible for all uses of its account, whether or not authorized by User. User agrees to immediately notify Customer of any unauthorized use of its account.

7. Disclaimer of Warranties

USER EXPRESSLY AGREES THAT USE OF THE CUSTOMER SERVICE IS AT USER'S SOLE RISK. THE CUSTOMER SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS.

CUSTOMER DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

CUSTOMER DOES NOT MAKE ANY WARRANTY THAT THE CUSTOMER SERVICE WILL MEET USER'S REQUIREMENTS, OR THAT THE CUSTOMER SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES CUSTOMER MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE CUSTOMER SERVICE OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE CUSTOMER SERVICE.

USER UNDERSTANDS AND AGREES THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR

OTHERWISE OBTAINED THROUGH THE USE OF THE CUSTOMER SERVICE IS AT USER'S OWN DISCRETION AND RISK AND THAT USER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO USER'S COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA.

CUSTOMER DOES NOT MAKE ANY WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH THE CUSTOMER SERVICE OR

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ANY TRANSACTIONS ENTERED INTO BY USE OF OR THROUGH THE CUSTOMER SERVICE.

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY USER FROM Customer OR THROUGH THE CUSTOMER SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

8.Limitation of Liability

CUSTOMER AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OR THE INABILITY TO USE THE CUSTOMER SERVICE OR FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO BY MEANS OF OR THROUGH THE CUSTOMER SERVICE OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF USER'S TRANSMISSIONS OR DATA, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE, EVEN IF CUSTOMER OR ITS SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9.E-mail Message Storage

Customer does not assume any responsibility for the deletion or failure to store e-mail messages. If User exceeds the maximum permitted storage space, Customer reserves the right to delete e-mail messages from the affected mailboxes, at its discretion.

10.Promotional Messages

Customer and/or third parties may, from time to time, send e-mail messages to User containing advertisements, promotions, etc. Customer does not make any representation or warranty with respect to any such e-mail messages or any goods or services which may be obtained from such third parties, and User agrees that Customer shall have no liability with respect thereto.

11.Indemnification

User agrees to indemnify and hold Customer, its suppliers and their respective affiliates, officers, directors, employees and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to User's use of the Customer Service or the violation of these Terms of Use by User, including without limitation the infringement by User, or any other user of User's account, of any intellectual property or other right of any person or entity.

12.Applicable Law

These Terms of Use shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws provisions.

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13. Third Party Beneficiary

Critical Path, Inc., as a supplier of Customer, shall be a third party beneficiary of User's obligations under these Terms of Use and thus shall be entitled to enforce those obligations against User as if a party to these Terms of Use.

I ACCEPT/I DECLINE

CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

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AMENDMENT

TO
--
EMAIL SERVICES AGREEMENT

THIS AMENDMENT ("Amendment") is entered into effective as of 30th day of September, 1998 ("Amendment Effective Date"), by and between CRITICAL PATH INC.,

a California corporation having its principal place of business at 320 First Street, San Francisco, CA 94105 ("CP"), and E*TRADE GROUP, INC., a Delaware corporation, having a principal place of business at 4 Embarcadero Place, 2400 Geng Road, Palo Alto, CA 94303 ("E*TRADE GROUP").

R E C I T A L S:

A. CP and E*TRADE GROUP entered into that certain Email Services Agreement dated as of April 28, 1998 (the "Agreement") for the provision by CP to E*TRADE GROUP of the Services (as defined in the Agreement).

B. The parties desire to amend the Agreement to provide for the pre-payment of Services by E*TRADE GROUP, to modify certain terms under which the Services will be provided by CP to E*TRADE GROUP and to add terms for the parties' mutual advertising and promotional efforts with respect to each other's products and services.

C. The parties entered into a Letter of Intent dated September 8, 1998 (the "LOI") under which the parties expressed their then-current understanding with respect to the desired changes and additions to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Amendment, the parties to this Amendment agree as follows:

- 1. Effect of Amendment; Entire Agreement.

This Amendment amends the terms and conditions of the Agreement as specified in this Amendment. All other terms and conditions of the Agreement shall remain in full force and effect. In the event of an inconsistency between a provision of this Amendment and a provision of the Agreement, the provision of this Amendment shall control. Unless defined in this Amendment, all capitalized terms used in this Amendment shall have the same meanings as provided in the Agreement. This Amendment supersedes the LOI in its entirety. Unless otherwise expressly stated herein, the Agreement, as amended by this Amendment, is the entire agreement by and between the parties with respect to the subject matter herein and supersedes any and all agreements, either oral or written, between CP and E*TRADE GROUP with respect to such subject matter.

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- 2. Definitions.

2.1 "CP Marks" means any and all trademarks, service marks, and logos used by CP to market and promote the Services.

2.2 "Customers" means accountholders of the E*TRADE GROUP Service, as defined therein.

2.3 "E*TRADE GROUP Service" means the Internet-based online brokerage service made available by E*TRADE, which is currently located at www.etrade.com.

2.4 "E*TRADE GROUP Marks" means the trademarks, service marks, and logos designated by E*TRADE GROUP for use by CP under this Agreement, as may be amended from time to time upon reasonable notice to CP.

2.5 "International Offering" means any E*TRADE GROUP Service made available to Users in any country outside of the United States.

2.6 "Intellectual Property Rights" means any and all patents and patent applications (including any divisions, substitutions, continuations, continuations-in-part, revisions, reissuances, reexaminations and extensions thereof), copyrights, trademarks, service marks, trade names, trade secrets and other intellectual property and proprietary rights in any country of the world.

2.7 "Members" means registered users of the E*TRADE GROUP Service who are neither Customers nor Subscribers.

2.8 "Strategic Partner" means any business or entity with whom E*TRADE GROUP has an arrangement for the joint advertising/promotion of each other's products and services.

2.9 "Subscribers" means subscribers to the premium services of the E*TRADE GROUP Service.

2.10 "Users" means collectively the Customers, Members and Subscribers. As used in the Agreement (not including this Amendment), "Customers" means "Users."

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3. Exhibit A.

Both Exhibits A (Exhibit A - Private Email Offering for E*TRADE Clients, and Exhibit A - Public Email Offering) of the Agreement are deleted in their entirety and replaced with Exhibit A attached to this Amendment.

4. Joint Advertising and Promotional Efforts

4.1 Advertising Efforts. For the fee specified in Section 4.2 of this

Amendment, E*TRADE agrees to include CP in appropriate E*TRADE's advertising and promotional campaigns (collectively, "Advertising") made available or otherwise provided to other Strategic Partners. Such Advertising will, at a minimum, include the display of a "Powered by Critical Path" or similar logo as mutually agreed on E*TRADE's Web Mail client during the term of this Amendment. CP will use reasonable efforts to include E*TRADE in CP's own marketing campaign/efforts over the term of this Amendment.

4.2 Payment by CP. On or before the Effective Date of this Amendment, CP

has paid, and E*TRADE hereby acknowledges receipt of, **** as payment in full for Advertising. For each calendar year after 1998 during the term of this Amendment, if CP decides to continue receiving Advertising, CP shall pay E*TRADE a mutually-agreeable fee for the Advertising.

4.3 International Business and Strategic Partner Offerings. During the

term of this Amendment, E*TRADE will use reasonable commercial efforts to promote CP in all International Offerings and Strategic Partner relationships. If E*TRADE resells the Services to or through such International Offerings or Strategic Partners, then, notwithstanding any other provision of the Agreement, as amended by this Amendment, E*TRADE and CP will share equally in the gross revenue received for all such resold Services.

4.4 License of CP Marks.

(a) Subject to the terms and conditions of this Agreement, CP grants to E*TRADE GROUP a nonexclusive, royalty-free, worldwide license to use the CP

Marks in connection with E*TRADE GROUP's marketing, promotion and resell of the Services as provided under this Amendment. E*TRADE GROUP agrees to provide or make available to CP and obtain CP's prior approval of an example of each such use of the CP Marks. E*TRADE GROUP agrees that it will not adopt any trademark, trade name, or service mark that is confusingly similar to the CP Marks and that it will use reasonable efforts to preserve CP's rights in the CP Marks. E*TRADE GROUP acknowledges that, as between the parties, CP owns the CP Marks, and all use of the CP Marks by E*TRADE GROUP shall inure solely to the benefit of CP. E*TRADE GROUP agrees that it will not apply for registration of the CP Marks (or any mark confusingly similar thereto) anywhere in the world and that it will not engage, participate

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or otherwise become involved in any activity or course of action that diminishes and/or tarnishes the image and/or reputation of any CP Mark.

(b) Use and Display of CP Marks. E*TRADE GROUP acknowledges and

agrees that the presentation and image of the CP Marks should be uniform and consistent with respect to all services, activities and products associated with the CP Marks. Accordingly, E*TRADE GROUP agrees to use the CP Marks solely in the manner which CP shall specify from time to time in CP's sole and reasonable discretion. All usage by E*TRADE GROUP of the CP Marks shall include the registered trademark symbol and shall be in the following form, as designated by CP: [CP Mark](R) or [CP Mark]/TM/. All literature and materials printed, distributed or electronically transmitted by E*TRADE GROUP and containing the CP Marks shall include the following or similar notice as designated by CP:

[CP Mark] is a [registered] trademark of Critical Path Inc.

4.5 License of E*TRADE GROUP Marks.

(a) Subject to the terms and conditions of this Agreement, E*TRADE GROUP grants to CP a nonexclusive, royalty-free, worldwide license to use the E*TRADE GROUP Marks in connection with CP's marketing and promotion of the E*TRADE GROUP Service as provided under this Amendment. CP agrees to provide or make available to E*TRADE GROUP and obtain E*TRADE GROUP's prior approval of an example of each such use of the E*TRADE GROUP Marks. CP agrees that it will not adopt any trademark, trade name, or service mark that is confusingly similar to the E*TRADE GROUP Marks and that it will use reasonable efforts to preserve E*TRADE GROUP's rights in the E*TRADE GROUP Marks. CP acknowledges that, as between the parties, E*TRADE GROUP owns the E*TRADE GROUP Marks, and all use of the E*TRADE GROUP Marks by CP shall inure solely to the benefit of E*TRADE GROUP. CP agrees that it will not apply for registration of the E*TRADE GROUP Marks (or any mark confusingly similar thereto) anywhere in the world and that it will not engage, participate or otherwise become involved in any activity or course of action that diminishes and/or tarnishes the image and/or reputation of any E*TRADE GROUP Mark.

(b) Use and Display of E*TRADE GROUP Marks. CP acknowledges and

agrees that the presentation and image of the E*TRADE GROUP Marks should be uniform and consistent with respect to all services, activities and products associated with the E*TRADE GROUP Marks. Accordingly, CP agrees to use the E*TRADE GROUP Marks solely in the manner which E*TRADE GROUP shall specify from time to time in E*TRADE GROUP's sole and reasonable discretion. All usage by CP of the E*TRADE GROUP Marks shall include the registered trademark symbol and shall be in the following form, as appropriate: [E*TRADE GROUP Mark](R). All literature and materials printed, distributed or electronically transmitted by CP and containing the E*TRADE GROUP Marks shall include the following notice:

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[E*TRADE GROUP Mark] is a registered trademark of E*TRADE GROUP, Inc.

5. JFAX Services. Exhibit B JFAX Services Order Schedule of the

Agreement is hereby deleted in its entirety and replaced with Exhibit B attached to this Amendment.

6. Service Level Agreement. Exhibit D of the Agreement is hereby deleted

in its entirety and replaced with Exhibit C attached to this Amendment.

7. Use of Certain E*TRADE GROUP Products.

In the event CP decides to implement an employee stock option plan ("ESOP") or employee stock purchase plan ("ESPP"), CP shall offer to E*TRADE GROUP's subsidiary, E*TRADE Securities, Inc., the opportunity to provide its OptionsLink and ShareData ESOP and ESPP administration products and services, on reasonable terms and conditions to be negotiated between the parties.

8. Production Email.

The parties agree to negotiate in good faith to reach agreement by December 31, 1998, on the terms and conditions, including additional fees, for the provision of services by CP relating to E*TRADE GROUP's production email (email from E*TRADE GROUP to its Users) for the E*TRADE GROUP Service customer support center. Upon the parties' mutual agreement, such terms and conditions shall be included as a written addendum to this Amendment.

9. Exclusivity; Freedom of Action.

9.1 Exclusivity. CP agrees that it will not provide the Services to

competitors of E*TRADE GROUP for a six-month period after the Effective Date of this Amendment. E*TRADE GROUP competitors are deemed to include any companies mentioned in the Gomez Advisors Survey of Online Investing Services. E*TRADE agrees not to resell any Services to competitors of CP during the term of the Agreement, as amended by this Amendment. CP competitors are deemed to include any companies offering email services or products for re-distribution, currently including but not limited to, iName, USA.Net, WhoWhere, SendMail, and Software.com.

9.2 Freedom of Action. Except as expressly provided in Section 9.1, the

Agreement (including this Amendment) shall not be construed to restrict either party from engaging in any activities with respect to competitive products or services.

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10. Ownership.

10.1 CP Ownership. As between the parties, CP shall be the sole owner of

all rights and interests in and to the Services, the CP System and the CP Marks, including without limitation all Intellectual Property Rights therein (collectively, "CP Property").

10.2 E*TRADE GROUP Ownership. As between the parties, E*TRADE GROUP shall

be the sole owner of all rights and interests in and to the E*TRADE GROUP Services and the E*TRADE GROUP Marks, including without limitation all Intellectual Property Rights therein (collectively, "E*TRADE Property").

11. Indemnification. Section 6 of the Agreement is hereby deleted.

12. Term and Termination.

12.1 Term of Agreement as Amended. Section 7.1 Term of the Agreement is

hereby deleted and replaced with the following:

7.1 Term. This Agreement shall continue in effect from the

Effective Date for a three (3) year period from the Amendment Effective Date,
unless sooner terminated in accordance with this Section. This Agreement
will renew automatically for successive one (1) year periods unless either
party gives the other party at least sixty (60) days notice, prior to the
end of the then-current term, of its election not to renew this Agreement.

12.2 Effect of Termination. Section 7.4 Effect of Termination of the

Agreement is hereby deleted and replaced with the following:

7.4 Effect of Termination.

7.4.1 Migration of Services. Upon any termination of this Agreement,

CP shall immediately cease providing all Services, and E*TRADE
GROUP and Users shall no longer have access to the CP System.
Except in the event of termination for E*TRADE GROUP's breach,
CP shall work with E*TRADE GROUP in the migration of its e-mail
system back to its setup in existence immediately before the
Effective Date of this Agreement or to a service that is similar
in scale and scope. The parties agree to complete the migration
process in a reasonable timeframe. Thereafter, CP shall delete
all

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stored e-mail messages of E*TRADE GROUP and Users on the CP
System.

7.4.2 Payment of Amounts Due. Within thirty (30) days of any

termination of this Agreement, each party shall pay to the other
all unpaid fees accrued prior to termination.

7.4.3 Termination of Advertising. upon any termination of this

Agreement, the parties' rights and obligations under Section 4
of the Amendment (including without limitation the license to
use each other's marks) shall immediately terminate, and neither
party will have any further right or obligation to market and
sell the other party's products or services to prospective users
or customers; provided, however, that if this Agreement is
terminated during any year in which CP has paid E*TRADE GROUP
pursuant to Section 4.1 for Advertising, CP will be entitled to
a pro rata refund of such payment for that year.

12.3 Survival. Section 7.5 Survival of the Agreement is hereby deleted and

replaced with the following:

7.5 Survival. Sections 2, 3, 4, 5, 6, 7.4, 7.5 and 9 of the

Agreement, and Sections 1, 2, 9 (for the six-month period after the
Effective Date of this Amendment if terminated earlier), 10, 11, 12.2,
12.3, and 13 and Exhibit A (as to amounts accrued but unpaid and
paragraphs C.4, I and J as to ownership provisions) of the Amendment
shall survive any expiration or termination.

13. Miscellaneous.

13.1 Injunctive Relief. Each party agrees that in addition to any other

rights and remedies available to the other party for any breach of the Agreement, as amended by this Amendment, the non-breaching party shall be entitled to seek to enforce the breaching party's obligations by court injunction.

13.2 Dispute Resolution. Any dispute, controversy or claim concerning or

relating to the Agreement, as amended by this Amendment, shall be resolved in the following manner:

13.2.1 The parties agree to use all reasonable efforts to resolve the dispute through direct discussions. To that end, either party may give the other party written notice of any dispute not resolved in the normal course of business. Upon such notice,

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the parties shall attempt in good faith to resolve the dispute promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of the Agreement;

13.2.2 If the parties are unable to resolve the dispute by such means within thirty (30) days of the notice date, or such other time period as mutually agreed, then either party may commence arbitration pursuant to the Rules of Commercial Arbitration of the American Arbitration Association ("AAA"), as modified or supplemented under this Section 13.2. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sec. 1, et. seq., and judgment upon the award rendered by the arbitrator(s) may be entered by any court with jurisdiction or application may be made to such a court for judicial recognition and acceptance of the award and any appropriate order including enforcement. The arbitration proceedings will be held in San Francisco, California.

13.2.3 The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by law. The parties agree that any decision or award resulting from proceedings in accordance with this Section shall have no preclusive effect in any other matter involving third parties; and

13.2.4 Judgment on an arbitral award may be entered by any court of competent jurisdiction, or application may be made to such a court for judicial recognition and acceptance of the award and any appropriate order including enforcement.

13.3 Further Assurances. Each party agrees to execute and deliver all

further instruments and documents, and shall take all further action that may be necessary or desirable as reasonably requested by the other party to effectuate the parties' intent under the Agreement, as amended by this Amendment.

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IN WITNESS WHEREOF, the parties to this Amendment have executed and delivered this Amendment as of the date first above written.

CRITICAL PATH INC.

By _____

Its _____

E*TRADE GROUP, INC.

By _____

Its _____

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EXHIBIT A

SERVICES, CHARGES AND PAYMENT

This Exhibit A is attached to and made a part of the Agreement between E*TRADE GROUP and Critical Path, Inc, as amended by the Amendment, and is subject to the terms and conditions of the Agreement, as amended.

A. Basic Web Mail Fees -

- 1. Fee and Payment during Pre-paid Period. E*TRADE GROUP agrees to pre-pay CP for basic and SSL-based web mail services to be rendered during the six-month period beginning with **** and ending with **** ("Pre-paid Period") in the amount of \$**** (the "Pre-payment"). E*TRADE GROUP agrees to make the Pre-payment on or before ****.
- 2. Fee and Payment after Pre-paid Period. After the Pre-paid Period, E*TRADE GROUP agrees to pay to CP a monthly charge of **** per Active Mailbox.
- 3. Definition of "Active Mailbox." As used in this Amendment, "Active Mailbox" means each mailbox provided by CP hereunder that is used or available for use by E*TRADE GROUP or its Users, pursuant to a request by E*TRADE GROUP or a User. Mailboxes will be considered "inactive" only upon deletion from the E*TRADE GROUP Service.

B. Premium Features Fees - In addition to the fees specified in Section A of this Exhibit, E*TRADE GROUP agrees to pay CP the fees for Premium Features ordered by E*TRADE GROUP as specified in Addendum 1 to this Exhibit A.

C. Branding of Web Mail Page

- 1. Fees - E*TRADE GROUP will pay to CP a one-time fee of **** for CP's branding of the Web Mail Page, which fee CP acknowledges and agrees has been paid in full.
- 2. Provision, Development and Approval - E*TRADE GROUP shall provide CP with all text and images ("Branding Materials") necessary for CP to brand E*TRADE GROUP's Web Mail Page. E*TRADE GROUP warrants and represents to CP that E*TRADE GROUP has full power and authority to provide to CP, and to authorize

CP's use of, the Branding Materials provided by E*TRADE GROUP for branding the Web Mail Page, and agrees to defend and indemnify CP with respect to any claims arising from CP's use of such Branding Materials. CP shall develop the branded Web Mail Page using such Branding Materials and shall provide, or otherwise make available to E*TRADE GROUP, such developed Web Mail Page for E*TRADE

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GROUP's review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. E*TRADE GROUP's approval shall be deemed given if E*TRADE GROUP does not provide to CP notice of its rejection of the branded Web Mail Page within twenty-four (24) hours of CP's provision of it.

3. Modifications - Once approved, CP shall only be obligated to -----
make one change to the look and feel of the branded Web Mail Page at no additional charge. Any further requested changes will be chargeable at the rate of **** each.
4. Proprietary Rights - E*TRADE GROUP grants to CP a non-exclusive, -----
nontransferable, worldwide, royalty-free, irrevocable (during the term of the Agreement) license to reproduce, display, perform, modify, prepare derivative works of and otherwise use the Branding Materials for the purpose of branding E*TRADE GROUP's Web Mail Page and making such Web Mail Page available through the Services to Users. E*TRADE GROUP shall retain all other Intellectual Property Rights it has in and to the Branding Materials. CP shall retain all Intellectual Property Rights in and to the Services (not including the Branding Materials as incorporated into E*TRADE GROUP's Web Mail Page) and all development tools, routines, subroutines, applications, software and other materials (not including the Branding Materials) that CP may use in connection with branding the Web Mail Page.

D. Support - CP shall provide 2nd tier telephone and web-based support directly to E*TRADE GROUP twenty-four (24) hours a day, seven (7) days a week. E*TRADE GROUP shall be responsible for first-level telephone support to Users and for all other support not otherwise specified herein to Users.

E. Payment by E*TRADE GROUP to CP - All fees for Services shall be applicable for any month, or portion thereof, in which such Services are rendered. Except as provided in Section A of this Exhibit, all fees are payable to CP by E*TRADE GROUP within twenty (20) days of the end of each month in accordance with this Exhibit and the Agreement as amended by the Amendment. In addition, if during the previous month, CP performed any work on the branding of the Web Mail Page as provided herein, E*TRADE GROUP shall include the applicable fees for such work in the next month's payment. Payments received by CP after the due date shall be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

F. Advertising Revenues

1. Sharing of Advertising Revenues - The parties shall share in the -----

Advertising Revenue as follows:

- a) ****% to E*TRADE GROUP and ****% to CP of Advertising Revenues for advertising provided to Members; and

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- b) ****% to E*TRADE GROUP and ****% to CP of Advertising Revenues for advertising provided to Customers; and
- c) ****% to E*TRADE GROUP and ****% to CP of Advertising Revenues for advertising provided to Subscribers.

2. Payment of Advertising Revenues - E*TRADE GROUP shall pay to CP

its share of Advertising Revenues received by E*TRADE GROUP during the preceding month within ninety (90) days of the end of each month, subject to the terms and conditions of Section E above. CP shall pay E*TRADE GROUP its share of Advertising Revenues received by CP during the preceding month within ninety (90) days after the end of each month during the term of this Agreement. If, in prior remittances, the paying party included revenues in the calculation of Advertising Revenues, as to which during the preceding month the paying party granted credits or refunds, then the paying party may reduce the Advertising Revenues paid to the other party by the amount of any such credits or refunds. Payments received after the due date shall be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

3. Definitions - As used in this Exhibit A, "Advertising Revenues"

shall mean the revenue received from third party ("Advertisers") by either party from advertisements included on the Web Mail Page, less any commissions, credits, or refunds paid to Advertisers with respect to such revenues.

G. Storage Capacity - Each mailbox provided hereunder shall have a maximum storage capacity of 5 MB. E*TRADE GROUP may purchase additional storage space from CP upon payment of CP's then-current fees. CP shall notify any Customer that Customer's mailbox is approaching or exceeds the maximum limit. Thereafter, if such Customer exceeds the maximum storage capacity, CP may delete e-mail messages from the affected mailboxes, at CP's discretion. CP will store E*TRADE GROUP end-user messages, less those messages deleted by the end-user and or E*TRADE GROUP.

H. Web Presence - CP will use best commercial efforts to imbed the E*TRADE GROUP logo in CP's Web-based email interface. The imbedded logo will be a standard and brandable (which CP customers may elect not to include) offering by CP to its customers. For each new Customer introduced to the E*TRADE Service through such imbedded logo, CP will receive a fee of \$75 for assisting E*TRADE in the acquisition of such Customer. Such fees shall accrue upon execution by the Customer of E*TRADE GROUP's applicable account agreement and shall be paid to CP by E*TRADE GROUP in accordance with Section E of this Exhibit.

I. Digital Statements and Trade Confirmations - CP will make available to E*TRADE GROUP as part of the Services for an additional fee to be agreed upon by both parties, a feature that addresses E*TRADE GROUP's needs with respect to trade confirmation automation ("Account Program"). CP agrees to develop the Account Program and make it available to E*TRADE GROUP and Users during ****. In developing the Account Program, CP will use best commercial efforts to comply with applicable Securities and Exchange Commission requirements and regulations, as conveyed to CP by E*TRADE GROUP.

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E* TRADE GROUP agrees to provide reasonable assistance to CP in the development of the Account Program as requested by CP. Notwithstanding any such assistance, E*TRADE GROUP acknowledges and agrees that CP shall own the entire right, title and interest in and to the Account Program (including without limitation all Intellectual Property Rights therein) and that E*TRADE GROUP will assign, and hereby does assign, any and all interest it may have or acquire in such Account Program.

J. User Interface - In upgrading and modifying the CP user interface to the Services ("Interface"), CP agrees to use reasonable commercial efforts to

consider any suggestions, ideas or recommendations provided by E*TRADE GROUP to CP with respect to the Interface; provided, however, that CP will be under no obligation to implement any such suggestions, ideas or recommendations. E*TRADE GROUP acknowledges and agrees that CP shall own the entire right, title and interest in and to the Interface (including without limitation all Intellectual Property Rights therein) and that E*TRADE GROUP will assign, and hereby does assign, any and all interest it may have or acquire in such Interface as a result of CP's implementation of any of E*TRADE GROUP suggestions, ideas or recommendations.

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ADDENDUM 1
TO
EXHIBIT A

PREMIUM FEATURES

From time to time during the term of this Agreement, CP will make available to E*TRADE GROUP optional features ("Premium Features") of the Services no later than such Premium Features are generally made available by CP to its customers. These Premium Features currently include or are expected to include:

POP3 e-mail hosting	****/month/mailbox
Virus Protection	****/month/mailbox
Certified Delivery	TBD
IMAP	TBD
Archiving (storage > 5 MB)	TBD

E*TRADE GROUP will have the right to set its own prices at which it resells such Premium Features to Users (the "Resell Prices"); provided, however, that E*TRADE GROUP agrees that it will share **** with CP in the amounts received by E*TRADE GROUP from Users for the Premium Features.

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EXHIBIT B

JFAX SERVICES

This Exhibit B is attached to and made a part of the Agreement between E*TRADE GROUP and Critical Path, Inc, as amended by the Amendment, and is subject to the terms and conditions of the Agreement, as amended.

A. JFAX Services and Current Fees

As part of the Services, CP make available to E*TRADE GROUP and Users the following services ("JFAX Services") provided by JFAX.COM through its voice and fax gateway for the following fees. All of the following amounts are charges per mailbox, unless otherwise noted.

<TABLE>

SERVICE	DESCRIPTION	SIGN-UP FEES	BASIC MONTHLY FEES	USAGE FEES
JFAX	Fax and Voice to Email Service	****	****	\$.20 per message in excess of 200
	Toll Free 888 service	****	****	\$.20 per message
	Fax and Voice to Email			
JFAX/Send	Email to Fax Service	****	****	Pricing based on JFAX/Send pricing schedule for fax delivery to specific cities, as posted on the jfax.com website.
JFAX/Operator	Message access from Telephone	****	****	\$.10 per message
	Message Access From Web Browser	****	****	Included
JFAX/Notify!	Pager Notification of Message Receipt	****	****	\$.10 per message
	SMS Notification	****	****	\$.25 per message

</TABLE>

B. Rights of JFAX.COM

E*TRADE GROUP will provide its application to CP for forwarding to JFAX.COM. JFAX.COM has sole discretion to accept or reject E*TRADE GROUP's application for JFAX Services. JFAX.COM may at any time (i) impose additional terms on use of the JFAX Services, (ii) modify, discontinue or terminate the JFAX Services and (iii) modify the fees for JFAX Services.

C. Commissions

CP will pay E*TRADE GROUP an **** percent (****%) commission for all qualified and paying subscribers to JFAX Services that are Users who subscribe to and pay for JFAX Services for the first year. CP will pay E*TRADE GROUP a **** percent (****%) commission for all subsequent years thereafter for all qualified and paying subscribers to JFAX Services. Such

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commission shall be based only on revenue actually paid by Users to JFAX.COM. To be qualified, Users new to the JFAX Services must be in good standing with JFAX.COM for a period of sixty (60) days.

Within forty-five (45) days of the end of each calendar quarter (i.e., each three-month period ending March, June, September and December), CP shall remit to E*TRADE GROUP its commission for re-selling JFAX Services to Users as specified in this Exhibit B. Actual commission payments to E*TRADE GROUP are conditioned upon such payment exceeding \$200. Commissions due to E*TRADE GROUP that are less than \$200 will be accumulated until the total commission due E*TRADE GROUP exceeds \$200.

D. Payment to JFAX.COM

E*TRADE GROUP and Users shall pay all fees for JFAX Services directly to JFAX.COM at the address as directed by JFAX.COM.

EXHIBIT C

SERVICE LEVEL AGREEMENT

This Exhibit C is attached to and made a part of the Agreement between E*TRADE GROUP and Critical Path, Inc, as amended by the Amendment, and is subject to the terms and conditions of the Agreement, as amended.

1. Performance

a) Definition: As used in this Exhibit, "system outage" means any -----

unplanned interruption in the provision of the Services during which E*TRADE GROUP's Users are unable to access or use the Services and which is caused by a problem in the CP System and confirmed by CP. "System outage" does not include any interruptions in the Services caused by act, omission or condition beyond Critical Path's reasonable control, such as acts of nature or any third party.

b) Processing E-mails: Monthly average service response time of less -----

than **** seconds response time for ****% of requests. Measurement does not include any network transmission time or delays. This average does not include any period of unforeseen, unsolicited bulk email messages that degrade service.

c) Availability of E-mail Server: CP will use commercially -----

reasonable attempts to maintain an average of ****% up time for availability of the Services (not including scheduled downtimes for maintenance, which currently take place Monday mornings between 12am and 3 am Pacific time).

d) Procedures for System Outages: CP will post a message in the -----

event of a system outage, whenever possible. In the event of a User-affecting scheduled outage (in which Users will not be able to access and use the Services) is required, CP will send notification to Users via e-mail no less than forty eight (48) hours in advance of the scheduled outage unless it is an emergency requiring immediate attention.

2. Monitoring/Reporting

a) CP will prepare a monthly stewardship report that will track the performance metrics stated in Section 1 of this Exhibit. In addition, upon reasonable request by either party, the parties will meet on a regular basis to discuss the stewardship report and its associated performance metrics.

b) CP will provide E*TRADE GROUP with monthly reports which document all CP System outages or enhancements made during such month. Each report shall have capacity planning information outlined [above] and include, at a minimum, the following additional information:

Summary:

- . CP System uptime (average server up time and actual daily up time)
- . Average response

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- . Actual daily response time detail
- . Number of new User mailboxes
- . Number of deleted User mailboxes
- . Total number of User mailboxes
- . Mean storage used for mailboxes
- . Number of CP System outages
- . CP System total downtime and average daily and monthly downtimes

Specific System Outage Report:

- . Time of outage
- . Length of outage
- . Affected areas
- . Reason for outage
- . Long term remedy
- . Person notified

Enhancement:

- . Reason for change
- . Areas affected

This information will be emailed to E*TRADE GROUP by the third working day of the month following the reported month.

3. Escalation Procedures

a) CP will notify E*TRADE GROUP in the event of a system outage. CP will notify E*TRADE GROUP within **** minutes of the time that CP first learns of the outage. CP will send an email notice whenever possible. In the event that email is not working, or CP is otherwise unable to send an email message, then CP will notify E*TRADE GROUP by telephone.

- . E*TRADE GROUP email addresses: operators@etrade.com
helpdesk@etrade.com
- . E*TRADE GROUP telephone number: _____

b) Status information, if known by CP, to include:

- . reason for the outage; and
- . estimated time for service restoration.

c) If E*TRADE GROUP experiences a system outage and has not been notified by CP, E*TRADE GROUP will contact the Technical Support staff at CP by pager at 415/764-6203 (or such other telephone number as provided by CP) for the latest status information.

d) Critical Path will periodically notify E*TRADE GROUP with updated status for the duration of the outage.

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e) Critical Path will provide a post-incident summary that will include:

- . cause of the problem;
- . method used to correct the problem; and
- . measures Critical Path will take to prevent similar occurrences in the future.

4. Business Resumption

a) CP must prove the ability to switch processing from the primary server to a hot backup server within 20 minutes. Testing of this procedure will be conducted as requested by E*TRADE GROUP on a designated weekend by both CP and E*TRADE GROUP personnel during CP's maintenance window (12 a.m. 3 a.m. Mondays).

b) Any modifications and/or network configuration changes (including system maintenance) as well as upgrades and removal of devices that impact the production and network connectivity need to be advised of by E*TRADE Group to CP before they occur by designated/qualified personnel.

c) CP will perform an analysis that documents all of the single points of failure in the CP network and system configuration. Such analysis will include network components such as routers, hardware and software components.

d) Upon performing such an analysis, CP agrees to eliminate all the single points of failure within the CP domain within 3 months from the date of such analysis.

5. Revenue Impact Recoupment

a) As stated in Section 2 of this Exhibit, CP will prepare a monthly

Stewardship report that will track the performance metrics stated in Section 1 and the parties will meet on a regular basis to discuss such report and its performance metrics.

b) If CP fails to meet one of the performance metrics, the advertising revenue split shall be ****% for E*TRADE and ****% for CP for the month in which the metric was not achieved.

c) These penalties will be credited to the month's billing in which the performance failure occurred.

d) Failure by CP to meet the performance objectives specified in Section 1 of this Exhibit for 3 consecutive months or 3 out of 6 consecutive months shall constitute a breach of this Agreement, and E*TRADE GROUP will have the right to terminate immediately after providing written notice to CP of such intent.

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CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

CRITICAL PATH INC.

E-MAIL SERVICES AGREEMENT

THIS E-MAIL SERVICES AGREEMENT ("Agreement") is entered into as of the 14 day of September, 1998 ("Effective Date"), by and between Critical Path Inc.

whose address is 320 First Street, San Francisco, CA 94105 (hereinafter referred to as "Company"), and Sprint Communications Company L.P., a Delaware Limited Partnership ("Sprint") whose address is 2330 Shawnee Mission Parkway, Westwood, Kansas 66205. The term of this Agreement shall consist of a Referral Period and a Resale Period (with each term as defined below). Section 1 of this Agreement shall apply only to the Referral Period. Sections 2 and 3 and all of the Exhibits shall apply only to the Resale Period. All remaining provisions of this Agreement shall apply to both periods.

1. Provision of Services During Referral Period.

1.1. Referral Period. Sprint may within its sole discretion, refer

authorized Sprint Customers ("Referred Customers") to Company as a source for e-mail hosting services from the Effective Date of this Agreement until Sprint and Company implement the transition of their relationship to a resale arrangement ("Referral Period") set forth in Section 2. During the Referral Period, Company will negotiate the pricing and all other details related to e-mail hosting and related services ("Referral Services") directly with the Referred Customers. The Referral Services to be provided to Referred Customers shall include e-mail hosting, server and network maintenance and second-level (telephone and web-based) support to Referred Customers during Company's then-current hours of support, set up and web-based e-mail client. The parties agree that additional Referral Services may be provided by Company to Referred Customers provided such services are not in conflict with this Agreement. Company will make reasonable efforts to refer its customers to Sprint for their data and voice communication needs. Company will provide Referral Services directly to Referred Customers and, during the Referral Period, Sprint will not be liable for any charges incurred for such services. Company will provide invoicing of Referred Customers on Sprint approved co-branded forms if Sprint requests such an option. Sprint will incur the expense of providing such co-branded forms to Company for use in billing Referred Customers. Nothing in this Agreement requires Sprint to refer any Customers to Company during the Referral Period.

1.2. Compensation: Each month during the Referral Period, Company shall pay Sprint a one-time Referral fee of \$****/ Live Mailbox (as defined below): (i) which has been Live for at least three (3) months, and (ii) for which no Referral fee has yet been paid by Company to Sprint. As used in this paragraph, "Live Mailbox" means each mailbox (or group of mailboxes) made available for use by the Referred Customer during the Referral Period. Such amounts shall be payable by Company to Sprint within thirty (30) days of the last day of the month during the Referral Period. Sprint shall not pay financial compensation for Customers referred to Sprint by Company.

1.3. Sprint Contact: During the Referral Period Company agrees to work in

good faith with those Customers who may be referred by Sprint pursuant to this Agreement. Company agrees during the term of this Agreement that it shall not propose Internet services (including but not limited to web hosting, Internet access, or other IP services) available from Sprint ("Internet Services") from companies other than Sprint when working with Referred Customers. In the event that this Agreement is terminated during the Referral Period, Company agrees that it shall not solicit Referred Customers for Internet Services business for a period of one year after termination.

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BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

1.4. Customer Ownership: Company understands that it is Sprint's intention to transition all Referred Customers acquired during the Referral Period as described in Section 2 of this Agreement. Therefore, Company shall track and report monthly those Referred Customers contacted and activating Referral Services as a result of Sprint references. Company also agrees that any agreements that it enters into with Referred Customers will allow assignment to Sprint at the time that the parties transition to the Resale Period. Additionally, Company will acquire two (2) toll free numbers from Sprint at Company's expense for Referral Sales and Customer Service use during the Referral Period.

1.5. Company Information: Company agrees that Sprint may make public to potential customers written information obtained from Company during the Request For Information ("RFI") process utilized by Sprint in setting up this program. Such information from the RFI responses may be made available by Sprint to potential customers to inform them of the capabilities of Company in connection with making referrals to Company under this Section 1 ("Permitted Use"). Before Sprint makes any such disclosure of Company information, Sprint shall submit to Company a complete copy of the information Sprint intends to use for the Permitted Use, and Company shall approve such information and may add to or redact portions as Company deems necessary to protect its confidential or proprietary information. Sprint agrees to use only the information approved by Company for the Permitted Use. Company may request from time to time a copy of such RFI information used by Sprint under this Section.

1.6. Conflict of Interest: Company agrees to advise Sprint of any conflict of interest that may arise during the course of this Agreement. Sprint acknowledges and agrees that any e-mail hosting services agreement which does not include referral services by Company that Company may enter into with another telecommunications provider or other competitor of Sprint shall not be deemed a conflict of interest under this Section.

2. Provision of Services During Resale Period.

2.1. Services to be Provided During Resale Period. Within 30 days of

Sprint's notice of intent to transition from referral relationship set forth in Section 1 ("Transition Notice"), Company shall provide, and Sprint hereby accepts, e-mail outsourcing services described in Exhibit A ("Services") which Sprint may resell to authorized Sprint Customers ("Customer(s)"). Sprint hereby agrees that it will access, re-sell and make the Services available to Customers only pursuant to Exhibit B-Terms of Use attached to this Agreement, as may be modified by either party from time to time upon notice to the other party, or

under similar terms and conditions as agreed to in advance by both parties. Sprint agrees to notify, and to obtain binding consent from, Customer(s) of the Terms of Use prior to such Customer(s) initial use of the Services. Company shall make all services available and ready for resale by Sprint within thirty (30) days of Sprint's Transition Notice, excluding billing system integration requirements set forth by Sprint.

2.2. Set-Up Of Services For Customers Acquired During Resale Period.

Sprint shall provide to Company Customer(s) information and materials, such as the domain name, e-mail addresses and passwords, ("Customer Information") necessary for Company to transition Customer(s) current e-mail system to Company's e-mail messaging system through which Company provides the Services ("Company System"). Upon receipt of Customer Information, Company shall perform the set-up and other initial services before such Customer(s) will have access to the Company System. The parties agree to

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work together to achieve a transition to the Company System, including branding the Web Mail Page as provided in Exhibit A, so that to the Customer(s) it is not apparent that the Services are being outsourced by Sprint to Company.

2.3. Transition of Referred Customers. Company shall also transition all

Referred Customers acquired during the term of the Referral Period to Sprint under the terms and conditions of this Agreement within thirty (30) days of Sprint's written request for transition of Referred Customers. Company agrees to take all reasonable steps to accomplish said transition of Referred Customers to Sprint, including assigning to Sprint any agreements for Services that Company has entered into with Referred Customers.

2.4. Privacy. Company has a corporate policy to respect the privacy of

Customer(s) and their e-mail messages that are transmitted through the Company System or by means of the Services. Company will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the Services, to operate or maintain its systems or to protect itself or its clients. Company will maintain and adhere to industry accepted practices with respect to processes and procedures for maintaining the privacy of all Customer Information and e-mail provided to Company through the Services or otherwise under this Agreement and for compliance with all applicable privacy protection laws.

2.5. Compliance with Laws. Each party agrees to comply with all applicable

laws, rules and regulations, including any Internet regulations or policies, privacy laws and applicable export laws, in its performance under this Agreement.

2.6. Suspension or Termination. If Company becomes aware of or suspects

any violation of Exhibit C-Terms of Use by Sprint or any Customer, Company first shall attempt to notify Sprint and provide reasonable detail of such violation. The parties shall use best efforts to promptly resolve the matter. However, Company reserves the right to immediately suspend the provision of Services to Sprint or to such Customer as reasonably necessary to protect Company's interests.

2.7. Modification of Services. Company reserves the right to modify its

network connectivity or peering arrangements to the Internet ("Connectivity") or modify or discontinue certain features or functionality of the Company System from time to time. However, if Company intends to modify the Company System in any way that, in Company's opinion, would significantly affect Customers' use of or ability to use the Services, then Company shall provide reasonable prior notice to Sprint of any such modification, no less than sixty (60) days prior to such modifications. If Company intends to modify the Connectivity of the Company System to the Internet for any reason, then Company shall provide prior notice to Sprint no less than thirty (30) days prior to such modification.

2.8. Advertisements and Commercial Use. Sprint and Company may solicit

third parties for advertisements; however, Sprint shall maintain sole discretion over third party advertisements to be included for display on Sprint's "Web Mail Page" to Customer(s). Customer(s) shall have the option to receive ads or not. Customer(s) shall have the option to solicit and sell ad space for display to their user base only pursuant to the terms and conditions of Exhibit A, Section E.1.c. All parties shall share in the Advertising Revenue resulting therefrom as provided in Exhibit A. Each party shall be solely

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responsible for all obligations, liabilities and duties under any and all agreements with third parties with regard to such advertisements, unless otherwise expressly agreed in writing by the other party. Sprint agrees that it will resell the Services only bundled with other products and services and not as a stand-alone service or product offering. Sprint and Customer(s) agree that they will not make commercial use of, obtain advertising to be included on its Web Mail Page or otherwise generate income from, the Services or the Company System, other than as provided in Exhibit A or as permitted under the terms and conditions of this Agreement.

2.9. Year 2000 Compliance. Company warrants that Company's provision of

Services to Sprint, and any related deliverables provided to Sprint under this Agreement, will not be adversely affected by the occurrence or use of dates before, on, or after January 1, 2000 A.D., including dates and leap years between the twentieth and twenty-first centuries ("Millennial Dates"). Any deliverables (including any software, hardware or firmware product(s) delivered by Company to Sprint) will without error or omission, create, receive, store, process and output (collectively, "Compute") information related to Millennial Dates. This warranty includes, without limitation, that the deliverables will accurately, and without performance degradation, Compute Millennial Dates, date-dependent data, date-related interfaces, or other date-related functions (including, without limitation, calculating, comparing, and sequencing such functions). At Sprint's request, Company will provide written evidence sufficient to demonstrate adequate testing and conversion of the deliverable to meet the foregoing requirements.

3. Pricing and Payment During the Resale Period.

3.1. Pricing and Payment. Exhibit A specifies Company's charges for the

Services to Sprint and other payment provisions. Sprint and/or Customer(s) shall be responsible for payment of any and all taxes (excluding taxes based on Company's net income) based upon the use or resale of the Services under this Agreement, to the appropriate

taxing authority or jurisdiction.

3.2 Current Prices. Subject to Section 3.2.1, Exhibit A sets forth

Company's current matrix of prices for the Services to be performed hereunder for the period commencing on the Effective Date and ending on the last day of the month containing the twelve month anniversary of the Effective Date ("Initial Pricing Period").

3.1.1 Adjustments to Prices.

3.1.1.1 If Company and Sprint mutually agree that Company shall provide additional Services to Sprint or perform Services not then covered by the price matrix, Company shall revise Exhibit A accordingly, to add the applicable prices for such Services.

3.1.1.2 In the event Sprint requests variations of any of the Services provided by Company hereunder as set forth in Exhibit A and, in Company's reasonable judgement such variation or variations (either individually or in the aggregate) have a material effect on the prices set forth in Exhibit A for the Services to be performed, Company and Sprint shall agree to revise Exhibit A to set forth prices for such Services which reflect such variation(s).

3.1.1.3 Subject to the provisions of Section 3.3, Company shall amend Exhibit A to adjust the Service prices set forth thereon for the twelve month period following the Initial Pricing Period and for each twelve month period thereafter

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during the term of this Agreement upon written notice to Sprint in each case not less than ninety (90) days prior to commencement of such twelve month period.

3.2 Market Testing. Sprint shall be entitled to market test Company

prices for Services set forth in Exhibit A hereto on a quarterly basis during the term of this Agreement and, in addition, at any time that such prices are adjusted by Company in accordance with Section 3.2. The determination of Company price competitiveness is to be based upon the overall charges to Sprint by Company for Services being provided as described in Exhibit A. Such market testing is intended to confirm whether Company prices are competitive with the lowest end of the market consisting of quality, full turnkey E-mail Service providers with comparable volume, features, functionality and support. If prices are not competitive as reasonably shown by such market test and as agreed by Company, and Company has not remedied in thirty (30) days, Sprint may terminate this Agreement pursuant to Section 7.

3.3 Reports and Audit. Each party shall submit with each of its payments

to the other party a detailed report of the calculation of each such payment. Each party will retain records relevant to its calculations of the payments made to the other party during the term of this Agreement and for a two (2) year period thereafter. Each party shall have the right, at its expense, acting through a certified public accountant, to examine and audit such records at all reasonable times, on at least ten (10) days notice to the other party, but no more than once every six (6) months.

4 Disclaimer of Warranties.

4.1 THE SERVICES ARE PROVIDED, AND THE COMPANY SYSTEM IS MADE AVAILABLE, BY COMPANY TO SPRINT AND CUSTOMERS "AS IS." COMPANY AND ITS SUPPLIERS MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, REGARDING THE SERVICES OR THE COMPANY SYSTEM AND SPECIFICALLY DISCLAIM THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT, TO THE MAXIMUM EXTENT POSSIBLE BY LAW.

4.2 Other than the services, processes and procedures to be followed by Company pursuant to EXHIBIT C Service Level Agreement, Company and its suppliers make no warranties regarding the quality, reliability, timeliness or security of the Services or the Company System or that the Services or the Company System will be uninterrupted or error free. Company and its suppliers assume no responsibility or liability for the deletion or failure to store, or to store properly, e-mail messages. Sprint and Customers assume the entire risk in downloading or otherwise accessing any data, files or other materials obtained from third parties as part of the Services or by means of the Company System, even if Sprint or Customer has paid for virus protection services from Company.

4.3 Sprint shall be solely responsible for any warranties provided to Customers with respect to the Services or the Company System.

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5 Limitation of Liability.

5.1 IN NO EVENT SHALL EITHER PARTY, OR ITS SUPPLIERS, BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST REVENUES OR PROFITS, EVEN IF THE PARTY OTHERWISE LIABLE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

5.2 Company shall not be responsible for any delays, errors, failures to perform, interruptions or disruptions in the Services or the Company Systems caused by or resulting from any act, omission or condition beyond Company's reasonable control, whether or not foreseeable or identified, including without limitation acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, earthquakes, severe weather, floods or other natural disease or Customer's or any Customer's third party's hardware, software or communications equipment or facilities.

5.3 In the event of disruption of the Services or availability of the Company System for a continuous period longer than twenty-four (24) hours, Sprint's sole remedy shall be refund of a pro rata portion of the price paid for the affected Services during such period of disruption. Company's entire liability, and Sprint's and Customer's entire and exclusive remedy, under this Agreement for any damages from any cause whatsoever, regardless of form or action, whether in contract, negligence or otherwise, shall in no event exceed an amount equal to the price paid for the Services out of which the claim arose.

6 Confidential Information. Each party agrees to keep confidential and

to use only for purposes of performing under this Agreement, any proprietary or confidential information of the other party disclosed pursuant to this Agreement which is appropriately marked as confidential or which would reasonably be considered of a

confidential nature, and, except as otherwise permitted by Section 9 of this Agreement, the terms of this Agreement and all negotiations relating thereto. The obligation of confidentiality shall not apply to information which is publicly available through authorized disclosure, is known by the receiving party at the time of disclosure as evidenced in writing, is rightfully obtained from a third party who has the right to disclose it, or which is required by law to be disclosed. Upon any termination of this Agreement, each party shall return to the other party all confidential information of the other party, and all copies thereof, in the possession, custody or control of the party.

7 Indemnification. Each party (the "Indemnitor") shall defend, indemnify, and -----

hold the other party (the "Indemnitee") harmless from and against any claims, losses, actions, demands or damages, including reasonable attorney's fees, resulting from any act, omission, negligence, or performance under this Agreement by the Indemnitor, its Customers, agents or representatives. This indemnity shall not apply to the extent the portion of such claim, liability, loss, cost, damage or expense is the result of the negligence or willful misconduct of the Indemnitee, its clients, agents or representatives, or to the extent liability is disclaimed or limited by either party under this Agreement. The indemnity obligations set forth in this Section are contingent upon: (a) the Indemnitee giving prompt written notice to the Indemnitor of any such claim(s); (b) the Indemnitor having sole control of the defense or settlement of the claim; and (c) at the Indemnitor's request and expense, the Indemnitee cooperating in the investigation and defense of such claim(s).

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8 Term and Termination. -----

8.1 Term. This Agreement shall continue in effect from the Effective Date ----

for one (1) year period, and thereafter shall renew automatically for successive one (1) year periods unless either party gives the other party at least sixty (60) days prior written notice of its intent not to renew the Agreement.

8.2 Termination for Convenience. Notwithstanding the foregoing, either -----

party may terminate this Agreement at any time, without cause, upon one hundred-twenty (120) days prior written notice to the other party.

8.3 Termination for Breach. Notwithstanding the foregoing, either party -----

may terminate this Agreement by giving to the other party written notice of such termination and an opportunity to cure within thirty (30) days after receipt of such notice, upon the occurrence of any of the following events: (i) the other party materially breaches or defaults in any of the material terms or conditions of this Agreement, (ii) the other party makes any assignment for the benefit of creditors, is insolvent or unable to pay its debts as they mature in the ordinary course of business, or (iii) any proceedings are instituted by or against the other party in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution.

8.4 Effect of Termination. Upon any termination of this Agreement, Company -----

shall immediately cease providing all Services, and Sprint and Customers shall no longer have access to the Company System. Except in the event of termination for Sprint's breach, Company shall work with

Sprint in the migration of its e-mail system back to its setup in existence immediately before the Effective Date of this Agreement. Thereafter, Company shall delete all stored e-mail messages of Sprint and Customers on the Company System. Within sixty (60) days of any termination of this Agreement, each party shall pay to the other all unpaid fees accrued prior to termination.

8.5 Survival. Sections 3.1, 3.4, 4, 5, 6, 7, 8.4, 8.5 and 10 and Exhibit A -----
(as to amounts accrued but unpaid and paragraph B.4) shall survive any expiration or termination of this Agreement.

9 Publicity and Demo Accounts.

9.1 Publicity. During the term of this Agreement, upon prior written -----
consent of the other party, either party may promote its relationship in press releases, sales presentations, sales collateral, sales training and its web site. Neither party may without the other party's prior written consent issue any news releases, or any public announcement, denials or confirmations with respect to this Agreement or its subject matter.

9.2 Demo Accounts. During the term of this Agreement, Company shall -----
provide Sprint with access to a mutually-agreeable number of email accounts ("Demo Accounts"), at no additional charge, for use by Sprint in demonstrating the administrative and end

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user features of the Services to Sprint's sales personnel and to Customers and potential Customers. Such Demo Accounts shall be available at the domain "sprint.cp.net" and shall include the features and functionality of the Services as generally available and in beta testing (which may be subject to a beta testing or evaluation agreement) by Company.

10 Miscellaneous.

10.1 Entire Agreement. This Agreement, together with all Exhibits and any -----
Schedules accepted by Company, constitutes the entire agreement of the parties with respect to the subject matter of this Agreement. This Agreement supersedes any and all agreements, either oral or written, between the parties to this Agreement with respect to the subject of this Agreement. Except as otherwise expressly provided herein, this Agreement may be modified only by a writing signed by an authorized representative of each party.

10.2 Notices. Notices under this Agreement shall be in writing and shall -----
be deemed given when delivered personally, or by e-mail (with confirmation of receipt) or conventional mail (registered or certified, postage prepaid with return receipt requested). Notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change the address by written notice in accordance with this paragraph.

10.3 Assignment. This Agreement shall be binding upon and inure to the -----
benefit of the subsidiaries, affiliates, successors and permitted assigns of the parties to this Agreement. Neither party may transfer,

sublicense or otherwise assign this Agreement or any of its rights or obligations hereunder without the other party's prior written consent, which consent will not be unreasonably withheld. Notwithstanding the foregoing, either party may assign this Agreement to (i) any entity in which the party has a greater than fifty-percent (50%) equity ownership interest or of which the party has voting control, or (ii) to person or entity that buys fifty percent (50%) or more of that party's stock or all or substantially all of that party's assets.

10.4 General Provisions. Nothing contained in this Agreement is intended -----
or is to be construed to constitute Company and Sprint as partners or joint ventures or either party as an agent of the other. If any provision of this Agreement shall be declared invalid, illegal or unenforceable, such provision shall be reformed only to the extent necessary to effect the original intention of the parties, and all remaining provisions shall continue in full force and effect. No waiver of any rights hereunder shall be deemed to be a waiver of the same or other right on any other occasion.

10.5 Dispute Resolution. Any dispute, controversy or claim concerning or -----
relating to this Agreement shall be resolved in the following manner:

10.5.1 The parties agree to use all reasonable efforts to resolve the dispute through direct discussions. To that end, either party may give the other party written notice of any dispute not resolved in the normal course of business. Upon such notice, the parties shall attempt in good faith to resolve the dispute promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement.

10.5.2 If the parties are unable to resolve the dispute by such means within thirty (30) days of the notice date, or such other time period as mutually

agreed, then either party may commence arbitration pursuant to the Rules of Commercial Arbitration of the American Arbitration Association ("AAA"), as modified or supplemented under this Section 10.5. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sec. 1, et. Seq., and judgment upon the award rendered by the arbitrator(s) may be entered by any court with jurisdiction or application may be made to such a court for judicial recognition and acceptance of the award and any appropriate order including enforcement. The arbitration proceedings will be held in San Francisco, California, if initiated by Sprint, or in Kansas City, Missouri, if initiated by Company, or at such other location as the parties may agree.

10.5.3 The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, contents or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceedings, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by law. The parties agree that any

decision or award results from proceedings in accordance with this Section shall have no preclusive effect in any other matter involving third parties.

10.5.4 Notwithstanding any of the foregoing, either party may request injunctive and equitable relief either from the arbitrators or from a court in order to protect the intellectual property rights or trade secrets of the party, pending the resolution of the dispute by arbitration as provided hereunder.

10.1 Relationship of the Parties. This Agreement does not constitute or ----- create a joint venture, pooling arrangement, partnership, agency or formal business organization of any kind. The Parties shall be independent contractors for all purposes at all times and neither Party shall act as or hold itself out as agent for the other or create or attempt to create liabilities for the other Party.

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement as of the date first above written.

CRITICAL PATH INC.

SPRINT COMMUNICATIONS COMPANY L.P.

By _____

By _____

Its _____

Its _____

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EXHIBIT A

SERVICES, CHARGES AND PAYMENT SCHEDULE

This Services and Charges Schedule is attached to and made a part of the E-mail Services Agreement between Sprint and Company (the "Agreement") and is subject to the terms and conditions of the Agreement. This Exhibit A shall apply to Services provided to Sprint during the Resale Period.

A. Services Charges - Sprint agrees to pay Company the following amounts for ----- the following Services during the Initial Pricing Period :

1) POP3 e-mail hosting: Sprint will pay to Company a basic monthly POP ----- email hosting fee per active mailbox in accordance with the following tiered volume schedule:

First 1,000 mailboxes	****/mailbox/month
1,001- 20,000	****/mailbox/month
20,001- 75,000	****/mailbox/month
75,001 150,000	****/mailbox/month
150,001 +	****/mailbox/month

EXAMPLE: ****

TOTAL INVOICE = ****

Each POP3 mailbox includes the following features:

- . Automated account administration via an Account Provisioning Protocol (APP), and a secure (SSL-based) Web interface for easy, instant individual account provisioning
- . Company's state-of-the-art, Web-based email interface, branded to match Sprint's and/or Customer(s) look and feel
- . **** MB of disk space
- . Multiple domain hosting
- . Segmentable, LDAP accessible directory services (to be available October 1, 1998)
- . Domain administrator ability to send email to all users at a domain
- . Search-the-Web capability
- . Live, 24 x 7 Tier 2 support, and the assignment of a Company relationship manager to oversee Sprint's ongoing support needs
- . A team of software developers dedicated to the continuing enhancement of email performance and functionality
- . Seamless and ongoing introduction of new features, with minimal need for existing users or administrators to upgrade software or equipment
- . Additional features in advance of or simultaneous with general availability from Company
- . Send and receive attachments up to 4 MB
- . Spam blocking

Company's Web-based email Interface includes all POP3 features plus the following features:

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- . Company's customizable Web Mail interface offers Sprint and Customer(s) the opportunity to share in advertising revenue, as well as a chance to extend Sprint's brand.
- . Send, receive, forward, and reply to email messages
- . Create and manage folders and filters
- . Customize preferences (signatures, return address, expandable email window, etc.)
- . Change passwords
- . Set up auto-forwarding and auto-response
- . Use spell-check (general availability planned for 10/15/98) and create an address book
- . Send and receive HTML formatted messages
- . Additional features in advance of or simultaneous with general availability from Company

2) Premium features: Sprint agrees to pay Company the following amounts

for the following premium features:

<TABLE>	
<CAPTION>	
Virus Protection	TBD / Month / Mailbox

<S>	<C>
Certified mail	TBD

Return Receipt Delivery	TBD

Archiving (storage > 5 MB)	**** / 5 extra MBs / Month / Mailbox

Permanent Archiving	TBD - Available ****
Mailing List Management	TBD - Available ****
Groupware: calendaring, electronic forms	TBD - Available ****
Unified Messaging	TBD

</TABLE>

Company will attempt to provide reasonable advance notice to Sprint of additional premium features and their expected availability. Charges to Sprint for listed features not yet available and any additional features not listed that become available will be negotiated in good faith by both parties in advance of general availability if Sprint notifies Company that it wishes to order such features.

- 2) IMAP: TBD
- 3) Billing Cycle: The billing cycle for computing all billable items of all

 Company services shall, for the purposes of this Agreement, be for the period commencing on the first day of each month and ending on the last day of each month. As used in this Exhibit, "Live Mailboxes" means mailboxes (or group(s) of mailboxes) that have been tested, accepted and signed off by the Sprint Customer and available for use by such Customer under this Agreement. During the Resale Period, only Live Mailboxes that have been Live for at least five (5) calendar days of the first month in which such Mailboxes became Live shall be billable. Live Mailboxes will not include any mailboxes of Referred Customers that are transitioned during the Resale Period.

B. Branding of Web Mail Page

- 1. Fees - Sprint will pay to Company a one-time fee of \$**** for branding

 Sprint's Web Mail Page. In addition, if Company performs branding of any Customer's Web Mail Page, Sprint will pay to Company a one-time fee of \$**** for Company's branding of each such Web Mail Page to Customer's specifications. Any additional services or any customization above and

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beyond the basic branding and development of the Web Mail Page, automatic sign-up page, and signatures will be billed at \$75 per hour, with a minimum of one hour per request.

- 2. Provision, Development and Approval - Sprint shall provide Company with all

 text and images ("Branding Materials") necessary for Company to brand Sprint's or Customer's Web Mail Page. Sprint will ensure that Sprint and Customer(s) have full power and authority to provide to Company, and to authorize Company's use of, the Branding Materials provided by Sprint for branding the Web Mail Page, and Sprint agrees to defend and indemnify Company with respect to any claims arising from Company's use of such Branding Materials. Company shall develop the branded Web Mail Page using such Branding Materials and shall provide, or otherwise make available to Sprint and Customer, such developed Web Mail Page for review and approval, which approval shall not be unreasonably withheld, delayed or conditioned. Customer(s) approval shall be deemed given if Sprint does not provide to Company notice of its rejection of the branded Web Mail Page within seventy-two (72) hours of Company's provision of it.

3. Modifications - Once approved, Company shall only be obligated to make one

 change to the look and feel of the branded Web Mail Page and the automatic sign-up page at no additional charge. Any further requested changes will be chargeable at the rate of \$**** per hour with a minimum of one hour per request.
4. Proprietary Rights - Sprint hereby grants, and Sprint will ensure

 Customer(s) grants, to Company a non-exclusive, nontransferable, worldwide, royalty-free, irrevocable (during the term of the Agreement) license to reproduce, display, perform, modify, prepare derivative works of and otherwise use the Branding Materials for the purpose of branding Sprint's or Customer's Web Mail Page and making such Web Mail Page available through the Company Services to Customer(s) and Sprint. Customer(s) shall retain all other proprietary right it may have in and to the Branding Materials. Company shall retain all proprietary rights in and to the Company Services (not including the Branding Materials as incorporated into Customer(s) Web Mail Page) and all development tools, routines, subroutines, applications, software and other materials (not including the Branding Materials) that Company may use in connection with branding the Web Mail Page.
- C. Support-Company shall provide 2nd tier telephone support to Sprint twenty-four (24) hours a day, seven (7) days a week. Company shall use reasonable efforts to respond to such requests for support. Sprint shall be responsible for first-level telephone support to Customers and for all other support not otherwise specified herein to Customers.
- D. Payment by Sprint to Company-All fees for Company Services shall be applicable for any month, or portion thereof as defined in Section A of this Exhibit, in which such Services are rendered. All fees are payable by Sprint within thirty (30) days of the end of each month in accordance with this Schedule and the Agreement. In addition, if during the previous month, Company performed any work on the branding of the Web Mail Page as provided herein, Sprint shall include the applicable fees for such work in the next month's payment. Payments postmarked after the due date shall be subject to a late fee of one and one-half percent (1.5%) per month, or, if less, the maximum amount allowed by applicable law.

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1. Invoicing - Invoices shall be prepared in one (1) original and two (2)

 copies submitted in accordance with the following instruction and shall reference Contract No. _____ and Cost Center _____.

Original Invoice: Sprint
 Accounts Payable - MOKCMD0401
 Post Office Box 5409
 Kansas City, Missouri 64131-5409

One Copy: Sprint
 Mark Dalton - MOKCMY0405
 Partner Management
 8330 Ward Parkway
 Kansas City, Missouri 64105

One Copy: Sprint
 Tad Jones - MOKCMY0405
 Product Manager
 8330 Ward Parkway
 Kansas City, Missouri 64105

- E. Advertising Revenues

1. Sharing of Advertising Revenues - Sprint has the option of soliciting third

parties for advertising on the Web Mail Page. If Sprint chooses this
option, the parties shall share in the Advertising Revenues as follows :
- a) If Sprint obtains the advertising:
**** Sprint
**** Company
- b) If Company obtains the advertising and its use is approved by
Sprint:
**** Company
**** Sprint
- c) If either party obtains the advertising through a third party, the
parties will share **** of the net advertising revenue.
2. Payment - Sprint shall pay to Company its share of Advertising Revenues

received by Sprint during the preceding month within ninety (90) days of
the end of each month. Company shall pay Sprint its share of Advertising
Revenues received by Company during the preceding month within ninety (90)
days after the end of each month during the term of this Agreement. If, in
prior remittances, the paying party included revenues in the calculation of
Advertising Revenues, as to which during the preceding month the party
granted credits or refunds, then the party may reduce the Advertising
Revenues paid to the other party by the amount of any such credits or
refunds.
3. Definitions - As used in this Exhibits A and B, if either party obtains

Advertising Revenue through a third party, "Advertising Revenues" shall
mean the revenue received from third party ("Advertisers") by either party
from advertisements included on the Web Mail Page, less any commissions,
credits, or refunds paid to Advertisers with respect to such revenues.

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- F. Storage Capacity - Each basic mailbox provided hereunder shall have a
maximum storage capacity of **** MBytes. Sprint may purchase from Company
additional storage space for resale at then-current fees as defined in this
Exhibit. Company shall notify Customer(s) and Sprint that Customer(s)
mailbox is approaching or exceeds the maximum limit. Thereafter, if such
Customer exceeds the maximum storage capacity for more than thirty (30) days
beyond date of notification, Company may delete e-mail messages from the
affected mailboxes, at Company's discretion.

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EXHIBIT B

TERMS OF USE

Sprint's e-mail service ("Sprint Service") is provided to registered users
(each, a "User") under these Terms of Use. BY COMPLETING THE REGISTRATION

PROCESS, YOU ARE INDICATING YOUR AGREEMENT TO BE BOUND BY THESE TERMS OF USE.

Sprint's Acceptable Conduct Policy for Sprint INTERNET Products and Services

Sprint's Acceptable Conduct Policy (the "Policy") for Sprint IP Products and Services is designed to help protect Sprint, Sprint's customers and the Internet community in general from irresponsible or, in some cases, illegal activities.

Sprint IP customers shall not, nor shall they permit or assist others to abuse or fraudulently use Sprint IP Products and Services, including but not limited to the following:

- 1) Sending unsolicited e-mail that causes complaints from the recipients of such unsolicited e-mail; or,
- 2) Mailbombing (sending large quantities of unwanted or unsolicited e-mail to individual e-mail accounts); or,
- 3) Sending advertising, chain letters, spam, junk mail or any other type of unsolicited e-mailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; or,
- 4) Sending harassing, libelous, abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right, or that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable law or regulation; or,
- 5) Sending viruses or other harmful, disruptive or destructive files; or,
- 6) Unauthorized attempts by a user to gain access to any account or computer resource not belonging to that user (e.g., "spoofing"); or,
- 7) Obtaining or attempting to obtain service by any means or device with intent to avoid payment; or,
- 8) Unauthorized access, alteration, destruction, or any attempt thereof, of any information of any Sprint customers or end-users by any means or device; or,
- 9) Knowingly engage in any activities that will cause a denial-of-service (e.g., synchronized number sequence attacks) to any Sprint customers or end-users; or,
- 10) Using Sprint's Products and Services to interfere with the use of the Sprint network by other customers or authorized users, or in violation of the law or in aid of any unlawful act.

It is Sprint's policy to respect the privacy of its Users. Sprint does not, and cannot, monitor, censor or edit the contents of User's e-mail messages. User alone is responsible for the contents of User's messages, and the consequences of any such messages.

User agrees that it will not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will User interfere with the security of, or otherwise abuse, the Sprint Service, system resources or accounts, or any network or another user's use or enjoyment of the mail services. User may not forge header or address information. Sprint will only access and disclose information as necessary to comply with applicable laws and government orders or requests, to provide the services, to operate or maintain its systems or to protect itself or its suppliers. Sprint reserves the right to terminate User's account if it becomes aware and determines, in Sprint's sole discretion, that User is violating any of these Terms of Use.

Each Sprint IP customer is responsible for the activities of its customer base

or end-users and, by accepting service from Sprint, is agreeing to ensure that its customers abide by this Policy. Complaints about customers or end-users of a Sprint IP customer will be forwarded to the Sprint IP customer's hostmaster for action. If irresponsible or illegal activity continues, then the Sprint IP customer's Products and Services may be subject to termination or other action as Sprint deems appropriate without notice.

As stated in the terms and conditions for Sprint IP Products and Services, Sprint has the right to terminate the account of an offending customer or take other action as Sprint deems appropriate without notice (e.g., address filtering).

Account and Password

User is responsible for maintaining the confidentiality of its account number and password. User shall be responsible for all uses of its account, whether or not authorized by User. User agrees to immediately notify Sprint of any unauthorized use of its account.

Disclaimer of Warranties

USER EXPRESSLY AGREES THAT USE OF THE SPRINT SERVICE IS AT USER'S SOLE RISK. THE SPRINT SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS.

SPRINT DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

SPRINT DOES NOT MAKE ANY WARRANTY THAT THE SPRINT SERVICE WILL MEET USER'S REQUIREMENTS, OR THAT THE SPRINT SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES SPRINT MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE SPRINT SERVICE OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE SPRINT SERVICE.

USER UNDERSTANDS AND AGREES THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE SPRINT SERVICE IS AT USER'S OWN DISCRETION AND RISK AND THAT USER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO USER'S COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA.

SPRINT DOES NOT MAKE ANY WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH THE SPRINT SERVICE OR ANY TRANSACTIONS ENTERED INTO BY USE OF OR THROUGH THE SPRINT SERVICE.

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY USER FROM SPRINT OR THROUGH THE SPRINT SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

Limitation of Liability

SPRINT AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OR THE INABILITY TO USE THE SPRINT SERVICE OR FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO BY MEANS OF OR THROUGH THE SPRINT SERVICE OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF USER'S TRANSMISSIONS OR DATA, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE, EVEN IF SPRINT OR ITS SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

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E-mail Message Storage

Sprint does not assume any responsibility for the deletion or failure to store e-mail messages. If User exceeds the maximum permitted storage space, Sprint

reserves the right to delete e-mail messages from the affected mailboxes, at its discretion.

Promotional Messages

Sprint and/or third parties may, from time to time, send e-mail messages to User containing advertisements, promotions, etc. Sprint does not make any representation or warranty with respect to any such e-mail messages or any goods or services which may be obtained from such third parties, and User agrees that Sprint shall have no liability with respect thereto.

Indemnification

User agrees to indemnify and hold Sprint, its suppliers and their respective affiliates, officers, directors, employees and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to User's use of the Sprint Service or the violation of these Terms of Use by User, including without limitation the infringement by User, or any other user of User's account, of any intellectual property or other right of any person or entity.

Applicable Law

These Terms of Use shall be governed by and construed in accordance with the laws of the State of Kansas, without giving effect to its conflict of laws provisions.

Sprint reserves the right to modify these terms of use at any time.

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EXHIBIT C -----

SERVICE LEVEL AGREEMENT

This Exhibit C Service Level Agreement is attached to and made a part of the E-mail Services Agreement between Sprint and Company (the "Agreement") and is subject to the terms and conditions of the Agreement. This Exhibit C shall apply to Services provided to Sprint during the Resale Period.

1. Performance

Definition: As used in this Exhibit, "system outage" means any unplanned

interruption in the provision of Company Services during which Customers are unable to access or use the Company Services and which is caused by a problem in the Company System and confirmed by Company. "System outage" does not include any interruptions in the Company Services caused by act, omission or condition beyond Company's reasonable control, such as acts of nature or any third party.

Processing E-mails: Monthly average server response time of less than 5

seconds for 90% of requests. Measurement does not include network transmission time or delays. This average does not include any period of unforeseen, unsolicited bulk email messages that degrade service.

Availability: Company will make all commercially reasonable attempts to

maintain 99.5% availability of all system services (not including regular maintenance intervals) at the following performance levels:

- . SMTP accepting connections within **** seconds
- . POP accepting connections within **** seconds
- . Web-based email available and online ****%

. Account Provisioning System (APS) available and online ****%

Maintenance Intervals: Current maintenance intervals are Monday mornings

from 12:00 AM to 3:00 AM Pacific Standard Time. Company will notify Sprint a minimum of fourteen (14) days in advance of changing this maintenance interval.

Procedures for System Outages: In the event of a Customer-affecting

scheduled outage (in which Customers will not be able to access and use the Company Services) is required, Company will send notification to Customers via e-mail no less than forty eight (48) hours in advance of the scheduled outage unless it is an emergency requiring immediate attention.

2. Monitoring/Reporting

Company shall include in all Customer records a Sprint Customer Identification code provided by Sprint. Company shall provide on a monthly basis customer reports sorted by Sprint Customer Identification code that includes the following information for each account:

- . Number of mailboxes
- . Number and type of premium services (as premium services are available)
- . Number of messages sent/received per mailbox (Q1 '99)
- . Number of Kbytes sent/received per mailbox (Q1 '99)
- . Peak amount of storage used per mailbox (Q1 '99)
- . Distribution of message sizes by Sprint Customer Identification (Q2 '99)

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Company shall provide a monthly Stewardship report that will track the performance metrics stated in Section 1 of this Exhibit.

Company shall provide Sprint with monthly reports which document all Company System outages or enhancements made during such month. Each report shall have capacity planning information outlined [above] and include, at a minimum, the following additional information:

Utilization and Performance:

- . Company System uptime
- . Number of new Sprint mailboxes
- . Number of deleted Sprint mailboxes
- . Total number of Sprint mailboxes
- . Mean storage used for mailboxes
- . Number of Company System outages
- . Company System total downtime and average daily and monthly downtimes

Specific Outage Report:

- . Time of outage
- . Length of outage
- . Affected areas
- . Reason for outage
- . Long term remedy
- . Person notified

Enhancement:

- . Reason for change
- . Areas affected

This information will be emailed to Sprint by the third working day of the month following the reported month. Upon mutual agreement, the parties may add to or delete from this list of reports as appropriate.

3. Escalation Procedures

Company shall notify Sprint or a Sprint designated agent in the event of a system outage. Company will send an email notice whenever possible. In the event that email is not working, or Company is otherwise unable to send an email message, then Company will notify Sprint by telephone within 30 minutes of the time that Company first learns of the outage.

. Sprint Notification: Tad Jones
PHONE: 816-854-2471
FAX: 816-854-2623
EMAIL: tad.jones@mail.sprint.com

Status information, if known by Company, to include:

- . reason for the outage; and
- . estimated time for service restoration.

If Customer experiences a system outage and has not been notified by Company, Sprint will contact the Technical Support staff at Company by pager at 415/764-6203 (or such other telephone number as provided by Company) for the latest status.

Company will periodically notify Sprint with updated status for the duration of the outage. Company will attempt to so update Sprint every two (2) hours.

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Company will provide a post-incident summary that will include:

cause of the problem; method used to correct the problem; and measures Company will take to prevent similar occurrences in the future.

Company shall furnish necessary staff to provide the Services. Company shall use commercially reasonable efforts to provide Sprint with telephone access to an engineering staff member 24 hours a day 365 days a year. Upon notification of a problem with the Company System or the Services, Company shall evaluate and verify the problem and provide Sprint with a mutually agreeable time estimate for resolution of the problem. Company shall promptly commence remedial activities and use commercially reasonable efforts to complete the system outage resolution within the mutually agreed upon time estimate.

4. Business Resumption

In the event of a system outage, Company System will automatically switch processing from the primary server to a hot backup server in such a way as to not cause Customer(s) noticeable performance degradation as specified in Section 1 of this Exhibit.

5. Sprint System Modifications

Sprint agrees to notify Company no less than 72 hours in advance of any modifications and/or network configuration changes (including system maintenance) to, as well as upgrades and removal of devices that impact the production and network connectivity from, Sprint's system through which the Company Services are provided if they are outside of the scheduled Monday maintenance windows. If any such change will or could, in either party's opinion, result in incompatibility between the parties' respective systems or interruptions in the Company Services, then the parties shall work together to resolve any such issue before Sprint makes the change.

6. Performance Review

Company agrees to participate in periodic service performance reviews on a

mutually agreed upon period or at either party's request. Each time cycle will be evaluated and proper personnel will be contacted if service levels are out of bounds. Some potential "triggers" currently include:

- . Service response time is longer than a threshold
- . Sudden spike in in/out-bound mail volume
- . Load average sustained above a threshold
- . Available disk space below a threshold
- . Failed or interrupted tape backup
- . Delivery logs showing an unusual pattern

7. Backup Site

Company shall provide a backup site for its primary message center which will be deployed in the event of a system outage with the primary message center and which will operate in accordance with Section 4 of this Exhibit. In the event of a West Coast disaster, Critical Path moves IP addresses to its East Coast Data Center. All protocols continue to work under a failover scenario, including but not limited to, POP, SMTP, IMAP, LDAP and webmail. Customers will not have access to stored messages in event of failover until primary service is restored. Such backup site is currently located in a facility of, Colocation Inc.,

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located on the east coast in Laurel, Maryland. Colocation Inc. is a carrier-neutral co-location facility with facilities on par with our primary interconnection point, DIGITAL's Palo Alto Internet Exchange (PAIX) located in Palo Alto California.

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CONFIDENTIAL TREATMENT REQUESTED. CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

E-MAIL SERVICES AGREEMENT

THIS E-MAIL SERVICES AGREEMENT ("Agreement") is made as of the 19th day of March, 1998, by and between CRITICAL PATH, INC., a _____ corporation

having its principal place of business at 320 First Street, San Francisco, CA 94105 ("CF"), and NTX, INC. also doing business as "TABNet," a California

corporation, having a principal place of business at 5 Financial Plaza, Napa, CA 94558 ("TABNet").

RECITALS:

A. CP provides Internet e-mail services, such as Web-based e-mail reader, spam blocking, virus scanning and protection, integrated fax and voice-messaging technologies, permanent archiving and secure certified e-mail delivery to its customers.

B. TABNet provides Internet web site hosting services including web site design and hosting and domain name services (collectively, the "TABNet Services") to its customers.

C. subject to the terms and conditions of this Agreement, the parties desire that CF host e-mail services for TABNet which TABNet may resell to its customers as part of the TABNet Services.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the parties to this Agreement agree as follows:

1. Definitions.

1.1 "Advertising Revenues" shall mean the revenue received by either party from advertisements included on the Web Mail Page, less any commissions, credits, or refunds paid with respect to such revenues.

1.2 "CP System" means CP's e-mail messaging system through which CF provides the E-mail Hosting Services.

1.3 "E-mail Hosting Revenues" shall mean all gross revenue of TABNet from sales of the E-mail Hosting Services to TABNet Customers.

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1.4 "E-mail Hosting Services" shall mean the e-mail hosting services provided by CP to TABNet for resale to TABNet Customers as part of the TABNet Services, as more fully described in Section 3 below.

1.5 "Intellectual Property Rights" shall mean any and all Patents, copyrights, mask works, trade secrets and other intellectual property rights (other than trademarks.) in any country of the world or contract rights having the equivalent effect.

1.6 "TABNet Customer" shall mean each of TABNet's customers who receive the E-mail Hosting Services as part of the TABNet Services.

1.7 "Web Mail Page" means TABNet's web mail page available through the CP System as part of the E-mail Hosting Services.

1.8 Basis of Agreement; Parties' Relationship. Under the terms and

conditions of this Agreement, CP shall provide, and TABNet hereby accepts, the E-mail Hosting Services which TABNet may resell to its Customers as part of the TABNet Services. Nothing contained in this Agreement is intended or is to be construed to constitute CP and TABNet as partners or joint venturers or either party as an agent of the other, except as otherwise expressly provided herein.

2. Provision of E-mail Hosting Services.

2.1 Exclusivity During the term of this agreement, TABNet agrees that CP

shall be the sole "outside vendor" of e-mail hosting services that TABNet resells to TABNet Customers as part of the TABNet Services. TABNet shall retain the right to sell its own e-mail services to its Customers. TABNet agrees that the parties shall share the E-mail Hosting Services Revenues as provided in Section 4 below.

2.2 Scope of Services.

2.2.1 Basic: Services. The E-mail Hosting Services shall include e-

mail hosting, server and network maintenance, second-level support to TABNet during CP's then current hours of support, set up and web-based e/~ /mail client. The CP Services and Charges Schedule, attached hereto as Exhibit A and made a part of this Agreement by reference, specifies the basic services to be provided by CP to TABNet under this Agreement. The parties may agree that additional E-Mail Hosting Services shall be provided to TABNet under this Agreement. Any such additional Services must be listed

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on the applicable Order Schedule, and TABNet shall pay any additional fees required by CP.

2.2.2 JFAX Services. The E-mail Hosting Services also currently

include the services provided by CP's supplier, JFAX.COM (the "JFAX Services"). The CP/JFAX Services Order Schedule, attached hereto as Exhibit B, is the agreement which TABNet must fill out in order to qualify as a JFAX Services Distributor under this Agreement. JFAX.COM has sole discretion to accept or reject TABNet's application for JFAX Services. If approved by JFAX.COM, TABNet customers shall pay directly to JFAX.COM all applicable JFAX Services fees. Notwithstanding any other provision of this Agreement, the JFAX Services may be modified, discontinued or terminated, and the JFAX Services fees may be modified, under this Agreement by JFAX.COM at any time at JFAX.COM's discretion.

2.3 Customer Information. TABNet shall provide to CP information and

materials ("Customer Information") necessary for CP to transition the TABNet Customer's current e-mail system to the CP System. The Customer Information shall include at a minimum the domain name, e-mail addresses and passwords of each of the TABNet Customers. Each party shall work with the other as reasonably requested to assist in achieving a smooth transition that is transparent to the TABNet Customers. Upon receipt of all Customer Information from TABNet for each TABNet Customer, CP shall have a reasonable period of time to perform the set-up and other initial services before such TABNet Customer will have access to the CP System. Once transitioned, TABNet shall be responsible for, during the term of this Agreement: (a) front-line services to and support of TABNet Customers; (b) the addition, deletion and modification of TABNet Customers' e-mail accounts; (c) the creation of workgroups, discussion lists, hell, letters and

similar functions; (d) designating an e-mail administrator to act as the primary contact with CP's customer support center; (e) providing and maintaining all communications equipment and materials, including hardware, software and telephone service, necessary for access to the World Wide Web and the E-mail Hosting Services; and (f) notifying CP of any changes that may affect the E-mail Hosting Services or the CP System, including any hardware or software upgrades.

2.4 E-mail Storage and CP's Rights.

2.4.1 Storage Capacity. Each TABNet Customer shall have the disk

storage capacity of 2.5 Mb per mailbox. TABNet may purchase from CP additional space upon payment of additional fees. If TABNet or any TABNet Customer exceeds the maximum permitted storage space, CP reserves the right to delete e-mail messages from the affected mailboxes, at CP's discretion.

2.4.2 Privacy. CP has a corporate policy to respect the privacy of its

customers and their e-mail messages that are transmitted through the CP System or by means of the E-mail Hosting Services. CP will only access and disclose information as necessary to comply with applicable laws and government requests, to provide the E-mail Hosting Services, to operate or maintain its systems or to protect itself or its customers.

2.4.3 Disclosure by Law. If required by law, rule, regulation or court

order, CP may make available TABNet or any TABNet Customer's account information to the appropriate authorities. TABNet acknowledges that CP may be required to make registrations and provide administrative reports, which are public in nature, relating to Internet use and related services provided under this Agreement.

2.5 Terms of Use.

2.5.1 Provision to TABNet customers. TABNet hereby agrees that it will

resell and make the E-mail Hosting Services available to TABNet Customers only pursuant to the Terms of Use attached to this Agreement as Exhibit C or under similar terms and conditions as agreed to in advance by CP. CP may modify from time to time Exhibit C by providing notice to TABNet as provided in this Agreement.

2.5.2 No Commercial Use. TABNet agrees that it will not resell, make

commercial use of, or otherwise generate income from, the E-mail Hosting Services or the CP System, other than making the E-mail Hosting Services

and CP System available to TABNet Customers as part of the TABNet Services or obtaining advertising to be included on its Web Mail Page as permitted under the terms and conditions of this Agreement.

2.5.3 TABNet's Responsibilities. TABNet agrees to use the CP Services

and the CP System only for lawful purposes, in compliance with all applicable laws, rules and regulations, including any Internet regulations or policies and applicable export laws. TABNet is responsible for all use of its account, whether or not it specifically knows or

consents to such use. If TABNet suspects unauthorized use of its account, TABNet shall immediately notify CP. TABNet and TABNet Customers are responsible for maintaining the confidentiality of their passwords. Sharing of passwords is not permitted. While the use of aliases is permitted, TABNet may not forge header or address information.

2.5.4 Illegal Uses Prohibited. TABNet is prohibited from storing,

distributing or transmitting any unlawful materials through the CP System. TABNet agrees that it will not use the CP System or otherwise use the CP Services to transmit or disseminate: (i) advertising, chain letters, spam, junk mail or any other type of unsolicited e-mailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; (ii) harassing, libelous, abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right ; or (iii) viruses or other harmful, disruptive or destructive files. TABNet may not use, or attempt to access, E-mail Hosting Services that TABNet has not ordered or for which TABNet has agreed to pay. TABNet agrees that it will not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will TABNet interfere with the security of, or otherwise abuse, the CP System, CP's system resources or accounts, or any network or another user's use or enjoyment of the E-mail Hosting Services, the CP System or similar services.

2.5.5 Modification. CP may modify this Section from time to time by

providing notice to TABNet as provided below.

2.6 Suspension or Termination. In the event that CP determines that any

TABNet Customer has violated or is violating the Terms of Use, CP shall notify TABNet, and the parties shall use best efforts to promptly resolve the issue. Notwithstanding the foregoing, if CP reasonably determines that such notification and efforts would result in a delay that may be harmful to CP or its interests, CP reserves the right to immediately suspend or terminate the provision of E-mail Hosting Services to such TABNet Customers. In such event, CP shall provide notice to TABNet of such termination or suspension, as soon as reasonably possible thereafter, and the parties shall use best efforts to resolve the issue if necessary.

2.7 Problems, Resolutions and Suggestions. TABNet shall inform CP of

problems encountered and resolutions thereof with regard to the E-mail Hosting Services provided under this Agreement. TABNet shall also communicate promptly to CP in writing any and all modifications, design changes or improvements of the Fmail Hosting Services suggested by any TABNet Customer, or by any employee or agent of TABNet. CE shall be the sole and exclusive owner of all such information.

2.8 Modification of Services. CP reserves the right to modify or

discontinue certain features or functionality of its E-mail Hosting Services from time to time. However, if CP intends to modify its E-mail Hosting Services in a way that, in CP's opinion, would significantly affect TABNet Customers' use of or ability to use such E-mail Hosting Services, then CP shall provide reasonable prior notice to TABNet of any such modification, no less than sixty (60) days.

2.9 Advertisements on Web Mail Page. Either party may solicit third parties

for advertisements to be included on the Web Mail Page. The parties shall share in the Advertising Revenue resulting therefrom as provided in Section 4 below. Each party shall be solely responsible for all obligations, liabilities and duties!{ under any and all agreements with third parties with regard to such advertisements, unless otherwise expressly agreed in writing by the other party.

3. Pricing and Payment.

3.1 Pricing. CP's charges for the e-mail Hosting Services and the parties'

respective shares in the Advertising Revenues shall be as specified on Exhibit A.

3.2 Payment.

3.2.1 TABNet shall pay the up-front charges upon execution of this Agreement, as provided in Exhibit A.

3.2.2 within twenty (20) days of the end of each month, TABNet shall remit to C{? a payment for CP's monthly fees as specified in Exhibit A. Specifically, these fees include the following: (i) fifty percent (50%) of the E-mail Hosting Services Revenues received by TABNet for its POP accounts fox the previous month; (ii) \$.50 per mailbox under TABNet's free web mail and "catch all" accounts as part of the E-mail Hosting Services Revenues for the previous month; (iii) thirty percent (30%) of the greater of TABNet's revenue or the suggested list price for value-added features, as specified in Exhibit A; and (iv) thirty percent (30%) of the Net Advertising Revenue received by TABNet during the preceding month. If, in prior remittances, TABNet included revenues in the calculation of the e-mail Hosting Revenues or Advertising Revenues, as to which during the preceding month TABNet granted credits or refunds, then TABNet may reduce the E-mail Hosting Revenues or Advertising Revenues, as applicable, by the amount of any such credits or refunds. In addition, if during the previous month, CP performed any work on the branding of the Web Mail Page as provided in Exhibit A, TABNet shall include the applicable fees for such work in the next month's payment.

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3.2.3 within forty-five (45) days of the end of each calendar quarter (i.e., each three-month period ending March, June, September and December), CP Shall remit to TABNet its commission for re-selling JFAX Services to Customers as specified in Exhibit B. Actual commission payments to TABNet are conditioned upon such payment exceeding \$200. Commissions due to TABNet that are less than \$200 will be accumulated until the total commission due TABNet exceeds \$200.

3.3 Reports. Each party shall submit with each of its payment to the other

party a detailed report of the calculation of each such payment. Each report shall include, at a minimum, a list of customers to which the payment relates and a detailed explanation of the expenses subtracted from the revenues.

3.4 Audit Rights. TABNet will retain records relevant to its calculations

of the payments described in this Section above during the term of this Agreement and for a two (2) year period thereafter. CP shall have the right, at its expense, acting through a certified public accountant, to examine and audit such records at all reasonable times, on at least ten (10) days notice to TABNet, but no more than once every six (6) months. If such audit reveals an underpayment of five percent (5%) or more, then TABNet shall pay the full costs of the audit and shall remit immediately the full amount due.

3.5 Late Payments. Late payments under this Agreement shall be subject to

interest from the date due at a rate that is the lower of, (a) one percent (1%) per month from the date due; or (b) the maximum rate permitted by law.

3.6 TABNet's responsibilities. All amounts payable hereunder are exclusive

of any sales, use, excise, property or any other taxes associated with the provision of E-mail Hosting Services or of TABNet's or TABNet Customers' access to or use of the CP System. TABNet is responsible for payment of any and all such taxes (excluding taxes based on CP's net income). TABNet shall be responsible for payment of all amounts owed to CP under this Agreement, regardless of TABNet's receipt of payment from TABNet Customers for the E-mail Hosting Services.

4. Proprietary Rights.

4.1 CP Ownership. CP shall be the sole owner of all rights and interests in

and to the E-mail Hosting Services, and all Intellectual Property Rights therein, including without limitation the trademarks, service marks and tradenames used by CP to market or advertise the CP Services (the "CP Marks").

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4.2 License of CP Marks. subject to the terms and conditions of this

Agreement, CP grants to TABNet a nonexclusive, nontransferable, royalty-free, worldwide right to use the CP Marks, as defined in Section 5.1 above, solely for the purpose of marketing and reselling E-mail Hosting Services to TABNet customers. TABNet shall use the CP Marks in accordance with the trademark usage

guidelines or other policies that CP may provide to TABNet from time to time. TABNet shall provide or make available to CP and obtain CP's prior approval of all such uses of the CP Marks (including, without limitation, links from TABNet's web site). TABNet shall not adopt any trademark, trade name, or service mark that is confusingly similar to the CP Marks. TABNet acknowledges that CP owns the CP Marks, and all use of the CP Marks by TABNet shall inure solely to the benefit of CP.

5. Disclaimer of Warranties.

5.1 THE E-MAIL HOSTING SERVICES ARE PROVIDED BY CP TO TABNET AND TABNET CUSTOMERS "AS IS." CP AND ITS SUPPLIERS MAKE NO WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, REGARDING THE EMAIL HOSTING SERVICES AND SPECIFICALLY DISCLAIM THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT, TO THE MAXIMUM EXTENT POSSIBLE BY LAW.

5.2 CP and its suppliers make no warranties regarding the quality, reliability, timeliness or security of the E-mail Hosting Services or the CP System or that the E-mail Hosting Services or the CP System will be uninterrupted or error free. CP and its suppliers assume no responsibility or liability for the deletion or failure to store, or to store properly, e-mail messages.

5.3 TABNet and TABNet customers assume the entire risk in downloading or otherwise accessing any data, files or other materials obtained from third parties as part of the E-mail Hosting Services or by means of the CP System, and TABNet and TABNet Customers shall be solely responsible for any damage to TABNet's or TABNet Customer's computer system, hardware, software, or loss of data that may result from such downloading or accessing, even if TABNet or TABNet Customer has paid for virus protection services from CP.

5.4 TABNet shall have no right or authority to, and TABNet hereby expressly agrees that it will not, alter, enlarge or limit the representations or warranties regarding the E-mail Hosting Services. TABNet shall be solely responsible for any warranties provided to TABNet Customers with respect to the E-mail Hosting Services.

6. Limitation of Liability.

6.1 IN NO EVENT SHALL EITHER PARTY, OR ITS SUPPLIERS, BE LIABLE TO THE OTHER PARTY, OR TO ANY CUSTOMER OF THE OTHER PARTY, WITH RESPECT TO ITS OBLIGATIONS UNDER OR ARISING OUT OF THIS AGREEMENT FOR CONSEQUENTIAL, EXEMPLARY, INDIRECT, SPECIAL OR INCIDENTAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS, EVEN IF THE PARTY OTHERWISE LIABLE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

6.2 CP shall not be responsible for any interruptions or disruptions in the CP Services caused by TABNet's or Customer's hardware or software.

6.3 TABNet agrees to waive and hold CP harmless from any claims relating to any action taken by CP as part of its investigation of a suspected violation of this Agreement or as a result of its conclusion that a violation of this Agreement has occurred. The foregoing includes any damages as a result of removal of materials from the CP System or for any suspension, restriction or termination of TABNet's account.

6.4 In the event of disruption of the E-mail Hosting Services for a continuous period longer than twenty-four (24) hours, TABNet's sole remedy shall be refund of a pro rata portion of the price paid for the E-mail Hosting Services during such period of disruption. CP's entire liability, and TABNet's and TABNet Customers' entire and exclusive remedy, under this Agreement for any damages from any cause whatsoever, regardless of form or action, whether in contract, negligence or otherwise, shall in no event exceed an amount equal to the price paid for the E-mail Hosting Service out of which the claim arose.

7. Confidential Information.

7.1 "Confidential Information" means any and all technical and non-technical information, including patent, copyright, trade secret, and proprietary information, techniques, algorithms, and software programs, related to the current future and proposed products and services of each of the parties, including\\ without limitation, the party's respective information concerning research, engineering, finance, purchasing, manufacturing, customer lists, business forecasts, sales and merchandising, and marketing plans.\\

7.2 Obligations Each party acknowledges that, in the course of performance

under this Agreement, it may obtain Confidential Information of the other party. Each party agrees that it shall at all times, both during the term

of this Agreement and for a period of five (5) years thereafter, keep and hold such Confidential Information in the strictest confidence, and shall not, without the other party's prior written consent, use such Confidential Information for any purpose, except in performance of its duties under this Agreement. Neither party shall disclose,

any of the Confidential Information to any person or entity without the disclosing party's prior written consent, other than to the receiving party's employees who have agreed to receive it under terms at least as restrictive as those specified in this Agreement. The obligations of this Section shall survive the termination of this Agreement. Further, neither party shall disclose any of the terms and conditions of this Agreement to any person or entity whatsoever other than legal counsel, except as such disclosure may be required for accounting or tax reporting purposes or as otherwise may be required by law, or as otherwise permitted in this Agreement; provided, however, that TABNet shall give CP prior notice of any such disclosure so that CP may seek a protective order preventing such disclosure.

7.3 Exceptions. The obligations of confidentiality under this Section shall

not apply to the extent that the receiving party can demonstrate:

7.3.1 The disclosed information at the time of disclosure is part of the public domain;

7.3.2 The disclosed information became part of the public domain, by publication or otherwise, except by breach of the provisions of this Agreement;

7.3.3 The disclosed information can be established by written evidence to have been in the possession of the disclosing party at the time of disclosure or to have been independently developed by employees of the receiving party who did not have access to the Confidential Information of the disclosing party; or

7.3.4 The disclosed information is received from a third party not under a duty of confidentiality to the non-disclosing party without similar restrictions and without breach of this Agreement.

8. Indemnification.

8.1 TABNet's Indemnity. TABNet agrees to defend, indemnify, and hold CP

harmless from and against any claims, losses, actions, demands or damages, including attorney's fees, resulting from (i) TABNet's or any TABNet Customer's violation or breach or alleged violation or breach of any of the provisions of this Agreement, (ii) from TABNet's or any TABNet Customer's transmission of any materials or contents through the CP System or by means of the E-mail Hosting Services, or from any and all use of TABNet's account with or without TABNet's knowledge or consent (iii) TABNet's agreement or relationship with any and all third parties relating to the advertisements solicited by TABNet for the Web Mail Page; or (iii) any act, omission, negligence, or performance under this Agreement by TABNet, its customers, agents or representatives.

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8.2 CP's Indemnity. CP shall defend and indemnify TABNet and hold it

harmless from any and all claims, losses, actions, demands or damages, including, but not limited to, reasonable attorneys' fees resulting from any act, omission, negligence, or performance of this Agreement by CP or its agents or representatives. This indemnity shall not apply to the extent the portion of such claim, liability, loss, cost, damage or expense is the result of the negligence or willful misconduct of TABNet, its customers, agents or representatives.

8.3 The indemnity obligations set forth in this Section 9 are contingent upon the party seeking indemnification: (a) giving prompt written notice to the indemnifying party of any such claim(s); (b) having sole control of the defense or settlement of the claim; and (e) at the indemnifying party's request and expense, cooperating in the investigation and defense of such claim(s).

9. Term and Termination.

9.1 Term. This agreement shall be effective as of the date first above

written and shall continue in effect for one (1) year from such date, unless sooner terminated in accordance with this Section. This Agreement will renew automatically for successive one (1) year periods unless either party gives the

other party at least sixty (60) days notice, prior to the end of the then-current term, of its election not to renew the Agreement.

9.2 Termination for Convenience. Notwithstanding the foregoing, either

party may terminate this Agreement at any time and for any reason, without penalty of any kind, upon ninety (90) days prior written notice to the other party.

9.3 Termination for Breach. Notwithstanding the foregoing, upon the

occurrence of any of like following events, either party may terminate this Agreement immediately by giving to the other party written notice of such termination (a) the other party materially breaches or defaults in any of the material terms or conditions of this Agreement (the parties agree that noncompliance by TABNet with any of the terms and conditions of Section 3.5 above shall constitute a material breach); (b) the other party ceases to exist as a business entity, or otherwise terminates or significantly limits its business operations; (c) the other party is liquidated, dissolved, reorganized, merged, sells substantially all of its assets, has entered into receivership or changes its management voting control or corporate form; (d) the other party fails to secure or renew any license or permit necessary for the conduct of its business, or if any such license is revoked or suspended for any reason; (e) the other party makes any assignment for the benefit of creditors; or (f) the other party is insolvent or unable to pay its debts as they mature in the ordinary course of business, or if there are any proceedings instituted by or against the other party in bankruptcy or under any insolvency laws or for reorganization, receivership or dissolution.

9.2 Effect of Termination. Upon any termination of this Agreement, (a) CP

shall immediately cease providing all E-mail Hosting Services, and TABNet and Customers shall no longer have access to the CP System or to stored e-mail messages on the CP System; (b) CP shall delete all stored e-mail messages of TABNet and TABNet Customers on the CP System; (c) CP shall immediately invoice TABNet for all unpaid! fees for E-mail Hosting Services provided to TABNet; and (d) except in the event of termination for TABNet's breach, CP shall reasonably assist TABNet in the migration of its e-mail system back to its setup in existence before the Effective Date of this Agreement. TABNet shall return to CP all Confidential Information and all other CP information and material concerning CP and/or the CP Services or the CP System, and all copies thereof, in the possession, custody or control of TABNet.

9.3 Survival. Exhibit A and Section 3 (as to amounts accrued but not yet

paid), and Sections 1, 4, 4, 5, 6, 7, 8, 9.2, 9.3, and 10 shall survive any
expiration or termination of this Agreement.

10. Miscellaneous.

10.1 Injunctive Relief. Each party agrees that in addition to any other

rights and remedies available to the other party for any breach of this
Agreement, the nonbreaching party shall be entitled to enforce the breaching
party's obligations by court injunction.

10.2 Severability. If any provision of this Agreement shall be declared

invalid, illegal or unenforceable, such provision shall be reformed only to the
extent necessary to effect the original intention of the parties, and all
remaining provisions shall continue in full force and effect

10.3 Binding Effect. This Agreement shall be binding upon and inure to the

benefit of the subsidiaries, affiliates, successors and permitted assigns of the
parties to this Agreement.

10.4 Assignment. TABNet may not transfer, sublicense or otherwise assign

this Agreement or an), of its rights or obligations hereunder without CP's prior
written consent. Any attempt assignment by TABNet without such Consent shall be
void.

10.5 Entire Agreement. This Agreement, together with all Exhibits and any

Schedules accepted by CP, constitutes the entire agreement of the parties with
respect to the subject matter of this Agreement. This Agreement supersedes any
and all agreements, either oral or written, between the parties to this
Agreement with respect to the subject of this Agreement. Except as otherwise
expressly provided herein, this Agreement may be modified only by a writing
signed by an authorized representative of CP. Any contrary or additional terms
or conditions in any

forms provided by TABNet are specifically objected to by CP and shall not be part of this Agreement.

10.6 Attorneys Fees. If any action at law or in equity including an action

 for declaratory relief or injunctive relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which the party may be entitled.

10.7 Notices. Any notices to be given under this Agreement by either party

 to the other may be effected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change the address by written notice in accordance with this paragraph. Notices delivered personally will be deemed communicated as of actual receipt; mailed notices will be deemed communicated as of three (3) days after mailing.

10.8 Dispute Resolution. Any dispute, controversy or claim concerning or

 relating to this Agreement, shall be resolved in the following manner:

10.8.1 The Parties shall use all reasonable efforts to resolve the dispute through direct discussions. The senior management of each party commits itself to respond promptly to any such dispute, controversy or claim. If the parties are unable to resolve the dispute by such means then either party may commence an arbitration pursuant to the Rules of Commercial Arbitration of the American Arbitration Association ("AAA");

10.8.2 If the parties cannot agree on a sole arbitrator, then there shall be three (3) arbitrators. Each of the arbitrator(s) shall be neutral, independent and impartial, and knowledgeable of the computer industry. If there are three arbitrators, each side shall nominate one arbitrator, and the two party-selected arbitrators shall attempt to select the third. If the party-selected arbitrators are unable to select the third, then such third arbitrator shall be appointed by the AAA. Any arbitrator may be of any nationality. Each party shall bear its own legal costs unless the tribunal shall provide otherwise. All proceedings and meetings referred to in this Section shall take place at Santa Clara County, California, or at

such other location as the parties may agree.

10.8.3 The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other, proceeding, provided, however, that this confidentiality provision

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shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by law. The parties agree that any decision or award resulting from proceedings in accordance with this Section shall have no preclusive effect in any other matter involving third parties; and

10.8.4 Judgement on an arbitral award may be entered by any court of competent jurisdiction, or application may be made to such a court for judicial recognition and acceptance of the award and any appropriate order including enforcement.

10.9 Choice of Law, Venue and Jurisdiction. This Agreement shall be

governed by and construed in accordance with the laws of the State of California. Other than as set forth in Section 11.8 above, the parties consent to the exclusive jurisdiction and venue of the California state courts (or federal courts if there is exclusive federal jurisdiction) located in or serving Santa Clara County, California. Each party hereby waives its right to a jury trial.

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10.10 Further Assurances. Each party agrees to execute and deliver all

further instruments and documents, and shall take all further action that may be necessary or desirable as reasonably requested by the other party to effectuate the parties' intent under this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have executed and delivered this Agreement as of the date first above written.

CRITICAL PATH, INC.

By _____

Its _____

NTX, INC.

By _____

Its _____

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EXHIBIT A

SERVICES AND CHARGES SCHEDULE

This Services and Charges Schedule is attached to and made apart of the E-mail Services Agreement between TABNet and Critical Path, Inc. (the "Agreement") and is subject to the terms and conditions of the Agreement.

TABNet agrees to pay Critical Path the following amounts for the following E-mail Hosting Services:

1. POP e-mail hosting: TABNet will pay to Critical Path a basic monthly

POP email hosting fee per mailbox - without any premium features - of **** percent (****%) of TABNet's gross retail revenue (For example, TABNet currently charges its Customers **** per POP mailbox per month so the fee due Critical Path would be **** per mailbox per month).

2. Free web mail: TABNet may offer free ad-supported web mail through certain other ventures with third parties. For Critical Path's provision of E-mail Hosting Services in connection therewith, TABNet will pay Critical Path **** per mailbox per month for such free mailboxes (in addition to Critical Path's share of the Advertising Revenues associated therewith, as provided in 5 below).
3. "Catch-all" e-mail hosting: For e-mail accounts other than POP or free e-mail, TABNet will pay to Critical Path **** per mailbox per month.
4. Value added features: TABNet will pay to Critical Path the greater of **** percent (****%) of the suggested retail price for each subscribed service as listed below OR **** percent (****%) of TABNet's revenue based on TABNet's retail charge to Customer for each subscribed service.

Suggested Retail Price for Value-Added Features of the E-mail Hosting Services:

Spam Blocking ****/Month/Mailbox

Virus Protection ****/Month/Mailbox

Postmarking, Certified Delivery ****/Month/Mailbox

Extra storage (> 2.5 Mb) ****/Mb/Month/Mailbox

1. Advertising Revenue: TABNet will pay to Critical Path **** percent (****%) of TABNet's Advertising Revenues (including, without limitation, Advertising Revenues obtained in connection with the free e-mail described in paragraph 3 above).

2. Branding of Web Mail Page: TABNet will pay to Critical Path a onetime fee of **** for Critical Path's branding the Web Mail Page. TABNet may

* CONFIDENTIAL TREATMENT HAS BEEN REQUESTED WITH RESPECT TO CERTAIN INFORMATION CONTAINED IN THIS EXHIBIT. THROUGHOUT THIS EXHIBIT CONFIDENTIAL PORTIONS HAVE BEEN OMITTED FROM THE PUBLIC FILING AND HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

request one change to the look and feel of the Web Mail Page at no additional charge. Any further requested changes will be chargeable at the rate of **** each.

TABNet is authorized to resell the E-mail Hosting Services and agrees to make payments to critical Path as provided herein.

Payment of Up-front Charges - Upon execution of the Agreement, TABNet shall pay the Basic Monthly Fee for the first month under the Agreement for the number of e-mailboxes initially ordered by TABNet and the fee for branding the Web Mail Page.

Payment of Other Fees - All other fees are payable monthly in accordance with this Schedule and the Agreement.

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EXHIBIT B

JFAX SERVICES ORDER SCHEDULE

This Order Schedule is placed by NTX, INC., a corporation ("TABNet") under the E-mail Services Agreement dated _____ ("Agreement") between TABNet and Critical Path, Inc. and is subject to the terms and conditions of the Agreement.

FEES

All of the following amounts are charges per mailbox, unless otherwise

noted.

<TABLE>
<CAPTION>

SERVICE	DESCRIPTION	SIGN-UP FEES	BASIC MONTHLY FEES	USAGE FEES
<S> JFAX	<C> Fax and Voice to Email Service	<C> ****	<C> <C> ****	\$.20 per message in excess of 200
	Toll Free 888 service	****	****	\$.20 per message
	Fax and Voice to Email			
JFAX/Send	Email to Fax Service	****	****	
JFAX/Operator	Message access from Telephone	****	****	\$.10 per message
	Message Access From Web Browser	****	****	Included
JFAX/Notify!	Pager Notification of Message Receipt	****	****	\$.10 per message
	SMS Notification	****	****	\$.25 per message

</TABLE>

Critical Path offers the JFAX voice and fax gateway to email box services available to TABNet's Customers on a subscription basis. Critical Path will pay TABNet an **** percent (****%) commission for all qualified and paying subscribers to JFAX Services that are TABNet Customers who subscribe to and pay for at least twelve (12) months of JFAX Services. Such commission shall be based only on revenue actually paid by TABNet Customers to JFAX.COM.

Pursuant to section 2 of the Agreement, TABNet's customers shall pay all fees for JFAX Services, as provided herein, to JFAX.COM directly at the following address:

JFAX
10960 Wiltshire Blvd, Suite 500
Los Angeles, CA 90024

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RIGHTS OF JFAXCOM

JFAX.COM may modify, discontinue or terminate the JFAX Services and may modify the fees for JFAX Services at any time.

By its signature on this JFAX Services Order Schedule, the authorized representative of TABNet: agrees that the terms and conditions of the Agreement, including those in this order Schedule, apply to all JFAX Services ordered by TABNet under this Order Schedule.

NTX, INC.

By _____

Its _____

ACCEPTED BY:

CRITICAL PATH, INC.

By _____

Its _____

Date _____

EXHIBIT C

TERMS OF USE

Please read the following agreement carefully.
You must accept the agreement to be able to use TABNet's services.

1. Acceptance of Terms of Use

TABNet's mail service is provided free of charge to registered users (each, a "User") under these Terms of Use. BY COMPLETING THE REGISTRATION PROCESS AND CLICKING THE "I ACCEPT" BUTTON, YOU ARE INDICATING YOUR AGREEMENT TO BE BOUND BY THESE TERMS OF USE. These Terms of Use are the entire agreement between you and TABNet with respect to the services provided by TABNet.

2. Registration Information; Disclosure

User agrees that TABNet may disclose to third parties certain information, in the aggregate, contained in users' registration applications, including User's application. TABNet will not disclose Users name, address, e-mail address or telephone number, without User's prior written consent, except to the extent necessary or appropriate to comply with applicable laws or regulations or in legal or administrative proceedings where such information is relevant. TABNet reserves the right to terminate any User's account if TABNet learns that such User has provided TABNet false or misleading registration information.

3. Modifications of these Terms of Use

TABNet may modify these Terms of Use from time to time in its sole discretion. TABNet will provide User with reasonable notice of any such changes, and User's continued use of TABNet's services will be deemed to constitute User's acceptance of any such changes.

4. Modifications of TABNet Services

TABNet may modify or discontinue User's account or the TABNet services with or without notice to User, without liability to User or any third party.

5. Contents of Messages

It is TABNet's policy to respect the privacy of its Users. TABNet does not and cannot, monitor, censor or edit the contents of User's e-mail messages. User alone is responsible for the contents of User's messages, and the consequences of any such messages. User agrees that User will not use TABNet or its services for chain letters, junk mail, "spamming", solicitations (commercial or non-commercial) or any use of distribution lists to any person who has not given specific permission to be included in such a process. User further agrees not to use TABNet or its services to send any messages or material that are unlawful, harassing, libelous, abusive, threatening, harmful, vulgar, obscene or otherwise objectionable material of any kind or nature (including without limitation any material that infringes or violates any third party's copyright, trademark, or other proprietary or property right) or that encourages conduct that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable local, state,

national or international law or regulation. TABNet will only access and disclose information as necessary to comply with applicable laws and government requests, to provide the services, to operate or maintain its systems or to protect itself or its suppliers.

TABNet reserves the right to terminate User's account if it becomes aware and determines, in TABNet's sole discretion, that User is violating any of these Terms of Use.

6. Account and Password

User is responsible for maintaining the confidentiality of its account number and password. User shall be responsible for all uses of its account, whether or not authorized by User. User agrees to immediately notify TABNet of any unauthorized use of its account.

7. Disclaimer of Warranties

USER EXPRESSLY AGREES THAT USE OF TABNet SERVICES IS AT USER'S SOLE RISK. TABNet SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS.

TABNet DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NONINFRINGEMENT.

TABNet DOES NOT MAKE ANY WARRANTY THAT TABNet SERVICES WILL MEET USER'S REQUIREMENTS, OR THAT TABNet SERVICES WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES TABNet MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF TABNet SERVICES OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH TABNet SERVICES.

USER UNDERSTANDS AND AGREES THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF TABNet SERVICES IS AT USER'S OWN DISCRETION AND RISK AND THAT USER WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO USER'S COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA.

TABNet DOES NOT MAKE ANY WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH TABNet SERVICES OR ANY TRANSACTIONS ENTERED INTO BY USE OF OR THROUGH TABNet SERVICES.

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY USER FROM TABNet OR THROUGH TABNet SERVICES SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

8. Limitation of Liability

TABNet AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, RESULTING

FROM THE USE OR THE INABILITY TO USE TABNet SERVICES OR FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO BY MEANS OF OR THROUGH TABNet SERVICES OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF USER'S TRANSMISSIONS OR DATA, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE, EVEN IF TABNet OR ITS SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. E-mail Message Storage

TABNet will not assume any responsibility for the deletion or failure to store e-mail messages.

10. Promotional Messages

TABNet and/or third parties may, from time to time, send e-mail messages to User containing advertisements, promotions, etc. Such e-mail messages will be sent to mailbox(es) other than User's Inbox or mailboxes created by User. TABNet does not make any representation or warranty with respect to any such e-mail messages or any goods or services which may be obtained from such third parties, and User agrees that TABNet shall have no liability with respect thereto.

11. Indemnification

User agrees to indemnify and hold TABNet its suppliers and their respective affiliates, officers, directors, employees and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to User's use of TABNet services or the violation of these Terms of Use by User, including without limitation the infringement by User, or any other user of User's account, of any intellectual property or other right of any person or entity.

12. Applicable Law

These Terms of Use shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws provisions.

13. Third Party Beneficiary

Critical Path, Inc., as a supplier of TABNet, shall be a third party beneficiary of User's obligations under these Terms of Use and thus shall be entitled to enforce those obligations against User as if a party to these Terms of Use.

I ACCEPT/I DECLINE

CONFIDENTIAL PORTIONS OF THIS DOCUMENT HAVE BEEN REDACTED AND HAVE BEEN SEPARATELY FILED WITH THE COMMISSION.

ICQ-CRITICAL PATH

EMAIL SERVICES AGREEMENT

THIS EMAIL SERVICES AGREEMENT (this "Agreement") is entered into as of January 29, 1999 (the "Effective Date"), by and between ICQ, INC., a Delaware corporation, with principal offices at 22000 AOL Way, Dulles, Virginia 20166 ("ICQ") and CRITICAL PATH INC., a California corporation, with principal offices at 320 First Street, San Francisco, CA 94105 ("CP"), with reference to the following:

A. ICQ is a provider of online communication services, including the ICQ Service and a subsidiary of America Online, Inc., a Delaware corporation ("AOL").

B. CP is a provider of email services to Internet service providers, web hosting companies and other entities that resell such services to their end users through Internet websites ("CP Service"). The CP Service is or may be provided through certain client and host software created and owned by CP (the "CP Email Software") and through certain hosting activities and services provided by CP.

C. The parties wish for CP to develop and provide to ICQ a customized version of the CP Service that can be integrated with the ICQ Service so as to enable the ICQ Users and other to send and receive email from an ICQ-branded website.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Definitions

Capitalized terms used but not defined in the body of this Agreement shall have the respective meanings given to such terms in Exhibit A, attached hereto.

2. Development Obligations

2.1 ICQ Mail Service. CP shall customize the CP Email Software as provided in -----
this Section 2.1.

(a) Initial Version. The initial version of the ICQ Mail Service shall be -----
developed by CP by customizing the existing CP Email Software to conform to the product specifications provided by ICQ and set forth in Exhibit B, attached hereto (the "Specifications"). As part of such customization, the ICQ Mail Software shall be developed to function in an integrated manner with the operation of the ICQ Client. CP shall complete the development and internal testing of the initial version of the ICQ Mail Software by ****.

(b) Updates. CP will develop the additional Updates to the ICQ Mail -----
Service specified as Phase II improvements on Exhibit B (the "Phase II Updates"); CP shall complete the development and internal testing of the Phase II Updates by ****. In addition, if, during the term of this Agreement, CP develops any other Updates of the CP Service, including (except as provided in the last sentence of this Section 2.1(b)), any customized version of the CP Service which CP has provided to a third party (including without limitation any Updates that incorporate new features or functionality, including Premium Email Services), CP shall, in each such case, promptly notify ICQ of such Update. Following the receipt of such notice, ICQ may request that CP develop and provide ICQ with an updated version of the ICQ Mail Service that incorporates, as appropriate, all or any part of the material modifications, improvements, additions, deletions, features and functionality implemented by such Updates. Unless otherwise agreed by the parties, CP shall comply with such request and complete the

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Development and internal testing of such updated version of the ICQ Mail Service within **** (****) days following the receipt of such request from ICQ (or such shorter period as CP provides for revisions or Updates to any other CP partner or licensee). Notwithstanding the foregoing, CP shall not be obligated to offer or notify ICQ of any feature or functionality of the CP Service (or any customized version of the CP Service) provided by CP to another customer that is both (i) unique to such customer's needs and (ii) owned by such customer or otherwise subject to restrictions that would prohibit CP from providing it to ICQ hereunder.

(c) Additional ICQ Modifications. ICQ may in its discretion, from time to

time during the term of this Agreement, request that CP (i) add new functionality or features to the ICQ Mail Service, (ii) modify elements of the user interface of the ICQ Mail Service, (iii) integrate into the ICQ Mail Service support for Expanded Premium Services that are to be offered by ICQ, CP or any third party, (iv) modify the ICQ Mail Service in connection with modifications of the ICQ Client and ICQ Service (which regularly occur at least twice a year), or (v) expand the ICQ Mail Service to Expanded Services as provided in Section 2.1(d) below. Upon the receipt of any such a request, CP shall allocate development resources on a **** basis (which basis shall be **** than provided to **** or ****) to the development of an updated version of the ICQ Mail Service that incorporates the modifications requested by ICQ. The parties shall mutually agree upon an appropriate schedule for the development of such updated version, taking into account the nature of the modifications requested by ICQ, and CP shall complete the development and internal testing of such updated version in accordance with such schedule. If ICQ so requests (and in connection with such request ICQ agrees to reimburse CP for the ****, including **** at the then current **** as specified in Exhibit A, incurred by CP in conducting such development or as otherwise agreed by parties), then ICQ will own the **** and **** resulting from such **** activity (the "*****"), subject to CP's **** in the **** and **** of the ****, including without limitation the **** through which CP provides the **** to, the ****, and all **** thereto. The results of any other development activity under this Section 2.1(c) other than ICQ Owned Customizations shall be deemed Updates to the CP Service except as provided in Section 12.3 hereof.

(d) Expansion to Cover other Services and Platforms of ICQ and AOL. It is

expressly understood that ICQ and AOL may expand the ICQ Mail Service to provide service through any and all platforms and services now or hereafter offered by or through ICQ or AOL or any affiliate of AOL, or by any Interactive Service which is branded with a brand owned by AOL or its affiliates ("Expanded Services") Each Expanded Service may be separate in any or all respects from the ICQ Mail Service or each other, including as to branding, operation web-sites, registration processes, etc. Updates required to provide for any such Expanded Service shall be covered by this Section 2.1 Despite the foregoing, for all purposes hereof, each such Expanded Service shall be considered part of the ICQ Mail Service, all rights of ICQ and AOL hereunder shall apply to such Expanded Services and users of such services shall be considered ICQ Users; for purposes of calculating revenues and minimums hereunder, all such Expanded Services shall be aggregated with the ICQ Mail Service as provided hereby as if only one service existed (i.e. all active users of such Expanded Services shall be included as Active ICQ Mail Users if they otherwise qualify under the definition thereof, for all purposes of Section 6 hereof); provided, further that no such Expanded Service shall include any email services for resale or provision to the corporate market in connection with the AOL Enterprise Product. For purposes hereof, the term "AOL Enterprise Product" means a product and service pursuant to which ICQ or AOL hosts a company web-site primarily for intra-company use utilizing the company's own domain. The foregoing will not restrict the sale or provision of any Expanded Service to the corporate market other than in connection with an AOL Enterprise Product. In addition, it is understood that if any Expanded Service is primarily a POP service and/or IMAP service (i.e. where the initial adoption is of such a POP and/ or IMAP service),

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then pricing for the POP service shall be based on CP's prices for a POP service (as calculated under Section 6.2 hereof) and not on the prices utilized for services that are not primarily a POP service.

(e) Delivery and Acceptance. Following the completion of the development

and internal testing of any version of the ICQ Mail Service, CP shall deliver such version to ICQ for evaluation and acceptance. ICQ shall have thirty (30) days following such delivery by CP to evaluate whether such version both (i) functions properly (i.e., in accordance with specifications, including, in the

case of the initial version, the Specifications set forth in Exhibit B, without Severity 1 or Severity 2 Problems and without materially disrupting the operation of other applications or the relevant operating system), and (ii) satisfactorily incorporates the modifications to the user interface, features and functions requested by ICQ. If ICQ reasonably determines that any such version of the ICQ Mail Service either (i) does not function properly, or (ii) does not satisfactorily incorporate the modifications requested by ICQ, ICQ may reject such version by providing CP with written notice within such thirty (30) day period specifying in detail the reason for rejection. Any version of the ICQ Mail Service that has not been rejected within such thirty (30) day period shall be deemed accepted. If ICQ rejects any version of the of the ICQ Mail Service, CP shall as promptly as commercially possible but in any case within thirty (30) days following ICQ's notice of rejection, correct, to the reasonable satisfaction of ICQ, the deficiencies in such version that were specified in ICQ's notice of rejection. The failure to correct such deficiencies to the reasonable satisfaction of ICQ within such thirty (30) day period shall constitute a material breach of this Agreement by CP.

(f) Assistance from ICQ. ICQ shall provide CP with reasonable

consultative assistance in connection with the development obligations of CP as set forth in this Section 2.1. In addition, during the term of this Agreement, ICQ agrees to notify CP in advance of any modifications and/or changes to the ICQ System through which the ICQ Mail Service is provided that ICQ believes may result in incompatibility between the parties' respective systems or interruptions in the ICQ Mail Service (including without limitation, network configuration changes and system maintenance), as well as upgrades and removal of devices that impact the production and network connectivity from, ICQ's system through which the ICQ Mail Service is provided. The parties will work together to resolve any such potential and actual incompatibility or interruptions in connection with ICQ's implementation of any such change and/or modification.

2.2 ICQ Mail Website.

(a) Development and Control. The parties shall design and develop the

collection of Internet webpages that shall serve as the location at which ICQ Mail Users are able to access and use the ICQ Mail Service (the "ICQ Mail Website"); provided that ICQ shall control all aspects of the design, development and functionality of the ICQ Mail Service, including the ICQ Mail Website, and all content on, and navigational elements of, the ICQ Mail Service, subject to the technical limitations and design requirements of the CP Service and CP System (which shall themselves remain subject to the Specifications and other requirements outlined hereunder). The ICQ Mail Website will be branded as provided in Section 3.1, and all pages will be situated on ICQ URLs owned by ICQ (e.g., <http://www.icq.com/icqmail>).

(b) Hosting by CP. Except as otherwise provided in Section 2.1(c), the

ICQ Mail Website (and the relevant host portions of the ICQ Mail Service) shall be physically hosted on servers maintained by CP and located at CP's principal operational center in San Francisco, California, provided that, as may from time to time become appropriate so as to meet the performance requirements set forth in Section 2.4 and Exhibits B and C, CP may expand its hosting locations to other locations, including international locations. ICQ and CP will work together to determine expanded hosting requirement

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consistent with the foregoing, and ICQ will provide reasonable assistance in connection with CP's implementation of other hosting locations. During the period that the ICQ Mail Website (and the relevant host portions of the ICQ MailService) is hosted by CP, CP shall comply with all hosting, administrative obligations and reporting requirements required to perform its obligations hereunder, including without limitation those set forth on Exhibits B and C and shall cause the ICQ Mail Service to comply with the requirements set forth on Exhibits B and C.

(c) **** of **** to ****. Notwithstanding the provisions of Section 2.2(b), shall have the option, which option ICQ may exercise in its discretion at any time during the term of this Agreement (including prior to the **** of the **** of **** to), to **** the **** of the **** (and the relevant portions of the ****) to **** located at location(s) of ****. Exercise this option by providing **** with written notice of its wish **** or **** ****. The parties shall then work together to **** as soon as reasonably possible, but in any event within ninety (90) days following the receipt of such notice by ****. In

carrying out the **** of ****, the parties shall work together to minimize any **** in the **** of the ****. If, in the course of the parties' good faith attempt to **** to ****, **** reasonably determines that the **** will not be technologically possible or will not be **** to the **** or ****, then **** or (if applicable) **** will **** the **** to ****, and thereafter **** shall have all **** responsibilities for such **** as provided herein. If **** it option **** shall provide **** with **** sufficient for **** to remotely perform its administrative functions and other obligations with respect to the **** (or other access necessary to **** such functions and obligations). Upon any such **** of **** to administrative and reporting requirements under Exhibit C shall be modified as specified on Exhibit C.

2.3 Premium Services.

(a) Core Premium Services. As part of the operation of the ICQ Mail

Service: (i) CP will make the Core Premium Services available to ICQ for ICQ to offer to ICQ Mail Users; and (ii) ICQ shall offer such services in connection with ICQ Mail Service at its option with the particular placement and method of integration of the Core Premium Services into the ICQ Mail Service to be at the discretion of ICQ. In accordance with the provisions of Section 2.1, CP shall develop or modify the ICQ Mail Service, as necessary or appropriate, to support the provision of the Core Premium Services as specified by ICQ.

(b) Expanded Premium Services. CP shall, at its expense, create Updates to

the ICQ Mail Service from time to time so as to keep the ICQ Mail Service competitive with other web-based e-mail services as required by Section 2.4, including the creation of Expanded Premium Services. As part of the operation of the ICQ Mail Service, ICQ may, but shall not be required to, offer one or more Expanded Premium Services to ICQ Mail Users. Such Expanded Premium Services may include services offered by ICQ, CP or any third party. In accordance with the provisions of Section 2.1, CP shall, upon the request of ICQ, develop or modify the ICQ Mail Service, as necessary or appropriate, to create, or support the provision of, Expanded Premium Services in the manner specified by ICQ.

(c) Pricing of Premium Services. ICQ shall, in its discretion, determine

the pricing, if any, to be charged to ICQ Mail Users for the right to use any Core Premium Services and/or Expanded Premium Services. ICQ shall pay CP in respect of premium services only as indicated in Section 6.5 below.

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2.4 Competitive Performance Standards. Throughout the term of this Agreement,

CP shall take all steps reasonably necessary to ensure that, except to the extent otherwise agreed by ICQ, the ICQ Mail Service shall provide ICQ Mail Users with a set of features and functions that is, in ICQ's reasonable judgment, at least as good (in terms of the number and types of features and functions and the quality thereof) as the features and functions then available through the best other web-based email service providers listed in the attached Exhibit G ("Other Webmail Service Providers"). ICQ shall have the right from time to time by written notice to CP to modify the list of Other Webmail Service Providers from time to time to reflect the then-leading web-based email service providers as determined in ICQ's reasonable judgment. Further, CP shall take all steps reasonably necessary to ensure that the performance of the ICQ Mail Service is at least as good as the performance of the web-based email services of the Other Webmail Service Providers and otherwise complies with the performance requirements set forth on Exhibit C. In furtherance of the competitiveness objectives of this Section 2.4, the parties agree to discuss from time to time the development of **** and **** for integration into the ICQ Mail Service.

2.5 Other Modifications. Notwithstanding anything to the contrary contained

herein, ICQ reserves the right to redesign and/or modify the organization, structure, "look and feel," navigation, features and other elements of the ICQ Service and the ICQ Mail Service, subject to the technical limitations and design requirements of the CP Service and CP System (which shall themselves remain subject to the Specifications and other requirements outlined hereunder).

3. Product Branding and Other Promotional Obligations

3.1 Product Branding. All components of the ICQ Mail Service, the ICQ Mail

Website and all client components of the ICQ Mail Service that are integrated into the ICQ Client shall be branded in ICQ's sole discretion and shall not include any other branding. Despite the foregoing, ICQ shall provide subbranding for CP by indicating in locations selected by ICQ that the ICQ Mail Service is "Powered by Critical Path" or some similar reference determined by ICQ. All aspects of such recognition shall be determined by ICQ, including placement, size, and look and feel (subject to any applicable trademark usage guidelines provided by CP with respect to any of its marks that are used in such recognition other than those that relate to size and placement). ICQ shall not have any obligation with respect to any particular promotion of the ICQ Mail Service or placement of the ICQ Mail Service within the ICQ Service or elsewhere, including relative to any other email service or provider.

3.2 Promotion of ICQ Service by CP. CP shall use commercially reasonable

efforts to promote the ICQ Service to its customers and partners and to persuade such customers and partners to adopt the ICQ Service as an integrated component of the email products and services provided to such customers and partners by CP. Without limiting the foregoing, CP will (a) integrate **** for the ICQ Service into the CP Service (including in all versions offered to all CP customers of the CP Service who agree to the **** being placed within their branded email offering) and as part of the Phase II Updates (b) modify the **** so that when a user of the CP System registers for the ICQ Mail Service **** in **** are searched and all *** of **** are added to the user's **** subject to any technical limitations. ICQ shall assist CP, as reasonably appropriate, in such promotional efforts, including by making available to CP the addresses need for the application modifications described in subpart (b) above. In addition, in the event CP provides its own email service (i.e., one not offered on behalf of a third party), CP will as soon as practicable integrate the ICQ Service into such email service.

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4. ICQ Mail User Registration and Information

4.1 Ownership of Assets and Customer Relationships. ICQ shall own all goodwill

and tangible and intangible assets and aspects of the ICQ Mail Service and the ICQ Mail Website, including all materials provided by ICQ to CP for the purpose of branding the ICQ Mail Service and the ICQ Mail Website ("ICQ Branding Materials") and of the entire relationship with ICQ Mail Users, including without limitation, all aspects of such relationship specified in this Section. Despite the foregoing, ICQ has no rights to or ownership of the CP System (including the CP Email Software or ICQ Mail Software) or the CP Service, as further provided in Section 12.2, except for the contractual rights expressly provided hereby.

4.2 User Registration. In order to use the ICQ Mail Service, an ICQ User will

be required to register for the ICQ Mail Service. ICQ shall determine, in its sole discretion, any agreements to be obtained from and/or information to be collected from the ICQ User as part of the registration process and any domain names, email addresses and passwords to be assigned and/or used with the ICQ Mail Service. Despite the foregoing, ICQ will indemnify CP against any loss, liability or expenses that CP incurs based on any claims made against CP by a user of the ICQ Mail Service or by any third party to the extent that CP can demonstrate that either such claim would not have prevailed or CP would have been indemnified by the user, had ICQ entered into an agreement with the applicable user(s) consistent with, and providing no less protection to CP, than the Acceptable Use Policy and Terms of Use attached hereto as Exhibit F. Registration for the ICQ Mail Service shall take place at the ICQ Mail Website or at such other location as may be specified by ICQ. The billing and collection of any fees or other amounts to be charged to ICQ Mail Users from time to time (including, if applicable, fees for the use of the basic ICQ Mail Service or for the use of any Core Premium Services or Expanded Premium Services) shall be performed by ICQ and CP shall not directly contact or communicate with ICQ Mail Users except with the express consent in writing of ICQ to so do, which consent must be obtained for each contact or communication.

4.3 ICQ User Information and Solicitation

(a) Ownership of ICQ User Information. ICQ shall own any and all

information collected from ICQ Members in connection with the ICQ Mail Service, including information collected during the registration processes for the ICQ Service and the ICQ Mail Service, respectively, and information then or subsequently obtained from any use of the ICQ Service and/or the ICQ Mail Service, including without limitation all information relating to ICQ User

names, passwords, ICQ numbers, email addresses, domain names (including vanity domain names), addresses, credit card information, user preferences or history or other identifying information (collectively, "User Information"). All User Information shall be deemed Confidential Information of ICQ. CP agrees, both during and after the term of this Agreement (and despite any provisions of Sections 4.3(b) or 4.3(c)), not to use any User Information for any purpose other than the operation of the ICQ Mail Service or to disclose any such information to any third party without the prior written consent of ICQ, which consent may be granted or withheld in ICQ's sole and absolute discretion, provided that CP may access and disclose User Information solely as necessary to comply with applicable laws, regulations and government orders or requests or to protect CP's or its customers' or partners' rights or property, provided that CP uses all reasonable efforts to limit any such disclosure to the minimum required and not to use such information except for such purposes and provides ICQ with as much advance written notice of CP's intended use or disclosure as is practicable. CP will at all times comply with all privacy policies that ICQ or AOL may implement and provide to CP from time to time with respect to the ICQ Service, the ICQ Mail Service and/or User Information, subject to CP's rights with respect to the User Information as provided hereunder.

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(b) No Competitive Solicitation. During the term of this Agreement and

for the two-year period following the expiration or termination of this Agreement (and without limiting any other provision of this Agreement, including Section 4.3(a)), neither CP nor its agents shall use the ICQ Service or the ICQ Mail Service to (i) solicit or participate in the solicitation of ICQ Users when that solicitation is for the benefit of any entity (including CP) which could reasonably be construed to be or to become in competition with ICQ, including without limitation with the ICQ Service or the ICQ Mail Service, or (ii) promote any services or products which could reasonably be construed to be in competition with services or products provided by ICQ, including without limitation, the ICQ Service and the ICQ Mail Service. Nothing in this Section 4.3(b) shall be construed to prohibit CP from soliciting, promoting, or providing the CP Service to any third party, whether during the term of this Agreement or thereafter, provided that CP complies with the terms of Section 9 (Exclusivity) during the term of this Agreement and Section 13 (Confidential Information) at all times.

(c) No Communication. During the term of this Agreement and for the two-

year period following the expiration or termination of this Agreement (and without limiting any other provision of this Agreement, including Section 4.3(a)), CP agrees not to send any ICQ User any messages or communications on or through the ICQ Service or the ICQ Mail Service, unless (i) CP has a Prior Business Relationship with such ICQ User, and (ii) such message or communication complies with the applicable end-user agreement for the ICQ Service or the ICQ Mail Service, any standard privacy policies for the ICQ Service or the ICQ Mail Service and all applicable laws and regulations. For purposes of the foregoing, a "Prior Business Relationship" shall mean that the ICQ User has either (i) purchased products or services from CP, or (ii) voluntarily provided information to CP (other than as a result of being an ICQ Mail User) through a contest, registration, or other communication, which included clear and conspicuous notice to the ICQ User that the information provided by the ICQ User could result in a message or communication being sent to that ICQ User by CP or its agents.

5. Technical Support

ICQ shall provide all frontline technical and customer support to ICQ Mail Users who have problems with, or questions concerning, the installation, use, operation or maintenance of the ICQ Mail Service, all in such manner as ICQ determines in its sole discretion. CP shall, at no cost to ICQ, provide to ICQ the back-end support and training and support regarding the ICQ Mail Service specified on Exhibit D.

6. Revenue Provisions

6.1 Net Advertising Revenue for Standard Email Services.

(a) Revenue Sharing. During the term of this Agreement, subject to the

volume reductions specified in Section 6.1(b), ICQ agrees to pay CP (****%) of the Net Advertising Revenue (as defined in Section 6.1(c)) that is actually collected by ICQ for each calendar quarter during the term of this Agreement in which the ICQ Mail Service is operational.

(b) Volume Reductions. The percentage of Net Advertising Revenue that is

payable to CP pursuant to Section 6.1(a) shall be reduced by (****%) per each

block of **** Active ICQ Mail Users during such quarter (but excluding the first such block of **** Active ICQ Mail Users), up to a maximum reduction of ****% (resulting in a percentage of Net Advertising Revenue to CP of (****%). For example, if in Q1 the number of Active ICQ Mail Users is ****, then the percentage of Net Advertising Revenue payable to CP for such quarter would be ****% (****% less ****% for each full block of **** Active ICQ Mail Users, after the first such block of **** Active ICQ Mail Users). If, however, in Q2, the number of Active ICQ Mail Users

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increases to ****, then the percentage of Net Advertising Revenue payable to CP for such quarter would be ****% (****% less ****% for each full block of **** Active ICQ Mail Users after the first such block, but subject to the maximum reduction of twenty percentage points from the initial split to CP.

(c) Definition of Net Advertising Revenue. For purposes of this

Agreement, "Net Advertising Revenue" shall mean, for any calendar month, (i) the gross revenue received by ICQ from the sale of electronic advertisements during such month that are displayed on screens of the ICQ Mail Website or within the ICQ Client that in either case are dedicated primarily to the implementation of Standard Email Services through the ICQ Mail Service (such as the welcome page of the ICQ Mail Website, or pages whose primary functions are to read/write/send or modify settings), less (ii) the actual agency fees incurred by ICQ in connection with the placement of such electronic advertisements (or, if no such agency fees were incurred, ****% percent (****%) of the gross revenues received by ICQ for such electronic advertisements). For purposes of clarification, "Net Advertising Revenue" shall not include any revenues received by ICQ from the sale of advertisements (i) on any pages of the ICQ Mail Service or ICQ Mail Website that do not pertain primarily to the implementation of Standard Email Services (including screens that simply include links or buttons to Standard Email Services) or (ii) on any screens of the ICQ Client that are not dedicated primarily to the provision of Standard Email Services through the ICQ Mail Service.

(d) Ownership of Advertising. The right of CP to participate in the Net

Advertising Revenue pursuant to the provisions of this Section 6.1 shall in no way create any ownership interest in CP with respect to ICQ advertising inventory. ICQ owns all right, title and interest in and to the advertising and promotional spaces within the ICQ Mail Service, the ICQ Mail Website and the ICQ Client and has the sole authority to market and sell such advertising inventory; provided that ICQ agrees that it will not include any advertisements or sell any advertising inventory on the ICQ Mail Service or the ICQ Mail Website for or to CP Competitors. Further, ICQ shall be solely responsible for all obligations, liabilities and duties under any and all agreements that ICQ has with third parties and otherwise with regard to such advertisements.

6.2 Revenues from Premium Services.

(a) Revenue Sharing. During the term of this Agreement, for any Core

Premium Services and Expanded Premium Services offered by CP which ICQ chooses to offer to ICQ Mail Users, CP shall provide ICQ with its standard per user wholesale price list for such services (the "Price List") and, subject to the provisions of Section 6.2(b), ICQ shall pay CP for such premium services on a per user basis at a rate per user which is the lesser of (i) the price listed on the Price List less **** percent (****%) or (ii) the **** price offered by **** to **** for such premium service (or as otherwise may be agreed to by the parties). The prices listed by CP on the Price List shall be **** to the **** of the **** of **** in the industry.

(b) Volume Reductions. All prices payable by ICQ to CP pursuant to

Section 6.2(a) for any Premium Service (whether based on **** percent (****%) off the Price List or the ****) shall be reduced in any quarter by **** percentage points (****%) per each block of **** Active ICQ Mail Users using such Premium Service during such quarter (but excluding the first such block of **** Active ICQ Mail Users), up to a maximum reduction of **** percentage (****%) points from the prices payable pursuant to Section 6.2(a). For example, if in Q1 the number of Active ICQ Mail Users is **** then the prices otherwise payable during such quarter for Core Premium Services or Expanded Premium Services would be reduced by **** percent (****%) (i.e. ****% for each full block of **** Active ICQ Mail Users, after the first such block of **** Active ICQ Mail Users)

6.3 No Other Revenue Sharing. Except as expressly provided in this Section

6, ICQ shall be entitled to all revenues derived from, or related to, the operation of the ICQ Service and the ICQ Mail Service, including without limitation revenues from advertising and marketing and from the provision of products and services, and, except as the parties may otherwise agree in writing, shall not be required to share any portion of any such revenues with CP.

6.4 Most Favored Customer. **** CP represents to ICQ that the **** pursuant to

which CP will **** and **** to ICQ hereunder are **** as the **** under which CP has provided CP **** or a customized version thereof to ****. For purposes of this Section 6.4, "CP's ****" mean a **** as the primary offering of the CP Services (i.e. where the initial adoption is of ****) to customers with **** features (offered as value-added options for which customers pay additional fees) that may include **** and ****. Further, in the event that during the term of this Agreement CP enters into an agreement **** for CP's **** or any customized version thereof pursuant to which **** that are **** the **** provided to ICQ hereunder, CP agrees that it shall also provide such **** to ICQ.

6.5 Minimum Revenue Commitment. ICQ agrees that in any month during the

term in which there are at least **** (****) Active ICQ Mail Users, CP shall be entitled to receive at least the minimum amount of revenue calculated under this Section 6.5 (the "Minimum Monthly Revenue"). The Minimum Monthly Revenue for any month shall be equal to **** for each Active ICQ Mail User during such month **** of **** (****), up to a maximum amount of **** (****) in any ****. By way of example of the foregoing, if during a calendar month, there are **** (****) Active ICQ Mail Users, the Minimum Monthly Revenue for such month shall be **** (i.e., (****-****) x ****). In connection with any quarterly report under Section 6.6, ICQ shall calculate the Minimum Monthly Revenue for each month during such quarter. If the amount otherwise payable by ICQ during such quarter is less than the cumulative Minimum Monthly Revenue for the months in such quarter, then ICQ shall pay to CP the amount of such Minimum Monthly Revenue. By way of example, if during a quarter, the Minimum Monthly Revenue for the three (3) months is, in the aggregate **** (****), and if the amount otherwise payable under this Section 6 (including payments under Sections 6.1 and 6.2) during such quarter would be **** (****), then ICQ shall pay CP **** (****) with the quarterly report provided under Section 6.6 (net of payments previously made during such quarter, if any). If, on the other hand, in the foregoing example, the amount otherwise payable under this Section 6 (including any payments under Sections 6.1 and 6.2) during such quarter, were **** (****), then ICQ shall pay such **** (****) (net of any payments previously made during such quarter, if any), and there shall be no additional amounts due based on the Minimum Monthly Revenue.

6.6 Reports and Payments. Within thirty (30) days following the end of each

calendar quarter, ICQ shall provide CP with a report that contains information detailing the amount of any revenue payable to CP for such quarter pursuant to the provisions of this Section 6. Such report shall, with reasonable detail, explain the basis upon which such revenue obligations have been determined and be accompanied by payment in full of all amounts indicated on such report as due for such month.

6.6 Audit Rights. Each party shall have the right to have mutually

acceptable independent CPA auditors (which auditors shall not be compensated on a contingency basis and shall be bound to keep all information confidential except as necessary to disclose discrepancies to the auditing party) audit and

analyze the other party's relevant accounting records to ensure compliance with the other party's payment obligations under this Section 6. Any such audit shall be permitted within thirty (30) days of receipt by the audited party of a written request from the auditing party to audit, during normal business hours,

at a time mutually agreed upon; provided, however, that no audit of ICQ's accounting records may be conducted during the months of June through September. The cost of such an audit shall be borne by the auditing party unless a material discrepancy is found, in which case the cost of the audit shall be borne by the audited party. A discrepancy shall be deemed material if it involves a payment or adjustment of more than five percent (5%) of the amount actually due from the audited party in any given quarterly period. Neither party shall be audited more frequently than annually. Audits shall not interfere unreasonably with the audited party's business activities and shall be conducted in the audited party's facilities during normal business hours, at a time mutually agreed upon. An audit may cover any period; provided that: (i) the period has not been previously audited; and (ii) the period under audit is within a three year period immediately preceding the commencement of the audit. The audited party shall promptly reimburse the auditing party for the amount of any discrepancy arising out of such audit which indicates that the auditing party is owed amounts hereunder as well as the costs of the audit, if applicable, as provided above.

6.7 Penalty For Breach. If CP fails to deliver any product or Update,

including the initial version and any final Update after testing under Section 2.1(e), or otherwise fails to perform any material obligation hereunder within the time frame required under this Agreement, or in the event the ICQ Mail Service does not perform in accordance with requirements of Section 2.4 and Exhibits B and C in any material way, then the following provisions shall apply: (i) if any such delay or performance failure lasts for more than five (5) days during any calendar month, then, for the entire such calendar month, the revenue allocations under Section 6.1 and the prices payable by ICQ for Premium Services will be reduced as follows: (i) if there was no reduction in the prior calendar month, then CP's share of Net Advertising Revenues under Section 6.1 shall decrease by ****% of the **** (so that, if the share would otherwise be ****% of the Net Advertising Revenue for such month, it shall be reduced to ****% of such revenues) and the prices otherwise payable by ICQ under Section 6.2 shall be reduced by ****%; and (ii) if there was a reduction in the prior calendar month (i.e., there was a delay or failure in such prior calendar month), then CP's share of Net Advertising Revenues under Section 6.1 shall decrease by ****% of the **** (so that, if the share would otherwise be ****% of the Net Advertising Revenue for such month it shall be reduced to ****% of such revenues) and the prices otherwise payable by ICQ under Section 6.2 shall be reduced by ****%. In any month that there is a reduction pursuant to this Section 6.7, no Minimum Monthly Revenue shall be payable for such month. By way of example of the foregoing, if in three consecutive months, there are reductions under this Section 6.7, then in the first such month the reductions would be calculated under subpart (i) of the second preceding sentence and for the next two such months (and any subsequent consecutive month), the reductions would be calculated under subpart (ii) of the second preceding sentence. In calculating delays or failures hereunder there shall not be included any delay or failure to the extent CP can demonstrate that it was caused by the failure or delay of ICQ or AOL to perform any obligation hereunder.

7. Stock Warrants

7.1 Warrants. Attached hereto as Exhibit E is a form of Stock Warrant (the

"Warrant Form"), pursuant to which, in consideration of the execution of this Agreement by ICQ, CP hereby concurrently grants to AOL: (a) warrants vested and exercisable as of the date hereof entitling AOL to purchase 1,996,934 shares of Series B Preferred stock of CP that CP represents shall, as of the date of this Agreement, represent two percent (2%) of all equity interests in CP on a fully-diluted basis (i.e., assuming exercise of all outstanding equity options and full conversion of all notes, debts, loans and

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other instruments that are convertible into CP equity) (the "Vested Warrants"); (b) warrants entitling AOL to purchase up to an additional 3,993,867 shares of Series B Preferred stock of CP that CP represents shall, as of the date of this Agreement, represent an additional four percent (4%) of all equity interests in CP on a fully-diluted basis (the "Additional Warrants"). The Additional Warrants will vest and become exercisable in four (4) equal increments of one percent (1%) of the outstanding equity each, upon registration of certain numbers of ICQ Mail Service email boxes that are CP sub-branded as provided in Section 3.2 (each "CP Sub-branded Boxes") within the first four (4) years of the term of this Agreement (the "Vesting Period"), consisting of the Initial Term and two Extension Periods, if exercised, as defined in Section 16.1(a) and (b), respectively), as set forth more fully in the Warrant Form.

7.2. Payment if Registration Milestones Not Met. As noted above, and as set

forth in the Warrant Form, the Additional Warrants will vest in four (4) increments upon registration within the Vesting Period of certain numbers of CP Sub-branded Boxes. If during the Vesting Period there are not registrations of a sufficient number of CP Sub-branded Boxes to vest all of the Additional Warrants (the "Minimum Vesting Registrations"), then ICQ shall pay to CP the sum of **** (****) (the "Additional Warrant Payment"), as additional consideration for the issuance to it of the Vested Warrants and the Additional Warrants. The Additional Warrant Payment shall not be payable if ICQ terminates this Agreement prior to the end of the Vesting Period pursuant to any right provided to ICQ pursuant to Sections 16.1 through 16.5, but shall be payable if CP terminates this Agreement for ICQ's breach as provided in Section 16.3 during the Vesting Period and prior to achievement of the Minimum Vesting Registrations. If the Additional Warrant Payment becomes payable hereunder, it shall be paid within thirty (30) days of the date it becomes payable (i.e., within thirty (30) days of the end of the Vesting Period, or within thirty (30) days of any earlier termination upon which the Additional Warrant Payment becomes payable).

7.3 Other Terms; Construction with Warrant Form. All remaining terms of the

Vested Warrants and the Additional Warrants are set forth in the Warrant Form, including without limitation, the exercise price, period and method of exercise and the other rights preferences and privileges of AOL with respect to the Vested Warrants and Additional Warrants. In the event of any conflict between the provisions of this Section 7 and the provisions of the Warrant Form, the provisions of the Warrant Form will control. Attached to the Warrant Form as Exhibit "A" is an Amended and Restated Investors' Rights Agreement, including a Second Amendment thereto that will make AOL a party to that agreement. CP will, within thirty (30) days hereof, obtain all required signatures on the Second Amendment to make it effective.

8. Board Observation Seat Option

During the term of this Agreement, AOL shall have the right (but not the obligation) to appoint one person to act as an observer to the board of directors of CP, exercisable at AOL's option upon written notice to CP. Such observer will have the right to attend all meetings of CP's board of directors and receive all notices thereof as if a member of the board, as well as to receive all other notices sent to board members and all information reviewed or available to board members, and will generally have all other rights of a board member, other than the right to vote as a member of CP's board of directors.

9. Exclusivity

Except as provided in this Section 9, the parties agree that the relationship created by this Agreement shall be non-exclusive, and each of the parties may enter into the same or a similar relationship with one or more third parties. Without limiting the generality of the foregoing, ICQ shall be free to enter into agreements with third parties for the use and integration of other web-based email software and services

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with the ICQ Service, and CP shall be free to enter into agreements with third parties pursuant to which it provides email products and services to such third parties. However, notwithstanding the foregoing, CP agrees that, during the term of this Agreement, it shall not provide any email (or email related) service or product to any company or entity that offers instant messaging or similar or related online, real time messaging (an "ICQ Competitor") nor shall it integrate any offerings of an ICQ Competitor into any email service provided by CP. Further, CP agrees that it will not assist any of its customers or partners in integrating an ICQ Competitor's instant messaging products or services into any email product or service provided by CP or its affiliates, unless such customer or partner insists upon such assistance after CP has used commercially reasonable efforts to persuade such customer or partner to instead use ICQ instant messaging products and services. During the term of this Agreement, CP will promote ICQ as CP's preferred integrated instant messaging service and product.

10. License from CP

10.1 License.

(a) Subject to all the terms and conditions of this Agreement, CP hereby grants to ICQ and to AOL a worldwide, non-exclusive, non-transferable, royalty-free license to use, reproduce, distribute directly and indirectly, transmit and sublicense the client components of the ICQ Mail Software, if

any, in object code form only for use by end-users of the ICQ Mail Service (including any Expanded Services).

(b) If ICQ exercised its **** to **** the ICQ Mail Website and **** of the ICQ Mail Service) pursuant to Section ****, then, subject to all the terms and conditions of this Agreement, **** hereby grants to **** and to **** a **** all the **** of the **** solely in connection with such **** to be provided by **** or **** hereunder. Such **** may be in ****, in **** or both. If provided in **** and **** have the right to **** the **** in **** solely in connection with **** and/or **** of the **** (and applicable **** or the ****) in accordance with the terms and conditions of this Agreement.

(c) The foregoing **** are expressly intended to **** to effectuate all of their rights and conduct all of the business contemplated hereunder, including **** and **** the **** (including all ****) pursuant to the terms and conditions of this Agreement. **** acknowledge and agree that **** and its **** all **** in and to the **** (including both the **** and ****) in both **** and ****. The **** herein does not include, and **** shall have any right to under any circumstances, or to **** any **** to, (i) **** translate or create derivative works of the ICQ Mail Software (other than the host components in source and then only as expressly provided herein), (ii) **** or otherwise attempt to **** for the **** that is provided in ****, or (iii) **** or **** the **** or any **** to any **** (other than as expressly provided herein). In no event shall **** or otherwise **** to any **** any of the **** of the ****, except and only as reasonably necessary to any **** of any **** which provides any ****, provided that such **** agrees in writing to abide by the terms of this Agreement and provided **** remain responsible for any breach of this Agreement by such ****. The **** of the **** shall constitute Confidential Information of CP and subject to the restrictions of Section 13. All copies of the

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ICQ Mail Software made hereunder shall include all proprietary notices included on the copy provided by CP, and neither ICQ nor AOL may remove, deface or obscure any of CP's or its licensors' proprietary rights notices on or in the Software or on output generated by the Software; provided that the placement of such notices shall be subject to ICQ's prior written approval. ICQ and AOL agree that any and all copies of the ICQ Mail Software distributed to third parties shall be pursuant to binding license agreements no less restrictive or protective of CP's rights than this Section 10.1. ICQ and AOL agrees that any material violation of this Section 10.1 by ICQ or AOL shall constitute a material breach of this Agreement. CP agrees to provide the CP Email Software, or portions thereof, with all required Documentation to ICQ and AOL as and when needed for ICQ and AOL to exercise their rights this Agreement. Promptly after creation, CP will provide to ICQ and AOL, all Updates to the foregoing, together with the ICQ Mail Software and all Updates thereto in object code form or, as applicable, source code form. In addition, if ICQ transfers back to CP the hosting responsibilities pursuant to Section 2.2(c), then ICQ shall return to CP, or destroy, at CP's option, all hosting components of the ICQ Mail Software (in both source and object code forms), and all copies thereof, in ICQ's or AOL's possession or control.

10.2 ****. Subject to all the terms and conditions of this Agreement, and effective only upon the Release Condition as defined herein, CP hereby grants to ICQ and to AOL a **** to ****, and ****, the **** and the **** in **** (the "****") solely for the purposes of undertaking any activity which CP is obligated to perform or undertake hereunder and fails to perform or undertake as required hereunder. ICQ and AOL shall be entitled to a copy of the **** only upon the occurrence of all of the following three (3) events (collectively, the "Release Condition"): (i) **** of any of its material obligations hereunder to **** or **** the **** (including any Expanded Service); (ii) ICQ's written notice to CP detailing such material breach; and (iii) CP fails to cure such material breach within thirty (30) days of receipt of such notice. The foregoing does not include any right to **** or **** the foregoing **** to any third party whatsoever, and ICQ and AOL shall treat the Source Code as Confidential Information of CP pursuant to the terms of Section 13, provided that ICQ and AOL may provide the source code to any operator of any **** which provides any ****, provided that such operator agrees to abide by the terms of this Agreement and provided AOL remains responsible for any breach of this Agreement by such operator. Promptly after execution of this Agreement, and in any event within thirty (30) days, CP, ICQ and AOL shall enter into a Source Code Escrow Agreement with DSI Technologies or another escrow holder acceptable to each party which shall be consistent with the provisions of this Section. The escrow agreement shall have normal conditions requiring that CP provide **** to the escrow holder and updates thereto, that CP certify that it has provided all required **** and that the escrow holder be entitled to verify the **** submitted to it. CP will provide Updates at least quarterly and whenever a major

Update (one that is a significant improvement or repair) if released. The escrow agreement shall direct the escrow holder to release the **** to ICQ and AOL upon certification from ICQ and AOL that each Release Condition has been met, unless the escrow holder has received an order from a court of competent jurisdiction prohibiting such release. The escrow agreement shall contain typical provisions designed to make such agreement effective and binding despite any subsequent bankruptcy of CP to the fullest extent permitted by law. In addition, if CP cures any such default and continues to perform its obligations without further default for at least thirty (30) days, ICQ and AOL will return the **** to the escrow holder or destroy any copies thereof, subject to ICQ's and AOL's rights to subsequently obtain such **** again upon the terms of this Section 10.2.

10.3 Access to CP's Test Environment. CP shall provide and make available

to ICQ and/or AOL a test system that is a stable replication of the live system for the testing of new features or customizations for a thirty (30) day period prior to the planned release of such new features or

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customizations to the live system. The primary (stable) test system shall meet the same uptime requirements as the live system and provide the same processing monitoring capability. Once new features are released to the live system, the primary test system will be updated to reflect the new features added to the live system within a reasonable time period after such release to the live system.

11. Publicity

11.1 Press Releases. After execution of this Agreement, CP and ICQ shall issue

an initial joint press release, with terms to be mutually agreed by the parties, regarding this Agreement and the relationship between the parties established hereby. The parties will mutually agree on the appropriate timing of such release and any other initial public announcement of the relationship; provided that such release and announcement will not occur until after February 15, 1999. The initial press release and any other initial announcement shall contain no information regarding the financial or compensatory provisions of this Agreement. Following the initial press release, CP agrees that it shall not issue any press release or make any public statement regarding ICQ or the ICQ Mail Service, without the prior written consent of ICQ; provided, however, that CP shall be permitted, without ICQ's prior consent, to merely list ICQ as one of its industry partners. Further, CP agrees to notify the following persons in the event of any circumstances requiring public response: (i) Jeanie Meyer at RLM; and (ii) Pam McGraw and Ronald Grant at AOL. AOL will provide contact information for such parties.

11.2 Statements to Third Parties. Neither party shall make, publish, or

otherwise communicate, or cause to be made, published, or otherwise communicated, any deleterious remarks whatsoever to any third parties concerning the other party or its affiliates, directors, officers, employees or agents, including without limitation, the other party's products, services, business projects, business capabilities, performance of duties and services or financial position.

12. Ownership

12.1 ICQ Properties. As between the parties, ICQ owns all copyrights, patents,

trade secrets, trademarks and trade name rights and all other right, title and interest in and to the ICQ Service, the ICQ Client, the ICQ Mail Service, the ICQ Mail Website (including all URLs), the ICQ Branding Materials and the ICQ Owned Customizations, and any Updates, enhancements and improvements thereto, and all derivative works thereof and all proprietary rights therein, subject to CP's ownership of the underlying software and technology as provided in Section 12.2. Without limiting the generality of the foregoing, all right, title and interest in all servers and server-based technology related to the ICQ Service, including, without limitation, protocols, parameters, designs, specifications and user identification algorithms and technology underlying such algorithms are owned by ICQ. CP agrees that it will not, at any time during or after this Agreement, (i) do anything which may adversely affect the validity or enforceability of any trademark, trade name, patent, copyright or trade secret belonging to or licensed to ICQ (including any act, or assistance to any act, which may infringe or lead to the infringement of any proprietary right in any ICQ product or service), or (ii) exercise, or attempt to exercise, any proprietary rights in any ICQ products or services, other than as expressly set forth herein and in any other written agreement(s) that may be entered into by

the parties.

12.2 CP Properties. As between the parties, CP owns all copyrights, patents,

trade secrets, trademarks and trade name rights and all other right, title and interest in and to the CP System, the CP Service, the CP Email Software and the ICQ Mail Software (other than the ICQ Owned Customizations and ICQ provided specifications), including, without limitation, all development tools, routines, subroutines, applications, software and other materials that CP may use in connection with branding the ICQ Mail Website or otherwise providing the ICQ Mail Service (other than the ICQ Branding Materials and the

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URLs associated with the ICQ Mail Service, and the ICQ Owned Customizations and ICQ provided specifications), and any Updates, enhancements and improvements thereto, and derivative works thereof, and all proprietary rights therein, subject to the license rights expressly granted to ICQ and AOL as set forth in this Agreement. Without limiting the generality of the foregoing, all right, title and interest in all servers and server-based technology related to the CP Service, including, without limitation, protocols, parameters, designs, specifications and user identification algorithms and technology underlying such algorithms are owned by CP. ICQ agrees that it will not, at any time during or after this Agreement, (i) do anything which may adversely affect the validity or enforceability of any trademark, trade name, patent, copyright or trade secret belonging to or licensed to CP (including any act, or assistance to any act, which may infringe or lead to the infringement of any proprietary right in any CP product or service), or (ii) exercise, or attempt to exercise, any proprietary rights in any CP products or services, other than as expressly set forth herein and in any other written agreement(s) that may be entered into by the parties.

12.3 Co-Development. Any intellectual property resulting from or constituting

work product ("Work Product") from co-development efforts under this Agreement shall be owned by ICQ, subject to CP's and ICQ's respective proprietary rights in any underlying software or technology to the extent incorporated or included in such Work Product. ICQ and AOL hereby grant to CP a fully paid-up, royalty free, perpetual, irrevocable and worldwide license to CP to use, reproduce, distribute, transmit, sublicense, modify and create derivative works of such Work Product, and to make, use, offer for sale and sell products and services that incorporate such Work Product or modifications thereof, provided that CP shall not make, use, offer for sale or sell any products or services incorporating such Work Product until nine (9) months after the termination or expiration of this Agreement. For purposes of this Agreement, "co-development" shall consist of (a) work, even if performed solely by CP, that primarily involves integration, pursuant to non-ICQ-provided specifications, of features and functionality into the ICQ Service (or other real time messaging technologies) or their functions and resources (such as member directories); and (b) other work where employees of each party meet the statutory requirements under U.S. patent and/or copyright law (such as 35 U.S.C. Sec. 16 and 17 U.S.C. Secs. 101 and 201) to be deemed co-authors or co-inventors (including any work product consisting of or conforming to published API's or specifications of ICQ or AOL). CP hereby assigns to ICQ or AOL, as appropriate, any and all of CP's rights, title and interests in any co-developed work, and shall promptly deliver to ICQ or AOL all such co-developed work, including without limitation source code and all available Documentation, in form and manner specified by ICQ. CP shall cooperate with ICQ at ICQ's expense in documenting and perfecting all such rights, including executing any necessary assignments, applications or other documentation. Notwithstanding any of the foregoing, this Section 12.3 shall not construed to include, and CP retains sole ownership of all proprietary rights in and to, features, functionality, and all other aspects of the CP Service that prior to such development CP provides to other customers as part of the CP Service or otherwise develops apart from this Agreement. Further, this Section 12.3 shall not be construed to include any generic modules (which shall mean any software object, program, application, API, driver, tool, module, plug-in, routine, subroutine, algorithm and/or other technology that is not uniquely specific to ICQ's or AOL's technical, operational or commercial requirements under this Agreement and that can be readily adapted to other uses or applications and that is not based on any ICQ or AOL proprietary specifications

or Confidential Information provided hereunder).

13. Confidential Information.

Each party acknowledges that Confidential Information may be disclosed to the other party during the course of this Agreement. Each party agrees that, during and after the term of this Agreement, it shall only use Confidential Information of the other party as expressly permitted by this Agreement and shall take reasonable steps, at least substantially equivalent to the steps it takes to protect its own similar

proprietary information, to prevent the duplication or disclosure of Confidential Information, other than to its employees or agents who must have access to the Confidential Information to perform such party's obligations hereunder, who shall each agree to comply with this Section 13 or with similar confidentiality obligations that are at least as protective of such Confidential Information.

14. Representations and Warranties

14.1 Joint. Each party represents and warrants to the other party that: (i)

such party has the full corporate right, power and authority to enter into this Agreement, to grant the licenses granted hereunder and to perform the acts required of it hereunder; (ii) the execution of this Agreement by such party, and the performance by such party of its obligations and duties hereunder, do not and shall not violate any agreement to which such party is a party or by which it is otherwise bound; (iii) when executed and delivered by such party, this Agreement shall constitute the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms; and (iv) such party acknowledges that the other party makes no representations, warranties or agreements related to the subject matter hereof which are not expressly provided for in this Agreement.

14.2 CP. CP represents and warrants to ICQ that the ICQ Mail Service,

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including the ICQ Mail Software, and the CP System, do not and will not infringe or violate any patents, copyrights, trade secrets, trademarks or other proprietary rights of any third party. CP shall, at its sole cost and expense, indemnify, defend and hold ICQ and AOL harmless from and against any third party claim, loss, damage, expense or liability (including reasonable attorney's fees and costs) that may result by reason of any breach of the foregoing representation and warranty. The foregoing representation and indemnity obligation shall not include any claim, loss, damage expense or liability to the extent that it is based on or arises out of the ICQ Branding Materials, ICQ provided specifications or other modifications to the CP Service, the ICQ Mail Service or the CP System made in compliance with or pursuant to ICQ's request, or the use of the ICQ Mail Service in combination with the ICQ Service or any Expanded Service where such violation occurs only as the result of such combination. ICQ shall promptly notify CP in writing of any indemnifiable claim after ICQ first learns of such claim, and shall provide CP with such assistance and cooperation as CP may reasonably request from time to time in connection with the defense thereof. ICQ and AOL shall have the right to employ separate counsel and to participate in the defense of any such claim and to have their own respective counsel in attendance at all times; ICQ and AOL will pay all costs of their counsel. Also, in its discretion, ICQ or AOL may assume control of the defense of any infringement claim; provided that under such circumstance ICQ or AOL shall bear all costs of such defense (but not of any consequent judgment or liability or settlement if made by AOL or ICQ without the prior written consent of CP which may not be unreasonably withheld). If any settlement requires an affirmative obligation of, results in any ongoing liability to, or prejudices or detrimentally impacts in any way, ICQ or AOL, then such settlement shall require ICQ's and/or AOL's written consent, as the case may be. If ICQ or AOL is enjoined or restrained from exercising any of its rights under this Agreement as a result of an infringement claim, CP shall, as promptly as practical either (i) obtain a license at no cost to ICQ and AOL permitting continued use of the infringed intellectual property rights on terms and conditions consistent with the rights granted to ICQ and AOL hereunder, (ii) modify the software to perform its intended function without infringing third party rights and without materially adversely affecting the functionality or performance of the software, or (iii) substitute software of comparable functionality and performance. If CP is unable to obtain a license, modify the software to perform its intended function without infringing third party rights, or substitute software of comparable performance and instead chooses to simply remove the infringing technology, CP shall be liable to ICQ and AOL for any reasonable damages suffered by ICQ and AOL as the result of such removal, including, without limitation, the cost to ICQ and/or AOL of replacing the infringing technology, subject to ICQ's and AOL's duty to use reasonable efforts to mitigate its damages. THE FOREGOING STATES ICQ'S AND

AOL'S SOLE AND EXCLUSIVE REMEDY, AND CP'S SOLE AND EXCLUSIVE LIABILITY, WITH RESPECT TO INFRINGEMENT.

15. Limitations on Liability

15.1 EXCEPT AS EXPLICITLY PROVIDED HEREIN, NEITHER PARTY MAKES ANY WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE ICQ SERVICE, THE ICQ CLIENT, THE ICQ MAIL

SERVICE, THE ICQ MAIL WEBSITE, THE ICQ MAIL SOFTWARE, CP SYSTEM, THE CP SOFTWARE OR OTHERWISE UNDER THIS AGREEMENT TO THE OTHER PARTY, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL SUCH WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

15.2 EXCEPT WITH RESPECT TO A BREACH BY CP OF ITS REPRESENTATION AND WARRANTY UNDER SECTION 14.2, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES (EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), WHETHER ARISING IN TORT (INCLUDING WITHOUT LIMITATION NEGLIGENCE), CONTRACT, BY OPERATION OF LAW OR OTHERWISE, SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS OR LOST BUSINESS. DESPITE THE FOREGOING, IT IS UNDERSTOOD THAT LOSS TO A PARTY OF PROFIT THROUGH NORMAL OPERATIONS AS CONTEMPLATED BY THIS AGREEMENT THAT IT CAN DEMONSTRATE TO A COURT, ARBITRATOR OR OTHER TRIER OF FACT IT WOULD MORE LIKELY THAN NOT HAVE RECEIVED IF THE OTHER PARTY HAD NOT BREACHED THIS AGREEMENT WILL BE DEEMED DIRECT DAMAGES, NOT SUBJECT TO THE LIMITATIONS OF THIS SECTION 15.2..

16. Term and Termination.

16.1 Term.

(a) Initial Term. Unless earlier terminated as set forth herein, the

initial term of this Agreement (the "Initial Term") shall be two (2) years from the Effective Date.

(b) Extension Periods. Upon the expiration of the Initial Term, and

upon the expiration of the first, second and third Extension Periods, ICQ may elect, in its sole discretion, to extend the term of this Agreement for an additional one year period (each, an "Extension Period"), up to an aggregate maximum of four (4) Extension Periods. ICQ shall be deemed to have exercised its option for any Extension Period unless, at least thirty (30) days prior to the expiration of the Initial Term, or of the first, second or third Extension Periods, as applicable, ICQ provides written notice to CP that ICQ does not wish to exercise its option for the forthcoming Extension Period.

16.2 Termination for Convenience. ICQ may terminate this Agreement in its

discretion at any time during the Initial Term or any Extension Period upon 90 days written notice to CP.

16.3 Termination for Breach. Either party may terminate this Agreement at any

time in the event of a material breach by the other party which remains uncured after thirty (30) days written notice thereof. In the event a party contests the existence of a breach and/or termination of this Agreement, the other party will continue to perform its obligations hereunder pending a final, non-appealable judgement confirming the breach and termination, or an order of a court of competent jurisdiction permitting such party to cease performing its obligations hereunder.

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16.4 Termination Relating to Interactive Service. ICQ may terminate this

Agreement, upon thirty (30) days' prior written notice to CP, if (a) CP enters into an agreement pursuant to which a controlling interest in CP is to be acquired by an Interactive Service or a person or entity owning a controlling interest in an Interactive Service, (b) an Interactive Service or person or entity controlling an Interactive Service actually acquires control of CP, (c) CP enters into an agreement by which CP is to acquire a controlling interest in an Interactive Service or a person or entity owning a controlling interest in an Interactive Service, (d) CP actually acquires a controlling interest in an Interactive Service or person or entity owning a controlling interest in an Interactive Service, or (e) CP commences operating an Interactive Service either directly or as a joint venture with another party or positions its business so as to be substantially associated with an Interactive Service. ICQ will not have the right to terminate this Agreement under this Section 16.4 solely as the result of any arrangement where CP directly or indirectly provides internet access solely to permit users of the CP System to access and utilize their email service.

16.5 Termination for Bankruptcy/Insolvency. Either party may terminate this

Agreement immediately following written notice to the other party if the other party (i) ceases to do business in the normal course, (ii) becomes or is declared insolvent or bankrupt, (iii) is the subject of any proceeding related to its liquidation or insolvency (whether voluntary or involuntary) which is not dismissed within ninety (90) calendar days or (iv) makes an assignment for the

benefit of creditors.

16.6 Transition Assistance. In the event of a termination of this Agreement

pursuant to Sections 16.2, 16.3, 16.4 or 16.5, CP will provide to ICQ the dedicated, full-time services of one (1) qualified engineer for a period of ninety (90) days to assist ICQ and/or AOL in migrating or transitioning the ICQ Mail Service to another provider. In the event of termination for ICQ's breach under Section 16.3, ICQ shall pay for CP's assistance in the migration or transition at the then-current CP Time-and-Materials Rate and shall pay any out-of-pocket expenses incurred by CP in connection with such migration or transition.

16.7 Transition Period. For a period of ninety (90) days following the

termination or expiration of this Agreement (the "Transition Period"), ICQ and AOL shall have all of the rights granted hereunder and ICQ will have all of the obligations with respect to the ICQ Mail Service created prior to the date of termination or expiration (including all rights necessary to enable ICQ and AOL to transition the ICQ Mail Service to another system without interruption of service. During such period, CP will not be entitled to any revenues or fees hereunder if the termination is by ICQ pursuant to Sections 16.3 or 16.4; in any other circumstance, CP will be entitled to the fees and revenue sharing for services provided hereunder, subject to equitable reduction as the scope of their services reduce hereunder. Further, all end-user sublicenses of the ICQ Mail Software shall survive the termination or expiration of this Agreement pursuant to the terms of such end user license agreement as provided herein. During the Transition Period, CP shall remain obligated to provide to ICQ the support services described in Section 5. Also, during the Transition Period, CP shall provide ICQ with reasonable assistance in developing a new version of the ICQ Client that is not integrated with (and does not contain) any portion of the ICQ Mail Software and shall otherwise reasonably assist ICQ, as appropriate or necessary, to migrate or transition the email services provided in connection with the ICQ Service to another provider. ICQ shall be entitled to seek injunctive relief such as specific performance in the event CP fails to comply with its transition obligations under Section 16.6 and this Section 16.7 (without resort to the dispute resolution mechanisms specified in Section 17).

16.8 Return of Information. Upon the expiration or termination of this

Agreement, each party shall, upon the written request of the other party, return or destroy (at the option of the party receiving the request) all Confidential Information of the other party.

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16.9 Survival. Notwithstanding anything to the contrary contained herein, the

provisions of Sections 1, 4.2, 6.1, 6.2 and 6.5 (as to amounts accrued but unpaid), 6.6, 7, 12, 13, 14, 15, 16.6, 16.7, 16.8, 16.9, 17 and 18 shall survive the termination, cancellation or expiration of this Agreement.

17. Dispute Resolution.

17.1 Management Committee. The Parties will establish a "Management Committee"

made up of one (1) senior executive from each of the Parties for the purpose of resolving Disputes (as defined below).

17.2 Dispute Resolution by Management Committee. If the Parties are unable to

resolve any dispute by, controversy or claim arising under or related to this Agreement or the transactions contemplated hereby (excluding any disputes relating to intellectual property rights or confidentiality) (each a "Dispute"), such Dispute will be promptly submitted for resolution by the Management Committee. The foregoing shall not limit the right of either party to at any time apply to a court for an action for a temporary restraining order, preliminary injunction or other equitable relief to stop or prevent irreparable harm.

17.3 Binding Arbitration. Except for the right of either party to apply to a

court for an action for a temporary restraining order, preliminary injunction, specific performance or other equitable relief to stop or prevent irreparable harm, all claims, disputes, controversies and other matters in question between the parties to this Agreement, arising out of, or relating to this Agreement, or the breach thereof, and which cannot be resolved by the parties pursuant to Section 17.2, shall be settled only by binding arbitration in accordance with the Commercial Rules of the American Arbitration Association ("AAA") then in effect, including matters involving negligence, strict liability or intentional acts or omissions by either party, provided that the following will apply:

(a) The parties shall have the right to discovery by any or all methods provided in the Federal Rules of Civil Procedure. The arbitrators may, upon request, exclude any evidence not made available to the other party pursuant to a proper discovery request from being used in the arbitration proceeding.

(b) Demand for arbitration shall be served upon the other party by certified mail and specify in reasonable detail the nature of the dispute. The demand shall be effective upon receipt, shall be made within a reasonable time after the claim, dispute or controversy has arisen, and shall in no event be made more than one year after the claim or cause of action arises. The proceeding shall be held in Washington D.C.

(c) Within thirty (30) days after service of a demand for arbitration, the parties shall attempt to agree upon a single arbitrator. If the parties cannot agree upon a single arbitrator, either party may request the AAA to appoint an arbitrator in accordance with its rules, subject to the qualifications specified below. If the parties fail to agree on an arbitrator from those named by the AAA or if for any reason the appointment cannot be made from the AAA submitted lists, each party shall appoint an arbitrator within seven (7) days thereafter and the third arbitrator shall be appointed by the AAA. For any three member arbitration panel, the chairman shall be an attorney with experience in handling disputes in the computer industry and the other two shall have background or training in computer law, computer science or the computer industry. A single arbitrator agreed upon by the parties shall have a background or training in computer law, computer science or the computer industry.

(d) The arbitrators shall have no power or authority to reform this Agreement. The arbitrators shall have the power and authority to award equitable relief other than reformation, including

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injunction and specific performance, nor to determine any matter requiring agreement of the parties. The arbitrators shall have no power or authority to award punitive damages. The arbitrators shall have the power and authority to award consequential, special, indirect, or incidental damages only as permitted by the terms of this Agreement.

(e) This Agreement shall remain in effect during the pendency of the dispute resolution process without any interruption of service or performance by either party.

(b) The cost of the arbitration shall be borne equally pending the arbitrator's award. The prevailing party in any arbitration proceeding or litigation hereunder shall be entitled, in addition to such other relief as may be granted, to recover reasonable attorney's fees and the costs incurred in connection with arbitration or litigation under this Agreement.

(c) The commencement, and any resolution reached as a result, of any dispute resolution procedure under this Section shall be considered confidential and shall not be disclosed by either party or by the arbitrators.

(d) The Federal Rules of Evidence will apply in toto to any such Dispute.

(e) The decision of the arbitrator on the points in the Dispute will be final and binding, and judgment on any award may be entered in any court having jurisdiction thereof.

18. General Provisions

18.1 Acknowledgment. ICQ AND CP EACH ACKNOWLEDGE THAT THE PROVISIONS OF THIS

AGREEMENT WERE NEGOTIATED TO REFLECT AN INFORMED, VOLUNTARY ALLOCATION BETWEEN THEM OF ALL RISKS (BOTH KNOWN AND UNKNOWN) ASSOCIATED WITH THE TRANSACTIONS CONTEMPLATED HEREUNDER. THE LIMITATIONS AND DISCLAIMERS RELATED TO WARRANTIES AND LIABILITY CONTAINED IN THIS AGREEMENT ARE INTENDED TO LIMIT THE CIRCUMSTANCES AND EXTENT OF LIABILITY. THE PROVISIONS OF THIS SECTION 18.1 SHALL BE ENFORCEABLE INDEPENDENT OF AND SEVERABLE FROM ANY OTHER ENFORCEABLE OR UNENFORCEABLE PROVISION OF THIS AGREEMENT.

18.2 Independent Contractors. The parties to this Agreement are independent

contractors. Neither party is an agent, representative, or partner of the other party. Neither party shall have any right, power or authority to enter into any agreement for or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other party. This Agreement shall not be interpreted or construed to create an association, agency, joint venture or partnership between the parties or to impose any liability attributable to such a relationship upon either party.

18.3 Notice. Any notice, approval, request, authorization, direction or other

communication under this Agreement will be given in writing and will be deemed to have been delivered and given for all purposes (i) on the delivery date if delivered by confirmed facsimile; (ii) on the delivery date if delivered personally to the Party to whom the same is directed; (iii) one business day after deposit with a commercial overnight carrier, with written verification of receipt; or (iv) five business days after the mailing date, whether or not actually received, if sent by U.S. mail, return receipt requested, postage and charges prepaid, or any other means of rapid mail delivery for which a receipt is available.

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To ICQ:	To CP:
ICQ, Inc. 22000 AOL Way Dulles, Virginia 20166 Attention: Fred Singer	Critical Path Inc. 320 First Street San Francisco, CA 94105 Attention: Mari Tangredi

Phone: (703) 265-2727	Phone: (415) 808-8800
Fax: (703) 265-1204	Fax: (415) 808-8777

Copy to:

America Online, Inc.
22000 AOL Way
Dulles, VA 20166
Attention: General Counsel

Fax: (703) 265-2208

18.4 No Waiver. The failure of either party to insist upon or enforce

strict performance by the other party of any provision of this Agreement or to exercise any right under this Agreement shall not be construed as a waiver or relinquishment to any extent of such party's right to assert or rely upon any such provision or right in that or any other instance; rather, the same shall be and remain in full force and effect.

18.5 Entire Agreement. This Agreement sets forth the entire agreement, and

supersedes any and all prior agreements of the parties with respect to the transactions set forth herein. Neither party shall be bound by, and each party specifically objects to, any term, condition or other provision which is different from or in addition to the provisions of this Agreement (whether or not it would materially alter this Agreement) and which is proffered by the other party in any correspondence or other document, unless the party to be bound thereby specifically agrees to such provision in writing.

18.6 Amendment. No change, amendment or modification of any provision of

this Agreement shall be valid unless set forth in a written instrument signed by the party subject to enforcement of such amendment.

18.7 Further Assurances. Each party shall take such action (including, but

not limited to, the execution, acknowledgment and delivery of documents) as may reasonably be requested by any other party for the implementation or continuing performance of this Agreement.

18.8 Assignment. Neither party may assign any of its rights, interest or

benefits or delegate any of its duties under this Agreement, or otherwise transfer this Agreement without the prior written consent of the other party; provided that ICQ may assign this Agreement to any affiliate of ICQ (including any entity controlling ICQ, controlled by ICQ or under common control with ICQ), and provided further that either party may assign this Agreement for purposes of reincorporation or change of domicile. For purposes of the foregoing, any merger of a party with or into, or sale of all or substantially all of the assets of a party to, or the acquisition of controlling interest in a party's voting stock by, another entity shall be considered an assignment subject to the foregoing restriction. Subject to the foregoing, this

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Agreement shall be fully binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns.

18.9 Construction. In the event that any provision of this Agreement

conflicts with the law under which this Agreement is to be construed or if any such provision is held invalid by a court with jurisdiction over the parties to this Agreement, (i) such provision shall be deemed to be restated to reflect as nearly as possible the original intentions of the parties in accordance with applicable law, and (ii) the remaining terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect.

18.10 Applicable Law; Jurisdiction. This Agreement shall be interpreted,

construed and enforced in all respects in accordance with the laws of the Commonwealth of Virginia except for its conflicts of laws principles. Each party irrevocably consents to the exclusive jurisdiction of the courts of the Commonwealth of Virginia and the federal courts situated in the Commonwealth of Virginia, in connection with any action to enforce the provisions of this Agreement, to recover damages or other relief for breach or default under this Agreement, or otherwise arising under or by reason of this Agreement. Each party acknowledges that a violation of this Agreement could cause irreparable harm to the other party for which monetary damages may be difficult to ascertain or an inadequate remedy. Each party therefore agrees that the other party shall have the right, in addition to its other rights and remedies, to seek and obtain injunctive relief for any violation of this Agreement.

18.11 Export Controls. Both parties shall adhere to all applicable laws,

regulations and rules relating to the export of technical data and shall not export or re-export any technical data, any products received from the other party or the direct product of such technical data to any proscribed country listed in such applicable laws, regulations and rules unless properly authorized.

18.12 Headings. The captions and headings used in this Agreement are inserted

for convenience only and shall not affect the meaning or interpretation of this Agreement.

18.13 Counterparts. This Agreement may be executed in counterparts, each of

which shall be deemed an original and all of which together shall constitute one and the same document. This Agreement may also be signed by facsimile transmission and any signature sent or received via facsimile transmission shall constitute an original signature.

18.14 Force Majeure. CP shall not be responsible for any delays, errors,

failures to perform, interruptions or disruptions in the ICQ Mail Services or the CP System caused by or directly resulting from any acts of God, strikes, lockouts, riots, acts of war, governmental regulations, fire, power failure, earthquakes, severe weather, floods or other natural disaster or from any unforeseeable events outside of CP's reasonable control occurring with respect to ICQ, ICQ Mail User's or any third party's hardware, software or communications equipment or facilities (not including any subcontractor of services provided by CP hereunder) (each, a "Force Majeure Event"). The foregoing shall not relieve CP from

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responsibility to the extent that reasonable actions or actions normally provided in the industry or required as a result of the obligations of CP under Exhibits B or C (such as back-up servers, alternative routing providers, etc.) would have made such events within CP's reasonable control or prevented any such delay, error, failure, interruptions or disruptions. In addition, in no event will a Force Majeure Event permit any delay, error, failure, interruption or disruption for longer than a commercially reasonable time considering the event and after such reasonable time period, the Force Majeure Event shall not longer be deemed to exist or apply. If the Force Majeure Event lasts for a period of sixty (60) days or longer, then ICQ shall be entitled to terminate this Agreement upon written notice to CP. Neither party shall have any liability or obligation to the other party as a result of such termination, and CP agrees to provide reasonable transition assistance pursuant to Section 16.7 if not prevented by the Force Majeure Event.

18.15 Insurance. CP, at its cost and expense, shall secure and maintain

adequate insurance coverage as is necessary, as a reasonable prudent business matter, for CP to bear all of its obligations under this Agreement. Maintenance of such insurance shall not be deemed to relieve or limit CP of any responsibility or obligation hereunder whatsoever. CP assumes full and complete liability for all injuries to, or death of, any person or for any damages to property arising from its acts or omissions. CP will add ICQ and AOL as additional insureds on all appropriate insurance policies, including all liability policies, with endorsements that require 30 days notice of ICQ and AOL

of any cancellation of such policies, and shall promptly provide ICQ and AOL with copies of such policies and endorsements and any changes thereto from time to time. CP's insurance shall be primary as to any other insurance the ICQ or AOL may have.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

ICQ, INC.

CRITICAL PATH INC.

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

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EXHIBIT A

Definitions

"AOL" shall mean America Online, Inc., a Delaware corporation.

"Active ICQ Mail User" shall mean, for any given period (i.e., a calendar quarter for measurements specified herein as applying for a calendar quarter or for a calendar month for periods specified herein as applying for a calendar month) an ICQ Mail User who, during such applicable period accesses his email account on the ICQ Mail Service at least once (whether or not such ICQ Mail User actually sends or receives email from such account during such period).

"Change of Control" shall mean any event that results in any person or entity not having control of a referenced party as of the date hereof acquiring control of such party by any means whatsoever, including (i) the consummation of a reorganization, merger or consolidation or sale or other disposition of substantially all of the assets of the referenced party; or (ii) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1933, as amended) of either beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of a sufficient percentage of the voting securities or right to vote or take action as to result in control or the contractual right to exercise control. In all instances, the acquisition of more than 50% of either (A) the then outstanding shares of common stock or other common equity of such party; or (B) the combined voting power of the then outstanding voting securities of such party entitled to vote generally, including as to the election of directors or other governing body shall conclusively be deemed control.

"Control" (including the terms "controlling", "controlled by" or "under common control with") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"Confidential Information" shall mean any information relating to or disclosed in the course of the negotiation or performance of this Agreement, which is, or should be reasonably understood to be, confidential or proprietary to the disclosing party, including, but not limited to, the existence and material terms of this Agreement, User Information or other information about ICQ Users, technical processes and formulas, source codes, product designs, sales, cost and other unpublished financial information, product and business plans, projections and marketing data. Without limiting the generality of the foregoing, all protocols, parameters, designs, specifications and user identification algorithms relating to the ICQ Service are Confidential Information of ICQ.

"Confidential Information" shall not include information that the receiving party can establish is (a) already lawfully known to or independently developed by the receiving party, (b) generally known to the public, (c) lawfully obtained from any third party, (d) required to be disclosed by law, or (e) permitted to be disclosed pursuant to the terms of this Agreement.

"Core Premium Services" shall mean the following services in the form currently offered by CP or as specified as Premium Services to be available at launch on Exhibit B: expanded mail box, integration with client email, mail forwarding, email to voice service, POP access, and opt-in mail services, together with all Updates that merely fix errors or bugs. From time to time during the term of this Agreement, the parties may, by mutual agreement, designate additional CP services as "Core Premium Services" or may remove certain CP services from the definition of "Core Premium Services."

"CP Competitors" shall mean solely entities whose primary business is to provide web-based email services which are directly competitive with the CP System. CP Competitors will not include any entity that only provides web-based email services as part of a general Interactive Service.

"CP Email Software" shall mean the current standard suite of client and host software products distributed by CP that enables the provision of email and related communication services to end users through one or more Internet websites, all Documentation therefor and any Updates thereto.

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"CP Service" shall mean the system and services pursuant to which CP provides web-based email, including without limitation the CP Email Software and the hosting and other services required in connection therewith.

"CP System" shall mean the software and related systems pursuant to which CP provides the CP Service, including without limiting the CP Email Software and all intellectual property rights therein.

"CP Time-and-Materials Rate" shall mean the rate of \$200 per hour for the first one-year period during the term of this Agreement, and for each year thereafter, a rate that is an increase from the rate for the previous year that is no more than the lesser of the increase in the Consumer Price Index for All Consumers (Washington D.C. area) and 5%.

"Documentation" means all documentation at any times existing relating to applicable software, including all technical documentation and source code notations used or created by the creating party or provided to or used by any end-user or any support or other technical personnel.

"Expanded Premium Services" shall mean any Premium Email Services that may be offered by ICQ, CP or any third party from time to time, including any Updates to the Core Premium Services other than Updates that are bug fixes or correct errors but specifically excluding Core Premium Services as they exist as of the date hereof and any Updates that merely fix bugs or correct errors.

"ICQ Client" shall mean the client software developed and distributed by ICQ that enables ICQ Users to access and use the ICQ Service, and any Updates thereto.

"ICQ Mail Service" shall mean the web-based email and email-related services provided to ICQ Mail Users by ICQ, utilizing the services of CP hereunder, including any Updates thereto.

"ICQ Mail Software" shall mean the customized version(s) of the CP Email Software created by CP pursuant to the provisions of Section 2.1, including both client components intended to run on an end-user's computer and host components used to provide and operate email services through the ICQ Mail Website and including all Documentation therefor and all Updates thereto.

"ICQ Mail User" shall mean an ICQ User who, pursuant to the provisions of Section 4.1, has registered with ICQ to use the ICQ Mail Service.

"ICQ Mail Website" shall mean have the meaning given to such term in Section 2.2(a).

"ICQ Service" shall mean the ICQ-branded service, currently available through the Internet, that enables ICQ Users to communicate with one another, including through real-time, personal text messaging, and to monitor each other's online status.

"ICQ User" shall mean any registered user of the ICQ Service and any registered user of the ICQ Mail Service (including any Expanded Service). As set forth on Exhibit B, it is understood that, in Phase II (as described on Exhibit B), the ICQ Mail Service will be offered to the general public, including those who are not registered users of the ICQ Service.

"Interactive Service" shall mean an entity offering one or more of the following: (i) online or Internet connectivity services (e.g., an Internet service provider); (ii) an interactive site or service featuring a broad selection of aggregated third party interactive content (or navigation thereto) (e.g., an online service or search and directory service) and/or marketing a broad selection of products and/or services across numerous interactive commerce categories (e.g., an online mall or other leading online commerce site); and (iii) communications software capable of serving as the principal means through which a user creates, sends and receives real time online messages.

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"Premium Email Services" shall mean any existing or future products or services that are ancillary or complementary to the provision of typical, standard email services, including those for which end-users are generally charged an additional or separate fee.

"Severity 1 Problems" are problems that in ICQ's reasonable determination halt or materially disrupt product execution, cause a major loss of product functionality or reduction in capability of core functions or data corruption or damage or create an emergency which will cause significant financial or reputation loss or other loss or business disruption.

"Severity 2 Problems" are problems that in ICQ's reasonable determination are not Severity 1 Problems but that require prompt correction but do not prevent the material use of the core functions of the system (such as, for example, an isolated, consistently reproducible problem resulting in system crash loss of core or material functionality, but which can be avoided without undue disruption or the failure of a significant utility).

"Severity 3 Problems" are problems, including all other bugs, that in ICQ's reasonable determination are not Severity 1 Problems or Severity 2 Problems.

"Standard Email Services" shall mean all email services and functions included in the Specifications (including Phase II specifications), other than those expressly listed as Premium Services, together with such other email services as from time to time become considered typical, standard email services or for which no fee is generally charged by other web-based email services or otherwise agreed to by the parties.

"Updates" shall mean, as to any product, all subsequent releases thereof including maintenance releases and services patches, error corrections, upgrades, upgrades, enhancements, additions, improvements, extensions, modifications and new, replacement or successor versions or products, and all related Documentation.

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Exhibit B
Initial Specifications for ICQ Mail Service
(Developed and Provided by ICQ)

ICQ Email Deal Specifications

Draft 2.0

- I. Objectives
- I. Timeframe and Delivery
- I. ICQ Deliverables
- I. Phase I Features
- I. Phase II Features

1.1 I. ICQ Email Objectives:

The goal of ICQ Email is to extend ICQ's lead in the personal communication space from instant messaging (synchronous communication) to email (asynchronous communication) a natural, highly synergistic and necessary extension. These services should be intelligently combined around functions that should naturally be shared and functionality that naturally crosses over from one type of **** to the other. Together they must form the most convenient Net communication experience. The core functionality of the service will be **** and will offer feature parity with other email services, as well as the convenience of **** with the ICQ client making it a compelling "meta mail" tool aggregating multiple accounts.

ICQ Email will initially be accessed through a ****. In the coming months, ICQ will provide members with a **** as an additional tool for accessing ICQ Email.

II. Timeframe and Delivery

The features described in this document will be divided into**** releases of the ICQ email service.

The **** release is scheduled to launch on ****. It will include all of the features presently offered by the vendor's email service, as well as the additional features described in section IV below. The phase **** service will only be offered to users who have registered with ICQ.

The **** release of the email service will be delivered by vendor to ICQ by a date that is jointly determined after both parties have determined functionality, feasibility and reasonable time frames. Phase **** will include all of the features in phase ****, as well as the additional features described in section V below. The phase **** service will be offered to the public regardless of whether or not they have registered with ICQ.

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Because phase **** involves a close integration between the email system and ****, it will require modifications to both systems. The vendor and ICQ will jointly develop corresponding marketing requirements documents to be completed by ****.

III ICQ Deliverables

In order to complete and launch phase ****, ICQ will need to provide vendor with access to the following:

- . ****
- . ****
- . A server that will process **** of **** that can scale without affecting the performance of the email system.

In order to complete and launch phase ****, ICQ will also need to develop and grant **** to a **** for users of ICQ email.

IV Phase I Features

1.2 Technical infrastructure / Standard Compliance / Platform Compatibility:

. ICQ Email will support **** and ****, including ****, and ****. ICQ Email's open architecture will allow complete inter-operability with every **** and ****. Inter-operability will permit ICQ to select the best hardware and software platforms, making ICQ's email system highly scalable and responsive to peak user demand. **** support will enable ICQ to fully synchronize its **** email accounts with a wide variety of ****, including all versions of ****, and ****.

. The ****-based interface (developed by vendor) will need to be compatible with **** and **** and **** for all features.

. Each email account will be allocated **** of disk space.

. All **** pages associated with the **** of the email system will support **** served by the ****, or any other major **** server system.

. CP will extend existing registration protocols (APP) to allow **** to be passed to **** to allow ICQ to integrate ****, or **** will manage **** as a separate process (at ICQ's option).

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1.3 International Languages:

At launch, ICQ Email will support email in the following 7 languages (including interface and spell checking tools):

- . French
- . German
- . Spanish
- . English
- . Swedish
- . Portuguese
- . Dutch

1.4 Functional Requirements:

- . Basic Email Functions

Like most email services, ICQ Email will support:

- . Sending of mail
- . Reading of mail
- . Reply
- . Reply to all
- . Attach file

- . Folders
- . Address book (see ICQ Integration below)
- . Multi-language spell checking (see International Languages above)
- . Custom filtering (see below)
- . User customized signature files (see below)

The inbox screen will have the capability to list all email received by a master account, sub accounts, or external POP accounts that have been configured by the user, including a field indicating the recipient address (refer to mockup).

- . ****
Although the default domain for ICQ Email will be icqmail.com (member@icqmail.com), members will be given the opportunity to associate

themselves with certain **** groups through their choice of ****. It will be the responsibility of the vendor to maintain and integrate those **** in the service, based on a list provided by ICQ. These domains may be in the form of **** or entirely separate ****, with an additional **** added each month based on member feedback.

Prior to their inclusion, ICQ will be responsible for choosing and **** the ****. Vendor will launch the **** to the public no more than **** days after receipt from ICQ.

- . Custom Filtering

In addition to the basic spam filtering of objectionable domains (from a frequently updated Spammer master list provided by vendor), members will be able set certain customized

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rules for the handling of different emails. Incoming messages can be discriminated on the basis of address of sender, domain of sender (handled by "sender", "contains", "domain.com"), or address of recipient.

- . Forwarding

The mail service will have the ability to automatically forward mail from one account to any target email address. The conditions and target of the forward can be set either in preferences (when a member is going on vacation). Forwarding will be offered as a premium service.

- . Programmed Signature Files

Members will be able to tailor their signature files to whatever they want, including hyperlinked different signatures for different sub-accounts. Beneath the member signature file, ICQ will append a system signature file. This ICQ signature will support URLs, and be programmable according by domain, including vanity domains.

- . Outbound Mail Limits

ICQ will be able to limit, on a domain basis, the maximum number of recipients addressed on outbound mail. The limit will be configurable by domain at least between 10 and 100, with a default setting for new domains of 20.

1.5 Premium Services:

- . ICQ Email will offer a number of premium services enabled through relationships with outside vendors. These will include, at launch:
 - . ****
 - . ****
 - . **** to****

. At launch, ICQ Email will offer an additional **** of disk space (for a total of ****) as a premium service to member. However, as the market changes, vendor will offer, ****charge, storage space that is **** or **** the **** providers.

. The vendor will commit to enabling partnerships with as many different Premium Service companies as possible in these categories to provide ICQ Email users with the greatest possible functionality. Premium Service usage will be

tracked, and usage data will be provided to ICQ on a **** basis.

1.6 ICQ Integration:

1.7 ICQ Email phase **** will be capable of supporting the following webmail/ICQ client integration:

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- . Notification on ICQ client of ****of **** if **** is on **** (pulled from the client)
- . **** button to ****,
- . Option of sending of IM notifications continuing first 400 characters of outgoing email messages
- . Indication **** from within the **** (dependent upon ICQ providing the appropriate server)
- . Invoke the ICQ client from the **** or send **** directly from the web site (on ****, include choice of **** or chat the **** being included in the ****)
- . Invoke the **** - and login directly to the inbox - from an ****.
- . Add **** and **** links to all **** (make ****of user available as a ****)

1.8 Additional Features:

ICQ Email phase **** will be capable of supporting the following

- . Receiving **** in safe mode option
- . Ability to include content with "includes". If draws from any non-standard ad server, pulling from any content provider releases us from SLA with regard to the performance of such content.
- . Cookie-free version

1.9 Usage Statistics (TBD):

ICQ will have access to regular and comprehensive usage statistics for ICQ Email. This usage data will be integrated into the ICQ member database. Details pertaining to who generates the data, and what data is needed, and the frequency of its availability will be determined after a review of a sample of current statistics provided by vendor.

V Phase II Features

International Languages:

ICQ Email will support email in, and feature spell checking and interfaces in:

- . Japanese
- . Chinese

Functional Requirements:

1.10

- . Custom Filtering

Incoming messages can also be discriminated on the basis of **** in **** [Phase ****] or ****. Actions as a result of those characteristics will include save to a **** attachment to a ****, or **** with a given set of **** (****).

Incoming messages can be discriminated on the bases of **** of ****of **** (handled by **** contains ****), or **** of ****. Actions as a result of those characteristics are **** to a ****, or **** an **** and **** (****).

- . Preference Preservation

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Once a **** have been set or modified, either through a client or a web interface, the **** will be preserved until further modified by the user. These **** will be absolute, regardless of the users mode of access.

- . Disk Space

Email will be sent to members when the midpoint is reached (****) encouraging them to **** to make space. Members may opt to boost their **** to **** for a premium.

When members register with the service, they will be registering a **** that will have **** over a number of **** (or**** to be determined). The ****, as well as each ****, can employ any of the **** the member chooses. Members may choose to have ****, and ****, associated with each ****. Except for **** of the system, there will be **** enforced on the **** of **** a **** may have.

In addition to checking **** will be able to read mail from other mail service providers. Members will be able to configure their client to read mail from other servers and have it appear, marked by ****, along with incoming mail to the master account. According to their ****, members should have the choice to display and work with any **** of their various ****.

. ICQ Email will offer a number of premium services enabled through relationships with outside vendors. These will include, at Phase ****:

- > **** to ****
- > **** to ****

. Further ICQ Integration:

- > **** of filtered incoming email messages to ICQ client as ****

1.11 Synchronization with ****:

. Each ICQ member will be provided with a **** and ****. This functionality is currently being developed by ICQ, and will be fully integrated into all components of the ICQ service (****)

. ICQ's a server-based personal communication center and **** will replace the **** ordinarily provided by vendor, and will integrate with all web-email components powered by vendor, including:

- . **** from ****
- . **** next to ****
- . ****
- . Integration of ****

1.12 Additional Features:

ICQ Email phase **** will be capable of supporting the following

- . **** (****) support
- . Search messages in folders

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Exhibit C

CP Hosting and Email Performance Obligations

Any content or any other data from non-CP hosted servers shall not be included in the calculation or measurement of the performance metrics and all other CP requirements of this Exhibit

<TABLE>

<CAPTION>

Key Process/Measurement <S>	Accuracy/functionality Standard <C>	Timeliness Standard <C>
Service Availability	Min acceptable: ****% average weekly availability (24 hrs, Saturdays, 7 days a week, 365 days) excluding planned maintenance windows. Users should see screen explaining downtime or warning of potential lag time in messages	Schedule downtime to occur only on Saturdays, 12 am - 3 am **** Pacific time no more than 26 times per year or with written permission from ICQ. In addition, planned system downtime should be communicated to ICQ at least 48 hours in advance and should not occur at peak traffic times
Processing emails	**** of all messages processed by the Service will be handled without Error meaning that the message is intact	Monthly avg response time for http sessions under **** for **** of user's service requests End to end time to send/receive a message from another service should be less than **** for **** of all

upon receipt.

messages. However, CP will not be responsible for delays outside of the CP System or other Force Majeure Events

End to end time to send/receive a message that is hosted internally by CP should be less than **** for **** of all messages.

</TABLE>

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<TABLE>

<CAPTION>

<S>

Service response time

<C>

Images load, links work **** of time

<C>

All pages should completely load (including images) and functions completed in a time equal or less than other leading webmail service providers

Capacity/Planning

Peak usage for all components / **** capacity.

Thresholds to generate a new Capacity upgrade should be initiated at **** utilization for all components

AOL agrees to provide estimated quarterly projections to CP of anticipated new mailboxes to assist in such capacity planning.

Customer service

Support all end user problems/issues that have been forwarded from ICQ's Customer Service

**** of emails acknowledged

inbound/outbound emails

with Service including but not limited to

Within **** or within **** with auto-responders; **** of emails

Premium Services, but not including Non-affiliated Premium

responded to within **** business days

Services (such as JFAX). Minimum acceptable ****

and **** of problems will have resolution within

accurate; Minimum coverage of emails

**** business days

7 am - 5 pm Pacific Standard Time plus part-time coverage in evenings and weekends to support performance standards.

Testing

CP to conduct ongoing system testing to

Testing should be continuous (in

ensure that **** of performance

intervals less than or equal to ****

metrics are tracked; Should include

****): **** of problems with

but not limited to continuous page

any of the performance metrics including

</TABLE>

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<TABLE>

<S>

<C>

loading testing of a ICQ URLs from multiple geographically separate monitoring locations on the internet and

<C>

but not limited to those listed in Exhibit E, must be identified within a **** hour period and plan of resolution

as well as testing of as well as testing of email/all other service throughput times (send, receive, forward etc) from at least one external source

ready within **** hours of problem identification/notification

"Performance metrics" means the service availability, processing emails and service response time requirements indicated above.

CP will monitor and take a baseline for the first 30 days of service and track degradation on an ongoing basis.

Monthly Reporting
(For each ICQ email domain, including "vanity domains" and for all premium services individually)

**** accurate
Monthly reports to include:
CP System uptime
Number of new user mailboxes
Number of deleted user mailboxes
Total number of user mailboxes

Member storage used for user mailboxes- (to be available for Phase 2)

Number of CP System Outages

System total downtime and average daily and monthly downtime

Changes to CP System
Reason for change
Areas affected

Reports should be received no later than 5 business days after close of month

</TABLE>

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<TABLE>
<CAPTION>
<S>
Daily Reporting as available

(For each ICQ email domain, including "vanity domains" and for all premium services individually)

<C>
Number of messages received

Number of recipients
Number of messages sent
Number of senders

<C>
Daily reports should be available every 24 hour period on a password-accessible website

System Outage Reports

Specific System outage details
Time of Outage
Length of outage
Affected areas
Reason for outage

ICQ contact notified (if any) and time of notification

Remedy to prevent outage reoccurrence

Reports should be faxed within **** of outage

System Outage Response

If a system outage occurs, CP will report outage to ICQ upon discovery

First, by phone call to ICQ NOC if any

Next, by email to designated address

System outages will be identified within ****

**** of occurrence, and ICQ will be contacted within same time frame.

which
ICQ will provide
Further, CP will make available a support
pager number manned 24/7/365.

Data Integrity	User must be able to access all	To extent measurable, will match or
----------------	---------------------------------	-------------------------------------

</TABLE>

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<TABLE>
<CAPTION>
<S>

<C> mailbox and folders contents and preferences **** of time (subject to mutual agreement on archiving and offline storage policy for older information)	<C> exceed Other Leading Webmail Service Providers; **** of such unaccessed data should be restored within competitive standards to be mutually agreed upon
--	--

Security	Security features and system capabilities should be equal or better to that offered by Other Leading Webmail Service Providers consistent with product spec and timeline	If leading competitor(s) offers a new security element, Critical Path will match it within a reasonable time period
----------	--	---

Spam Controls	Spam control features and system capabilities should be equal or better to that offered by Other Leading Webmail Service Providers and consistent with standards established throughout the ICQ web-site Critical Path will offer identification statistics and controls to continuously monitor for outbound spam of any kind and allow for shutting down account	If a leading competitor offers a new spam control element, Critical Path should Match it with a reasonable time period. Such tools will be continuously running and account can be closed, if necessary, immediately after reasonable investigation is conducted
---------------	---	--

</TABLE>

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Exhibit D

CP Back-End Support Obligations

Available Contacts; Response

CP shall appoint dedicated technical contacts with reasonable and substantial relevant training and experience to whom ICQ may address all technical questions relating to the ICQ Mail Software. Such contacts must be available twenty four hours a day, 7 days a week, 365 days a year.

Such contacts will be available by phone or pager 24 hours a day. Calls not answered should be returned in all instances within one-half hour.

Additional Technical Support.

At ICQ's request, CP will provide to ICQ appropriate technical personnel to provide support and advice to ICQ at locations specified by ICQ at the then current CP Time-and-Materials Rate or as otherwise agreed. Actual travel expenses shall be reimbursed to CP under ICQ's standard practices and policies, including maximum amounts for reimbursement and coach air travel.

Error Correction

CP shall correct problems as specified herein:

- . For Severity 1 Problems, CP will respond within **** and use best commercial efforts to provide ICQ a patch, workaround, or other temporary solution within **** after ICQ notifies CP and a permanent problem resolution within **** calendar days
- . For Severity 2 Problems, CP will respond with **** and use best commercial efforts to provide ICQ a patch, workaround, or other temporary solution within **** hours after ICQ notifies ICQ and a permanent problem resolution within ****
- . For Severity 3 problems, CP will use best commercial efforts to provide a patch, work around or other temporary solution within **** after ICQ notifies ICQ and a permanent problem resolution must be provided within a time frame that is commercially reasonable considering the severity of the problem and in no event later than the next scheduled release (or earlier if mutually agreed).

If any problem cannot be reproduced by CP after best commercial and prompt efforts, CP and ICQ shall mutually determine how to reproduce the problem and correct it.

Training

CP will, at no cost to ICQ, provide ICQ personnel with sufficient training to enable ICQ to undertake its obligations and obtain its benefits hereunder. The parties will mutually agree on the amount and content of such training, the personnel who will be trained, the timing of such training and location of such training. Each party will pay its own travel expenses for such training.

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Spamming Response

CP shall promptly respond and resolve any spam issues on the ICQ Mail Service, including but not limited to using commercially reasonable efforts to block spam (which efforts will be not be less than those required under Exhibits B and C.)

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Exhibit E

Stock Warrant Form

EXHIBIT F

ACCEPTABLE USE POLICY AND TERMS OF USE

[THIS POLICY IS ONLY FOR REFERENCE IN THE EVENT OF A CLAIM FOR
INDEMNIFICATION UNDER SECTION 4.2]

Acceptable Use Policy

This Acceptable Use Policy ("AUP") provides a set of guidelines that Customers and End Users of the services provided by Critical Path Inc. ("Services") must follow in the use of their Services accounts. Critical Path reserves the right to update this AUP often. Please review this AUP on a frequent basis to stay current on the acceptable uses of the Services.

Prohibited Activities

. Customers and End Users may not transmit or disseminate: (i) advertising, chain letters, spam, junk mail or any other type of unsolicited e-mailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; (ii) harassing, libelous, abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right, or that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable law or regulation; or (iii) viruses or other harmful, disruptive or destructive files.

. In addition, Customers and End Users may not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will any Customer or any End User interfere with the security of, or otherwise abuse, the Service, system resources or accounts, or any network or another user's use or enjoyment of the mail services.

. No Customer or End User may forge header or address information.

Following are more specific (but not exhaustive) examples of the prohibited activities and Critical Path's policies with respect to them.

Unsolicited Bulk E-mail (popularly known as "spam")

Without exception, Critical Path does not tolerate the practice of mass-mailing unwanted email solicitations of any type, regardless of content, and will not permit its Customers or End Users to transmit or disseminate this type of email using the Services.

. Any Customer or End User who sends unsolicited advertisements or solicitations, commercial or otherwise, may have its account disabled and be disallowed further service.

. Each Customer is responsible for ensuring that the Services are used in an appropriate manner by Customer's End Users. Therefore, the Customer must take steps to manage the use of the Services so that violations of this AUP and other network abuse is minimized. The Customer must also make contact information available to its End Users, respond in a timely manner to any complaints and, if applicable to Critical Path's Services, forward such complaints to Critical Path for consideration.

. In extreme cases, Critical Path may immediately suspend the use of any account in order to prevent further abuse or damage to e-mail systems or otherwise protect Critical Path's interests. If this occurs, Critical Path will notify the Customer as soon as possible.

. Unsolicited advertisements or solicitations sent from other networks which reference e-mail accounts hosted by Critical Path will be treated as if they originated from the referenced account, unless Critical Path knows, or has sufficient evidence to believe, that the message originated with some unrelated party.

. Likewise, postings made to usenet newsgroups or other online forums which reference e-mail accounts hosted by Critical Path, and are deemed to be inappropriate according to this AUP, the forum's ethical standards or other general Internet use standards, may be treated in the same manner as unsolicited bulk e-mail above.

Filtering of Incoming E-mail

. It is Critical Path's policy to respect the privacy of its Customers and their End Users. Critical Path does not censor or control the contents of Customers' and End Users' e-mail messages. Customers and End Users are responsible for the contents of the messages obtained through the Services, and the consequences of any such messages.

. As owner of the equipment and other resources used in providing the Services, Critical Path reserves the right to employ blocking or filtering software or other monitoring devices or techniques if deemed necessary or reasonable to detect and/or protect spam with respect to electronic communications received by Customers or End Users from other entities.

. Whenever possible, Critical Path will attempt to notify the party being blocked before such action occurs.

Illegal Activities

. The Services offered may only be used for lawful purposes. Transmission, distribution, or storage of any information, data or material in violation of any applicable law, regulation, ordinance or other rule imposed by any governmental authority, is prohibited. This includes, but is not limited to, material protected by copyright, trademark, trade secret, or other proprietary right.

. Critical Path will cooperate with law enforcement and other legal authorities in investigating claims of illegal activity.

. Critical Path will not release any personally-identifiable information regarding its Customers (other than information that is already publicly available, such as the InterNIC's WHOIS database) or their End Users to any third party except to the extent necessary or appropriate to cooperate with such law enforcement or other legal authorities, to comply with applicable laws or regulations or in legal or administrative proceedings where such information is relevant, or to properly provide the Services, operate or maintain its systems or protect itself or its customers.

. Critical Path reserves the right to terminate any Customer's or End User's account if Critical Path learns that such Customer or End User has provided Critical Path with false or misleading registration information.

Account and Password

. Each Customer and End User is responsible for maintaining the confidentiality of its account number and password and is responsible for all uses of its account, whether or not authorized by the Customer or End User.

. Customer or End User agrees to immediately notify Customer of any unauthorized use of its account.

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Rights and Responsibilities

. Certain violations of this AUP may subject Customer and/or End User to criminal and/or civil liability.

. Critical Path considers most instances of unsolicited bulk e-mail to be a theft of Services and reserves the right to take appropriate actions against originators of same, including terminating the applicable account(s) and suing for damages.

. Customer and End User agrees to indemnify and hold Critical Path, its suppliers and their respective affiliates and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to Customer's or User's use of the Services or the violation of this AUP, including without limitation the infringement by Customer or End User, or any other user of the applicable account, of any intellectual property or other right of any person or entity.

. Nothing contained in this document shall be construed to limit action Critical Path may take or remedies available to it in any way with respect to any prohibited activity or conduct. Critical Path reserves the right to take any additional actions it may consider appropriate with respect to such activity or conduct, including without limitation taking action to recover costs and expenses of identifying offenders and removing them from Critical Path's network or systems, and levying cancellation charges to cover costs in the event of disconnection for the causes outlined in this AUP. In addition, Critical Path reserves the right to charge and/or sue for damages (including damage to software, hardware and other equipment and the time and expense incurred in repairing such damage) if any harm is done to its network or equipment which requires repair or reconfiguration of any kind.

. Non-enforcement of any term of this AUP does not constitute consent or waiver,

and Critical Path Inc. reserves the right to enforce such term at its sole discretion.

DEFINITIONS

. "Customer" refers to the business entity which has contracted with Critical Path, Inc. for e-mail services. Each Customer may have multiple domain accounts and each domain account may have one or more End User.

. "End User" refers to the person, persons, or entity using a specific account (designated by a unique e-mail address) within a domain controlled by the Customer and operated by Critical Path, Inc.

Selected Bibliography (if you are concerned about spam and other uses of the Internet and email, the following websites might be of interest to you. Critical Path does not make these sites available and makes no warranties or representations regarding them.)

- . RFC 1855 "Netiquette Guidelines" (the "unwritten" rules)
- . Fight Spam on the Internet! (the central site for the anti-spam activist community; includes filtering methods, example policies, and much more)
- . Coalition Against Unsolicited Commercial E-mail (the world's largest online organization)
- . The Net Abuse FAQ (mainly deals with Usenet; maintained by a Critical Path employee)

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TERMS OF USE

Please read the following agreement carefully.

You must accept the agreement to be able to use the CUSTOMER Service.

1. Acceptance of Terms of Use

CUSTOMER's mail service ("CUSTOMER Service") is provided free of charge to registered users (each, a "User") under these Terms of Use. BY COMPLETING THE REGISTRATION PROCESS AND CLICKING THE "I ACCEPT" BUTTON, YOU ARE INDICATING YOUR AGREEMENT TO BE BOUND BY THESE TERMS OF USE. These Terms of Use are the entire agreement between you and CUSTOMER with respect to the services provided by CUSTOMER.

2. Privacy of Information

It is CUSTOMER's policy to respect the privacy of its Users. CUSTOMER does not censor or control the contents of its Users' email messages. You alone are responsible for the contents of your messages, and the consequences of any such messages. As owner of the equipment and other resources used in providing the CUSTOMER Service, CUSTOMER and its suppliers reserve the right to employ blocking or filtering software or other monitoring devices or techniques if deemed necessary or reasonable to detect and/or protect itself from spam with respect to electronic communications received by Users from other persons or entities.

CUSTOMER will cooperate with law enforcement and other legal authorities in investigating claims of illegal activity and to report to law enforcement officials any suspected illegal activity.

CUSTOMER will not release any personally-identifiable information regarding its Users to any third party except to the extent necessary or appropriate to cooperate with such law enforcement or other legal authorities, to comply with applicable laws or regulations or in legal or administrative proceedings where such information is relevant, or to properly provide the CUSTOMER Service, operate or maintain its systems or protect itself or its customers. You agree that CUSTOMER's judgment as to the validity of any court order or government directive to disclose information shall be considered proper and final. CUSTOMER reserves the right to terminate any User's account if CUSTOMER learns that such User has provided CUSTOMER false or misleading registration information.

3. Modifications of these Terms of Use

CUSTOMER may modify these Terms of Use from time to time in its sole discretion. CUSTOMER will provide you with reasonable notice of any such changes, and your

continued use of the CUSTOMER Service will be deemed to constitute your acceptance of any such changes.

4. CUSTOMER's Rights

CUSTOMER may modify or discontinue your account or the CUSTOMER Service with or without notice, without liability to you or any third party.

5. Prohibited Activities

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The CUSTOMER Service may only be used for lawful purposes. Transmission, distribution, or storage of any information, data or material in violation of any applicable law, regulation, ordinance or other rule imposed by any governmental authority, is prohibited. This includes, but is not limited to, material protected by copyright, trademark, trade secret, or other proprietary right.

You agree that you will not transmit or disseminate: (i) advertising, chain letters, spam, junk mail or any other type of unsolicited emailing (whether commercial or informational) to persons or entities that have not agreed to be part of such mailings; (ii) harassing, libelous, abusive, threatening, obscene or otherwise objectionable materials or materials which infringe or violate any third party's copyright, trademark, trade secret, privacy or other proprietary or property right, or that could constitute a criminal offense, give rise to civil liability or otherwise violate any applicable law or regulation; or (iii) viruses or other harmful, disruptive or destructive files. You may not alter headers of email messages to conceal the email address or prevent others from responding to the messages.

You agree that you will not use or attempt to use another person's or entity's account, service or system without authorization from the owner, nor will you interfere with the security of the CUSTOMER Service, system resources or accounts or any network. You may not abuse systems, or make use of the CUSTOMER Service in a way that disrupts the normal use of CUSTOMER's system or services for others. This includes but is not limited to, running excessive numbers of processes, attempting to disrupt the connections or other customers, consuming excessive amounts of CPU time, memory or disk space, or running multiple simultaneous logins.

Unsolicited advertisements or solicitations sent from other networks which reference email accounts hosted by CUSTOMER will be treated as if they originated from the referenced account, unless CUSTOMER knows, or has sufficient evidence to believe, that the message originated with some unrelated party.

Likewise, you may not post inappropriate messages to newsgroups. Criteria for whether a post is inappropriate include, but are not limited to, the written charter/FAQ of the newsgroup, established Usenet conventions, the system resources effected by the posting and applicable laws. You are responsible for determining whether or not a newsgroup permits the type of message you intend to post. You may not "flood" or disrupt Usenet groups, or cancel or modify articles posted by others.

6. Violations

If CUSTOMER and/or its suppliers become aware of possible violations, they may, in their sole discretion, , initiate an investigation, suspend or terminate the account, remove materials from its server, cancel newsgroup posts, issue a warning, or take other responsive action. You agree to respond in a timely manner to any complaints. CUSTOMER and its suppliers reserve the right to assess a charge of \$500.00 per complaint received by CUSTOMER or its suppliers and to recover damages for such complaints for any harm done to the system or service or for employee hours devoted to responding to complaints. Nothing contained in these Terms of Use shall be construed to limit the actions CUSTOMER or its suppliers may take or remedies available to it in any way with respect to any prohibited activity or conduct.

Certain violations of these Terms of Use may subject User to criminal and/or civil liability.

Non-enforcement of any term of these Terms of Use does not constitute consent or waiver, and CUSTOMER reserves the right to enforce such term at its sole discretion.

7. Account and Password

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You warrant that you are at least 18 years of age or older. You are responsible

for maintaining the confidentiality of your account number and password. You are responsible for all uses of your account, whether or not authorized by you. You agree to immediately notify CUSTOMER of any unauthorized use of your account.

8. Disclaimer of Warranties

YOU EXPRESSLY AGREE THAT USE OF THE CUSTOMER SERVICE IS AT YOUR SOLE RISK. THE CUSTOMER SERVICE IS PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS.

CUSTOMER DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.

CUSTOMER DOES NOT MAKE ANY WARRANTY THAT THE CUSTOMER SERVICE WILL MEET YOUR REQUIREMENTS, OR THAT THE CUSTOMER SERVICE WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR FREE; NOR DOES CUSTOMER MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE CUSTOMER SERVICE OR AS TO THE ACCURACY OR RELIABILITY OF ANY INFORMATION OBTAINED THROUGH THE CUSTOMER SERVICE.

YOU UNDERSTAND AND AGREE THAT ANY MATERIAL AND/OR DATA DOWNLOADED OR OTHERWISE OBTAINED THROUGH THE USE OF THE CUSTOMER SERVICE IS AT YOUR OWN DISCRETION AND RISK AND THAT YOU WILL BE SOLELY RESPONSIBLE FOR ANY DAMAGE TO YOUR COMPUTER SYSTEM OR LOSS OF DATA THAT RESULTS FROM THE DOWNLOAD OF SUCH MATERIAL AND/OR DATA.

CUSTOMER DOES NOT MAKE ANY WARRANTY REGARDING ANY GOODS OR SERVICES PURCHASED OR OBTAINED THROUGH THE CUSTOMER SERVICE OR ANY TRANSACTIONS ENTERED INTO BY USE OF OR THROUGH THE CUSTOMER SERVICE.

NO ADVICE OR INFORMATION, WHETHER ORAL OR WRITTEN, OBTAINED BY YOU FROM CUSTOMER OR THROUGH THE CUSTOMER SERVICE SHALL CREATE ANY WARRANTY NOT EXPRESSLY MADE HEREIN.

9. Limitation of Liability

CUSTOMER AND ITS SUPPLIERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, RESULTING FROM THE USE OR THE INABILITY TO USE THE CUSTOMER SERVICE OR FOR THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES OR RESULTING FROM ANY GOODS OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO BY MEANS OF OR THROUGH THE CUSTOMER SERVICE OR RESULTING FROM UNAUTHORIZED ACCESS TO OR ALTERATION OF YOUR TRANSMISSIONS OR DATA, INCLUDING BUT NOT LIMITED TO, DAMAGES FOR LOSS OF PROFITS, USE, DATA OR OTHER INTANGIBLE, EVEN IF CUSTOMER OR ITS SUPPLIER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10. Email Message Storage

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CUSTOMER does not assume any responsibility for the deletion or failure to store email messages. If you exceed the maximum permitted storage space, CUSTOMER reserves the right to delete email messages from the affected mailboxes, at its discretion.

11. Promotional Messages

CUSTOMER and/or third parties may, from time to time, send email messages to you containing advertisements, promotions, etc. CUSTOMER does not make any representation or warranty with respect to any such email messages or any goods or services which may be obtained from such third parties, and you agree that CUSTOMER shall have no liability with respect thereto.

12. Indemnification

You agree to indemnify and hold CUSTOMER, its suppliers and their respective affiliates, officers, directors, employees and agents, harmless from any claim, action or demand, including reasonable attorneys' fees, made by any third party due to, arising out of or related to your use of the CUSTOMER Service or violation of these Terms of Use, including without limitation the infringement by you, or any other user of your account, of any intellectual property or other right of any person or entity.

13. Applicable Law

These Terms of Use shall be governed by and construed in accordance with the laws of the State of California, without giving effect to its conflict of laws provisions.

I ACCEPT/I DECLINE

EXHIBIT G

OTHER WEBMAIL SERVICE PROVIDERS

(as of the Effective Date of the Agreement)

1. Yahoo
2. Excite
3. IName
4. Hot Mail
5. Who Where

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 (No. 333-71499) of our report dated January 28, 1999, except for Note 9, which is as of March 25, 1999, relating to the consolidated financial statements of Critical Path, Inc., which appears in such Prospectus. We also consent to the reference to us under the heading "Experts" in such Prospectus.

/s/ PricewaterhouseCoopers LLP

San Jose, California

March 25, 1999