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To the Director of the U. S. Patent and T.

ments or the new address(es) below.

3.23.07

1. Name of conveying party(ies):

Waterfront Media, Inc.

- Individual(s)
- General Partnership
- Corporation- State: Delaware
- Other _____
- Association
- Limited Partnership

Citizenship (see guidelines) _____

Additional names of conveying parties attached? Yes No

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Hercules Technology Growth Capital, Inc.

Internal

Address: _____

Street Address: 400 Hamilton Avenue, Suite 310

City: Palo Alto

State: CA

Country: USA Zip: 94301

- Association Citizenship _____
- General Partnership Citizenship _____
- Limited Partnership Citizenship _____
- Corporation Citizenship Maryland, USA
- Other _____ Citizenship _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)

3. Nature of conveyance /Execution Date(s) :

Execution Date(s) _____

- Assignment
- Security Agreement
- Other _____
- Merger
- Change of Name

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
77/020887

B. Trademark Registration No.(s)
3,030,305

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

5. Name & address of party to whom correspondence concerning document should be mailed:

Name: Michael F. Dowley, Esquire

Internal Address: _____

Street Address: Seyfarth Shaw LLP

Two Seaport Lane, Suite 300

City: Boston

State: MA Zip: 02210

Phone Number: 617-946-4859

Fax Number: 617-946-4801

Email Address: mdowley@seyfarth.com

6. Total number of applications and registrations involved:

9

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 240

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____

Authorized User Name _____

9. Signature:

3/22/2007

Signature

Date

03/26/2007 DEBYRNE 00000180 77020887

40.00 or
200.00 Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 55

Documents to be recorded (including cover sheet) should be faxed to (571) 273-0140, or mailed to:
Mail Stop Assignment Registration Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

**Recordation Form Cover Sheet
TRADEMARKS ONLY**

(Continuation Sheet)

Continuation of No. 4 (Application Number(s) or Registration Number(s), etc.)

TRADEMARK REGISTRATIONS

<u>Name</u>	<u>Date Issued</u>	<u>Registration Number</u>	<u>Status</u>
The Diet Ring	February 7, 2006	3,057,310	Registered

TRADEMARK APPLICATIONS

<u>Name</u>	<u>Date Filed</u>	<u>Serial Number</u>	<u>Status</u>
Everyday Health Design	October 13, 2006	77/020918	Pending
Everyday Health Design	October 13, 2006	77/020965	Pending
Everyday Health Design	October 13, 2006	77/021068	Pending
Everyday Health Design	October 13, 2006	77/021039	Pending
Everyday Health Design	October 26, 2006	77/029603	Pending
Waterfront Media	January 11, 2004	78/350343	Allowed

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made and dated as of March 22, 2007, and is entered into by and between WATERFRONT MEDIA INC., a Delaware corporation, and each of its subsidiaries (hereinafter individually or collectively, as the context may require, referred to as the "Borrower"), and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation ("Lender").

RECITALS

A. Borrower has requested Lender to make available to Borrower: (i) a revolving line of credit facility in the maximum principal amount of up to Four Million Dollars (\$4,000,000.00); and (ii) a take-down facility to establish term loans in the aggregate principal amount of Four Million Dollars (\$4,000,000.00); and

B. Lender is willing to make the loan facilities on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, Borrower and Lender agree as follows:

SECTION 1. DEFINITIONS AND RULES OF CONSTRUCTION

1.1. Unless otherwise defined herein, the following capitalized terms shall have the following meanings:

"Account" means any account, as such term is defined in the UCC, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest and, in any event, shall include all accounts receivable, book debts, rights to payment, and other forms of obligations now owned or hereafter received or acquired by or belonging or owing to Borrower (including under any trade name, style or division thereof), whether or not arising out of goods or software sold or services rendered by Borrower or from any other transaction (including any such obligation that may be characterized as an account or contract right under the UCC), and all of Borrower's rights in, to and under all purchase orders or receipts now owned or hereafter acquired by it for goods or services, and all of Borrower's rights to any goods represented by any of the foregoing (including unpaid seller's rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), and all monies due or to become due to Borrower under all purchase orders and contracts for the sale of goods or the performance of services or both by Borrower or in connection with any other transaction (whether or not yet earned by performance on the part of Borrower), now in existence or hereafter occurring, including the right to receive the Proceeds of said purchase orders and contracts, and all collateral security and guarantees of any kind given by any Person with respect to any of the foregoing.

"Account Control Agreement(s)" means any agreement entered into by and among the Lender, Borrower and a third party Bank or other institution (including a Securities Intermediary) in which Borrower maintains a Deposit Account or Investment Property and which is intended to perfect Lender's security interest in any of the Collateral.

"Advance" and "Advances" mean any funds advanced under the Revolving Credit Facility or the Term Loan pursuant to the terms of this Agreement.

"Advance Date" means the funding date of any Advance.

"Advance Request" means a request for an Advance submitted by Borrower to Lender in substantially the form of Exhibit A.

“Affiliate” means any person, corporation or other entity which directly or indirectly controls, or is controlled by, or is under common control with the Borrower or any Subsidiary.

“Agreement” means this Loan and Security Agreement, as the same may from time to time be amended, modified, supplemented or restated from time to time in accordance with the terms hereof.

“Borrower Products” means all products, software, service offerings, technical data or technology currently being designed, manufactured or sold by Borrower or which Borrower intends to sell, license, or distribute in the future including any products or service offerings under development, collectively, together with all products, software, service offerings, technical data or technology that have been sold, licensed or distributed by Borrower since its incorporation.

“Borrowing Base Certificate” means a borrowing base certificate substantially in the form of Exhibit I.

“Business Day” means any day other than Saturday, Sunday, any other day on which banks are required or authorized to close in New York, New York.

“Cash” means all cash and liquid funds.

“Closing Date” means the date of this Agreement.

“Collateral” means the property described in Section 3.

“Commitment Charge” means \$15,000.00, which fee has been paid by Borrower to Lender prior on the Closing Date.

“Contingent Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another Person, including any such obligation directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards or merchant services issued for the account of that Person; and (iii) all obligations arising under any interest rate, currency or commodity swap agreement, interest rate cap agreement, interest rate collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term “Contingent Obligation” shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

“Convertible Notes” means those Convertible Subordinated Promissory Notes issued pursuant to the Convertible Note Purchase Agreement.

“Convertible Note Purchase Agreement” means the Convertible Subordinated Note Purchase Agreement dated March 5, 2007 between the Borrower and the “Investors” (as defined therein) signatory thereto.

“Copyrights” means all copyrights, whether registered or unregistered, held pursuant to the laws of the United States, any State thereof, or of any other country.

“Copyright License” means any written agreement granting any right to use any Copyright or Copyright registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Deposit Accounts” means any “deposit accounts,” as such term is defined in the UCC, and includes any checking account, savings account, or certificate of deposit.

“Drawdown Expiration Date” shall mean December 22, 2007.

“Eligible Accounts” means Accounts receivable arising in the ordinary course of Borrower’s business. Lender reserves the right at any time and from time to time after the Closing Date, to adjust any of the criteria set forth below and to establish new criteria in its good faith credit judgment. Unless otherwise agreed by Lender, Eligible Accounts shall not include Ineligible Accounts.

“Event of Default” has the meaning given to it in Section 9.

“Financial Statements” has the meaning given to it in Section 7.1.

“Fully Diluted Capitalization” means, at any given time, the number of shares of Borrower’s (i) common stock issued and outstanding, and (ii) common stock ultimately issuable upon conversion, exercise or exchange of any outstanding rights to purchase Borrower’s capital stock, including preferred stock, options, warrants, employee stock plans and convertible debt.

“GAAP” means generally accepted accounting principles in the United States of America, as in effect from time to time.

“Indebtedness” means indebtedness of any kind, including (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations, and (d) all Contingent Obligations.

“Ineligible Accounts” means the following Accounts:

- a) Accounts that the account debtor has failed to pay in full within 90 days of the invoice date, or, in the case of Accounts owing by an account debtor listed on Schedule 1D hereto, or an Affiliate thereof, whether existing on the Closing Date or arising at any time thereafter, which such account debtor has failed to pay in full within 120 days of the invoice date;
- b) Accounts owing by an account debtor, including its Affiliates, whose total obligations to Borrower exceed 50% of all Accounts, to the extent those obligations exceed that percentage, except as approved by Lender;
- c) Accounts owing by an account debtor, including its Affiliates, 25% of whose Accounts the account debtor has failed to pay within 90 days of invoice date, or, in the case of those Accounts owing by an account debtor listed on Schedule 1D hereto, or an Affiliate thereof, whether existing on the Closing Date or arising at any time thereafter, within 120 days of the invoice date;
- d) Accounts owing by an account debtor that does not have its principal place of business in the United States;
- e) Accounts owing by an account debtor to whom Borrower owes money, goods or services, or is otherwise obligated, but only to the extent of the potential amount owed by Borrower;
- f) Accounts arising out of deferred revenue;
- g) Accounts owing by an Affiliate of Borrower;

- h) Accounts that are the obligation of an account debtor that is the United States government or a political subdivision thereof, or any state, county or municipality or department, agency or instrumentality thereof unless Lender, in its sole discretion, has agreed to the contrary in writing and Borrower, if necessary or desirable, has complied with respect to such obligation with the Federal Assignment of Claims Act of 1940, or any applicable state, county or municipal law restricting assignment thereof;
- i) Accounts that arise with respect to goods that are delivered on a bill and hold, cash on delivery basis or placed on consignment, guaranteed sale or other terms by reason of which the payment by the account debtor is or may be conditional;
- j) Accounts (i) upon which Borrower's right to receive payment is not absolute or is contingent upon the fulfillment of any condition whatsoever or (ii) as to which Borrower is not able to bring suit or otherwise enforce its remedies against the account debtor through judicial process; and
- k) Accounts the collection of which Lender determines in its good faith credit judgment to be doubtful.

"Initial Public Offering" means the initial firm commitment underwritten offering of Borrower's common stock pursuant to a registration statement under the Securities Act of 1933 filed with and declared effective by the Securities and Exchange Commission.

"Intellectual Property" means all Borrower's and any Subsidiaries' Copyrights; Trademarks; Patents; Licenses; trade secrets and inventions; Borrower's applications therefor and reissues, extensions, or renewals thereof; and Borrower's goodwill associated with any of the foregoing, together with Borrower's rights to sue for past, present and future infringement of Intellectual Property and the goodwill associated therewith.

"Interest Rate" means: (i) with respect to the Revolving Credit Facility and Advances made thereunder, for any day, the floating rate equal to the sum of the prime rate as reported in The Wall Street Journal, plus one and one-quarter (1.25%) percent per annum, and (ii) with respect to the Term Loan and Advances made thereunder, for any day, the floating rate equal to the sum of the prime rate as reported in The Wall Street Journal, plus three (3.00%) percent per annum.

"Inventory" means all goods now owned or hereinafter acquired and intended for sale, including raw materials, work-in-process and finished goods, which would, in accordance with GAAP, be classified as inventory.

"Investment" means any beneficial ownership of (including stock, partnership or limited liability company interests) of or in any Person, or any loan, advance or capital contribution to any Person.

"Joinder Agreements" means for each Subsidiary, a completed and executed Joinder Agreement in substantially the form attached hereto as Exhibit G.

"Lender" has the meaning given to it in the preamble to this Agreement.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment for security, security interest, encumbrance, levy, lien or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, against any property, any conditional sale or other title retention agreement, any lease in the nature of a security interest, and the filing of any financing statement (other than a

precautionary financing statement with respect to a lease that is not in the nature of a security interest) under the UCC or comparable law of any jurisdiction.

“Loan” or “Loans” means any Advance or Advances made under Revolving Credit Facility and the Term Loan pursuant to this Agreement.

“Loan Documents” means this Agreement, the Notes, Account Control Agreements, Joinder Agreements, all UCC Financing Statements, the Warrant, and any other documents executed in connection with the Secured Obligations or the transactions contemplated hereby, as the same may from time to time be amended, modified, supplemented or restated.

“Material Adverse Effect” means a material adverse effect upon: (i) the business, operations, properties, assets, or financial condition of Borrower, which would materially impair the ability of Borrower to perform the Secured Obligations in accordance with the terms of the Loan Documents, or the ability of Lender to enforce any of its rights or remedies with respect to the Secured Obligations; or (ii) the Collateral or Lender’s Liens on the Collateral or the priority of such Liens.

“Maximum Availability” shall have the meaning assigned to such term in Section 2.4.

“Maximum Loan Amount” means: (i) with respect to the Revolving Credit Facility, Four Million Dollars (\$4,000,000.00), and (ii) with respect to the Term Loan, Four Million Dollars (\$4,000,000.00).

“Maximum Rate” shall have the meaning assigned to such term in Section 2.7.

“Next Event” means the closing of Borrower’s next round of private equity financing which first becomes effective after the Closing Date.

“Notes” means collectively the Revolving Credit Note and the Term Note(s).

“Patent License” means any written agreement granting any right with respect to any invention on which a Patent is in existence or a Patent application is pending, in which agreement Borrower now holds or hereafter acquires any interest.

“Patents” means all letters patent of, or rights corresponding thereto, in the United States or in any other country, all registrations and recordings thereof, and all applications for letters patent of, or rights corresponding thereto, in the United States or any other country.

“Payment Date” shall have the meaning assigned to such term in Section 2.6.

“Permitted Acquisitions” means: (a) the acquisition by Borrower or any Subsidiary of all or substantially all of the assets and liabilities of MyDietJournal.com LLC, the aggregate purchase price of which shall not exceed \$1,000,000.00; (b) other than as set forth in (a) above, the acquisition by Borrower or any Subsidiary of all or substantially all of the capital stock or assets of another Person for an aggregate amount not to exceed \$1,000,000 in any fiscal year; or (c) the acquisition by Borrower or any Subsidiary of all or substantially all of the capital stock or assets of another Person approved in writing by the Lender, which approval shall not unreasonably be withheld.

“Permitted Indebtedness” means: (a) Indebtedness of Borrower in favor of Lender arising under this Agreement or any other Loan Document; (b) Indebtedness existing on the Closing Date and disclosed in Schedule 1A; (c) Indebtedness incurred in the ordinary course of business, including, but not limited to, Indebtedness incurred in the ordinary course of business with respect to corporate credit cards, royalty commitments, subscriber liabilities, and sales commissions; (d) Indebtedness that also constitutes a Permitted Investment, if any; (e) Indebtedness incurred in connection with capital leases on equipment not to exceed the maximum amount of \$100,000.00 at any one time; (f) Indebtedness incurred in connection with the Convertible Notes; and (g) extensions, refinancings and renewals of any items of Permitted Indebtedness, provided that the principal amount is not increased or the terms modified to impose materially more burdensome terms upon Borrower or its Subsidiary, as the case may be.

“Permitted Investment” means: (a) Investments existing on the Closing Date disclosed in Schedule 1B; (b) (i) Marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor’s Corporation or Moody’s Investors Service, (iii) certificates of deposit issued by any bank with assets of at least \$500,000,000 maturing no more than one year from the date of investment therein, and (iv) money market accounts; (c) Repurchases of stock from former employees, directors, or consultants of Borrower under the terms of applicable repurchase agreements at the original issuance price of such securities in an aggregate amount not to exceed \$250,000 in any fiscal year, provided that no Event of Default has occurred, is continuing or would exist after giving effect to the repurchases; (d) Investments accepted in connection with Permitted Transfers; (e) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of Borrower’s business; (f) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not affiliates, in the ordinary course of business, provided that this subparagraph (g) shall not apply to Investments of Borrower in any Subsidiary; (h) Permitted Acquisitions; (i) Joint ventures or strategic alliances in the ordinary course of Borrower’s business consisting of the nonexclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash Investments by Borrower do not exceed \$250,000 in the aggregate in any fiscal year; and (j) any additional Investments not exceeding \$250,000 in the aggregate in any fiscal year.

“Permitted Liens” means any and all of the following: (i) Liens existing on the Closing Date disclosed in Schedule 1C; (ii) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings; provided, that Borrower maintains adequate reserves therefor in accordance with GAAP; (iii) Liens securing claims or demands of materialmen, artisans, mechanics, carriers, warehousemen, landlords and other like Persons arising in the ordinary course of Borrower’s business and imposed without action of such parties, provided, that the payment thereof is not yet required; (iv) Liens arising from judgments, decrees or attachments in circumstances which do not constitute an Event of Default hereunder; (v) the following deposits, to the extent made in the ordinary course of business: deposits under worker’s compensation, unemployment insurance, social security and other similar laws, or to secure the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure indemnity, performance or other similar bonds for the performance of bids, tenders or contracts (other than for the repayment of borrowed money) or to secure statutory obligations (other than liens arising under ERISA or environmental liens) or surety or appeal bonds, or to secure indemnity, performance or other similar bonds; (vi) purchase money liens and liens in connection with capital leases on equipment securing Indebtedness permitted in clause (e) of “Permitted Indebtedness”; (vii) banker’s liens, rights of setoff and similar Liens incurred on deposits made in the ordinary course of business and (viii) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (i) through (vii) above; provided, that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced (as may have been reduced by any payment thereon) does not increase.

“Permitted Transfers” means (i) sales of Inventory in the ordinary course of business, (ii) licenses and similar arrangements for the use of Intellectual Property in the ordinary course of business, or (iii) dispositions of worn-out obsolete or surplus equipment.

“Person” means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, other entity or government.

“Preferred Stock” means at any given time any equity security issued by Borrower that has any rights, preferences or privileges senior to Borrower’s common stock.

“Prepayment Event” means any (i) reorganization, recapitalization, consolidation, merger (or similar transaction or series of related transactions) of Borrower or any Subsidiary, (ii) sale or exchange of outstanding shares (or similar transaction or series of related transactions) of Borrower or any Subsidiary in which the holders of Borrower or Subsidiary’s outstanding shares immediately before consummation of such transaction or series of related transactions do not, immediately after consummation of such transaction or series of related transactions, in the aggregate retain shares representing at least more than fifty percent (50%) of the voting power of the surviving entity of such transaction or series of related transactions (or the parent of such surviving entity if such surviving entity is wholly owned by such parent), in each case without regard to whether Borrower or Subsidiary is the surviving entity, or (iii) sale, lease, license or transfer of all or substantially all of the assets of Borrower or any Subsidiary.

“Receivables” means (i) all of Borrower’s Accounts, Instruments, Documents, Chattel Paper, Supporting Obligations, letters of credit, proceeds of any letter of credit, and Letter of Credit Rights, and (ii) all customer lists, software, and business records related thereto.

“Revolving Credit Facility” shall have the meaning assigned to that term in Section 2.1 of this Agreement.

“Revolving Credit Note” that certain revolving promissory note dated as of even date herewith made by Borrower to the order of Lender in the maximum principal amount of Four Million Dollars (\$4,000,000.00) under the Revolving Credit Facility pursuant to this Agreement.

“Revolving Credit Facility Charge” means three-quarters of one (0.75%) percent of the Maximum Loan Amount for the Revolving Credit Facility.

“Revolving Credit Facility Maturity Date” means March 21, 2008, as such date may be extended by Lender in writing in its sole and absolute discretion upon written request by Borrower.

“Secured Obligations” means Borrower’s obligation to repay to Lender all Advances made under the Revolving Credit Facility and the Term Loan (whether or not evidenced by any Notes), together with all principal, interest, fees, costs, professional fees and expenses, or other liabilities or obligations for monetary amounts owed by Borrower to Lender however arising, including the indemnity and insurance obligations in Section 6 hereof and including such amounts as may accrue or be incurred before or after default or workout or the commencement of any liquidation, dissolution, bankruptcy, receivership or reorganization by or against Borrower, whether due or to become due, matured or unmatured, liquidated or unliquidated, contingent or non-contingent, and all covenants and duties of any kind or nature, present or future, in each case, arising under this Agreement, the Notes, or any of the other Loan Documents, as the same may from time to time be amended, modified, supplemented or restated, whether or not such obligations are partially or fully secured by the value of Collateral.

“Subordinated Indebtedness” means Indebtedness subordinated, in writing by the holder of such Indebtedness in a manner approved by the Lender, to the prior payment, in full, of the Notes and all other obligations or liabilities, whether now incurred or hereafter arising, owed by such Person to the Lender, including, without limitation, the Convertible Notes. For the avoidance of doubt, except for the Convertible Notes, “Subordinated Indebtedness” shall not include Permitted Indebtedness.

“Subsidiary” means an entity, whether corporate, partnership, limited liability company, joint venture or otherwise, in which Borrower owns or controls 50% or more of the outstanding voting securities, including each entity listed on Schedule 1 hereto.

“Term Loan” shall have the meaning assigned to such term in Section 2A.1. of this Agreement.

“Term Loan Facility Charge” means ninety-five hundredths (0.95%) percent of the Maximum Loan Amount for the Term Loan.

“Term Loan Maturity Date” means December 31, 2010.

“Term Note(s)” means that certain term promissory note or collectively those certain term promissory notes made by Borrower to the order of Lender evidencing Advances made pursuant to the Term Loan pursuant to this Agreement, which promissory notes shall be in substantially the form of Exhibit B annexed hereto.

“Trademark License” means any written agreement granting any right to use any Trademark or Trademark registration, now owned or hereafter acquired by Borrower or in which Borrower now holds or hereafter acquires any interest.

“Trademarks” means all trademarks (registered, common law or otherwise) and any applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof.

“UCC” means the Uniform Commercial Code as the same is, from time to time, in effect in the State of California; provided, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Lender’s Lien on any Collateral is governed by the Uniform Commercial Code as the same is, from time to time, in effect in a jurisdiction other than the State of California, then the term “UCC” shall mean the Uniform Commercial Code as in effect, from time to time, in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions. Unless otherwise defined herein or in the other Loan Documents, terms that are defined in the UCC and used herein or in the other Loan Documents shall, unless the context indicates otherwise, have the meanings given to them in the UCC.

“Warrant” means the warrant executed as of even date herewith and entered into in connection with the Loans.

1.2. Unless otherwise specified, all references in this Agreement or any Annex or Schedule hereto to a “Section,” “subsection,” “Exhibit,” “Annex,” or “Schedule” shall refer to the corresponding Section, subsection, Exhibit, Annex, or Schedule in or to this Agreement. Unless otherwise specifically provided herein, any accounting term used in this Agreement or the other Loan Documents shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP, consistently applied.

SECTION 2. THE REVOLVING CREDIT FACILITY

2.1. Revolving Credit Facility. Pursuant to the terms of this Agreement and the other Loan Documents, and upon the satisfaction of the conditions precedent set forth in Section 4 of this Agreement, Lender hereby establishes a revolving line of credit facility in the maximum principal amount of the Maximum Loan Amount (the “Revolving Credit Facility”) in Borrower’s favor pursuant to which the Lender shall make Advances to the Borrower subject to availability and as otherwise provided herein. Advances made under the Revolving Credit Facility shall be evidenced by, among other things, the Revolving Credit Note. Unless an Event of Default has occurred and is continuing, subject to availability, Borrower may borrow, repay and reborrow under the Revolving Credit Facility without premium or penalty; provided, however, that Lender’s obligation to make Advances under Revolving Credit Facility shall automatically terminate on the Revolving Credit Facility Maturity Date, at which time the Revolving Credit Note shall be due and payable in full and all outstanding principal, accrued and unpaid interest, costs, fees, expenses and all of Borrower’s other liabilities to Lender associated with the Revolving Credit Facility shall

be due and payable. The Revolving Credit Facility shall be used for Borrower's corporate business purposes only.

2.2. Advances. Prior to the Revolving Credit Facility Maturity Date, subject to the terms and conditions of this Agreement, upon Borrower's request, Lender shall make Advances to Borrower under the Revolving Credit Facility from time to time in an aggregate principal amount of up to the Maximum Availability (as defined below); provided that each Advance requested under the Revolving Credit Facility shall be in a minimum amount of not less than One Hundred Thousand Dollars (\$100,000.00) and may be drawn, subject to availability under the Maximum Availability, only one time per month unless otherwise permitted by Lender. If the aggregate amount of outstanding Advances made under the Revolving Credit Facility at any time exceeds the Maximum Availability, Borrower shall immediately repay the amount of that excess to Lender.

2.3. Maximum Availability. As used herein, "Maximum Availability" means, at any time, the lesser of (a) and (b) below:

(a) Up to the principal amount of the Maximum Loan Amount, minus the sum of the aggregate principal amounts then drawn by Borrower on the Revolving Credit Facility; and

(b) Up to (A) ninety percent (90%) of Eligible Accounts, minus (B) the sum of the aggregate principal amounts then drawn by Borrower on the Revolving Credit Facility.

2.4. Advance Requests. To obtain an Advance under the Revolving Credit Facility, Borrower shall complete, sign and deliver an Advance Request and a completed Borrowing Base Certificate relating to the Maximum Availability to Lender. Each Advance Request under the Revolving Credit Facility shall identify an Advance Date that is at least five (5) business days after the date such Advance Request is received by Lender. Upon receipt of an Advance Request under the Revolving Credit Facility, Lender shall have the right to review whether, in Lender's reasonable opinion, each of the conditions precedent to such Advance has been or will be satisfied as of the requested Advance Date, and if Lender determines such conditions precedent have been or will be satisfied, Lender shall fund the Advance in the manner requested by the Advance Request provided that each of the conditions precedent to such Advance is satisfied as of the requested Advance Date. All the terms, conditions, and covenants of this Agreement shall apply to all Advances under the Revolving Credit Facility. Borrower agrees that Lender may rely on any notice or Advance Request given by any Person it reasonably believes to be an authorized representative of Borrower without the necessity of independent investigation.

2.5. Interest. The principal balance of all Advances outstanding under the Revolving Credit Note shall bear interest thereon at a floating rate as provided in the definition of the Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

2.6. Payment. Commencing on April 1, 2007, and on first day of every month thereafter (each, a "Payment Date") until the Revolving Credit Facility Maturity Date, Borrower shall pay all accrued and unpaid interest due on the outstanding principal balance of the Revolving Credit Facility. If any payment due under the Revolving Credit Note shall be payable on a day other than a business day, then such payment shall be due and payable on the next succeeding business day. Subject to the terms and conditions of this Agreement, all Advances made under the Revolving Credit Note shall be repaid in full, together with all interest accrued thereon, and all fees, costs, expenses and other liabilities of Borrower under the Revolving Credit Facility, on the Revolving Credit Facility Maturity Date. The Revolving Credit Facility and the other Secured Obligations arising under this Agreement, the other Loan Documents or otherwise shall constitute one general obligation of Borrower secured by all of the Collateral. Borrower shall make all payments under this Agreement without setoff, recoupment or deduction and regardless of any counterclaim or defense.

2.7. Maximum Interest. Notwithstanding any provision in this Agreement, the Notes, or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is

greater than the maximum rate permissible by law that a court of competent jurisdiction shall deem applicable hereto (which under the laws of the State of California shall be deemed to be the laws relating to permissible rates of interest on commercial loans) (the "Maximum Rate"). If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate under the Revolving Credit Note, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of principal outstanding on the Revolving Credit Note; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2.8. Default Interest. In the event any payment due under the Revolving Credit Facility is not paid on a scheduled Payment Date, an amount equal to five percent (5%) of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations relating to the Revolving Credit Facility then outstanding, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the Interest Rate for the Revolving Credit Facility plus five percent (5%) per annum. In the event any interest under the Revolving Credit Facility is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the Interest Rate for the Revolving Credit Facility.

2.9. Prepayment. In accordance with Section 2.1, at its option, Borrower may prepay the outstanding Advances made under the Revolving Credit Facility. Borrower shall prepay the outstanding amount of all principal and accrued interest and unpaid interest upon the earlier to occur of a Prepayment Event or within ninety (90) days of the completion of an Initial Public Offering.

SECTION 2A. THE TERM LOAN

2A.1. Term Loan. Pursuant to the terms of this Agreement and the other Loan Documents, and upon the satisfaction of the conditions precedent set forth in Section 4 of this Agreement, Lender hereby establishes a term loan (the "Term Loan") in Borrower's favor pursuant to which the Lender shall make Advances to the Borrower in the aggregate principal amount of the Maximum Loan Amount for the Term Loan as provided herein, such Term Loan to be evidenced by, among other things, the Term Note(s). The Term Loan shall be used for Borrower's corporate business purposes only.

2A.2. Advances. Subject to the terms and conditions of this Agreement, up to the time of the Drawdown Expiration Date, Lender will make Advances to Borrower under the Term Loan in an aggregate amount of up to \$4,000,000.00. Each Advance requested under the Term Loan shall be evidenced by a Term Note executed by the Borrower and delivered to Lender in the face amount of such Advance and shall be in a minimum amount of not less than One Hundred Thousand Dollars (\$100,000.00). On the Closing Date, Borrower shall draw not less than One Million Dollars (\$1,000,000.00) under the Term Loan.

2A.3. Advance Request. To obtain an Advance under the Term Loan, Borrower shall complete, sign and deliver an Advance Request and separate Term Note to Lender. Borrower shall be permitted to submit not more than one Advance Request per month under the Term Loan unless otherwise permitted by Lender. Each Advance Request under the Term Loan shall identify an Advance Date that is at least five (5) business days after the date such Advance Request is received by Lender. Upon receipt of an Advance Request under the Term Loan, Lender shall have the right to review whether, in Lender's reasonable opinion, each of the conditions precedent to such Advance has been or will be satisfied as of the requested Advance Date, and if Lender determines such conditions precedent have been or will be satisfied, Lender shall fund the Advance under the Term Loan in the manner requested by the Advance Request provided that each of the conditions precedent to such Advance is satisfied as of the requested

Advance Date. All the terms, conditions, and covenants of this Agreement shall apply to all Advances under the Term Loan. Borrower agrees that Lender may rely on any notice or Advance Request given by any Person it reasonably believes to be an authorized representative of Borrower without the necessity of independent investigation.

2A.4. Interest. The outstanding principal balance of all Advances made under the Term Loan shall bear interest thereon at a floating rate as provided in the definition of the Interest Rate based on a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

2A.5. Payment. Borrower will pay interest on each Advance made under the Term Loan on the first day of each month, commencing on the month after the Advance Date for each Advance. Commencing on the first day of the seventh (7th) month following each Advance under the Term Loan, and continuing on the first business day of each month thereafter, Borrower shall repay the outstanding principal balance of each such Advance in thirty (30) equal monthly installments of principal and interest; provided that the outstanding principal balance of all Advances made under the Term Loan, along with all interest accrued thereon, and all fees, costs, expenses and other liabilities of Borrower associated therewith shall be repaid in full on or before the Term Loan Maturity Date. Borrower shall make all payments due under the Term Loan without setoff, recoupment or deduction and regardless of any counterclaim or defense.

2A.6. Maximum Interest. Notwithstanding any provision in this Agreement, the Notes, or any other Loan Document, it is the parties' intent not to contract for, charge or receive interest at a rate that is greater than the Maximum Rate. If a court of competent jurisdiction shall finally determine that Borrower has actually paid to Lender an amount of interest in excess of the amount that would have been payable if all of the Secured Obligations had at all times borne interest at the Maximum Rate under the Term Loan, then such excess interest actually paid by Borrower shall be applied as follows: first, to the payment of principal outstanding on the Term Notes; second, after all principal is repaid, to the payment of Lender's accrued interest, costs, expenses, professional fees and any other Secured Obligations; and third, after all Secured Obligations are repaid, the excess (if any) shall be refunded to Borrower.

2A.7. Default Interest. In the event any payment due under the Term Loan is not paid in accordance with Section 2A.5., an amount equal to five (5%) percent of the past due amount shall be payable on demand. In addition, upon the occurrence and during the continuation of an Event of Default hereunder, all Secured Obligations relating to the Term Loan, including principal, interest, compounded interest, and professional fees, shall bear interest at a rate per annum equal to the Interest Rate for each Advance under the Term Loan plus five (5%) percent per annum. In the event any interest is not paid when due hereunder, delinquent interest shall be added to principal and shall bear interest on interest, compounded at the Interest Rate for each such Advance under the Term Loan.

2A.8. Prepayment. At its option, Borrower may, at any time, prepay all, but not less than all, of the outstanding Advances made under the Term Loan by paying the entire principal balance and all accrued interest. If Borrower makes a prepayment in accordance with this Section 2A.8. on or before March 22, 2008, Borrower shall pay an additional fee to Lender in the amount of two percent (2%) of the outstanding Advances being prepaid. Borrower shall prepay the outstanding amount of all principal and accrued interest and unpaid interest upon the earlier to occur of a Prepayment Event or within ninety (90) days of the completion of an Initial Public Offering.

SECTION 3. SECURITY INTEREST

3.1. Grant of Security Interest. As security for the prompt, complete and indefeasible payment when due (whether on the Payment Dates or otherwise) of all the Secured Obligations, Borrower grants to Lender a security interest in all of Borrower's right, title and interest in, to and under the following, whether now owned or hereafter acquired (collectively, the "Collateral"), subject only to Permitted Liens: (a) Receivables; (b) Equipment; (c) Fixtures; (d) General Intangibles; (e) Accounts; (f) Inventory; (g) Investment Property; (h) Deposit Accounts; (i) Cash; (j) Intellectual Property, (k) Goods and other tangible

and intangible personal property of Borrower whether now or hereafter owned or existing, leased, consigned by or to, or acquired by, Borrower and wherever located; and (l) to the extent not otherwise included, all Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing.

3.2. Partial Release. Upon the occurrence of any Permitted Transfers in accordance with the terms of this Agreement, Lender shall, at Borrower's sole cost and expense, either (i) execute and deliver to Borrower such documents as Borrower shall reasonably request in writing that evidence the partial release of Collateral contemplated by such Permitted Transfers from the security interest granted hereby, or (ii) upon the prior written request of Borrower, provide Lender's written consent to Borrower's preparation and/or filing of such documents that evidence the partial release of such Permitted Transfers from the security interest granted hereby.

3.3. Release Upon Satisfaction of Secured Obligations. Upon Borrower's payment in full and satisfaction of the Secured Obligations, and the termination of availability under the Revolving Credit Facility, Lender shall, at Borrower's sole cost and expense, either (i) execute and deliver to Borrower such documents, in form and substance reasonably acceptable to Lender, that evidence the termination and expiration of both the Revolving Credit Facility and the Term Loan and the release of the security interest granted by Borrower hereby in the Collateral (including the termination of any Account Control Agreements), or (ii) upon the prior written request of Borrower, provide Lender's written consent to the preparation and/or filing of such documents that evidence the release of such Permitted Transfers from the security interest granted hereby, including, without limitation, the filing of any UCC-3 termination statements and other termination statements as reasonably requested by Borrower.

SECTION 4. CONDITIONS PRECEDENT TO LOAN

The obligation of Lender to make the Loans hereunder is subject to the satisfaction by Borrower of the following conditions:

4.1. Initial Advance. On or prior to the Closing Date, Borrower shall have delivered to Lender the following:

(a) for any Advance requested under the Revolving Credit Facility, an Advance Request and Borrowing Base Certificate as set forth in Section 2.4.

(b) for any Advance requested under the Term Loan, an Advance Request and a Term Note as set forth in Section 2A.3.

(c) executed originals of the Loan Documents, a legal opinion of Borrower's counsel, and all other documents and instruments reasonably required by Lender to effectuate the transactions contemplated hereby or to create and perfect the Liens of Lender with respect to all Collateral, in all cases in form and substance reasonably acceptable to Lender;

(d) certified copy of resolutions of Borrower's board of directors evidencing approval of (i) the Loans and other transactions evidenced by the Loan Documents; and (ii) the Warrant and transactions evidenced thereby;

(e) certified copies of the Certificate of Incorporation and the Bylaws, as amended through the Closing Date, of Borrower;

(f) a certificate of good standing for Borrower from its state of incorporation and similar certificates from all other jurisdictions in which it does business and where the failure to be qualified would have a Material Adverse Effect;

(g) payment of the Commitment Charge, the Revolving Credit Facility Charge, the Term Loan Facility Charge, and reimbursement of Lender's current expenses reimbursable pursuant to Section

11.11, which amounts may be deducted from the proceeds of the initial Advance made under the Term Loan;

(h) Closing of the sale of the Convertible Notes in an amount not less than Four Million Dollars (\$4,000,000.00) Dollars;

(i) Execution and delivery of the Warrant in favor of Lender;

(j) Execution and delivery of an Account Control Agreement with respect to Borrower's primary operating account at Square 1 Bank, in form and substance reasonably acceptable to Lender; and

(k) such other documents, instruments and agreements as Lender may reasonably request.

4.2. All Advances. On each Advance Date:

(a) For any Advance requested under the Revolving Credit Facility, Lender shall have received (i) an Advance Request for the relevant Advance as required by Section 2.4, and a Borrowing Base Certificate, each duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Lender may reasonably request.

(b) For any Advance requested under the Term Loan, Lender shall have received (i) an Advance Request for the relevant Advance as required by Section 2A.3, and a Term Note, each duly executed by Borrower's Chief Executive Officer or Chief Financial Officer, and (ii) any other documents Lender may reasonably request.

(c) The representations and warranties set forth in this Agreement and in Section 5 and in the Warrant shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(d) Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Advance no Event of Default shall have occurred and be continuing.

(e) Each Advance Request shall be deemed to constitute a representation and warranty by Borrower on the relevant Advance Date as to the matters specified in paragraphs (c) and (d) of this Section and as to the matters set forth in the Advance Request.

4.3. No Default. As of the Closing Date and each Advance Date, (i) no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default and (ii) no event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents, warrants and agrees that:

5.1. Corporate Status. Borrower is a corporation duly organized, legally existing and in good standing under the laws of the State of Delaware, and is duly qualified as a foreign corporation in all jurisdictions in which the nature of its business or location of its properties require such qualifications and where the failure to be qualified could reasonably be expected to have a Material Adverse Effect. Borrower's present name, former names (if any), locations, place of formation, tax identification number, organizational identification number and other information are correctly set forth in Exhibit C.

5.2. Collateral. Borrower owns all of its right, title and interest in and to the Collateral, free of all Liens whatsoever, except for Permitted Liens. Borrower has the full power and authority to grant and convey to Lender a Lien in the Collateral as security for the Secured Obligations, free of all other Liens other than Permitted Liens.

5.3. Consents. Borrower's execution, delivery and performance of the Notes, this Agreement and all other Loan Documents, and Borrower's execution of the Warrant, (i) have been duly authorized by all necessary corporate action of Borrower, (ii) will not result in the creation or imposition of any Lien upon the Collateral, other than Permitted Liens and the Liens created by this Agreement and the other Loan Documents, (iii) do not violate any provisions of Borrower's Certificate of Incorporation, bylaws, or any, law, regulation, order, injunction, judgment, decree or writ to which Borrower is subject and (iv) except as described on Schedule 5.3, do not violate any contract or agreement or require the consent or approval of any other Person. The individual or individuals executing the Loan Documents and the Warrant are duly authorized to do so.

5.4. Material Adverse Effect. No event that has had or could reasonably be expected to have a Material Adverse Effect has occurred and is continuing, and Borrower is not aware of any event likely to occur that is reasonably expected to result in a Material Adverse Effect.

5.5. Actions Before Governmental Authorities. Except as described on Schedule 5.5, there are no actions, suits or proceedings at law or in equity or by or before any governmental authority now pending or, to the knowledge of Borrower, threatened against or affecting Borrower or any business, property or rights of Borrower (i) which involve any Loan Document or (ii) as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

5.6. Laws. Borrower is not in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any governmental authority, where such violation or default is reasonably expected to result in a Material Adverse Effect. Borrower is not in default in any manner under any provision of any indenture or other agreement, contract or instrument evidencing indebtedness, or any other material agreement, contract or instrument to which it is a party or by which it or any of its properties or assets are or may be bound and for which such default would reasonably be expected to result in a Material Adverse Effect.

5.7. Information Correct. No information, report, Advance Request, Borrowing Base Certificate, financial statement, exhibit or schedule furnished, by or on behalf of Borrower to Lender in connection with any Loan Document or included therein or delivered pursuant thereto contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not misleading.

5.8. Tax Matters. Except as described on Schedule 5.8, (a) Borrower has filed all federal, state and local tax returns that it is required to file, (b) Borrower has duly paid or fully reserved for all taxes or installments thereof (including any interest or penalties) as and when due, which have or may become due pursuant to such returns, and (c) Borrower has paid or fully reserved for any tax assessment received by Borrower for the three (3) years preceding the Closing Date, if any (including any taxes being contested in good faith and by appropriate proceedings).

5.9. Intellectual Property Claims. Borrower is the sole owner of, or otherwise has the right to use, the Intellectual Property. Except as described on Exhibit D and Schedule 5.9, to the knowledge of Borrower each of the material Copyrights, Trademarks and Patents is valid and enforceable, and no part of the Intellectual Property that is owned by Borrower has been judged invalid or unenforceable, in whole or in part, and no claim has been made to Borrower that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to cause a Material Adverse Effect.

5.10. Borrower Products. No Intellectual Property owned by Borrower or Borrower Product has been or is subject to any actual or, to the knowledge of Borrower, threatened litigation, proceeding (including any proceeding in the United States Patent and Trademark Office or any corresponding foreign

office or agency) or outstanding decree, order, judgment, settlement agreement or stipulation that restricts in any manner Borrower's use, transfer or licensing thereof or that may affect the validity, use or enforceability thereof, except to the extent such claim would not reasonably be expected to cause a Material Adverse Effect.

5.11. Financial Accounts. Schedule 5.11 is a true, correct and complete list of (a) all banks and other financial institutions at which Borrower or any Subsidiary maintains Deposit Accounts and (b) all institutions at which Borrower or any Subsidiary maintains an account holding Investment Property, and such exhibit correctly identifies the name, address and telephone number of each bank or other institution, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor.

5.12. Employee Loans. Borrower has no outstanding loans to any employee, officer or director of the Borrower nor has Borrower guaranteed the payment of any loan made to an employee, officer or director of the Borrower by a third party.

5.13. Capitalization. Borrower's capitalization is set forth on Schedule 5.13 annexed hereto. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments. Attached as Schedule 5.13 annexed hereto is a true, correct and complete list of each Subsidiary, and all information set forth on Schedule 5.13 is true, correct and complete.

5.14. Convertible Notes. Attached as Schedule 5.14 annexed hereto is a true, correct and complete list of all of the holders of the Convertible Notes and the original principal amounts of each of the Convertible Notes.

SECTION 6. INSURANCE; INDEMNIFICATION

6.1. Coverage. So long as there are any Secured Obligations outstanding, Borrower shall cause to be carried and maintained commercial general liability insurance, on an occurrence form, against risks customarily insured against in Borrower's line of business. Such risks shall include the risks of bodily injury, including death, property damage, personal injury, advertising injury, and contractual liability set forth in Section 6.3 hereof. Borrower must maintain a minimum of Two Million Dollars (\$2,000,000.00) of commercial general liability insurance for each occurrence. Borrower has and agrees to maintain a minimum of \$5,000,000 of directors and officers' insurance for each occurrence, and \$5,000,000 in the aggregate. So long as there are any Secured Obligations outstanding, Borrower shall also cause to be carried and maintained insurance upon the Collateral, insuring against all risks of physical loss or damage howsoever caused, in an amount not less than the full replacement cost of the Collateral. Borrower shall also carry and maintain a fidelity insurance policy in an amount not less than \$500,000.

6.2. Certificates. Borrower shall deliver to Lender certificates of insurance that evidence Borrower's compliance with its insurance obligations in Section 6.1 hereof and the obligations contained in this Section 6.2. Borrower's insurance certificate shall state Lender is an additional insured for commercial general liability, an additional insured and a loss payee for all risk property damage insurance, subject to the insurer's approval, a loss payee for fidelity insurance, and a loss payee for property insurance and additional insured for liability insurance for any future insurance that Borrower may acquire from such insurer. Attached to the certificates of insurance will be additional insured endorsements for liability and lender's loss payable endorsements for all risk property damage insurance and fidelity. All certificates of insurance will provide for a minimum of thirty (30) days advance written notice to Lender of cancellation or any other change adverse to Lender's interests. Any failure of Lender to scrutinize such insurance certificates for compliance is not a waiver of any of Lender's rights, all of which are reserved.

6.3. Indemnity. Borrower shall and does hereby indemnify and hold Lender, its officers, directors, employees, agents, in-house attorneys, representatives and shareholders harmless from and against any and all claims, costs, expenses, damages and liabilities (including such claims, costs, expenses, damages and liabilities based on liability in tort, including strict liability in tort), including reasonable attorneys' fees

and disbursements and other costs of investigation or defense (including those incurred upon any appeal), that may be instituted or asserted against or incurred by Lender or any such Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents or the administration of such credit, or in connection with or arising out of the transactions contemplated hereunder and thereunder, or any actions or failures to act in connection therewith, or arising out of the disposition or utilization of the Collateral, excluding in all cases claims resulting solely from Lender's negligence or willful misconduct. Borrower agrees to pay, and to save Lender harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all excise, sales or other similar taxes (excluding taxes imposed on or measured by the net income of Lender) that may be payable or determined to be payable with respect to any of the Collateral or this Agreement.

SECTION 7. COVENANTS OF BORROWER

Borrower agrees as follows:

7.1. **Financial Reports.** Borrower shall furnish to Lender the Compliance Certificate in the form of Exhibit F monthly within 30 days after the end of each month and the financial statements listed hereinafter, each prepared in accordance with GAAP, consistently applied (the "Financial Statements"):

(a) as soon as practicable (and in any event within 30 days) after the end of each month, management prepared interim financial statements as of the end of such month (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer;

(b) as soon as practicable (and in any event within 30 days) after the end of each calendar quarter, management prepared interim financial statements as of the end of such calendar quarter (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows accompanied by a report detailing any material contingencies (including the commencement of any material litigation by or against Borrower) or any other occurrence that would reasonably be expected to have a Material Adverse Effect, all certified by Borrower's Chief Executive Officer or Chief Financial Officer;

(c) as soon as practicable (and in any event within one hundred eighty (180) days) after the end of each fiscal year, (i) unqualified audited financial statements as of the end of such year (prepared on a consolidated and consolidating basis, if applicable), including balance sheet and related statements of income and cash flows, and setting forth in comparative form the corresponding figures for the preceding fiscal year, certified by a firm of independent certified public accountants selected by Borrower and reasonably acceptable to Lender, accompanied by any management report from such accountants;

(d) promptly after the sending or filing thereof, as the case may be, copies of any proxy statements, financial statements or reports that Borrower has made available to holders of its Series C Preferred Stock and copies of any regular, periodic and special reports or registration statements that Borrower files with the Securities and Exchange Commission or any governmental authority that may be substituted therefor, or any national securities exchange;

(e) [Intentionally omitted]; and

(f) budgets, operating plans and other financial information reasonably requested by Lender, except all materials and other information that are deemed "executive session".

The executed Compliance Certificate may be sent via facsimile to Lender at (866) 468-8916 or via e-mail to financialstatements@herculestech.com. All Financial Statements required to be delivered pursuant to

clauses (a), (b) and (c) shall be sent via e-mail to financialstatements@herculestech.com with a copy to rliu@herculestech.com provided, that if e-mail is not available or sending such Financial Statements via e-mail is not possible, they shall be sent via facsimile to Lender at: (866) 468-8916, attention Chief Credit Officer, reference WATERFRONT MEDIA.

7.2. Management Rights. Borrower shall permit any representative that Lender authorizes, including its attorneys and accountants, to inspect the Collateral, examine and make copies and abstracts of the books of account and records of Borrower at reasonable times and upon reasonable notice during normal business hours. In addition, any such representative shall have the right to meet with management and officers of Borrower to discuss such books of account and records. In addition, Lender shall be entitled at reasonable times and intervals to consult with and advise the management and officers of Borrower concerning significant business issues affecting Borrower, including, without limitation, any decisions, discussions and/or agreements regarding mergers. Such consultations shall not unreasonably interfere with Borrower's business operations. The parties intend that the rights granted Lender shall constitute "management rights" within the meaning of 29 C.F.R Section 2510.3-101(d)(3)(ii), but that any advice, recommendations or participation by Lender with respect to any business issues shall not be deemed to give Lender, nor be deemed an exercise by Lender of, control over Borrower's management or policies.

7.3. Further Assurances. Borrower shall from time to time execute, deliver and file, alone or with Lender, any financing statements, security agreements, collateral assignments, notices, control agreements, or other documents reasonably necessary to perfect or give the highest priority to Lender's Lien on the Collateral. Borrower shall from time to time procure any instruments or documents as may reasonably be requested by Lender, and take all further action that may be necessary or desirable, or that Lender may reasonably request, to perfect and protect the Liens granted hereby and thereby. In addition, and for such purposes only, Borrower hereby authorizes Lender to execute and deliver on behalf of Borrower and to file such financing statements, collateral assignments, notices, control agreements, security agreements and other documents without the signature of Borrower either in Lender's name or in the name of Lender as agent and attorney-in-fact for Borrower (provided, that Lender shall promptly deliver a copy thereof to Borrower). Borrower shall protect and defend Borrower's title to the Collateral and Lender's Lien thereon against all Persons claiming any interest adverse to Borrower or Lender.

7.4. Compromise of Agreements. Borrower shall not (a) grant any material extension of the time of payment of any of the Receivables or General Intangibles, (b) to any material extent, compromise, compound or settle the same for less than the full amount thereof, (c) release, wholly or partly, any Person liable for the payment thereof in excess of \$50,000 in the aggregate, or (d) allow any credit or discount whatsoever thereon other than trade discounts granted by Borrower in the ordinary course of business of Borrower.

7.5. Indebtedness. Borrower shall not create, incur, assume, guarantee or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness, or prepay any Indebtedness except as expressly permitted under the terms of this Agreement, or take any actions which impose on Borrower an obligation to prepay any Indebtedness, except Indebtedness to Lender.

7.6. Collateral. Borrower shall at all times keep the Collateral and all other property and assets used in Borrower's business or in which Borrower now or hereafter holds any interest free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender prompt written notice of any legal process affecting the Collateral, such other property and assets, or any Liens thereon. Borrower shall cause its Subsidiaries to protect and defend such Subsidiary's title to its assets from and against all Persons claiming any interest adverse to such Subsidiary, and Borrower shall cause its Subsidiaries at all times to keep such Subsidiary's property and assets free and clear from any legal process or Liens whatsoever (except for Permitted Liens), and shall give Lender prompt written notice of any legal process reasonably expected to give rise to liability for the Borrower in excess of \$250,000.

7.7. Investments. Borrower shall not directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments.

7.8. Distributions. Borrower shall not, and shall not allow any Subsidiary to, (a) repurchase or redeem any class of stock or other equity interest other than pursuant to employee, director or consultant repurchase plans or other similar agreements, provided, however, in each case the repurchase or redemption price does not exceed the original consideration paid for such stock or equity interest, (b) declare or pay any cash dividend or make a cash distribution on any class of stock or other equity interest, (c) lend money to any employees, officers or directors or guarantee the payment of any such loans granted by a third party in excess of \$100,000 in the aggregate (except for Permitted Investments), or (d) waive, release or forgive any indebtedness owed by any employees, officers or directors in excess of \$100,000 in the aggregate.

7.9. Transfers. Except for Permitted Transfers and Permitted Investments, Borrower shall not voluntarily or involuntarily transfer, sell, lease, license, lend or in any other manner convey any equitable, beneficial or legal interest in any material portion of their assets.

7.10. Taxes. Borrower and its Subsidiaries shall pay when due all taxes, fees or other charges of any nature whatsoever (together with any related interest or penalties) now or hereafter imposed or assessed against Borrower, Lender or the Collateral or upon Borrower's ownership, possession, use, operation or disposition thereof or upon Borrower's rents, receipts or earnings arising therefrom. Borrower shall file on or before the due date therefor all personal property tax returns in respect of the Collateral. Notwithstanding the foregoing, Borrower may contest, in good faith and by appropriate proceedings, taxes for which Borrower maintains adequate reserves therefor in accordance with GAAP.

7.11. Corporate Changes. Neither Borrower nor any Subsidiary shall change its corporate name, legal form or jurisdiction of formation without twenty (20) days' prior written notice to Lender. Neither Borrower nor any Subsidiary shall relocate its chief executive office or its principal place of business unless: (i) it has provided prior written notice to Lender; and (ii) such relocation shall be within the continental United States. Neither Borrower nor any Subsidiary shall relocate any item of Collateral (other than (x) sales of Inventory in the ordinary course of business, (y) relocations of equipment having an aggregate value of up to \$150,000 in any fiscal year, and (z) relocations of Collateral from a location described on Exhibit C to another location described on Exhibit C) unless (i) it has provided prompt written notice to Lender and (ii) such relocation is within the continental United States.

7.12. Payments. Borrower agrees that on or before June 22, 2007, it shall authorize Lender to initiate debit entries to the Borrower's account on each Payment Date of all periodic obligations payable to Lender under each Note or Advance pursuant to the ACH Debit Authorization Agreement in the form of Exhibit H. Prior to June 22, 2007, Borrower shall make any and all payments due to Lender hereunder via wire transfer pursuant to Lender's wire instructions, as provided to Borrower from time to time.

7.13. Deposit Accounts. Neither Borrower nor any Subsidiary shall maintain any Deposit Accounts, or accounts holding Investment Property, except as set forth on Schedule 5.11 hereof or with respect to which Lender has a perfected security interest in each such account; provided, however, that Borrower shall be permitted to maintain its primary Deposit Account with its current institution, JP Morgan Chase, Account No. 904-033880, through June 22, 2007, to permit the orderly transition of Borrower's primary operating Deposit Account from said JP Morgan Chase account to the Deposit Account described in Section 4.1(j) hereof.

7.14. Subordination of the Convertible Notes. The Convertible Notes shall be subordinate to the Notes, in all respects and at all times.

7.15. Payment of Subordinated Indebtedness Prohibited. Borrower shall not make any payment of the Subordinated Indebtedness to any Person, nor give any value on account of the Subordinated Indebtedness, until all principal, interest, costs, fees, other expenses and all other Indebtedness incurred by Borrower owing to the Lender in connection with the establishment of the Loans, the execution of the Loan

Documents, and all other obligations and liabilities of Borrower to Lender hereunder have been paid in full, provided, that Borrower may issue equity securities to the holders of the Convertible Notes in accordance with their terms prior to the repayment of amounts owed to Lender hereunder.

7.16. Use of Proceeds. Borrower shall use the proceeds of the Loans for working capital and other general corporate needs, provided, however, that the proceeds of the Loans shall not be used to pay any amounts due under the Convertible Notes or any other Subordinated Indebtedness.

SECTION 8. RIGHT TO PURCHASE STOCK

8.1. Lender or its assignee or nominee shall have the right, in its discretion, to purchase shares of Borrower's securities having an aggregate purchase price of up to \$500,000.00 in the Next Event on the same terms and conditions afforded to other investors in the Next Event.

SECTION 9. EVENTS OF DEFAULT

The occurrence of any one or more of the following events shall be an "Event of Default":

9.1. Payments. Borrower fails to pay any amount due under this Agreement, the Notes or any of the other Loan Documents and such failure continues for two (2) Business Days following the date on which any amount is due; or

9.2. Covenants. Borrower breaches or defaults in the performance of any covenant or Secured Obligation (not addressed in Section 9.1 hereof) under this Agreement, the Notes, or any of the other Loan Documents, and (a) with respect to a default under any covenant under this Agreement (other than under Sections 6.1, 7.5, 7.6, 7.7, 7.8, 7.9, 7.12, 7.13, 7.14, 7.15 or 7.16) such default continues for more than ten (10) days after the earlier of the date on which (i) Lender has given notice of such default to Borrower, and (ii) Borrower has actual knowledge of such default, or (b) with respect to a default under any of Sections 6.1, 7.5, 7.6, 7.7, 7.8, 7.9 or 7.12, 7.13, 7.14, 7.15 or 7.16, the occurrence of such default; notwithstanding anything to the contrary contained in this Section 9.2, should any legal process be filed against Borrower's assets in breach of Section 7.6 of this Agreement, Borrower shall have five (5) days from its receipt of notice of such legal process to contest such legal process in good faith, prior to such event constituting an "Event of Default" hereunder; or

9.3. Material Adverse Effect. A Material Adverse Effect has occurred; or

9.4. Other Loan Documents. The occurrence of any default under the Warrant, any Loan Document, or any agreement between Borrower and Lender and such default continues for more than ten (10) days after the earlier of (a) Lender has given notice of such default to Borrower, or (b) Borrower has actual knowledge of such default; or

9.5. Representations. Any representation or warranty made by Borrower in any Loan Document or in the Warrant shall have been false or misleading in any material respect; or

9.6. Insolvency. Borrower (a) shall make an assignment for the benefit of creditors; or (b) shall admit in writing its inability to pay its debts as they become due, or its inability to pay or perform under the Loan Documents; or (c) shall file a voluntary petition in bankruptcy; or (d) shall file any petition, answer, or document seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances; or (e) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of Borrower or of all or any substantial part (i.e., 33-1/3% or more) of the assets or property of Borrower; or (f) shall cease operations of its business as its business has normally been conducted, or terminate substantially all of its employees, or becomes insolvent; or (g) Borrower or its directors or majority shareholders shall take any action initiating any of the foregoing actions described in clauses (a) through (f); or either (a) thirty (30) days shall have expired after the commencement of an involuntary action against Borrower seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed

or all orders or proceedings thereunder affecting the operations or the business of Borrower being stayed; or (b) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed; or (c) Borrower shall file any answer admitting or not contesting the material allegations of a petition filed against Borrower in any such proceedings; or (d) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceedings; or thirty (30) days shall have expired after the appointment, without the consent or acquiescence of Borrower, of any trustee, receiver or liquidator of Borrower or of all or any substantial part of the properties of Borrower without such appointment being vacated; or

9.7. Attachments; Judgments. Any material portion of Borrower's assets is attached or seized, or a levy is filed against any such assets, or a judgment or judgments is/are entered for the payment of money, individually or in the aggregate, of at least \$250,000, or Borrower is enjoined or in any way prevented by court order from conducting any part of its business; or

9.8. Other Obligations. The occurrence of any default under any agreement or obligation of Borrower involving any obligation in excess of \$250,000 or that, when aggregated with any other such defaults, would reasonably be expected to have a Material Adverse Effect.

SECTION 10. REMEDIES

10.1. General. Upon and during the continuance of any one or more Events of Default, (i) Lender may, at its option, accelerate and demand payment of all or any part of the Secured Obligations and declare them to be immediately due and payable (provided, that upon the occurrence of an Event of Default of the type described in Section 9.6, the Notes and all of the Secured Obligations shall automatically be accelerated and made due and payable, in each case without any further notice or act), and (ii) Lender may notify any of Borrower's account debtors to make payment directly to Lender, compromise the amount of any such account on Borrower's behalf and endorse Lender's name without recourse on any such payment for deposit directly to Lender's account. Lender may exercise all rights and remedies with respect to the Collateral under the Loan Documents or otherwise available to it under the UCC and other applicable law, including the right to release, hold, sell, lease, liquidate, collect, realize upon, or otherwise dispose of all or any part of the Collateral and the right to occupy, utilize, process and commingle the Collateral. All Lender's rights and remedies shall be cumulative and not exclusive.

10.2. Collection; Foreclosure. Upon the occurrence and during the continuance of any Event of Default, Lender may, at any time or from time to time, apply, collect, liquidate, sell in one or more sales, lease or otherwise dispose of, any or all of the Collateral, in its then condition or following any commercially reasonable preparation or processing, in such order as Lender may elect. Any such sale may be made either at public or private sale at its place of business or elsewhere. Borrower agrees that any such public or private sale may occur upon ten (10) calendar days' prior written notice to Borrower. Lender may require Borrower to assemble the Collateral and make it available to Lender at a place designated by Lender that is reasonably convenient to Lender and Borrower. The proceeds of any sale, disposition or other realization upon all or any part of the Collateral shall be applied by Lender in the following order of priorities:

First, to Lender in an amount sufficient to pay in full Lender's costs and professionals' and advisors' fees and expenses as described in Section 11.11;

Second, to Lender in an amount equal to the then remaining unpaid amount of the Secured Obligations (including principal, interest, and the Default Rate interest), in such order and priority as Lender may choose in its reasonable discretion; and

Finally, after the full, final, and indefeasible payment of all of the Secured Obligations, to any creditor holding a junior Lien on the Collateral, or to Borrower or its representatives or as a court of competent jurisdiction may direct.

Lender shall be deemed to have acted reasonably in the custody, preservation and disposition of any of the Collateral if it complies with the obligations of a secured party under the UCC.

10.3. No Waiver. Lender shall be under no obligation to marshal any of the Collateral for the benefit of Borrower or any other Person, and Borrower expressly waives all rights, if any, to require Lender to marshal any Collateral.

10.4. Cumulative Remedies. The rights, powers and remedies of Lender hereunder shall be in addition to all rights, powers and remedies given by statute or rule of law and are cumulative. The exercise of any one or more of the rights, powers and remedies provided herein shall not be construed as a waiver of or election of remedies with respect to any other rights, powers and remedies of Lender.

SECTION 11. MISCELLANEOUS

11.1. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective only to the extent and duration of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

11.2. Notice. Except as otherwise provided herein, any notice, demand, request, consent, approval, declaration, service of process or other communication (including the delivery of Financial Statements) that is required, contemplated, or permitted under the Loan Documents or with respect to the subject matter hereof shall be in writing, and shall be deemed to have been validly served, given, delivered, and received upon the earlier of: (i) the day of transmission by facsimile or hand delivery or deposit with an overnight express service or overnight mail delivery service; or (ii) the third calendar day after deposit in the United States mails, with proper first class postage prepaid, in each case addressed to the party to be notified as follows:

(a) If to Lender:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.
Legal Department
Attention: Chief Legal Officer and Roy Liu, Managing Director
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3068

with copy to:

Seyfarth Shaw LLP
Two World Trade Center East, Suite 300
Boston, Massachusetts 02210-2028
Attn: Louis J. DiFronzo, Jr., Esq.
Telephone: 617-946-4870
Facsimile: 617-946-4801
E-mail: ldifronzo@seyfarth.com

(b) If to Borrower:

Waterfront Media Inc.
Attention: Brian Cooper, Chief Financial Officer
45 Main Street, Suite 800

Brooklyn, NY 11201

Facsimile:

Telephone:

or to such other address as each party may designate for itself by like notice.

11.3. Entire Agreement; Amendments. This Agreement, the Notes, and the other Loan Documents constitute the entire agreement and understanding of the parties hereto in respect of the subject matter hereof and thereof, and supersede and replace in their entirety any prior proposals, term sheets, letters, negotiations or other documents or agreements, whether written or oral, with respect to the subject matter hereof or thereof (including Lender's revised proposal letter dated January 24, 2007). None of the terms of this Agreement, the Notes or any of the other Loan Documents may be amended except by an instrument executed by each of the parties hereto.

11.4. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.5. No Waiver. The powers conferred upon Lender by this Agreement are solely to protect its rights hereunder and under the other Loan Documents and its interest in the Collateral and shall not impose any duty upon Lender to exercise any such powers. No omission or delay by Lender at any time to enforce any right or remedy reserved to it, or to require performance of any of the terms, covenants or provisions hereof by Borrower at any time designated, shall be a waiver of any such right or remedy to which Lender is entitled, nor shall it in any way affect the right of Lender to enforce such provisions thereafter.

11.6. Survival. All agreements, representations and warranties contained in this Agreement, the Notes and the other Loan Documents or in any document delivered pursuant hereto or thereto shall be for the benefit of Lender and shall survive the execution and delivery of this Agreement and the expiration or other termination of this Agreement.

11.7. Successors and Assigns. The provisions of this Agreement and the other Loan Documents shall inure to the benefit of and be binding on Borrower and its permitted assigns (if any). Borrower shall not assign its obligations under this Agreement, the Notes or any of the other Loan Documents without Lender's express prior written consent, and any such attempted assignment shall be void and of no effect. Lender may assign, transfer, or endorse its rights hereunder and under the other Loan Documents to any other Person other than an actual or potential competitor of Borrower without prior notice to Borrower, and all of such rights shall inure to the benefit of Lender's successors and assigns.

11.8. Governing Law. This Agreement, the Notes and the other Loan Documents have been negotiated and delivered to Lender in the State of California, and shall have been accepted by Lender in the State of California. Payment to Lender by Borrower of the Secured Obligations is due in the State of California. This Agreement, the Notes and the other Loan Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California, excluding conflict of laws principles that would cause the application of laws of any other jurisdiction.

11.9. Consent to Jurisdiction and Venue. All judicial proceedings (to the extent that the reference requirement of Section 11.10 is not applicable) arising in or under or related to this Agreement, the Notes or any of the other Loan Documents may be brought in any state or federal court located in the State of California. By execution and delivery of this Agreement, each party hereto generally and unconditionally: (a) consents to nonexclusive personal jurisdiction in Santa Clara County, State of California; (b) waives any objection as to jurisdiction or venue in Santa Clara County, State of California; (c) agrees not to assert any defense based on lack of jurisdiction or venue in the aforesaid courts; and (d) irrevocably agrees to be bound

by any judgment rendered thereby in connection with this Agreement, the Notes or the other Loan Documents. Service of process on any party hereto in any action arising out of or relating to this Agreement shall be effective if given in accordance with the requirements for notice set forth in Section 11.2, and shall be deemed effective and received as set forth in Section 11.2. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of either party to bring proceedings in the courts of any other jurisdiction.

11.10. Mutual Waiver of Jury Trial / Judicial Reference.

(a) Because disputes arising in connection with complex financial transactions are most quickly and economically resolved by an experienced and expert person and the parties wish applicable state and federal laws to apply (rather than arbitration rules), the parties desire that their disputes be resolved by a judge applying such applicable laws. BORROWER AND LENDER SPECIFICALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY OF ANY CAUSE OF ACTION, CLAIM, CROSS-CLAIM, COUNTERCLAIM, THIRD PARTY CLAIM OR ANY OTHER CLAIM (COLLECTIVELY, "CLAIMS") ASSERTED BY BORROWER AGAINST LENDER OR ITS ASSIGNEE OR BY LENDER OR ITS ASSIGNEE AGAINST BORROWER. This waiver extends to all such Claims, including Claims that involve Persons other than Borrower and Lender; Claims that arise out of or are in any way connected to the relationship between Borrower and Lender; and any Claims for damages, breach of contract, tort, specific performance, or any equitable or legal relief of any kind, arising out of this Agreement, any other Loan Document.

(b) If the waiver of jury trial set forth in Section 11.10(a) is ineffective or unenforceable, the parties agree that all Claims shall be resolved by reference to a private judge sitting without a jury, pursuant to Code of Civil Procedure Section 638, before a mutually acceptable referee or, if the parties cannot agree, a referee selected by the Presiding Judge of the Santa Clara County, California. Such proceeding shall be conducted in Santa Clara County, California, with California rules of evidence and discovery applicable to such proceeding.

(c) In the event Claims are to be resolved by judicial reference, either party may seek from a court identified in Section 11.10, any prejudgment order, writ or other relief and have such prejudgment order, writ or other relief enforced to the fullest extent permitted by law notwithstanding that all Claims are otherwise subject to resolution by judicial reference.

11.11. Professional Fees. Borrower promises to pay Lender's fees and expenses necessary to finalize the loan documentation, including but not limited to reasonable attorneys fees, UCC searches, filing costs, and other miscellaneous expenses. In addition, Borrower promises to pay any and all reasonable attorneys' and other professionals' fees and expenses incurred by Lender after the Closing Date in connection with or related to: (a) the Loan; (b) the administration, collection, or enforcement of the Loan; (c) the amendment or modification of the Loan Documents; (d) any waiver, consent, release, or termination under the Loan Documents; (e) the protection, preservation, sale, lease, liquidation, or disposition of Collateral or the exercise of remedies with respect to the Collateral; (f) any legal, litigation, administrative, arbitration, or out of court proceeding in connection with or related to Borrower or the Collateral, and any appeal or review thereof; and (g) any bankruptcy, restructuring, reorganization, assignment for the benefit of creditors, workout, foreclosure, or other action related to Borrower, the Collateral, the Loan Documents, including representing Lender in any adversary proceeding or contested matter commenced or continued by or on behalf of Borrower's estate, and any appeal or review thereof.

11.12. Confidentiality. Lender acknowledges that certain items of Collateral and information provided to Lender by Borrower are confidential and proprietary information of Borrower, if and to the extent such information is marked as confidential by Borrower at the time of disclosure (the "Confidential Information"). Accordingly, Lender agrees that any Confidential Information it may obtain in the course of acquiring, administering, or perfecting Lender's security interest in the Collateral shall not be disclosed to any other person or entity in any manner whatsoever, in whole or in part, without the prior written consent

of Borrower, except that Lender may disclose any such information: (a) to its own directors, officers, employees, accountants, counsel and other professional advisors and to its affiliates if Lender in its sole discretion determines that any such party should have access to such information in connection with such party's responsibilities in connection with the Loan or this Agreement and, provided that such recipient of such Confidential Information either (i) agrees to be bound by the confidentiality provisions of this paragraph or (ii) is otherwise subject to confidentiality restrictions that reasonably protect against the disclosure of Confidential Information; (b) if such information is generally available to the public; (c) if required or appropriate in any report, statement or testimony submitted to any governmental authority having or claiming to have jurisdiction over Lender; (d) if required or appropriate in response to any summons or subpoena or in connection with any litigation, to the extent permitted or deemed advisable by Lender's counsel; (e) to comply with any legal requirement or law applicable to Lender; (f) to the extent reasonably necessary in connection with the exercise of any right or remedy under any Loan Document, including Lender's sale, lease, or other disposition of Collateral after default; (g) to any participant or assignee of Lender or any prospective participant or assignee; provided, that such participant or assignee or prospective participant or assignee agrees in writing to be bound by this Section prior to disclosure; or (h) otherwise with the prior consent of Borrower; provided, that any disclosure made in violation of this Agreement shall not affect the obligations of Borrower or any of its affiliates or any guarantor under this Agreement or the other Loan Documents.

11.13. Assignment of Rights. Borrower acknowledges and understands that Lender may sell and assign all or part of its interest hereunder and under the Note(s) and Loan Documents to any person or entity (an "Assignee"). After such assignment the term "Lender" as used in the Loan Documents shall mean and include such Assignee, and such Assignee shall be vested with all rights, powers and remedies of Lender hereunder with respect to the interest so assigned; but with respect to any such interest not so transferred, Lender shall retain all rights, powers and remedies hereby given. No such assignment by Lender shall relieve Borrower of any of its obligations hereunder. Lender agrees that in the event of any transfer by it of the Note(s), it will endorse thereon a notation as to the portion of the principal of the Note(s), which shall have been paid at the time of such transfer and as to the date to which interest shall have been last paid thereon.

11.14. Revival of Secured Obligations. This Agreement and the Loan Documents shall remain in full force and effect and continue to be effective if any petition is filed by or against Borrower for liquidation or reorganization, if Borrower becomes insolvent or makes an assignment for the benefit of creditors, if a receiver or trustee is appointed for all or any significant part of Borrower's assets, or if any payment or transfer of Collateral is recovered from Lender. The Loan Documents and the Secured Obligations and Collateral security shall continue to be effective, or shall be revived or reinstated, as the case may be, if at any time payment and performance of the Secured Obligations or any transfer of Collateral to Lender, or any part thereof is rescinded, avoided or avoidable, reduced in amount, or must otherwise be restored or returned by, or is recovered from, Lender or by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment, performance, or transfer of Collateral had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, avoided, avoidable, restored, returned, or recovered, the Loan Documents and the Secured Obligations shall be deemed, without any further action or documentation, to have been revived and reinstated except to the extent of the full, final, and indefeasible payment to Lender in Cash.

11.15. Waiver of Conflicts. Each party to this Agreement acknowledges that Pillsbury Winthrop Shaw Pittman LLP, counsel for the Company, has in the past and may continue to perform legal services for Lender in matters unrelated to the transactions described in this Agreement, including the representation of Lender in venture capital financings and other matters. Accordingly, each party to this Agreement hereby (1) acknowledges that they have had an opportunity to ask for information relevant to this disclosure; (2) acknowledges that Pillsbury Winthrop Shaw Pittman LLP represented the Company in the transaction contemplated by this Agreement and has not represented Lender in connection with such transaction; and

(3) gives its informed written consent to Pillsbury Winthrop Shaw Pittman LLP's representation of certain of Lender in such unrelated matters and to Pillsbury Winthrop Shaw Pittman LLP's representation of the Company in connection with this Agreement and the transactions contemplated hereby.

11.16. Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts, and by different parties hereto in separate counterparts, each of which when so delivered shall be deemed an original, but all of which counterparts shall constitute but one and the same instrument.

11.17. No Third Party Beneficiaries. No provisions of the Loan Documents are intended, nor will be interpreted, to provide or create any third-party beneficiary rights or any other rights of any kind in any person other than Lender and Borrower unless specifically provided otherwise herein, and, except as otherwise so provided, all provisions of the Loan Documents will be personal and solely between the Lender and the Borrower.

11.18. Specific Performance. The parties hereto hereby declare that it is impossible to measure in money the damages which will accrue to Lender by reason of Borrower's failure to perform any of the obligations under this Agreement and agree that the terms of this Agreement shall be specifically enforceable by Lender. If Lender institutes any action or proceeding to specifically enforce the provisions hereof, any Person against whom such action or proceeding is brought hereby waives the claim or defense therein that Lender has an adequate remedy at law, and such Person shall not offer in any such action or proceeding the claim or defense that such remedy at law exists.


11.19. Publicity. Lender may use Borrower's name and logo, and include a brief description of the relationship between Borrower and Lender, in Lender's marketing materials; provided that Lender shall have provided a copy of such materials for approval by Borrower prior to their publication.

[Remainder of Page Left Intentionally Blank]

IN WITNESS WHEREOF, Borrower and Lender have duly executed and delivered this Loan and Security Agreement as of the day and year first above written.

BORROWER:

WATERFRONT MEDIA INC.


Signature: 

Print Name: Ben Wolf

Title: CEO

LENDER:

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

Signature: 

Print Name: Scott HARVEY

Title: Chief Legal Officer

Table of Exhibits and Schedules

Exhibit A:	Advance Request Attachment to Advance Request
Exhibit B:	Form of Term Note
Exhibit C:	Name, Locations, and Other Information for Borrower
Exhibit D:	Intellectual Property Claims
Exhibit E:	[Intentionally Omitted]
Exhibit F:	Compliance Certificate
Exhibit G:	Joinder Agreement
Exhibit H:	ACH Debit Authorization Agreement
Exhibit I:	Borrowing Base Certificate
Schedule 1	Subsidiaries
Schedule 1A	Existing Permitted Indebtedness
Schedule 1B	Existing Permitted Investments
Schedule 1C	Existing Permitted Liens
Schedule 1D	Permitted Account Debtors
Schedule 5.3	Consents, Etc.
Schedule 5.5	Actions Before Governmental Authorities
Schedule 5.8	Tax Matters
Schedule 5.9	Intellectual Property Claims
Schedule 5.10	Borrower Products
Schedule 5.11	Financial Accounts
Schedule 5.13	Capitalization
Schedule 5.14	Subordinated Indebtedness

EXHIBIT A

ADVANCE REQUEST

To: Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Attn:

Date: _____, 20__

Waterfront Media Inc., a Delaware corporation ("Borrower") hereby requests from Hercules Technology Growth Capital, Inc., a Maryland corporation ("Lender"), an Advance under the [Term Loan or Revolving Credit Facility (*please specify in each Advance Request*)] in the amount of _____ Dollars (\$ _____) on _____, _____ (the "Advance Date") pursuant to the Loan and Security Agreement between Borrower and Lender (the "Agreement"). Capitalized words and other terms used but not otherwise defined herein are used with the same meanings as defined in the Agreement.

Please:

(a) Issue a check payable to Borrower _____

or

(b) Wire Funds to Borrower's account _____

Bank: _____

Address: _____

ABA Number: _____

Account Number: _____

Account Name: _____

Borrower represents that the conditions precedent to the Advance set forth in the Agreement are satisfied and shall be satisfied upon the making of such Advance, including but not limited to: (i) that no Material Adverse Effect has occurred; (ii) that the representations and warranties set forth in the Agreement and in the Warrant are and shall be true and correct in all material respects on and as of the Advance Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; (iii) that Borrower is in compliance with all the terms and provisions set forth in each Loan Document on its part to be observed or performed; and (iv) that as of the Advance Date, no fact or condition exists that would (or would, with the passage of time, the giving of notice, or both) constitute an Event of Default under the Loan Documents. Borrower understands and acknowledges that Lender has the right to review the financial information supporting this representation and, based upon such review in its sole discretion, Lender may decline to fund the requested Advance.

Borrower hereby represents that Borrower's corporate status and locations have not changed since the date of this Agreement or, if the Attachment to this Advance Request is completed, are as set forth in the Attachment to this Advance Request.

Borrower agrees to notify Lender promptly before the funding of the Loan if any of the matters which have been represented above shall not be true and correct on the Borrowing Date and if Lender has

received no such notice before the Advance Date then the statements set forth above shall be deemed to have been made and shall be deemed to be true and correct as of the Advance Date.

Executed as of _____, 20__.

BORROWER: WATERFRONT MEDIA INC.

SIGNATURE: _____
TITLE: Chief Executive Officer or Chief Financial Officer
PRINT NAME: _____

ATTACHMENT TO ADVANCE REQUEST

Dated: _____

Borrower hereby represents and warrants to Lender that Borrower's current name and organizational status is as follows:

Name:	WATERFRONT MEDIA INC.
Type of organization:	Corporation
State of organization:	Delaware
Organization file number:	3486391

Borrower hereby represents and warrants to Lender that the street addresses, cities, states and postal codes of its current locations are as follows:

EXHIBIT B

TERM NOTE

\$ __,000,000

Advance Date: _____, 20__

Maturity Date: _____, 20__

FOR VALUE RECEIVED, Waterfront Media, Inc., a Delaware corporation, for itself and each of its Subsidiaries (the "Borrower") hereby promises to pay to the order of Hercules Technology Growth Capital, Inc., a Maryland corporation or the holder of this Note (the "Lender") at 400 Hamilton Avenue, Suite 310, Palo Alto, CA 94301 or such other place of payment as the holder of this Secured Promissory Note (this "Promissory Note") may specify from time to time in writing, in lawful money of the United States of America, the original principal amount of _____ (\$ __,000,000) or such other principal amount as Lender has advanced to Borrower, together with interest at a floating rate equal to the prime rate as reported in the Wall Street Journal, and if not reported, then the prime rate next reported in the Wall Street Journal, plus three percent (3.00%) per annum based upon a year consisting of 360 days, with interest computed daily based on the actual number of days in each month.

This Promissory Note is a Term Note referred to in, and is executed and delivered in connection with, that certain Loan and Security Agreement dated March __, 2007, by and between Borrower and Lender (as the same may from time to time be amended, modified or supplemented in accordance with its terms, the "Loan Agreement"), and is entitled to the benefit and security of the Loan Agreement and the other Loan Documents (as defined in the Loan Agreement), to which reference is made for a statement of all of the terms and conditions thereof. All payments shall be made in accordance with the Loan Agreement. All terms defined in the Loan Agreement shall have the same definitions when used herein, unless otherwise defined herein. An Event of Default under the Loan Agreement shall constitute a default under this Promissory Note. Reference to the Loan Agreement shall not affect or impair the absolute and unconditional obligation of the Borrowers to pay all principal and interest and premium, if any, under this Promissory Note upon demand or as otherwise provided herein

Borrower waives presentment and demand for payment, notice of dishonor, protest and notice of protest under the UCC or any applicable law. Borrower agrees to make all payments under this Promissory Note without setoff, recoupment or deduction and regardless of any counterclaim or defense. This Promissory Note has been negotiated and delivered to Lender and is payable in the State of California. This Promissory Note shall be governed by and construed and enforced in accordance with, the laws of the State of California, excluding any conflicts of law rules or principles that would cause the application of the laws of any other jurisdiction.

BORROWER FOR ITSELF AND
ON BEHALF OF ITS SUBSIDIARIES:

WATERFRONT MEDIA, INC.

By: _____

Name: _____

Title: _____

EXHIBIT C

NAME, LOCATIONS, AND OTHER INFORMATION FOR BORROWER

1. Borrower represents and warrants to Lender that Borrower's current name and organizational status as of the Closing Date is as follows:

Name: Waterfront Media, Inc.
Type of organization: Corporation
State of organization: Delaware
Organization file number: 3486391

2. Borrower represents and warrants to Lender that for five (5) years prior to the Closing Date, Borrower did not do business under any other name or organization or form except the following:

Name: Waterfront Media, Inc.
Used during dates of: _____
Type of Organization: Corporation
State of organization: Delaware
Organization file Number: 3486391

Borrower's fiscal year ends on _____
Borrower's federal employer tax identification number is: _____

3. Borrower represents and warrants to Lender that its chief executive office is located at Brooklyn, New York.

EXHIBIT D
INTELLECTUAL PROPERTY CLAIMS

EXHIBIT E

[INTENTIONALLY OMITTED]

EXHIBIT F

COMPLIANCE CERTIFICATE

Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Reference is made to that certain Loan and Security Agreement dated March 22, 2007 and all ancillary documents entered into in connection with such Loan and Security Agreement all as may be amended from time to time, (hereinafter referred to collectively as the "Loan Agreement") between Hercules Technology Growth Capital, Inc. ("Hercules") as Lender and Waterfront Media, Inc. (the "Company") as Borrower. All capitalized terms not defined herein shall have the same meaning as defined in the Loan Agreement.

The undersigned is an Officer of the Company, knowledgeable of all Company financial matters, and is authorized to provided certification of information regarding the Company; hereby certifies that in accordance with the terms and conditions of the Loan Agreement, the Company is in compliance for the period ending March ____, 2007, of all covenants, conditions and terms and hereby reaffirms that all representations and warrants contained therein are true and correct on and as of the date of this Compliance Certificate with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, after giving effect in all cases to any standard(s) of materiality contained in the Loan Agreement as to such representations and warranties. Attached are the required documents supporting the above certification. The undersigned further certifies that these are prepared in accordance with Generally Accepted Accounting Principles (except for the absence of footnotes with respect to unaudited financial statement and subject to normal year end adjustments) and are consistent from one period to the next except as explained below.

<u>REPORTING REQUIREMENT</u>	<u>REQUIRED</u>	<u>CHECK IF ATTACHED</u>
Interim Financial Statements	Monthly within 30 days	
Interim Financial Statements	Quarterly within 30 days	
Audited Financial Statements	FYE within 180 days	

Very Truly Yours,

WATERFRONT MEDIA, INC.

By: _____

Name: _____

Its: _____

EXHIBIT G

FORM OF JOINDER AGREEMENT

This Joinder Agreement (the "Joinder Agreement") is made and dated as of March __, 2007, and is entered into by and between _____, a _____ corporation ("Subsidiary"), and HERCULES TECHNOLOGY GROWTH CAPITAL, INC., a Maryland corporation, as a Lender.

RECITALS

A. Subsidiary's Affiliate, Waterfront Media, Inc., a Delaware corporation ("Company") desires to enter into that certain Loan and Security Agreement dated March __, 2007, with Lender, as such agreement may be amended (the "Loan Agreement"), together with the other agreements executed and delivered in connection therewith;

B. Subsidiary acknowledges and agrees that it will benefit both directly and indirectly from Company's execution of the Loan Agreement and the other agreements executed and delivered in connection therewith;

AGREEMENT

NOW THEREFORE, Subsidiary and Lender agree as follows:

1. The recitals set forth above are incorporated into and made part of this Joinder Agreement. Capitalized terms not defined herein shall have the meaning provided in the Loan Agreement.
2. By signing this Joinder Agreement, Subsidiary shall be bound by the terms and conditions of the Loan Agreement the same as if it were the Borrower (as defined in the Loan Agreement) under the Loan Agreement, *mutatis mutandis*, provided however, that Lender shall have no duties, responsibilities or obligations to Subsidiary arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith. Rather, to the extent that Lender has any duties, responsibilities or obligations arising under or related to the Loan Agreement or the other agreements executed and delivered in connection therewith, those duties, responsibilities or obligations shall flow only to Company and not to Subsidiary or any other person or entity. By way of example (and not an exclusive list): (a) Agent or a Lender's providing notice to Company in accordance with the Loan Agreement or as otherwise agreed between Company and Lender shall be deemed provided to Subsidiary; (b) a Lender's providing an Advance to Company shall be deemed an Advance to Subsidiary; and (c) Subsidiary shall have no right to request an Advance or make any other demand on Agent or a Lender.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE TO JOINDER AGREEMENT]

SUBSIDIARY:

By: _____
Name: _____
Title: _____

Address: _____

Telephone: _____
Facsimile: _____

HERCULES TECHNOLOGY GROWTH CAPITAL, INC.

By: _____
Name: _____
Title: _____

Address:
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301
Facsimile: 650-473-9194
Telephone: 650-289-3060

EXHIBIT H

ACH DEBIT AUTHORIZATION AGREEMENT

Hercules Technology Growth Capital, Inc.
400 Hamilton Avenue, Suite 310
Palo Alto, CA 94301

Re: Loan and Security Agreement dated March 22, 2007 between Waterfront Media, Inc. (“Borrower”) and Hercules Technology Growth Capital, Inc. (“Company”) (the “Agreement”)

In connection with the above referenced Agreement, the Borrower hereby authorizes the Company to initiate debit entries for the periodic payments of principal and interest due under the Agreement to the Borrower’s account indicated below. The Borrower authorizes the depository institution named below to debit to such account.

DEPOSITORY NAME	BRANCH
CITY	STATE AND ZIP CODE
TRANSIT/ABA NUMBER	ACCOUNT NUMBER

This authority will remain in full force and effect so long as any amounts are due under the Agreement.

(Borrower)(Please Print)

By: _____

Date: _____

EXHIBIT I

BORROWING BASE CERTIFICATE

Borrower: Waterfront Media Inc., a Delaware corporation

Revolving Credit Facility Maximum Amount: \$4,000,000.00

I.			
	(1)	TOTAL ACCOUNTS RECEIVABLE AS OF _____, 20__:	\$ _____
	(2)	LESS TOTAL INELIGIBLE ACCOUNTS: (See definition of Ineligible Accounts (as defined in the Loan Agreement))	(\$ _____)
	(3)	ELIGIBLE ACCOUNTS (Line (1) minus Line (2))	\$ _____
	(4)	ACCOUNTS RECEIVABLE ADVANCE RATE	X 90% _____
	(5)	ACCOUNTS RECEIVABLE AVAILABILITY (Product of Line 3 times Line 4)	\$ _____
II.			
	(6)	AVAILABILITY UNDER REVOLVING CREDIT FACILITY	\$ _____
	(7)	END OF PERIOD REVOLVING CREDIT FACILITY BALANCE	(\$ _____)
	(8)	NET CURRENT AVAILABILITY UNDER REVOLVING CREDIT FACILITY (Line 6 Minus Line 7) (Note: Such amount is not permitted to exceed the Maximum Availability (as defined in the Loan Agreement))	\$ _____

COMMENTS:

The undersigned represents and warrants that the foregoing is true, complete and correct, and that the information reflected in this Borrowing Base Certificate complies with the representations and warranties set forth in the Loan and Security Agreement dated March 22, 2007 by and between the undersigned and Hercules Technology Growth Capital, Inc.

WATERFRONT MEDIA INC.

By: _____
Name:
Title:

SCHEDULE 1

SUBSIDIARIES

Agora Media Technologies, Inc.

SCHEDULE 1A

EXISTING PERMITTED INDEBTEDNESS

The Convertible Subordinated Promissory Notes issued pursuant to the Convertible Subordinated Note Purchase Agreement dated March 5, 2007 between the Borrower and the "Investors" (as defined therein) signatory thereto.

SCHEDULE 1B

EXISTING PERMITTED INVESTMENTS

None

SCHEDULE 1C

EXISTING PERMITTED LIENS

None

SCHEDULE 1D

PERMITTED ACCOUNT DEBTORS

Euro RSCG 4D (Havas)
Grey Digital Marketing (WPP)
OgilvyInteractive (WPP)
Avenue A/Razorfish (aQuantive)
Isobar (Aegis)
Digitas (Digitas Inc.)
Tribal DDB (Omnicom)
RMG Connect (WPP)
Wunderman Interactive (WPP)
MRM Worldwide (Interpublic)
R/GA (Interpublic)
Agency.com (Omnicom)
Modem Media (Digitas Inc.)
FCBi (Interpublic)
Media Contacts (Havas)
Organic (Omnicom)
Tequila (Omnicom)
Nurun + Ant Farm (Quebecor)
Draft Digital (Interpublic)
Arc Worldwide (Publicis)
Critical Mass (53% owned by Omnicom)
Tocquigny Advertising, Interactive + Marketing
AKQA
iDeutsch (Interpublic)
Digital Impact (Acxiom)
Blast Radius
VML (WPP)
imc2
Universal McCann Interactive (Interpublic)
Planning Group (Sapient)
Slingshot
IconNicholson
Icrossing
Starcom IP (Publicis)
Click Here (Richards)
OMD Digital (Omnicom)
Atmosphere BBDO (Omnicom)
Macquarium Intelligent Communications
MEC Interaction (WPP)
Medical Broadcasting Company (10% owned by WPP)
Campbell-Ewald Digital (Interpublic)
Refinery
Genex
Intercept Interactive
Wirestone
Risdall Advertising Agency
Blue Dingo
Resource Interactive
CMD
Apollo Interactive

SCHEDULE 5.3

CONSENTS, ETC.

- Written consent of the Board of Directors of Borrower.
- Consent of the Stockholders of Borrower to increase authorized shares of Series C Preferred Stock.
- Consent of a majority of the holders of Convertible Subordinated Promissory Notes to amendment of subordination provisions.

SCHEDULE 5.5

ACTIONS BEFORE GOVERNMENTAL AUTHORITIES

None

SCHEDULE 5.8

TAX MATTERS

None

SCHEDULE 5.9

INTELLECTUAL PROPERTY CLAIMS

None

SCHEDULE 5.10

BORROWER PRODUCTS

None

SCHEDULE 5.11

FINANCIAL ACCOUNTS

<u>Bank Information</u>	<u>Account Type</u>	<u>Account Number</u>
JP Morgan Chase	Checking	904-033880
JP Morgan Chase	Money Market	904-033872
Citibank	Checking	5676288
Citibank	Savings	5676288
Wells Fargo	Market Rate Checking	324-0355580

SCHEDULE 5.13

CAPITALIZATION

	Common		Series A		Series B		Series C		Fully Diluted	
	Stock (4)		Convertible Preferred Stock		Convertible Preferred Stock		Convertible Preferred Stock			
WFM Founders (1)	3,227,270	41.5%							3,227,270	20.67%
Rho Management Trust I	1,478,395	19.0%	1,319,053	38.2%	1,646,948	64.7%	384,874	21.0%	4,829,270	30.94%
William Bo S. Peabody	17,416	0.2%	901,211	26.1%	-		4,584	0.2%	923,211	5.91%
AOL Time Warner	102,665	1.3%	400,219	11.6%	251,611	9.9%			754,495	4.83%
Village Ventures Partners	102,665	1.3%	400,219	11.6%	254,725	10.0%			757,609	4.85%
SVE Star Ventures Enterprises	113,720	1.5%	288,528	8.4%	365,664	14.4%	66,499	3.6%	834,411	5.35%
Berkshire Capital Investors	65,295	0.8%	140,770	4.1%	-				206,065	1.32%
Douglas W. McCormick	87,061	1.1%			-				87,061	0.56%
Daniel Burstein					28,303	1.1%	2,451	0.1%	30,754	0.20%
NeoCarta							1,222,422	66.7%	1,222,422	7.83%
BEV	448,980	5.8%					52,803	8.3%	601,783	3.85%
WFM - others (2)	440,987	5.7%							440,987	2.82%
Streetmail other (3)	321,533	4.1%							321,533	2.06%
Option pool, net of exercises	1,374,013	17.7%							1,374,013	8.80%
	7,780,000	100.0%	3,450,000	100.0%	2,547,251	100.0%	1,833,633	100.0%	15,610,884	100.00%
	49.8%		22.1%		16.3%		11.7%		100.0%	
(1) assumes exercise of a 700k warrant between WFM Founders and certain investors										
(2) includes 10 individuals										
(3) includes 35 individuals										
(4) Does not include up to 175k shares that may be issued to Michael Wex Production if certain business performance targets are achieved										

SCHEDULE 5.14
CONVERTIBLE NOTES

<u>Holder</u>	<u>Amount of Subordinated Indebtedness</u>
1. Rho Management Trust I	\$2,598,401
2. SVE Star Ventures Enterprises No. VII	\$443,848
3. SVM Star Ventures Managementgesellschaft mbH Nr. 3	\$11,611
4. Daniel Burstein, individually	\$15,687
5. NeoCarta Ventures, L.P.	\$561,157
6. NeoCarta Scout Fund, L.L.C.	\$62,351
7. Brand Equity Ventures II, L.P.	\$306,945
	Total: \$4,000,000