SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

[X] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended JULY 31, 1999 or

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

DELAWARE	77-0034661
(State of Incorporation)	(IRS Employer Identification No.)

2535 GARCIA AVENUE, MOUNTAIN VIEW, CA 94043

(Address of Principal Executive Offices, including zip code)

(650) 944-6000

(Registrant's Telephone Number, including area code)

Securities registered pursuant to Section 12(b) of the Act:	None
Securities registered pursuant to Section 12(g) of the Act:	Common Stock, $0.01 par value
	Preferred Stock Purchase Rights

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

As of October 5, 1999, there were 189,389,242 shares of the Registrant's common stock, $0.01 par value, outstanding (as adjusted for a three-for-one stock split, effected as a stock dividend, with a payment date of September 30, 1999). This is the only outstanding class of common stock of the Registrant. As of that date, the aggregate market value of the shares of common stock held by non-affiliates of the Registrant (based on the closing price of $30.38 for the common stock as quoted by the Nasdaq National Market on such date), was approximately $5,164,541,002.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held in November 1999 are incorporated by reference into Part III of this report on Form 10-K.

FISCAL 1999 FORM 10-K
INTUIT INC.

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PART I

ITEM 1
BUSINESS

CAUTIONS ABOUT FORWARD-LOOKING STATEMENTS

This Form 10-K includes "forward-looking" statements about future financial results, future products and other events that have not yet occurred. For example, statements like we "expect," we "anticipate" or we "believe" are forward-looking statements. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties about the future. We will not necessarily update the information in this Form 10-K if any forward-looking statement later turns out to be inaccurate. Details about risks affecting various aspects of our business are discussed throughout this Form 10-K and include the following (with details on the referenced pages): Our revenue and earnings are highly seasonal, and our quarterly and annual financial results can fluctuate significantly for other reasons as well (page 27). We face intense competition from many companies in all of our business areas, both domestically and internationally (page 14). We expect Microsoft to enter the personal tax preparation market in the 1999 tax year, and we may also face competition from the Internal Revenue Service and state tax agencies (pages 14-16 and 30). Our Internet-based products and services require us to successfully adopt, refine and operationally support a new business model (page 5). We must continue to maintain important distribution and website content relationships for our Internet businesses (such as our relationship with Excite) and successfully market and promote our Internet-based products and services (page 5). Internet businesses face risks relating to customer privacy and security and increasing regulation (page 6). Our Internet businesses require significant research and development and marketing expenditures, and we expect that these expenses will increase significantly as a percentage of revenue in fiscal 2000 (pages 26, 34 and 35). The expansion of our Internet-based products has had a significant impact on our development process (page 12). We hold significant investments that are very volatile, and some of the volatility may impact our quarterly earnings (pages 35-36 and 48-49). In order to succeed in the payroll business, we must continue to improve the integration of the operations of our recently acquired payroll processing service provider and expand availability for our online payroll processing service (page 28). Our web-based tax preparation and electronic filing services must handle extremely heavy customer demand during the peak tax season (pages 29-30). Our online mortgage business is subject to

interest rate fluctuations (pages 10 and 31). Our recent acquisitions have resulted in significant acquisition-related expenses (pages 6 and 34-35). Problems related to the Year 2000 could have a significant adverse effect on our operations (page 36). Business conditions in international markets, other risks inherent in international operations, and changes in our business model in Europe, may negatively impact our financial performance (pages 11 and 31). The market price of our common stock has been volatile (page 23). Product returns and product rebate redemptions might exceed reserves (pages 14 and 27).

CORPORATE BACKGROUND

Intuit began operations in March 1983 and was incorporated in California in March 1984. In March 1993, we reincorporated in Delaware and completed our initial public offering. Our principal executive offices are located at 2535 Garcia Avenue, Mountain View, California, 94043, and our telephone number is (650) 944-6000. When we refer to "we" or "Intuit" in this Form 10-K, we mean the current Delaware corporation (Intuit Inc.) and its California predecessor, as well as all of our consolidated subsidiaries.

On September 8, 1999, Intuit's Board of Directors authorized a three-for-one split of the outstanding Common Stock. This was accomplished by distributing a stock dividend of two shares of Common Stock for each outstanding share to stockholders of record on September 20, 1999. The stock dividend was paid on September 30, 1999. All share and per share numbers in this Form 10-K have been adjusted to reflect the stock split.

BUSINESS OVERVIEW

ELECTRONIC FINANCE - CREATING A CONNECTED FINANCIAL WORLD

Intuit's mission is to revolutionize how people manage their financial activities. As we execute our mission, we have embarked on a strategy to greatly expand the world of electronic finance. "Electronic finance" encompasses three types of products and services: (1) desktop software products, such as Quicken(R), QuickBooks(R) and TurboTax(R), that operate on customers' personal computers to automate financial tasks; (2) products and services, such as Quicken.com(SM), QuickenMortgage(SM) and WebTurboTax(SM), that are delivered via the Internet; and (3) products and services, such as QuickBooks Online Payroll(SM) service, that connect Internet-based services with desktop software to enable customers to integrate their financial activities.

BUSINESS STRATEGY

Intuit is uniquely positioned to deliver a connected vision of electronic finance. We have proven expertise in creating technologies that simplify complex financial matters for consumers and small businesses. In addition, we have a large and loyal base of financially sophisticated customers, strong brand name recognition and a strong financial position.

Following are some specific components of our electronic finance strategy and examples of our progress in implementing our strategy during fiscal 1999:

1. CREATE AND EXPAND WEB-BASED BUSINESSES.

   - In October 1998, we launched our QuickBooks Online Payroll service, which gives QuickBooks small business customers a convenient, quick and cost-effective payroll processing alternative.

   - During fiscal 1999, we significantly expanded our online mortgage and insurance businesses as we broadened the scope and depth of our Quicken.com personal finance website.

2. USE THE POWER OF THE INTERNET TO DELIVER ROBUST PRODUCTS AND SERVICES.

   - For the 1998 tax year, our WebTurboTax online tax preparation service offered the full features of our TurboTax desktop software. Combined with electronic tax filing for federal and most state returns, WebTurboTax provided customers a fully-connected tax preparation solution.

   - Our QuickBooks Online Payroll service interconnects with banks and federal and state tax agencies to enable efficient payroll processing. The service also interconnects with recent versions of our QuickBooks software to automatically update the user's QuickBooks records with the completed payroll data, creating a compelling customer experience.

3. EXPAND OUR CUSTOMER BASE, AND INCREASE REVENUE PER CUSTOMER THROUGH INCREMENTAL REVENUE SOURCES.

- During fiscal 1999, our Quicken customer base grew from 10 million to 11 million users, our QuickBooks customer base expanded from approximately 2.1 million to 2.7 million small businesses, and our personal tax customer base for federal form 1040 returns (including both desktop and online users) increased by over 35%.

- Demand for our electronic tax filing service increased dramatically, solidifying a new source of revenue for our personal and professional tax businesses.

- During fiscal 1999, revenue for QuickBooks Support Network, our fee-for-support service for QuickBooks customers, more than doubled, while the service also helped us to control our technical support costs.

4. CONTINUE MARKET LEADERSHIP IN ACCOUNTING, TAX AND PERSONAL FINANCE DESKTOP SOFTWARE.

- Our QuickBooks, TurboTax and Quicken desktop products all continued to be the leaders in their respective retail desktop software categories, despite increased competitive pressures.

Although fiscal 1999 was a successful year for Intuit in many respects, we continue to face significant challenges and risks. For example, our international operations are going through major transitions, and our Internet businesses continue to require significant levels of investment. In addition, competition is intensifying, particularly for our personal tax products, and for many of our Internet-based businesses, where we face a wide range of potential competitors, including banks and other financial institutions, financial portals and narrowly focused competitors in mortgage and insurance. Our Quicken business continues to be a good source of new customers, but is not directly contributing to revenue growth. We encourage you to read this entire Form 10-K carefully to better understand our business and our financial results, and the risks and uncertainties we face.

OVERVIEW OF PRODUCTS AND SERVICES

For a number of years, we have provided a range of small business accounting, tax preparation and consumer finance desktop software and financial supplies (such as computer checks, envelopes and invoices) for individuals and small businesses. Our traditional products include QuickBooks, TurboTax, Quicken, ProSeries(R) and Lacerte(R) desktop software products. With the widespread adoption of the Internet, we recognized that the intangible nature of financial products and services make them uniquely suited for Internet distribution and delivery. Accordingly, we have expanded our strategic focus to encompass Internet-based products and services, including QuickBooks Online Payroll service, WebTurboTax, QuickenMortgage and Quicken InsureMarket(SM). Details about our products and services are provided beginning on page 7.

SPECIAL RISKS FOR INTERNET-BASED PRODUCTS AND SERVICES

We believe that the dramatic growth of the Internet will give us significant opportunities to grow our revenue over the next several years. However, Internet-based revenue (including Internet products and services and electronic distribution) was only 15% of our total revenue during fiscal 1999. See Management's Discussion and Analysis of Financial Condition and Results of Operations (also called "MD&A"), page 26. As we grow our Internet-based businesses, related expenses have been, and will continue to be, significant, and the financial resources of recently public competitors will continue to increase. We face a number of risks that are unique to our Internet-based businesses, including the following:

Our Internet-based products and services require us to successfully adopt, refine and operationally support a new business model. The business model for our Internet-based businesses contemplates revenues coming from advertising, marketing, transaction and processing fees, rather than from software sales. Our Internet businesses require different approaches to product development (see "Product Development," pages 11-12) and marketing (see "Marketing, Sales and Distribution," on pages 12-14). These businesses also depend on a different operational infrastructure than our desktop software businesses, and we must continue to develop new and continually evolving internal systems and procedures to support these businesses and the complex requirements of our strategic Internet relationships. The rapid pace of change in this area creates unique risks, and we may be unable to manage costs effectively and/or to meet customer expectations. During fiscal 1999, due in part to the rapid growth in some of these businesses, we had some operational performance issues, including issues with our electronic tax filing service and the portfolio feature on our Quicken.com website. See page 10, and MD&A, pages 29-30 and 33, for details about these issues. We expect that we will face additional operational challenges as we continue to expand our online businesses, and these could have

a significant impact on the success of these businesses.

We must continue to maintain important distribution and website content relationships and successfully market and promote our products and services. Website traffic is an important foundation for our Internet business model. We have established important distribution relationships, such as our relationships with Excite@Home, America Online and others, to help us continue to increase traffic and related revenue. We also have important relationships with a number of third parties to provide content on our websites to attract customers. However, increased traffic may not

necessarily result in increased revenue (primarily advertising revenue and transaction fees) for our online businesses. In addition, our distribution relationships require us to make significant financial commitments to these companies. For example, the Excite@Home agreement currently calls for us to share certain revenue generated from our Quicken.com site and the America Online agreement calls for us to make significant guaranteed payments to America Online over the term of the agreement. Also, due to the constantly evolving business environment in which our Internet businesses operate, we may be required to adapt some of our important business relationships in order to continue benefiting from those relationships. We believe that to increase website traffic, we may also be required to independently market and promote our Internet-based products and services, in addition to relying on distribution relationships. These marketing efforts may require significant additional financial resources, given the intensely competitive environment, the increasing financial resources and marketing efforts of some of our competitors, and the low barriers to entry for many Internet-based businesses.

Internet businesses face risks relating to customer privacy and security and increasing regulation. A significant risk for our Internet businesses is that customers may refuse to transact business over the Internet due to privacy or security concerns. We currently incorporate a variety of security measures into our products and services, and we are developing a customer information privacy policy. However, a major breach of customer privacy or security, even by another company, could have serious consequences for our Internet-based businesses. Consumers' use of the Internet, particularly for commercial transactions, may not continue to increase as rapidly as it has during the past few years. If Internet use does not grow as a result of privacy or security concerns, or for other reasons, the growth of our Internet-based businesses would be hindered. In addition, because our Internet-based products are available in many states and foreign countries, we may be subject to regulation and taxation in many additional jurisdictions. To the extent that states or foreign countries are generally successful in their efforts to impose taxes on Internet commerce, the growth of the use of the Internet could slow substantially, which could slow the growth of our Internet-based businesses. If Internet activity becomes heavily regulated in other respects, that could have major negative consequences for the growth of our Internet-based businesses.

RECENT TRANSACTIONS

During the past few years we made several acquisitions and investments to expand our business more rapidly in selected areas, we have liquidated certain investments to strengthen our cash position, and we have sold businesses that no longer support our corporate strategy. Some of the most significant transactions are described below. See the notes to the financial statements for more information about these and other transactions.

Acquisitions. On October 7, 1999, we announced that we had reached a definitive agreement to acquire Rock Financial Corporation, a leading provider of online consumer mortgages through Rockloans.com. The acquisition is subject to a variety of closing conditions, including approval by Rock's shareholders. See pages 9 and 31, and Note 19 of the financial statements.

On May 3, 1999 we acquired Computing Resources, Inc. ("CRI"), a privately held company based in Reno, Nevada, that had been the payroll processing service provider for our online payroll business since it was launched in October 1998. CRI was one of the country's largest payroll service companies and a leader in providing payroll services to small businesses. The acquisition is resulting in significant acquisition-related costs, as well as business integration challenges common in all acquisitions, and risks unique to the payroll processing business. See MD&A, on page 29, for a discussion of these issues and Note 3 of the financial statements.

In June 1998, we purchased Lacerte Software Corporation, a leading provider of tax preparation software and services for tax professionals. In August 1999, we acquired SecureTax.com, Inc., a provider of online personal tax preparation and electronic filing services. See Notes 3 and 19 of the financial statements.

Investments. In fiscal 1999, we invested $50 million in Security First Technologies, which delivers enterprise-wide Internet applications for financial institutions. In fiscal 1998, we participated in the formation of a joint

venture that is developing Web-oriented financial products and services. See Note 5 of the financial statements. We have also made smaller strategic investments in a number of other companies with technologies that may be relevant to our businesses. See Notes 1 and 5 of the financial statements.

Divestitures. During fiscal 1999, we liquidated a significant portion of our investment in Excite Common Stock, realizing a pre-tax gain of $549.9 million (including $88.5 million in net gain from conversion of our remaining shares to Excite@Home shares). See Note 1 of the financial statements. During fiscal 1997, we sold our direct

marketing consumer software subsidiary (Parsons) to allow us to increase our focus in strategically important areas. See Note 4 of the financial statements.

Impact of Recent Transactions. Many of these transactions have had, and some of them will continue to have, a significant impact on our financial results, which may make period-to-period comparisons of our financial results less meaningful. See MD&A, pages 26 and 34-36. In addition, our investments may experience significant price volatility. See MD&A, page 35. While we believe our recent acquisitions were in the best interests of Intuit and its stockholders, there are significant risks associated with these transactions. The acquisitions have expanded our size, product lines, personnel and geographic locations. Integrating and organizing these new businesses creates challenges for our operational, financial and management information systems, and we must continue to address issues presented by growth through acquisitions. Our acquisitions have also resulted in significant amortization expenses, including amortization of purchased software (reflected in cost of goods sold) and amortization of goodwill and purchased intangibles (reflected in operating expenses), as well as charges for in-process research and development. Acquisition-related expenses were $39.0 million in fiscal 1997, $80.9 million in fiscal 1998 and $100.7 million in fiscal 1999. Additional acquisitions could have an incremental negative impact on operating results. See MD&A, pages 34-36, for more information on acquisition-related charges.

PRODUCTS AND SERVICES

Intuit offers products and services through four principal business divisions:

- SMALL BUSINESS DIVISION: Accounting software, financial supplies, employer services (such as online payroll), technical support consulting services and other related services.
- TAX DIVISION: Personal, professional and small business tax preparation software, web-based tax preparation services and electronic tax return filing.
- CONSUMER FINANCE DIVISION: Personal finance software, websites and marketspaces and related services.
- INTERNATIONAL DIVISION: Small business, tax and consumer finance products and services in selected foreign markets, with the primary focus on small business customers.

SMALL BUSINESS DIVISION

QuickBooks and QuickBooks Pro(R) Software. Our QuickBooks product line brings extensive bookkeeping capabilities to small business users in an easy-to-use design that does not require customers to be familiar with debit/credit accounting. QuickBooks Pro products address the needs of small businesses in the U.S. that are project, job or time based, that require a multi-user product and/or that want more features (such as integration with Microsoft Office). In June 1998, we launched the first multi-user version of QuickBooks Pro, which addressed one of the most frequent customer requests for additional capabilities. QuickBooks Pro 99, which was launched in January 1999, offers seamless integration with Microsoft Excel and Microsoft Word software and increased connectivity to online resources for small businesses through QuickBooks.com.

Payroll Services. In October 1998, we introduced our QuickBooks Online Payroll processing service. The service is offered through our newer QuickBooks products and handles all aspects of payroll processing, including calculation and electronic depositing of federal and state payroll tax withholdings, preparation and filing of quarterly and annual payroll tax returns and creation of employee W-2 forms, as well as electronic direct deposit of paychecks (sold separately). The payroll service uses payroll data entered by customers into their QuickBooks files and transmitted to Intuit electronically, and also transmits completed payroll information back to the customers' QuickBooks files, so customer data entry is minimized.

In connection with our online payroll service business, in May 1999 we completed our acquisition of Computing Resources, Inc. ("CRI"), which had been our payroll

processing service provider since October 1998. CRI continues to provide traditional payroll processing services for its customer base. While the payroll processing business provides us with a significant opportunity to generate revenues, it also introduces new risks. See Note 3 of the financial statements for more details about the CRI acquisition, and MD&A, pages 28-29 for more about the risks

associated with the online payroll business.

In June 1999, we introduced QuickPayroll, a subscription-based payroll service for customers who do not use QuickBooks. In addition, we offer a payroll tax table subscription service for small business customers that need current tax tables to prepare their own payroll.

Small Business Internet. Our Small Business channel on the Quicken.com website addresses the specific needs of small businesses. We provide information, tools and community discussion opportunities to QuickBooks customers as well as other small businesses. The site is accessible from the Excite website and is also accessible directly from QuickBooks 6.0 and QuickBooks 99 products. Small business website revenues, which come primarily from advertising and sponsorship fees, are not expected to be significant, or to offset expenses of the site, for the foreseeable future.

The Internet is strategically important to the Small Business Division as a vehicle for eventually delivering a range of small business services that have connectivity with QuickBooks. Our QuickBooks Online Payroll service (discussed above) is our first example of an Internet-delivered, accounting-connected service. We expect to offer additional Internet-delivered services to our QuickBooks customers during the next 12 months, working collaboratively with a number of other companies to do so.

QuickBooks Support Network ("QBSN"). QBSN is our fee-for-support program for QuickBooks users. The program reflects our belief that high-quality customer support tailored to the specific requirements of small businesses can be a profitable and strategically important business while helping us to control technical support costs. During fiscal 1999, we continued to expand and improve the quality of the services provided, and as a result it has become a growing source of incremental recurring revenue for the Small Business Division.

Financial Supplies. We offer a range of financial supplies designed for use with our small business and consumer finance desktop software products. Supplies include professional-quality paper checks, envelopes, invoices, business forms, deposit slips and rubber stamps. During fiscal 1998, we launched a supplies website to enable customers to order supplies online, which has reduced order fulfillment costs and increased customer satisfaction. During fiscal 1999, approximately 18% of supplies orders were generated by the website.

In September 1995, we entered into an exclusive five-year contract with John H. Harland Co. to print all of our checks and other imprinted products. These products accounted for about 60% of our supplies revenue in fiscal 1999. We believe our relationship with Harland is strong, and the financial terms of the contract are favorable to Intuit. However, if there are any problems with Harland's performance, it could have a material negative impact on sales of supplies and on Intuit as a whole. In addition, since the contract will terminate in September 2000, Intuit will need to either renegotiate terms with Harland or enter into a relationship with another vendor during the next year.

TAX DIVISION

Personal Tax Software. Our TurboTax (for Windows) and MacInTax(R) (for the Macintosh) desktop products are designed for individual consumers who prepare their own tax returns. Our tax products are designed to be easy to use, but sophisticated enough for complicated tax returns.

Web-Based Personal Tax Preparation and Electronic Filing Services. Our WebTurboTax interactive tax preparation solution allows individual taxpayers to prepare their federal and state income tax returns entirely online, with essentially all of the functionality of our TurboTax desktop software. During the 1998 tax season, WebTurboTax was offered directly by Intuit, as well as on a co-branded basis by over 100 financial institutions. Users of our desktop and web-based tax preparation software can file their federal (and many state) tax returns electronically through our proprietary electronic filing center. Demand for online tax preparation and electronic filing increased dramatically during fiscal 1999. While we believe that the increasing popularity of the Internet will provide future revenue growth opportunities for these Internet-based tax offerings, there are also risks. See MD&A, page 29 for details about some of these risks.

During the 1998 tax year, we initiated the Quicken Tax Freedom Project, a philanthropic public service initiative under which we provided online tax preparation and electronic filing services at no charge to federal and state tax filers with adjusted gross incomes of $20,000 or less. We plan to expand the scope of this program during the 1999 tax year to include anyone who files a Form 1040EZ.

Professional Tax Software. Our ProSeries and Lacerte tax products are designed for tax professionals who prepare individual, business, estate, trust and gift tax returns for their individual and business clients. Customers can elect to license professional tax products for a single fee for unlimited annual use or to use them on a "pay-per-return" basis. ProSeries and Lacerte customers can electronically file their returns through our proprietary filing services. We believe our ProSeries and Lacerte product lines provide complementary solutions for differing practitioner preferences, with our ProSeries products emphasizing ease-of-use and data entry on government form facsimiles, and the Lacerte products emphasizing efficiency and customer-tailored data sheet entry. See Note 3 of the financial statements for more details about our June 1998 acquisition of Lacerte.

CONSUMER FINANCE DIVISION

Quicken Software. Our Quicken desktop software products help users organize, understand and manage their personal finances by providing easy methods for recording and categorizing various types of financial transactions. Quicken enables customers to reconcile bank accounts, record credit card transactions, and track cash, investments, mortgages and other assets and liabilities. Our Quicken 2000 products, which were launched in August 1999, incorporate a number of Web integration features, such as direct links to Quicken.com, an embedded Web browser, online banking and bill payment functions, and a feature that allows customers of participating brokerage firms to download brokerage account data and execute securities trades through their broker's website. The product line includes a bundled product called Quicken Financial Suite, which includes Quicken Deluxe, TurboTax Deluxe federal, TurboTax state and Quicken Family Lawyer products.

Quicken.com, QuickenMortgage and Quicken InsureMarket. Quicken.com is our personal finance website. It enables customers to automate financial management tasks and make better financial decisions by giving them software tools, resources and objective information about a variety of personal finance topics, in a single online destination. Quicken.com includes "channels" for Home/Mortgage, Insurance, Investments, Taxes, Banking and Credit and other financial areas, and includes prominent links to our online mortgage and insurance marketspaces (described below). Quicken.com content is created by Intuit as well as by third party publishers and financial experts. We do not currently charge customers a fee to access Quicken.com, but we receive revenue from financial institutions and other companies that advertise and/or sell their products or services on Quicken.com.

Our QuickenMortgage site provides a variety of tools and services relating to home mortgages and allows consumers to shop for mortgages online. Users can currently pre-qualify and apply for mortgages from 17 lenders nationwide. We receive initial implementation fees, ongoing annual participation fees and transaction-based fees (for origination services) from participating lenders. Some lenders also pay us fees for data processing and other administrative services. On October 7, 1999, we announced that we had reached a definitive agreement to acquire Rock Financial Corporation, a leading provider of online consumer mortgages through Rockloans.com. If completed, this acquisition will allow us to provide customers the speed, efficiency and convenience of Internet-based mortgage lending, as well as the ability to work directly with an experienced lending team during every step of the process. Rock will perform loan processing functions similar to those that are currently provided by Mortgage.com under a Distribution, Marketing, Facilities and Services Agreement with Intuit. This agreement with Mortgage.com will be terminated and phased out over the next twelve months. The acquisition is subject to a variety of closing conditions, including approval by Rock's shareholders. See MD&A, page 31, and Note 19 of the financial statements.

Our Quicken InsureMarket site enables customers to educate themselves about, and shop for, insurance products online. Users can currently receive real-time quotes and apply for term life insurance from 10 national carriers. Real-time auto insurance quotes are currently available in 33 states (about 80% of the U.S. population), and on-line purchase for auto insurance is available from 3 carriers in 24 states (51% of the population). Quicken InsureMarket is currently the only online insurance site that allows customers to purchase from multiple auto insurance carriers online. We receive initial implementation fees, ongoing annual participation fees and transaction-based fees (for referrals and purchases) from participating carriers, and some carriers also pay us fees for data processing and other administrative services.

We believe the long-term success of Quicken.com will depend on our ability to increase our customer base as quickly as possible, get greater participation by financial institutions and expand the depth and breadth of offerings on the site. We believe that the investments channel is the most important site for

increasing participation by

financial institutions, since it tends to attract relatively more affluent, financially savvy consumers that financial institutions are targeting for their products and services. Accordingly, expansion of the investments channel content, both through internal development and the acquisition of third party content and technology, has been and will continue to be a high priority.

Although we have devoted significant resources to expanding our marketspaces, our investments channel and other areas of Quicken.com (both through internal development efforts and through acquisitions and strategic relationships), we still face many risks and challenges. For example, we have established important distribution relationships, such as our relationships with Excite@Home, America Online and others, to help us continue to increase traffic and related revenue. We also have important relationships with a number of third parties to provide content on our websites to attract customers. Our distribution relationships require us to make significant financial commitments to these companies. In addition, due to the constantly evolving business environment in which our Internet businesses operate, we may be required to adapt some of our important business relationships in order to continue benefiting from those relationships. As another example of risks we face, we rely on a single third party technology provider to facilitate the electronic communications among lenders, customers and our QuickenMortgage site. Failure by that party to perform these services would require us to discontinue certain aspects of our mortgage service until an alternative service provider could be located. This would have a serious negative impact on the performance of the QuickenMortgage marketspace. In addition, although we experienced a significant increase in our volume of closed loans during fiscal 1999, the mortgage business is interest-rate sensitive. As interest rates have risen during the past six months, the number of closed loans per month has declined about 25% from its peak and the number of applications per month has declined about 15% from its peak. If interest rates continue to rise, this will most likely continue to impact the volume of closed loans and applications. This impact could be exacerbated if we complete our proposed acquisition of Rock Financial. See MD&A, page 31, and Note 19 of the financial statements. The progress of auto insurance offerings on our InsureMarket site has been hampered by the complexity of connecting to multiple insurance carriers with various computer systems, the complexity of dealing with insurance regulations in 50 states, and other challenges involved in working with large insurance companies.

Total Quicken.com page views for the month of July 1999 were up approximately 78% compared to July 1998. While page view growth has been strong, traffic volumes can vary significantly from month to month due to seasonal trends, site performance, the timing of launches, competitors' activities and other factors. The continued expansion and customer utilization of Quicken.com will require improvements in site performance, and in the scalability and reliability of the underlying technology. Like almost all companies doing business on the Internet, we experience occasional system outages. For example, during July 1999, customers were unable to access the portfolio tracking features on the site for several days. Lengthy and/or frequent service interruptions may cause us to lose a significant number of customers in the short-term, and damage our reputation over the longer-term. In order to continue expanding our Quicken.com customer base, we may need to significantly increase our marketing expenses, particularly given the competitive environment and the resources and marketing efforts of some of our competitors.

Online Transactions. Quicken includes an online banking feature that allows users to download transaction and account information from participating financial institutions directly into their Quicken accounts. We also offer online bill payment through Quicken, with services provided by Checkfree Corporation or participating financial institutions. During fiscal 1999, we began offering a beta test version of online bill payment and presentment through Quicken.com. The service was developed and is owned by a joint venture in which Intuit is a participant, and is offered on Quicken.com through a licensing arrangement with the joint venture. See Note 5 of the financial statements for more information about the joint venture. Online transaction revenues come primarily from advertising and marketing fees paid by participating financial institutions.

In addition to these revenue-generating activities, one of the primary goals of our online transactions business is to promote the adoption of an Internet-based electronic communications link between our software products and financial institutions. This link is based on a communications standard called Open Financial Exchange(TM), which we refer to as "OFX." While we believe that OFX is the right strategic approach for us, we face risks and challenges in implementing it. Financial institutions may not implement OFX as rapidly as we would like, or they may adopt alternative connectivity standards that do not support interoperability with OFX. If competing standards are adopted and supported by financial institutions, we may need to incur significant expenses to alter our products.

INTERNATIONAL DIVISION

Our International Division is divided into three regions: Japan, Europe and Asia/Pacific. The performance of our international operations during the past several years has been disappointing. In response, we have restructured certain operations to make them more efficient, we have narrowed our strategic focus to fewer products (primarily small business products) in fewer markets, and we recently entered into a comprehensive third party development, marketing and distribution arrangement in Germany. With our new focus on small business products in selected larger markets, we are devoting fewer resources to consumer finance and tax products, and to smaller geographic markets. See MD&A, page 31, for a discussion of the potential impact of these changes on the financial performance of our international operations.

Japan Region. Our Japanese subsidiary currently offers small business products developed by Milkyway KK (acquired in January 1996) and Nihon Micom (acquired in March 1997) that address the upper and middle segments of the small business market in Japan, as well as a localized version of QuickBooks, which we launched in fiscal 1999, that is targeted at the lower end of the small business market.

Europe Region. We serve selected European markets and South Africa with localized versions of our products through our office in the United Kingdom, and through a distribution relationship in Germany. During fiscal 1999, we entered into a localization, manufacturing, licensing and distribution arrangement with Lexware (a subsidiary of Rudolf Haufe Publishing), a leading business software company in Germany, under which Lexware will develop and market products and services for Intuit in Germany under the Intuit brand beginning in fiscal 2000.

Asia/Pacific Region. Our Asia/Pacific region includes Canada, Australia, Latin America, Hong Kong and other parts of Southeast Asia. We offer Quicken in Canada, Australia, Hong Kong, the Philippines and Singapore, as well as several Latin American countries. We offer QuickBooks in Canada, Australia and Hong Kong. We also offer our QuickTax(TM) personal and professional tax products in Canada and Australia.

Special Risks for International Operations. Conducting business internationally involves many risks, including longer accounts receivable collection cycles; difficulties in managing operations in different locations; unanticipated changes in foreign regulatory requirements; potential volatility in the political and economic conditions of foreign countries; fluctuations in foreign currency exchange rates; and additional challenges in the product development process. For example, the economic situation in Japan had a negative impact on international revenue and profits during fiscal 1998 and 1999. We introduced our first release of QuickBooks in Japan in September 1998 in an effort to target a lower-priced market than our other small business products reach in Japan. However, the overall market for small business products and services in Japan continues to suffer. Also, developing and localizing products for foreign markets involves more risk, and is more time-consuming and costly than developing products for the U.S. market. Delays or other problems in product launches may be more likely because of these factors, and they can impact our financial performance. For example, we experienced product launch delays in Germany in fiscal 1998 and fiscal 1999, which contributed to revenue declines in certain quarters.

PRODUCT DEVELOPMENT

We seek to design products and services that will appeal to our large existing customer bases as well as to new customers. For existing customers we focus on both upgrades of products they already own, as well as complementary products and services that can drive additional, and often recurring revenue, from our core products. Examples of incremental revenue sources include financial supplies and online payroll services for our QuickBooks customers, electronic filing and state tax products for our TurboTax customers, and supplies and Quicken.com marketspaces for our Quicken customers. While much of our product development is done internally, we supplement our internal development efforts by acquiring strategically important products and technology from third parties, or establishing other relationships that enable us to expand our business more rapidly.

During the past few years, we have devoted significant resources to developing and expanding new products and services, including our multi-user QuickBooks Pro product, the QuickenMortgage and Quicken InsureMarket marketspaces, the QuickBooks Online Payroll service, and online tax preparation and electronic tax filing. Our total research and development expenses as a percentage of net revenue were approximately 16% in fiscal 1997, 18% in fiscal 1998 and 17% in fiscal 1999.

The development process for our products and services is complex and involves some risks. Hiring and retaining highly qualified technical employees is critical to the success of our development efforts, particularly in new product areas, and we face intense competition for these employees. Product and service launches can be delayed for a variety of reasons. Products may have "bugs" that hinder product performance, give customers incorrect results and/or damage customer data. These problems can be expensive to fix, particularly if we need to do a major maintenance release or pay refunds to customers. They can also result in higher technical support costs and lost customers.

The expansion of our Internet-based products and services has had a significant impact on our development process. Our desktop software products tend to have a fairly predictable, structured development cycle of about 12-24 months. Once new products are released, they generally are not modified (except to fix bugs) until the next scheduled product upgrade. The development process for Internet-based products is much more rapid, much less predictable, and has much shorter development cycles. In addition, Internet-based products and services must incorporate technology to address customer concerns about privacy and security. Getting products and services launched quickly is crucial to competitive success, but this time pressure may result in lower product quality. Once launched, Internet-based offerings must be continuously and rapidly updated to incorporate changing technology and customer demands, as well as to fix bugs.

The development of tax preparation software presents a unique challenge because of the demanding annual development cycle required to incorporate tax law changes each year. Tax law changes also affect our tax table service and our online payroll service. We can't predict how complex the tax law changes will be each year, when the changes will be made, or when the tax forms that we include in our products will be available from the IRS and state tax agencies. The rigid development timetable increases the risk of errors in the products. Although tax product quality has been high in recent years, any major defects could lead to negative publicity, customer dissatisfaction and incremental operating expenses. We guarantee the accuracy of the tax calculations performed by all of our personal tax products and we reimburse any penalties and interest paid by consumer customers to the Internal Revenue Service or any state tax agency solely as a result of miscalculation on a form prepared using our personal tax products. If these products contain a calculation error affecting a significant number of consumer customers' returns, we could be subject to liability claims and be required to make substantial payments.

The rigid development timetable for tax products also increases the risk of a product launch delay. Since the tax return preparation season is brief, it is imperative that we release tax products as early as possible. Although we have been successful in recent years in getting products to market in a timely manner, a late release in any year could cause our current and prospective customers to choose a competitive product for that year's tax season. This would result in lost revenue in the current year and would make it more difficult for us to sell our products to those customers in future tax seasons.

MARKETING, SALES AND DISTRIBUTION

MARKETS

The markets that we compete in, particularly in the Internet area, are characterized by rapidly changing customer demands, continuous technological changes and improvements, shifting industry standards and frequent new product introductions by other companies. In particular, the Internet has greatly enhanced the ability of customers to make product and price comparisons, shifting more power to consumers. Market and industry changes can quickly render existing products and services obsolete, so our marketing success depends on our ability to respond

rapidly to these changes with new or enhanced products and services, new distribution methods, different competitive strategies and other appropriate changes to the way we do business.

RETAIL DISTRIBUTION

We market our desktop software in North America through traditional retail software outlets, computer superstores, office and warehouse clubs and general mass merchandisers. The only retailer or distributor that accounted for more than 10% of our net revenue during the past three fiscal years was Ingram Micro Inc. (12% in fiscal 1997, 15% in fiscal 1998 and 16% in fiscal 1999). As part of our retail sales efforts, we often offer rebates to distributors and retailers, as well as to consumers, to stimulate demand.

During fiscal 1998 and 1999, our personal tax business benefited from particularly strong relationships with major retailers. However, during the past few years, there has been increasing consolidation among retailers, and we expect this consolidation trend to continue. Consolidation has resulted in a number of large retailers with significant bargaining power. This has made it

challenging for us to negotiate financially favorable terms with retailers. We expect to face even greater challenges in negotiating retail relationships in fiscal 2000 and beyond, particularly given Microsoft's expected entrance into the personal tax market. See "Competition," on pages 14-16.

There is an increasing number of companies competing for access to the distribution channels we use. Our arrangements with our distributors and retailers may be terminated by either party at any time without cause. Retailers typically have a limited amount of shelf space and promotional resources, for which there is intense competition. Any termination or significant disruption of our relationship with any of our major distributors or retailers, or a significant reduction in sales volume attributable to any of our principal resellers, could result in a significant decline in our net revenue. Also, the bankruptcy, deterioration in financial condition or other business difficulties of a distributor or retailer could impact our ability to collect our accounts receivable from the affected party, which could have an adverse effect on our operating expenses if uncollectable amounts exceed the bad debt reserves we have established.

We also have OEM, or original equipment manufacturer, relationships with hardware and software manufacturers who combine our products with their products and sell them to retailers and consumers. Although OEM sales often generate little revenue (due to low pricing for OEMs) and reduce operating margins in the short term, they are strategically important because they are a good source of new customers. We have historically used OEM arrangements extensively for our Quicken software. We began selling QuickBooks through OEM channels during fiscal 1999, and expect to expand our OEM distribution channel for the small business accounting market.

In Japan, Europe and other international markets, we rely on distributors, value-added resellers ("VARs") and OEMs, who sell products into the retail channel. In Japan, we expect that our shift in focus to the lower end of the small business accounting market will require us to strengthen our direct relationships with retailers, which will present challenges.

DIRECT DISTRIBUTION

We believe that direct sales campaigns are an effective way to generate software orders, stimulate retail demand and generally increase consumer awareness of our products. We use targeted direct-mail and telephone solicitations, direct-response newspaper and magazine advertising, and television and radio advertising to encourage direct sales and to boost overall product launch results. Direct sales frequently generate significantly higher revenue per unit than retail sales, but this also means that aggressive retail pricing (such as we have seen in the personal tax area) can harm direct sales efforts. During fiscal 1999 we developed a corporate/franchise direct sales program for our QuickBooks product line to make QuickBooks products available to many individual users under a corporate or franchise license.

Direct marketing campaigns are one of the most effective ways to encourage software upgrades and the purchase of new products and services by existing customers. Our customer database is one of our most valuable assets, providing a powerful tool for cross-selling products and services and driving traffic to our Internet marketspaces.

Almost 50% of our registered Quicken and QuickBooks customers have also purchased other products and services from us.

Direct sales make up a significant portion of total desktop software revenue. In addition, some of our products and services, including financial supplies, QuickBooks Support Network and payroll services, are sold only through direct channels.

ELECTRONIC ORDERING AND DISTRIBUTION

Electronic ordering is quickly becoming a preferred way of buying software for many of our customers. Electronic ordering and delivery are convenient for customers and more cost-efficient for Intuit. Currently we have a consumer store (QuickenStore.(SM)com), a site devoted to small businesses (IntuitMarket.com) and a service web site linked to both commerce sites. Electronic delivery has been a particularly effective method of distribution for our TurboTax state tax preparation products. Customers can also order financial supplies through IntuitMarket.com. During fiscal 1999, approximately 6% of our total net revenue was generated by products ordered and/or delivered electronically, compared to only 2% in fiscal 1998, and we expect this percentage to increase substantially in fiscal 2000.

ADVERTISING AND SPONSORSHIP SALES

A small but increasing portion of our revenue comes from the sale of advertising and sponsorships on Quicken.com, as well as advertising within our desktop

products. These types of revenue require skills associated with media and services sales, which have not historically been a core competency of Intuit, and which are different from the skills required for sales of desktop software through traditional retail and direct distribution channels.

PRODUCT RETURNS

Like most software companies, we have a generous return policy for our distributors and retailers, although we encourage them to make returns promptly. We have an unconditional return policy for direct customers. We establish reserves for product returns in our financial statements, based on estimated future returns of products, taking into account promotional activities, the timing of new product introductions, distributor and retailer inventories of our products and other factors. In the past, returns have not generally exceeded the reserves we have established for them. However, if in the future retail sell-through of a major product falls significantly below expectations, or if competitors' promotional or other activities result in increased product returns, returns could exceed the reserves established for them and could cause our net revenue to decline. In addition, the rate of product returns could increase as other changes in our distribution channels occur or existing products become obsolete.

During the tax return preparation season, we generally ship significantly more tax products to our distributors and retailers than we expect them to sell during the tax season, in order to reduce the risk that distributors or retailers will run out of products during the short tax season. As a result, we have historically accepted significant returns of tax products each year, principally from April to September, and we expect to continue to do so in the future.

COMPETITION

OVERVIEW

We face intense competition from many companies in almost all of our business areas, both domestically and internationally. Many of our competitors have significantly greater financial, technical and marketing resources than we do. The most important competitive factors for our desktop software are product features, ease of use, quality and reliability, brand name recognition, timing of product launches compared to competitors (particularly for tax products), price, access to distribution channels and quality of technical support services. For our Internet products, the most important competitive factors are speed in getting new products to market, the ability to distribute them effectively (i.e., generate significant website traffic), brand name recognition, product features and

ease of use. We believe we compete effectively on most of these factors, as our three principal desktop software products (Quicken, QuickBooks and TurboTax) are the leading products in their respective markets, and our Quicken.com site is one of the top personal finance sites as measured by reach statistics published by Media Metrix. However, we always face the risk that competitors will introduce better products and services, reduce prices, gain better access to distribution channels, increase advertising (including advertising targeted at Intuit customers), and release new products before we do. Any of these events (particularly any prolonged price competition) could result in lower net revenue and/or lower profitability. They could also affect our ability to keep existing customers and acquire new customers, which is particularly important for our Internet products.

SMALL BUSINESS DIVISION

The major domestic competitor for our small business accounting software is currently Peachtree Software, which was recently acquired by Sage Group PLC, a major accounting software competitor in the United Kingdom and Germany. We also face potential competition from web-based accounting software being developed by competitors. Despite competitive pressures, according to statistics published by PC Data, QuickBooks accounted for more than 80% of retail dollar sales of small business accounting software from August 1998 through July 1999.

Our QuickBooks Online Payroll service, as well as CRI's payroll service, compete with traditional payroll services offered by a number of companies, including Paychex and ADP, as well as with online payroll services. Because of the efficiency of Intuit's Internet-delivered, accounting software-connected payroll service, we can sell payroll services for significantly less than the price of traditional services. If more competitors begin offering online payroll services, we would expect increasing price competition.

Our financial supplies business competes with a number of business forms companies, such as New England Business Services and Deluxe Business Systems, as well as with direct mail check printers and banks and, more recently, a number of small-scale Internet-based printing companies. In addition, our QuickBooks

products have some features (such as customizable invoicing) that compete with our supplies products. Also, online bill payment services and online payroll services with direct deposit capabilities (including services offered by or through Intuit) offer a competitive alternative to printed checks. Significant competitive factors for the supplies business include ordering convenience, distribution channels, product quality, speed of delivery and price. We believe we compete effectively in most of these areas, but we have experienced increased pricing pressures from many of our competitors. While we have been able to offset some of the impact of price competition by improving operational efficiencies and customer service, continuing price pressures could negatively affect revenue and profitability for our supplies business.

TAX DIVISION

In desktop personal tax software, our major domestic competitor is currently H&R Block, the makers of TaxCut software. Competition has been intense, and increasing, over the past several years. Our share of retail sales declined during fiscal 1999, to approximately 70%. However, our decision to compete less aggressively on price allowed us to improve the profitability of our personal tax business. We expect competition to remain fierce during fiscal 2000, particularly with Microsoft's expected entrance into this market during the upcoming tax season. Microsoft is a formidable competitor. Although its presence in the personal tax market may stimulate overall growth in the market, it may also lead to intense pricing pressures, and could adversely impact our ability to negotiate advantageous terms with major retailers.

The web-based tax preparation market is a new market, and we expect the competitive landscape to shift rapidly as more competitors enter the market. In August 1999, we acquired SecureTax.com, which provides online tax preparation and electronic filing services. There may be further consolidation as competitors seek to establish solid positions quickly.

The professional tax preparation software marketplace is very competitive. Our largest competitors in the U.S. are Commerce Clearing House (CCH), with its Computax product line, and RIA, with its Fast Tax and Creative Solutions offerings. In the past, professional tax software providers have been highly fragmented, but recent years

have seen substantial consolidation. We believe our acquisition of Lacerte in June 1998 improves our competitive position in professional tax.

Federal and state tax agencies have taken an increasingly active role in encouraging taxpayers to use electronic tax preparation and filing services. These services are increasingly available through the private sector. For example, during the 1998 tax year, Intuit's Quicken Tax Freedom Project donated online tax preparation and filing for taxpayers with $20,000 or less of income, and we expect to expand the program for the 1999 tax year. However, the Internal Revenue Service and various state tax agencies may still take additional steps to provide government-subsidized tax preparation and filing services. Future regulatory and legislative activity in this area may impact Intuit's competitive position, as well as others in the tax preparation industry.

CONSUMER FINANCE DIVISION

In desktop consumer finance software, Microsoft is currently our primary domestic competitor. Quicken competes directly with Microsoft Money, which is aggressively promoted with free product offers through various distribution channels, and with advertising targeted at Quicken users. These competitive pressures, as well as other factors, have negatively affected Quicken revenue and profitability, particularly during fiscal 1997, when Quicken revenue declined by over 20%. During fiscal 1998 and 1999, Quicken revenue and profitability have improved significantly from fiscal 1997 levels with only a slight decline in our competitive position as measured by retail market share (see MD&A, page 30). According to statistics published by PC Data, Quicken accounted for an average of over 80% of monthly retail dollar sales for personal finance software from August 1998 through July 1999, but we expect competitive pressures to continue.

There are many competitors for our other consumer finance products and services, particularly for our Internet products. We expect that competition will increase as we expand our offerings, and as more companies are able to expand their businesses onto the Internet because of the low barriers to entry in many areas. Our Quicken.com site competes for traffic with online financial publishers and the financial areas on numerous online services such as Yahoo!, as well as financially-oriented websites such as Microsoft's Money Central. We also face increasing competition from financial institutions that are developing their own financial software and websites - including companies that currently purchase advertising from us. Our mortgage and insurance marketspaces compete primarily with smaller companies with a very narrow product focus, although Microsoft is also a competitor in the mortgage area. For example, QuickenMortgage competes with E-LOAN, Mortgage.com and IOwn, and Quicken InsureMarket competes with

Insweb and Quotesmith. Several of our marketspace competitors have recently raised capital in initial public offerings and have funds to expand and accelerate their product development and marketing efforts. This could increase the competitive environment. In addition, in connection with a product development joint venture established by Intuit and certain private investors, we have agreed with the joint venture not to compete in certain areas of Web-based personal finance until May 2008. See "Special Risks for Internet-Based Products and Services," on pages 5-6, for a discussion of additional competitive risks for our Internet offerings.

INTERNATIONAL DIVISION

In the small business accounting software market in Japan, our primary competitors are OBC, PCA and Sorimachi. In Europe, we face competition from The Sage Group PLC (based in the United Kingdom) and Microsoft in the small business market. Strong competition in this market may have a more significant impact on our international business in the future, as the focus of our business in Europe is shifting more towards the small business market. We have a number of competitors in international tax, including TaxCalc in the United Kingdom. Microsoft is also a competitor in the consumer finance area.

CUSTOMER SERVICE AND TECHNICAL SUPPORT

We provide customer service and technical support by telephone (including automated voice response systems), fax, electronic mail and the Web. We have a full-time customer service and technical support staff that is supplemented by seasonal employees and outsourcing during periods of peak call volumes (such as during the tax return filing

season, or shortly after a major product launch). Despite our efforts to adequately staff and equip our customer service and support operations, during peak periods we cannot respond promptly to all customer requests for assistance. During fiscal 1999, certain customers experienced significantly longer than expected "hold" times for customer service and/or technical support because our staffing was inadequate to handle higher than anticipated call volume. We may also have an unusually high volume of requests, and be unable to respond promptly, if large numbers of customer order shipments are delayed or if our products have bugs. When we experience customer service and support problems, they can adversely affect customer relationships and our financial performance. See MD&A, pages 33-34.

During the past few years, we have focused on developing support capabilities that can supplement, or in some situations replace, telephone service and support. For example, customers who are connected to the Internet can use our website to get answers to commonly asked questions, check on the status of a product order and receive bug fixes electronically. Alternative service and support methods are less expensive for us and are often more efficient and effective for customers as well. These programs, combined with a recent consolidation and restructuring of our technical support facilities, have allowed us to make significant improvement in the efficiency of our service and support operations. See MD&A, page 33.

Beginning in fiscal 1996, we started to institute fee-for-support programs for QuickBooks and for older versions of Quicken. We expanded these programs during the past three fiscal years, eliminating support for older versions of some products and, in fiscal 2000, charging for support on current products (other than for installation or product bug issues). Revenues from our fee-for-support programs have grown rapidly but they have not been a significant portion of total net revenue to date. However, the programs have helped to control technical support costs. In addition, as we expand the QuickBooks Support Network to provide higher-quality support tailored to the specific requirements of small businesses, we believe our customer support operations can become an important source of recurring revenue.

MANUFACTURING AND SHIPPING

The major steps involved in manufacturing desktop software are duplicating disks and CDs, printing manuals and boxes, and assembling and shipping the final products. We outsource most of these tasks to vendors who are required to follow our strict quality guidelines. We have a small in-house manufacturing and shipping facility to handle low-volume products, and to handle shipments for direct sales. In August 1999 we entered into a manufacturing and distribution agreement with Modus Media International, Inc. that will cover all outsourced aspects of the fiscal 2000 retail launches of Quicken, QuickBooks and TurboTax. Modus has provided similar services to us on a more limited scale in the past, and has operations in multiple locations to provide redundancy. While we believe that using a single vendor for our three primary retail product launches will improve the efficiency and reliability of our product launches, reliance on one vendor can have severe negative consequences if the vendor fails to perform for any reason.

We have multiple sources for all of our raw materials and availability has not been a problem for us. Prior to major product releases, we tend to have significant levels of backlog, but at other times backlog is minimal and we normally ship products within a week of receiving an order. Because of this fluctuation in backlog, we believe that backlog is not an important measure of future sales.

GOVERNMENT REGULATION

Some of our products and services are regulated businesses under federal or state laws that do not apply to most software companies. We offer several regulated products and services through separate subsidiary corporations. Intuit's Quicken Investment Services, Inc. subsidiary (or "QISI") is registered as an investment adviser with the SEC and is subject to certain state regulatory laws as well. QISI is responsible for certain of the investment-related features in our products and services. The business activities of Interactive Insurance Services, Inc. ("IIS"), which operates the Quicken InsureMarket website, are subject to state insurance regulations. Intuit's QuickenMortgage

service is offered by a subsidiary called Intuit Lender Services, Inc. (or "ILSI"), which is subject to state mortgage and loan broker regulations. Establishing and maintaining regulated subsidiaries requires significant financial, legal and management resources. If the subsidiaries fail to comply with applicable regulations, they could face liability to customers and/or penalties and sanctions by government regulators. In addition, federal and state regulations may restrict the business practices of these subsidiaries in a variety of areas, including advertising and distribution arrangements.

Our Quicken products allow customers of participating brokerages to trade securities through their broker's website. Quicken InsureMarket may expand our site to include other insurance products, such as variable annuities, that are considered "securities" under federal and state laws. We believe we have structured these services in a way that does not subject Intuit to direct government regulation. However, it is possible that these services, or other services we may offer in the future, may be regulated under federal and/or state securities broker-dealer laws or other regulations. We continually analyze new business opportunities, and any new businesses that we pursue may require additional costs for regulatory compliance.

Various Intuit products contain powerful encryption technology. Government regulations currently prohibit this technology from being exported outside of the United States and Canada. Some agencies of the federal government are seeking to relax export laws, but others are seeking to tighten export restrictions on software containing encryption technology. These regulations may harm international sales of our desktop software as well as our ability to provide the level of security customers are seeking in Internet-based products and services on a worldwide basis.

INTELLECTUAL PROPERTY

We rely on a combination of copyright, patent, trademark and trade secret laws, and employee and third-party nondisclosure and license agreements, to protect our software products and other proprietary technology. While our proprietary technology is important, we believe our success depends more heavily on the innovative skills and technical competency of our employees. We do not have significant copy-protection mechanisms in our software because we do not believe they are practical or effective at this time. Current U.S. laws that prohibit copying give us only limited practical protection from software "pirates," and the laws of many other countries provide very little protection for our copyright property. Policing unauthorized use of our products is difficult, expensive and time-consuming and we expect that software piracy will be a persistent problem for our desktop software products. In addition, the unique technology of the Internet may tend to increase, and provide new methods for, illegal copying of the technology used in our desktop and Internet-based products.

We consider our principal trademarks (including Intuit, Quicken, QuickBooks and TurboTax) to be important assets and have registered these and other trademarks and service marks in the U.S. and many foreign countries. The initial duration of trademark registrations varies from country to country and is 10 years in the U.S. Most registrations can be renewed perpetually at 10-year intervals.

We do not own all of the software and other technologies used in our products and services, but we have the licenses from third parties that we believe are necessary for using that technology in our current products. It may be necessary to renegotiate with such third parties for inclusion in any new versions of our current products or any new products. Such third party licenses may not be available on reasonable terms, or at all. We do not believe that our products, trademarks and other proprietary rights infringe anyone else's proprietary rights. However, other parties occasionally claim that features or content of our products, or our use of certain trademarks, may infringe their propriety rights. Past claims have not resulted in any significant litigation, settlement

or licensing expenses, but future claims could. Third parties may assert infringement claims against us in the future, and claims could result in costly litigation or require us to obtain a license to intellectual property rights of third parties. Third party licenses may not be available on reasonable terms, or at all.

EMPLOYEES

As of September 30, 1999, Intuit and its domestic subsidiaries had about 3,675 full-time employees, and our international subsidiaries had about 350 full-time employees. We believe our future success and growth will depend on our ability to attract and retain qualified employees in all areas of our business. We don't have any collective bargaining agreements with our employees, and we believe employee relations are generally good. We do not have any key person life insurance, and we do not have employment agreements with any employees that can insure continued service. Although we believe we offer competitive compensation and a good working environment, we face intense competition for qualified employees. Like many of our competitors, we have had difficulties during the past few years hiring and retaining employees.

ITEM 2
PROPERTIES

Our principal offices are located in Mountain View, California. We also lease office and manufacturing space in Palo Alto and San Diego, California. We lease our Mountain View facilities (currently occupying about 270,000 square feet) under leases with staggered eight-year terms that we entered into in November 1994. Since December 1995, we have been in the process of moving our Palo Alto operations to Mountain View in stages. The move is expected to be completed over the next year. In June 1996, we relocated our San Diego operations to new offices (approximately 140,000 square feet) under a "build-to-suit" lease. During fiscal 1999, a 71,000 square foot second building (including a computer center) was constructed under the San Diego build-to-suit lease. Intuit also has a 60,000 square foot manufacturing and distribution facility in San Diego. See Note 8 of the financial statements for information about our lease commitments.

We also own facilities in Fredericksburg, Virginia, and we lease or own facilities in a number of other locations, including Tucson, Arizona (for customer service call centers), Alexandria, Virginia (where our IIS subsidiary is located), Dallas, Texas (where our Lacerte subsidiaries are located), Reno, Nevada (where the headquarters for our CRI subsidiary are located) and in Canada, England and Japan. During fiscal 1999, two buildings were completed under a "build-to-suit" lease totaling approximately 135,000 square feet on property located in Tucson, Arizona. In fiscal 1999, a 45,000 square foot customer service and technical support facility was constructed on property owned by Intuit and located in Fredericksburg, Virginia.

We believe our facilities are adequate for our current and near-term needs and that we will be able to locate additional facilities as needed.

ITEM 3
LEGAL PROCEEDINGS

Intuit is currently a defendant in the following two consolidated class action lawsuits alleging that certain of its Quicken products have on-line banking functions that are not Year 2000 compliant: (1) In re Intuit Inc. Year 2000 California Litigation (consolidated in Santa Clara County, California Superior Court from Alan Issokson v. Intuit Inc. (filed April 29, 1998 in the Santa Clara County, California Superior Court); Joseph Rubin v. Intuit Inc. (filed May 27, 1998 in the Santa Clara County, California Superior Court); Donald Colbourn v. Intuit Inc. (filed June 4, 1998 in the San Mateo County, California Superior Court)); and (2) In re Intuit Inc. Year 2000 Litigation (consolidated in the New York Supreme Court, New York County from Rocco Chilelli v. Intuit Inc. (filed May 13, 1998 in the New York Supreme Court, Nassau County); Glenn Faegenburg v. Intuit Inc. (filed May 27, 1998 in the New York Supreme Court, New York County); and Jerald M. Stein v. Intuit Inc. (filed June 23, 1998 in the New York Supreme Court, New York County)). The lawsuits are substantively similar. The lawsuits assert breach of implied warranty claims, violations of federal and/or state consumer protection laws, and violations of various state business practices laws. The plaintiffs seek compensatory damages, disgorgement of profits, and (in some cases) attorneys' fees. See MD&A, page 36, for a discussion of Intuit's status and plans with respect to Year 2000 compliance.

On June 23, 1998, Intuit filed a demurrer in the Issokson complaint. In August 1998, our motion was granted but the plaintiff was provided an opportunity to amend the complaint to allege injury. Issokson, Rubin and Colbourn filed a consolidated amended complaint on October 9, 1998. Intuit filed a demurrer to

the amended complaint on November 9, 1998. The court sustained Intuit's demurrer on January 27, 1999, dismissing the contract and fraud claims with prejudice and granting a leave to amend on plaintiffs' injunction and unfair business practices claim. On February 26, 1999, Issokson, Rubin and Colbourn filed a Second Amended Complaint alleging that Intuit has engaged in unfair business practices and seeking injunctive and equitable relief. Intuit filed demurrers to the Second Amended Complaint's only remaining claims and class allegations, which were sustained with leave to amend by the court on May 7, 1999. The plaintiffs filed a Third Amended Complaint and Intuit filed a demurrer in response to it, seeking dismissal of the complaint. We believe we have good and valid defenses to the claims asserted, and we intend to vigorously defend against the lawsuit.

We have also filed motions to dismiss in the New York actions and on December 1, 1998, the court granted our motion to dismiss all the New York actions with prejudice. Plaintiffs have filed a Notice of Appeal.

Intuit also understands that, sometime in the past year, a suit was filed in the Contra Costa County, California Superior Court by an individual consumer against various retailers, including Circuit City Stores, CompUSA, Fry's Electronics, Office Depot, The Good Guys and others, alleging that these retailers have sold software and hardware products which are not Year 2000 compliant, including at least one product published by Intuit. One of the defendants in this action, Fry's Electronics, filed a cross-complaint against various software publishers and hardware manufacturers, including Intuit, asserting a claim for indemnity in the main action. In September 1999, Fry's Electronics reached a settlement with the plaintiffs. The cross-complaint is still pending. The response to the cross-complaint is due on October 11, 1999.

We are subject to other legal proceedings and claims that arise in the normal course of our business. We currently believe that the ultimate amount of liability, if any, for any pending actions (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

ITEM 4
SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

ITEM 4A
EXECUTIVE OFFICERS OF THE REGISTRANT

The following table shows our current executive officers and their areas of responsibility. Biographies are included after the table. On September 27, 1999, William H. Harris, Jr. resigned as President and Chief Executive Officer, and Intuit's current Chairman and former President and Chief Executive Officer, William V. Campbell, assumed the role of Acting Chief Executive Officer. Mr. Campbell will assume day-to-day operations of Intuit pending selection of a new Chief Executive Officer. Mr. Harris will remain on the Board of Directors, and will assist Mr. Campbell and the Board in the search for a new Chief Executive Officer.

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NAME	AGE	POSITION
<S>	<C>	<C>
Executive Officers		
William V. Campbell	59	Chairman of the Board of Directors; Acting Chief Executive Officer
Scott D. Cook	47	Chairman of the Executive Committee of the Board of Directors
Eric C.W. Dunn	41	Senior Vice President and Chief Technology Officer
Alan A. Gleicher	46	Senior Vice President, Sales and International Division
Mark R. Goines	46	Senior Vice President, Consumer Finance Division
James J. Heeger	43	Senior Vice President, Small Business Division
David A. Kinser	48	Senior Vice President, Operations
Greg J. Santora	48	Senior Vice President, Finance and Corporate Services; Chief Financial Officer

Raymond G. Stern	38	Senior Vice President, Strategy, Corporate Development & Administration
Larry J. Wolfe	48	Senior Vice President, Tax Products Division
Catherine L. Valentine	47	Vice President, General Counsel and Corporate Secretary
Linda Fellows	51	Treasurer and Director of Investor Relations

</TABLE>

Mr. Campbell was elected to Intuit's Board of Directors in May 1994 and currently serves as Chairman of the Board. He has served as Acting Chief Executive Officer since September 27, 1999, and he also served as Intuit's President and Chief Executive Officer from April 1994 through July 1998. Mr. Campbell was President and Chief Executive Officer of GO Corporation (a pen-based computing software company) from January 1991 to December 1993. Mr. Campbell also serves on the board of directors of SanDisk, Inc. (a computer storage devices company), Great Plains Software, Inc. (a software company) and Apple Computer, Inc. (a computer company). He is a member of SanDisk's Compensation Committee and a member of Apple's Audit Committee. Mr. Campbell holds both a Bachelors and a Masters degree in economics from Columbia University.

Mr. Cook, a founder of Intuit, has been a director of Intuit since March 1984 and is currently Chairman of the Executive Committee of the Board. He served as Intuit's Chairman of the Board from March 1993 through July 1998. From March 1984 to April 1994, he also served as President and Chief Executive Officer of Intuit. Mr. Cook also serves on the board of directors of Amazon.com, Inc. (an online merchant) and ebay Inc. (an online electronic commerce company). Mr. Cook holds a Bachelor of Arts degree in economics and mathematics from the University of Southern California and a Masters in Business Administration from Harvard University.

Mr. Dunn has served as a Senior Vice President of Intuit since July 1996 and as Chief Technology Officer since March 1997. He was responsible for the Consumer/International Division from July 1996 to March 1997. He served as Vice President and General Manager of Intuit's Personal Finance Group from May 1994 to July 1996, and served as Intuit's Chief Financial Officer and a director from September 1986 to December 1993. Mr. Dunn holds a Bachelor of Arts degree in physics and a Masters in Business Administration from Harvard University.

Mr. Gleicher became Intuit's Senior Vice President of Sales in March 1997 and assumed responsibility for the International Division in September 1999. He is responsible for retail, direct and OEM sales. He served as Intuit's Vice President of Sales from December 1993 to March 1997. From September 1990 until Intuit's acquisition of ChipSoft, Inc. (a tax preparation software company) in December 1993, Mr. Gleicher served as ChipSoft's President, Personal Tax Division. Mr. Gleicher has a Bachelors degree in economics and business finance from San Diego State University. He also earned a certificate from the Marketing Management Program at Stanford University.

Mr. Goines has served as a Senior Vice President of Intuit since August 1997. He has been responsible for the Consumer Division since December 1997, and was Senior Vice President and General Manager of the International Group from August 1997 until December 1997. He served as Intuit's Vice President and General Manager of the International Group from April 1996 to August 1997. Mr. Goines was formerly the Vice President of Intuit's Personal Tax Group and the Director of Product Management of ChipSoft, Inc. (a tax preparation software company

that was acquired by Intuit in 1993). Mr. Goines holds a Bachelor of Science degree and a Masters of Business Administration from the University of California at Berkeley.

Mr. Heeger became Senior Vice President of Intuit's Small Business Division in July 1997. He was also responsible for the International Division from November 1997 to September 1999. He served as Chief Financial Officer of Intuit from April 1996 to July 1997, and was Senior Vice President in charge of the Finance, Customer Services and Operations functions from July 1996 until July 1997. He served as Vice President and General Manager of Intuit's Supplies Group from December 1993 to April 1996 and served as Intuit's Vice President of Operations from August 1993 to December 1993. From September 1982 to August 1993, Mr. Heeger served in a number of marketing and operations roles at Hewlett-Packard Company. Mr. Heeger received a Bachelor of Science degree in management from the Massachusetts Institute of Technology and a Masters in Business Administration from Stanford University.

Mr. Kinser joined Intuit as Senior Vice President of Operations in February 1997. Prior to that, Mr. Kinser served as a consultant to Intuit from July 1995 to February 1997. Mr. Kinser served as Chief Financial Officer and Vice President of Operations for Collabra Software from 1994 to 1995. He has also held executive positions at Claris Corp. and Apple Computer, Inc. Mr. Kinser

holds a Bachelor of Arts degree from Humboldt State University.

Mr. Santora became a Senior Vice President, Finance and Corporate Services in March 1999. He has served as Intuit's Chief Financial Officer since July 1997. He served as Vice President of Finance from November 1996 to March 1999. He joined Intuit as Corporate Controller in January 1996. From 1983 to 1995, Mr. Santora held a variety of senior financial positions at Apple Computer, Inc., including Senior Finance Director of Apple Americas from May 1992 to January 1996. Mr. Santora, who is a certified public accountant, holds a Bachelor of Science degree in accounting from the University of Illinois and a Masters in Business Administration from San Jose State University.

Mr. Stern became Intuit's Senior Vice President, Strategy, Corporate Development and Administration in March 1999. He joined Intuit in January 1998 as Senior Vice President of Strategy, Finance and Administration. Mr. Stern is responsible for all aspects of Intuit's strategic planning and business development, as well as legal and other administrative functions. Prior to joining Intuit, Mr. Stern spent over ten years with The Boston Consulting Group (a business consulting firm), where he was the partner responsible for the firm's West Coast high technology practice from May 1994 to December 1997. Mr. Stern holds a Bachelor of Science degree in mechanical engineering from Stanford University and a Masters in Business Administration from Harvard University.

Mr. Wolfe became Intuit's Senior Vice President of the Tax Products Group in May 1997. Prior to that, he served as Vice President and General Manager of Intuit's Personal Tax Group from April 1996 to May 1997. He was the director of technical support and sales for Intuit's Professional Tax Group from March 1994 to April 1996. Mr. Wolfe holds a Bachelor of Science degree in business administration from the University of Southern California and is a certified public accountant.

Ms. Valentine joined Intuit as General Counsel in September 1994. She has served as a Vice President of Intuit since August 1997 and as Corporate Secretary since April 1996. From November 1993 to September 1994, she was General Counsel of Macromedia, Inc. (a multimedia software tools company). Ms. Valentine holds Bachelor of Arts degrees in finance and economics from the University of Illinois and a Juris Doctorate from the University of Chicago.

Ms. Fellows joined Intuit as Corporate Treasurer and Director of Investor Relations in May 1997. Prior to that, Ms. Fellows served as Treasurer and Director of Investor Relations of Bay Networks, Inc. from October 1990 to April 1997. Ms. Fellows holds a Bachelor of Arts degree from Stanford University and a Masters in Business Administration from the University of Santa Clara.

PART II
ITEM 5
MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION FOR COMMON STOCK

Intuit's common stock began trading over the counter in March 1993 at the time of our initial public offering. It is quoted on the Nasdaq National Market under the symbol "INTU." The following table shows the range of high and low closing sale prices reported on the Nasdaq National Market for the periods indicated. Prices reflect inter-dealer prices without retail markup, markdown or commissions. On October 5, 1999, the closing price of Intuit's Common Stock was $30.38. All prices have been adjusted to reflect a three-for-one stock split effective September 30, 1999.

The market price of our Common Stock has been volatile because of many factors, including the seasonality and quarterly fluctuations in our revenue and operating results (see MD&A, pages 26-27), announcements of technical innovations, new commercial products, company or product acquisitions or the development of strategic relationships by Intuit or its competitors, changes in earnings estimates by analysts and changes in market conditions in the computer hardware and computer software industries. In addition, the stock market has experienced volatility that has particularly affected the market prices of equity securities of many high technology companies and that often has been unrelated to the operating performance of the companies affected. These market fluctuations may adversely affect the market price of Intuit's Common Stock in the future.

<TABLE>
<CAPTION>

	High	Low
<S>	<C>	<C>
FISCAL YEAR ENDED JULY 31, 1998		
First quarter	$11.92	$ 7.96
Second quarter	13.75	9.04
Third quarter	17.79	13.04

Fourth quarter.....	22.17	15.00
FISCAL YEAR ENDED JULY 31, 1999		
First quarter.....	$17.04	$11.40
Second quarter.....	32.77	16.63
Third quarter.....	36.75	25.69
Fourth quarter.....	32.75	24.25

</TABLE>

STOCKHOLDERS

As of October 1, 1999, we had approximately 740 record holders of our common stock, and about 36,600 beneficial holders.

ANNUAL MEETING OF STOCKHOLDERS

We recently announced that we have moved up the date of our next Annual Meeting of Stockholders, which generally is held in January, to November 30, 1999. Any stockholder who wishes to bring a proposal before the November 30, 1999, Annual Meeting of Stockholders was required to provide written notice of the proposal to our Corporate Secretary, at Intuit's principal executive offices, by October 1, 1999.

DIVIDENDS

We have never paid any cash dividends on our common stock. We currently anticipate that we will retain all future earnings for use in our business, and do not anticipate paying any cash dividends in the foreseeable future.

RECENT SALES OF UNREGISTERED SECURITIES

On May 3, 1999 we issued 866,418 shares of our common stock as partial consideration for our acquisition of Computing Resources, Inc., a leading payroll services company based in Reno, Nevada. Intuit issued these shares to CRI's two founders in connection with the merger transaction in which CRI became a wholly-owned subsidiary of Intuit. The shares issued by Intuit in this transaction were offered and sold solely to the two founders of CRI in exchange for the transfer of their entire ownership interests in CRI in the merger. The shares of Intuit common stock issued in the CRI merger were issued without registration under the Securities Act of 1933, as amended (the "1933 Act") in reliance on the exemptions afforded by Section 4(2) of the 1933 Act and/or Rule 506 of Regulation D promulgated under the 1933 Act. In relying upon the these exemptions, Intuit took into account the limited number of only two CRI shareholders, the limitation of Intuit's offering to these shareholders, the information regarding CRI, Intuit and the merger furnished to the shareholders, the representation of CRI and the two shareholders by legal counsel in connection with the transaction and representations and warranties made by CRI and its shareholders to Intuit in connection with the transaction. Intuit has filed a Registration Statement on Form S-3 covering the resale of these securities.

On August 2, 1999 we issued 299,940 shares of our common stock as partial consideration for our acquisition of Boston Light Software Corporation, a Massachusetts corporation that provides electronic commerce tools for small businesses. Intuit issued these shares to five principal stockholders in connection with the merger transaction in which Boston Light became a wholly-owned subsidiary of Intuit. The shares issued in this transaction were issued without registration under the 1993 Act in reliance on an exemption under Section 3(a)(10) of the 1933 Act, after a hearing on the fairness of the transaction. The California Department of Corporations issued a Permit for Qualification of the Securities under Section 25121 of the California Corporate Securities Law of 1968.

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ITEM 6
SELECTED FINANCIAL DATA

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The following table shows selected consolidated financial information for Intuit for the past five fiscal years. The comparability of the information is affected by a variety of factors, including acquisitions and dispositions of businesses and sales of marketable securities. To better understand the information in the table, investors should also read "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 26, and the Consolidated Financial Statements and Notes beginning on page 39. This table has

been restated to reflect the impact of a three-for-one stock split, which became effective on September 30, 1999. See Notes 9 and 19.

FIVE-YEAR SUMMARY

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENT OF OPERATIONS DATA	YEARS ENDED JULY 31, 1995	1996	1997	1998	1999
(In thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>
Net revenue	$ 419,160	$ 538,608	$ 598,925	$ 592,736	$ 847,568
Income (loss) from continuing operations	(44,296)	(14,355)	(2,932)	(12,157)	376,549
Net income (loss)	(44,296)	(20,699)	68,308	(12,157)	376,549
Basic income (loss) per share from continuing operations	(0.36)	(0.11)	(0.02)	(0.08)	2.06
Basic net income (loss) per share	(0.36)	(0.15)	0.49	(0.08)	2.06
Diluted net income (loss) per share from continuing operations	(0.36)	(0.11)	(0.02)	(0.08)	1.97
Diluted net income (loss) per share	$ (0.36)	$ (0.15)	$ 0.48	$ (0.08)	$ 1.97

</TABLE>

<TABLE>
<CAPTION>

CONSOLIDATED STATEMENT OF OPERATIONS DATA	JULY 31, 1995	1996	1997	1998	1999
(In thousands)					
<S>	<C>	<C>	<C>	<C>	<C>
Cash, cash equivalents and short-term investments	$ 197,775	$ 198,018	$ 205,099	$ 382,832	$ 823,430
Marketable securities	--	--	--	499,285	431,319
Working capital	164,281	169,724	243,195	605,456	804,650
Total assets	398,605	418,020	663,676	1,498,596	2,328,248
Long term obligations	8,770	5,583	36,444	35,566	36,308
Total stockholders' equity	$ 280,399	$ 299,235	$ 415,061	$ 1,088,361	$ 1,510,810

</TABLE>

ITEM 7
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

CAUTIONS ABOUT FORWARD LOOKING STATEMENTS

This Form 10-K includes "forward-looking" statements about future financial results, future products and other events that have not yet occurred. For example, statements like we "expect," we "anticipate" or we "believe" are forward-looking statements. Investors should be aware that actual results may differ materially from our expressed expectations because of risks and uncertainties about the future. We will not necessarily update the information in this Form 10-K if any forward-looking statement later turns out to be inaccurate. Details about risks affecting various aspects of our business are discussed throughout this Form 10-K and include the risks identified in the first paragraph on page 3.

OVERVIEW

In this section of the 10-K we are providing more detailed information about our operating results and changes in financial position over the past three years. This section should be read in conjunction with the Consolidated Financial Statements and related Notes beginning on page 39.

Revenue for fiscal 1999 was $847.6 million, compared to $592.7 million in fiscal 1998-an increase of 43%. Excluding the impact of our Lacerte and CRI acquisitions, revenue growth in fiscal 1999 would have been 27%. We reported net income of $376.5 million for fiscal 1999, including $579.2 million in pre-tax net gains from marketable securities. In fiscal 1998 we had a net loss of $12.2 million. Excluding net gains from marketable securities, discontinued operations, gains from divestitures, acquisition-related costs and restructuring charges, net income would have been $88.9 million in fiscal 1999 and $46.7 million in fiscal 1998.

While desktop software and financial supplies continued to provide most of our revenue in fiscal 1999, our Internet-based revenue grew rapidly. As the Internet has continued to change the way we do business, we have increased our investment in Internet initiatives. Intuit's mission is to revolutionize how people manage their financial activities. As we execute our mission, we have embarked on a strategy to greatly expand the world of electronic finance. "Electronic finance" encompasses three types of products and services: (1) desktop software products, such as Quicken, QuickBooks and TurboTax, that automate financial tasks; (2) products and services, such as Quicken.com, QuickenMortgage and WebTurboTax, that are delivered via the Internet; and (3) products and services, such as QuickBooks Online Payroll service, that connect Internet-based services with desktop software to enable customers to integrate their financial activities. See "Overview" in Item 1, Part I of this Form 10-K (page 4) for additional information on our business strategy. Within our electronic finance framework, we use the term Internet-based revenue to include revenue from both Internet-enabled products and services as well as revenue from electronic distribution. Internet products and services include activities where the customer realizes the value of the goods or services directly on the Internet or an Intuit server. Internet product revenues include, for example, advertising revenues generated on our Quicken.com website, online tax preparation and electronic filing revenues, online payroll service revenue and transaction and processing fees from our online insurance and online mortgage services. Electronic distribution includes revenues generated by electronic ordering and/or delivery of traditional desktop software products and financial supplies.

While we believe the Internet provides an opportunity to increase revenue in fiscal 2000, we also anticipate increased spending in an effort to capitalize on new business opportunities. In particular, we expect increased research and development expenses due to investments in Internet-based initiatives. We also anticipate increased selling and marketing expenses related to these initiatives and as a result of more intense competition in the personal tax market during fiscal 2000. Internet-based revenue was approximately 15% of total revenue for fiscal 1999 (approximately 9% for Internet products and services, and 6% for electronic distribution). Internet-based revenues

cut across all of our business divisions. As a result, we do not report Internet-based revenues separately in our financial statements; instead, each of our business divisions reports Internet-based revenues that are specific to its operations and are included in its results.

Our business is highly seasonal. Sales of tax products are heavily concentrated from November through March. Sales of consumer finance and small business products are typically strongest during the year-end holiday buying season, and therefore major product launches usually occur in the fall to take advantage of this customer buying pattern. These seasonal patterns mean that revenue is usually strongest during the quarters ending January 31 and April 30. We experience lower revenues for the quarters ending July 31, and October 31, while operating expenses to develop and manage products and services continue during these periods. This can result in significant operating losses in the July 31 and October 31 quarters. Operating results can also fluctuate for other reasons

such as changes in product release dates, non-recurring events such as acquisitions, dispositions, gains and losses from marketable securities, and product price cuts in quarters with relatively high fixed expenses.

Acquisitions and dispositions in particular have a significant impact on the comparability of both our quarterly and yearly results, and our acquisitions have had a negative impact on earnings. Acquisition-related charges were $100.7 million in fiscal 1999, $80.9 million in fiscal 1998 and $39.0 million in fiscal 1997, and will continue to impact earnings for the next several years.

RESULTS OF OPERATIONS

Set forth below are certain consolidated statements of operations data for fiscal years 1999, 1998 and 1997. Results for 1997 exclude all revenues and expenses for our divested Parsons subsidiary. Since Parsons was divested for our entire 1998 fiscal year, we believe this comparison provides a more meaningful analysis of our results when comparing fiscal 1997 to fiscal 1998. Fiscal 1999 and fiscal 1998 results are being presented and compared on a generally accepted accounting principles ("GAAP") basis, since neither year includes operating activity from our divested Parsons subsidiary. Fiscal 1999 results include operating activity from our Lacerte subsidiary which was acquired in June 1998 and three months of activity from our CRI subsidiary which was acquired in May 1999. CRI's operating activities are not included in either our fiscal 1998 or 1997 results. Fiscal 1998 results include approximately six weeks of Lacerte's operations representing activity from the date of acquisition through our fiscal year end in July 1998. Lacerte's operating activities are not included in our fiscal 1997 results.

We recognize revenue from sales of our desktop software products when products are shipped, less reserves for expected returns and rebates from both the retail and direct distribution channels. These reserves are difficult to estimate, especially for seasonal products. If actual returns or rebate redemptions are significantly higher than our estimated reserves, this could have a material negative impact on our revenue and operating results. See Note 1 for additional information regarding net revenue.

NET REVENUE

Since the business of selling software and related services is considerably different from our supplies business, we break them out separately for financial reporting purposes, as follows:

<TABLE>
<CAPTION>

(Dollars in millions)	1997	CHANGE	1998	CHANGE	1999
	(Excluding Parsons)		(GAAP)		(GAAP)
<S>	<C>	<C>	<C>	<C>	<C>
Software and related services	$ 438.6	14%	$ 498.3	49%	$ 741.4
% of net revenue	83%		84%		87%
Supplies	$ 86.9	9%	$ 94.4	12%	$ 106.2
% of net revenue	17%		16%		13%
Total	$ 525.5	13%	$ 592.7	43%	$ 847.6

</TABLE>

The following revenue discussion is categorized by our business divisions, which is how we examine results internally. Our domestic supplies business is considered a part of our Small Business Division while the international supplies business is considered part of our International Division. Each business division's percentage of total consolidated revenue for fiscal 1999 is as follows:

<TABLE>
<CAPTION>

BUSINESS DIVISION	% OF REVENUE
<S>	<C>
Small Business	35%
Tax	40%
Consumer Finance	16%
International	9%
Total	100%

</TABLE>

For more information regarding our business segments, see Note 6.

During the fiscal year ended July 31, 1999, our overall revenue increased by 43% compared to fiscal 1998. A large portion of this growth is the result of our acquisition of Lacerte Software in June 1998 and the inclusion of a full year of Lacerte's operations in our results for fiscal 1999, compared to the inclusion of approximately six weeks of Lacerte operating results for fiscal 1998. In addition, fiscal 1999 revenue included three months of operating results from our acquisition of CRI in May 1999. If, for comparison purposes, we were to exclude the impact of Lacerte in fiscal 1999 and 1998 results, and also exclude the impact of CRI from fiscal 1999 results, overall revenue growth would have been 27% in fiscal 1999 compared to fiscal 1998. This reflects continued growth in our Small Business Division, a successful year of tax product sales and the growth of Internet initiatives across the company in fiscal 1999. For the fiscal year ended July 31, 1998, our overall revenue decreased by 1% compared to fiscal 1997, due primarily to the loss of revenue as a result of the disposition of our Parsons subsidiary in August 1997. If, for comparison purposes, Parsons revenue was excluded from fiscal 1997, our revenue in fiscal 1998 would have been 13% higher than in fiscal 1997.

Small Business Division. Small Business Division revenues come primarily from the following sources:

- QuickBooks product line
- Supplies products (including checks, envelopes and invoices)
- Payroll related transaction and subscription fees
- Support fees for the QuickBooks Support Network

Overall, revenue for the division increased 40% in fiscal 1999 compared to fiscal 1998. This increase was largely due to the timing of recent QuickBooks releases that occurred in June 1998 (version 6.0) and January 1999 (QuickBooks 99), and the inclusion of three months of revenue from CRI in fiscal 1999 results. Prior to the QuickBooks releases, we had not launched a new version of QuickBooks since December 1996 (version 5.0). As a result, fiscal 1999 compares favorably to fiscal 1998, which did not realize the benefit of a new QuickBooks product release for the majority of the fiscal year. Fiscal 1999 revenues also benefited from an increase in revenue per customer, due primarily to an improvement in the mix of QuickBooks sales toward higher priced, greater functionality products.

Domestic supplies revenues, which are part of the Small Business Division, grew by 13% in fiscal 1999 compared to fiscal 1998 as a result of our increasing base of small business customers who use QuickBooks and Quicken. Though they are a smaller component of Small Business Division revenues, when compared to domestic supplies revenues, tax tables service revenue and QuickBooks Support Network revenues also increased substantially in fiscal 1999 compared to fiscal 1998.

In October 1998, we introduced QuickBooks Online Payroll service. The service is offered through our QuickBooks Pro products (version 6.0 and QuickBooks 99) and performs all aspects of payroll processing. To support the payroll service we have made significant systems and infrastructure investments and have incurred activation and set-up costs for new payroll service customers. We expect the QuickBooks Online Payroll service to remain unprofitable until we are able to accumulate a large number of subscribers who have used the service long enough for us to recover up-front costs related to the service.

In connection with this new payroll service business and consistent with our strategy to expand products and service offerings to our small business customers, we completed our acquisition of Computing Resources, Inc. ("CRI") on May 3, 1999 (see Note 3). CRI has been our payroll processing service provider since October 1998. CRI's operating activity from the acquisition date forward is included in our results. The acquisition of CRI will result in significant future acquisition related costs, as well as new business risks and integration challenges common in all acquisitions. For example, if we are unable to provide accurate and timely payroll information, cash deposits or tax return filings, that failure could be costly to correct and may have a significant negative impact on our ability to attract and retain customers, who we believe will have a low tolerance for payroll processing errors. Our ability to successfully operate CRI will depend in part on retaining their existing customers and maintaining relationships with certain banks and other third parties who we will rely on to retain existing customers and attract new customers outside of our QuickBooks customer base. If we are unable to do so, it could result in a negative impact on our revenue.

Small Business Division revenues increased by 13% in 1998 compared to 1997. These results were affected by the timing of the QuickBooks product release which did not occur until June 1998. Despite the release date late in the fiscal year, QuickBooks revenues benefited from a favorable shift in consumer buying patterns to higher-priced, increased functionality QuickBooks products in fiscal 1998 compared to fiscal 1997. Supplies net revenue increased by 9% in fiscal

1998 over fiscal 1997 as the result of an increasing small business customer base. Increased tax table service revenues and an expanded fee-for-support program (which began charging users for telephone assistance with their QuickBooks products beginning in fiscal 1997) also contributed to growth for the division.

Tax Division. Tax Division revenues come primarily from the following sources:

- Turbo Tax and MacInTax personal tax preparation products
- Professional tax preparation products (ProSeries and Lacerte product lines)
- Electronic tax return preparation and filing fees

Overall, revenue for the division increased 75% in fiscal 1999 compared to fiscal 1998. Fiscal 1999 included operating results for our Lacerte subsidiary which was acquired in June 1998, while fiscal 1998 results did not include Lacerte prior to June 1998. If we were to exclude Lacerte from our fiscal 1999 results, Tax Division revenues would have increased by 30%. Growth in our tax business was driven by our TurboTax product line which experienced significantly higher unit sales due in part to an increasing number of taxpayers using personal computers to prepare tax returns. This unit sales growth was partially offset by lower average selling prices due to a higher percentage of customers buying our lower priced regular products compared to deluxe versions, and increased price competition, primarily from H&R Block's aggressively priced TaxCut product. TurboTax results benefited from strong growth in industry-wide retail sales of personal tax products, though TurboTax growth was lower than the industry growth rate, resulting in a slight decline in retail market share.

Though they are a smaller component of Tax Division revenues, we also experienced significant revenue increases for our WebTurboTax product and electronic filing service compared to last year as a greater number of customers gained Internet access and became more accustomed to processing transactions on-line. Through our Quicken Tax Freedom Program, we also offered free online tax preparation and electronic filing for taxpayers with $20,000 or less of income. This program did not have a material impact on our fiscal 1999 tax revenues, as the average income of our current customers and their clients is above the $20,000 income threshold. In August 1999, we acquired SecureTax.com, another provider of online tax preparation and electronic filing services, for approximately $52 million. See Note 19 of the financial statements for additional information about this acquisition.

While we believe that the increasing popularity of the Internet will provide future revenue growth opportunities for these Internet-based tax offerings, there are also risks, such as the significant negative financial and public relations consequences which can result from service interruptions. We experienced a brief interruption in our electronic filing services in February 1999 and on April 11-12, routine server maintenance procedures took longer than expected, resulting in a 14-hour outage for the electronic filing service. We do not believe this service outage had a

material financial impact, prevented customers from completing and filing their returns in a timely manner, or posed a risk that customer data would be lost or corrupted. However, we did experience negative publicity. The exact level of future demand for Web TurboTax and electronic filing will be very difficult to predict, and in future tax seasons we could experience adverse financial and public relations consequences if these services are unavailable due to technical difficulties or other reasons.

Though Microsoft Corporation did not release a competing product for this tax season, we believe they will enter the personal tax preparation software market next year. If Microsoft enters the market, their superior financial resources and strong presence in retail distribution channels could result in an increasingly competitive environment next tax season and beyond. If the average selling price of our tax products were to decrease, or if we were to lose significant market share as a result of increased future competition, our revenues and operating income would suffer. See also "Business Competition," on page 14.

Excluding Lacerte from fiscal 1999 operating results, our professional tax (ProSeries) product sales increased by 13% in fiscal 1999 compared to fiscal 1998. This growth occurred primarily because we were successful in retaining our customers from prior years and in many cases have upgraded them to higher priced products. Revenue from Lacerte products also grew compared to last year (though Lacerte's prior year revenues are not reported in our operating results prior to their June 1998 acquisition) due in part to price increases and a high customer retention rate.

Tax Division revenues increased 13% in fiscal 1998 compared to fiscal 1997. This growth reflected higher sales of our TurboTax products in fiscal 1998 and a

sales mix improvement to higher-priced deluxe products. The personal tax market was more competitive in fiscal 1998 than fiscal 1997 because our primary competitor lowered its prices earlier in the tax software sales season in fiscal 1998. Despite intense competition, we achieved sales increases largely due to positive product reviews in the press, federal tax law changes enacted in late 1997 and an expanded investment in retail distribution. We were also successful in getting our TurboTax products to market more quickly in fiscal 1998 and experienced growth in Internet commerce revenues as a result of increases in electronic filing and state tax product downloads compared to fiscal 1997. Our professional tax (Pro Series) products also experienced a 10% revenue increase for fiscal 1998 compared to fiscal 1997 as a result of high customer retention rates and transitioning customers to higher-priced, greater functionality products.

Consumer Finance Division. Consumer Finance Division revenues come primarily from the following sources:

- Quicken product line
- Advertising and sponsorship fees from the consumer areas of our Quicken.com website
- Implementation, marketing and transaction fees from financial institutions (including marketspace participants) providing services through Quicken and Quicken.com

Overall, revenue for the division increased 14% in fiscal 1999 compared to fiscal 1998. Excluding the impact of a nonrecurring $10 million royalty fee from Checkfree in fiscal 1998, revenue growth would have been 24% in fiscal 1999. Quicken revenue grew by 5% in fiscal 1999 compared to fiscal 1998 reflecting an approximately 5 week earlier product release in fiscal 1999 and higher unit sales resulting from our Quicken/TurboTax bundle promotion. This was partially offset by a higher percentage of customers purchasing our lower-priced Quicken Basic products compared to our Quicken Deluxe versions, the fact that we did not introduce a new Quicken for Mac product in fiscal 1999, and increased rebate incentives offered to customers who purchased the Quicken/TurboTax bundle.

Our Quicken product line faces many challenges in the desktop personal financial software market. For example, there is increasing competition from Microsoft's Money product. In addition, personal financial software functionality is increasingly becoming available on the Internet at no cost, which has a negative impact on desktop product sales. There is also an increasing emphasis on packaging desktop software with original equipment manufacturers' personal computers, which results in lower revenues per unit shipped. In fiscal 1997, Quicken experienced over a 20% decline in revenues and there is no assurance that similar declines will not occur in the future. For example, revenue could suffer if customers become less inclined to make upgrade purchases, if our

competitors were to lower their prices, or if personal finance software functionality becomes increasingly available at no cost via the internet.

Consumer Finance Division revenue growth was primarily the result of increased Internet-based revenues which approximately doubled in fiscal 1999, compared to fiscal 1998. This increase was largely due to higher advertising, sponsorship and transaction-related revenue through Quicken.com and Quicken. However, revenue growth was not uniform across all Internet product and service offerings. For example, advertising revenue and transaction fees from our QuickenMortgage marketspace increased relatively rapidly while revenue from our InsureMarket marketspace was roughly flat for fiscal 1999 compared to fiscal 1998. On October 7, 1999, we announced the proposed acquisition of Rock Financial Corporation, a provider of consumer mortgages. If completed, this acquisition would allow us to facilitate the application, approval and closing process. Rock will perform loan processing functions similar to those that are currently provided by Mortgage.com under a Distribution, Marketing, Facilities and Services Agreement with Intuit. This agreement with Mortgage.com will be terminated and phased out over the next twelve months (see Note 19). Growth in mortgage transaction fees may be adversely impacted if interest rates continue to rise. The negative impact of interest rate increases could be exacerbated by the acquisition of Rock because of our increased fixed cost infrastructure.

The rapid growth we've experienced in our Internet products and services has been generated in part by distribution agreements we entered into with third party online service and content providers such as Excite@Home and AOL, which have helped to increase traffic to our Quicken.com website. Our agreement with Excite@Home (see Note 5) calls for us to share certain revenue generated from our Quicken.com site and our agreement with AOL (see Note 5) calls for us to make significant guaranteed payments to AOL over the term of the agreement. While the Internet provides a significant opportunity for revenue growth, our financial commitments to these and other third party providers are significant and we must continue to increase traffic and revenue in order to be profitable. If our website traffic expectations aren't met, there could be a significant

negative impact on our revenue. Our ability to maintain important relationships with distributors and content providers will also have an impact on traffic and revenues. See "Special Risks for Internet Products and Services," on page 5.

Overall, Consumer Finance Division revenues increased 24% in fiscal 1998 compared to fiscal 1997. Our Quicken product sales were up slightly for the year, reflecting a more favorable sales mix toward our higher-priced products, offset by lower overall unit sales. Growth for the division was driven by increasing Internet product revenues, which approximately doubled in fiscal 1998 compared to fiscal 1997. This growth was generated in part by collaborating with third party online service and content providers such as Excite@Home and AOL, which helped to increase traffic to our Quicken.com website.

International Division. International Division revenues come primarily from the following sources:

- Japanese small business products
- German Quicken, QuickBooks and Tax products
- Canadian Quicken, QuickBooks and Tax products
- United Kingdom Quicken and QuickBooks products

In addition to the above, we also operate in smaller European, Asian and Latin American markets. Overall, revenue for the division increased approximately 12% in fiscal 1999 compared to fiscal 1998, reflecting strong fiscal 1999 fourth quarter revenues in Canada, Japan and Germany. This increase was attributable to increased revenues in Canada across all product lines, with particular strength in our QuickBooks and Quicken product lines. In Germany, we experienced strong sales in the fourth quarter due to new releases of our Quicken and QuickBooks products. Finally, while the overall market for small business products and services in Japan, our largest international subsidiary, continues to suffer due primarily to poor economic conditions, we experienced higher sales in the fourth quarter due to higher sales of our QuickBooks and Yayoi product lines, and more favorable currency exchange rates.

As part of our business strategy, we have refocused our European operations toward small business customers in selected larger markets and towards improving profitability. In June 1999, we entered into an agreement with Lexware (a subsidiary of Rudolf Haufe Publishing), a leading business software company in Germany, under which Lexware will develop, market and distribute Intuit's products and services in Germany under the Intuit brand. Under this agreement, Lexware will receive all revenues from the distribution of Intuit's products, and we will receive royalty payments as compensation. We believe that Lexware's local expertise will result in more effective

development and delivery of customized products and services to our customers in Germany. As a result, we expect reduced revenues from our European operations in fiscal 2000, but also expect increased profitability.

International Division revenues were down approximately 4% in fiscal 1998 compared to fiscal 1997. This reflected lower revenues in Europe, which were offset by roughly flat revenues in Japan and higher revenues in Canada. In fiscal 1998, we launched a new version of Quicken throughout Europe and a new version of QuickBooks in Germany. In Japan, revenues were negatively impacted by an economic slowdown, increasing competition in the high-end small business accounting market and a weak Japanese currency. This was partially offset by increased revenues resulting from our acquisition of Nihon Micom (see Note 3). In Canada, we experienced significant revenue growth from our QuickTax, Quicken and QuickBooks products.

COST OF GOODS SOLD

<TABLE>
<CAPTION>

(Dollars in millions)	1997	CHANGE	1998	CHANGE	1999
	(Excluding Parsons)		(GAAP)		(GAAP)
<S>	<C>	<C>	<C>	<C>	<C>
Product	$119.3	1%	$120.5	67%	$201.4
% of revenue	23%		20%		24%
Amortization of purchased software and other	$ 1.5	93%	$ 2.9	169%	$ 7.8
% of revenue	0%		0%		1%

</TABLE>

There are two components of cost of goods sold. The largest is the direct cost of manufacturing and delivering products and services. The second component is the amortization of purchased technology, which is the cost of products or

services obtained through acquisitions. Total cost of goods sold increased to 25% of revenue in fiscal 1999, compared to 20% for fiscal 1998. This increase is primarily attributable to two factors. First, consistent with our growing Internet-based business, we are experiencing a significant increase in related hardware and infrastructure costs as we purchase equipment to increase our Internet capability. These costs are classified as cost of goods sold and, as a percentage of revenue, are significantly higher than the costs of goods sold for our traditional desktop software business. These infrastructure costs tend to result from the depreciation of capital assets which are generally expensed evenly over the estimated useful lives of the assets. As a result, cost of goods sold as a percentage of revenue may fluctuate significantly, particularly on a quarterly basis, as costs become more fixed in nature. For example, in a quarter with low revenues we will usually have a proportionately lower cost of goods sold because we ship fewer products, the cost of goods sold from our Internet infrastructure will not decrease proportionately and thus will result in higher cost of goods sold as a percentage of revenue for that quarter. Second, we have also experienced significant increases in our service costs for fee for support programs and our payroll business. The cost of goods sold associated with these programs is also larger as a percentage of revenue than cost of goods sold for our traditional desktop software business. Consequently, as revenues from our Internet and service-related programs become a larger portion of our overall revenue, our cost of goods sold as a percentage of revenue is likely to increase. If we experience errors in current or future products, there could be incremental increases in cost of goods sold that could adversely affect our operating results. During fiscal 1999, we improved the efficiency of our order-taking process in the financial supplies business, which reduced re-order expenses and partially offset the increases to cost of goods sold described above.

Excluding the operating results of our divested Parsons subsidiary for fiscal 1997, cost of goods sold decreased to 20% of net revenue in fiscal 1998 compared to 23% in fiscal 1997. This improvement was the result of our customers buying more CD ROM products, which were less expensive to manufacture and ship than disk-based products that were also offered in fiscal 1998. We also improved the efficiency of our order-taking process in the financial supplies business, which reduced re-order expenses.

OPERATING EXPENSES

<TABLE>
<CAPTION>

(Dollars in millions)	1997	CHANGE	1998	CHANGE	1999
	(Excluding Parsons)		(GAAP)		(GAAP)
<S>	<C>	<C>	<C>	<C>	<C>
Customer service and technical support	$112.4	5%	$117.7	11%	$130.8
% of revenue	21%		20%		15%
Selling and marketing	$129.8	27%	$164.8	16%	$191.6
% of revenue	25%		28%		23%
Research and development	$ 85.8	27%	$108.6	32%	$143.4
% of revenue	16%		18%		17%
General and administrative	$ 35.0	5%	$ 36.7	63%	$ 59.8
% of revenue	7%		6%		7%
Charge for purchased research and development	$ 11.0	389%	$ 53.8	(100)%	--
% of revenue	2%		9%		--
Other acquisition costs, including amortization of goodwill and purchased intangibles	$ 21.5	13%	$ 24.2	284%	$ 92.9
% of revenue	4%		4%		11%
Restructuring costs	$ 10.4	(100)%	--	N/A	-

% of revenue	2%	--

</TABLE>

Customer Service and Technical Support. Customer service and technical support expenses decreased to 15% of revenue for fiscal 1999 compared to 20% for fiscal 1998. These improvements reflect the continuing benefit from cost reductions resulting from the restructuring and consolidation of our technical support facilities in the United States and Europe in the fourth quarter of fiscal 1997. In addition, certain costs that were categorized as customer service and technical support costs in fiscal 1998 are reflected in fiscal 1999 as cost of sales for our expanding fee for support programs. We have also benefited from our efforts to provide customer service and technical support less expensively through websites and other electronic means. During our peak season in the second and third quarters of fiscal 1999, many customers experienced unusually long hold times for customer service calls. We may need to increase customer service and technical support expenses as a percentage of revenue in fiscal 2000, in order to improve customer service levels and also to handle customer questions relating to Year 2000 compliance issues. In addition, during July 1999, due to site performance issues, customers were unable to access the portfolio tracking features on the Quicken.com site for several days. If we experience product errors, poor service levels or additional service outages for our web-based products, it may result in significant additional customer service and technical support expenses and/or customer dissatisfaction.

Excluding the operating results of our divested Parsons subsidiary for fiscal 1997, customer service and technical support expenses decreased to 20% of net revenue in fiscal 1998 compared to 21% in fiscal 1997. This was primarily the result of cost reductions achieved from the restructuring and consolidation of our technical support facilities in the United States and Europe in the fourth quarter of fiscal 1997.

Selling and Marketing. Selling and marketing expenses decreased to 23% of revenue for fiscal 1999 compared to 28% for fiscal 1998. Fiscal 1998 selling and marketing expenses included a $16.2 million charge for the AOL agreement entered into in February 1998. Excluding this charge, selling and marketing expenses would have been 25% of revenue for fiscal 1998. The fiscal 1999 decrease, net of the AOL charge, is primarily the result of our acquisition of Lacerte, which experiences comparatively lower selling and marketing expenses as a percentage of revenue. This positive impact from Lacerte was partially offset by increased television and radio advertising for our

Quicken product line and additional costs related to the promotion of QuickBooks, our Internet-based products and services, and the QuickBooks Online Payroll service launch. We expect that selling and marketing expenses will increase as a percentage of revenue in fiscal 2000 compared to fiscal 1999 as a result of our promotion of Internet-based initiatives and increased competition due to Microsoft's expected entry into the personal tax market.

Excluding the operating results of our divested Parsons subsidiary for fiscal 1997, selling and marketing expenses increased to 28% of net revenue in fiscal 1998 compared to 25% in fiscal 1997. The increase was due to the $16.2 million AOL charge. Excluding the AOL charge, selling and marketing expenses would have been roughly flat for fiscal 1998.

Research and Development. Research and development expenses decreased to 17% of revenue for fiscal 1999 compared to 18% for fiscal 1998. This decrease is due in part to our acquisition of Lacerte which experiences comparatively lower research and development expenses as a percentage of revenue. The positive impact of the Lacerte results were partially offset by increased development expenses for our Internet related initiatives. We expect our Internet-based businesses will continue to result in significant development expenses in fiscal 2000. If such expenses exceed our current expectations, they may have an adverse effect on our operating results. This could occur, for example, if we were to undertake a costly product development venture in response to competitive pressures or other market conditions.

Excluding the operating results of our divested Parsons subsidiary for fiscal 1997, research and development expenses increased to 18% of net revenue in fiscal 1998 compared to 16% in fiscal 1997. The development of the multi-user version of QuickBooks contributed to these increasing costs since it was more expensive to develop than our less complex single-user products. Increases were also a result of our increased spending to improve and expand our Internet products.

General and Administrative. General and administrative expenses increased to 7% of revenue for fiscal 1999 compared to 6% of revenue for fiscal 1998. Excluding the operating results of our divested Parsons subsidiary for fiscal 1997, general and administrative expenses decreased to 6% of net revenue in fiscal 1998 compared to 7% in fiscal 1997.

Other Acquisition Costs. Other acquisition costs include the amortization of

goodwill and purchased intangibles that are recorded as part of an acquisition. These costs increased to $92.9 million in fiscal 1999 compared to $24.2 million in fiscal 1998 and $21.5 million in fiscal 1997. The increase for fiscal 1999 reflects additional amortization resulting from our acquisition of Lacerte in June 1998 and the acquisition of CRI in May 1999. We also incurred a $53.8 million charge relating to Lacerte's in-process research and development in fiscal 1998 and $11.0 million in-process charges for our acquisition of Galt Technologies in fiscal 1997.

In connection with our acquisition of Lacerte, we used a third party appraiser's estimate to determine the value of two in-process projects under development for which technological feasibility had not been established. These projects were identified for products being developed under separate operating systems (DOS and Windows). The value of the projects was determined by estimating the costs to develop the in-process technology into commercially feasible products, estimating the net cash flows we believed would result from the products and discounting these net cash flows back to their present value. Both projects were released on schedule and actual results to date have been consistent with assumptions made when we initially appraised the value of these in-process projects. Specifically, revenues, development costs and completion dates as they relate to the two projects were consistent with our expectations. Based on a third party's appraisal of our CRI acquisition, there were no values assigned to in-process projects under development, so there were no up-front charges for in-process research and development in fiscal 1999 relating to the CRI acquisition.

The high levels of non-cash amortization expense related to completed acquisitions will continue to have a negative impact on operating results in future periods. As of July 31, 1999, and assuming no additional acquisitions and no impairment of value resulting in an acceleration of amortization, future amortization will reduce net income by approximately $123 million, $112 million and $107 million for the years ending July 31, 2000 through 2002, respectively. We expect these expenses to increase as a result of acquisitions completed after July 31, 1999 (see

Note 19). If we complete additional acquisitions or accelerate amortization in the future, there would be an incremental negative impact on operating expenses.

OTHER INCOME AND EXPENSE, NET

For fiscal 1999, interest and other income and expense, net, increased to $18.3 million compared to $12.4 million in fiscal 1998 and $9.8 million in fiscal 1997. This reflects increased cash and short-term investment balances over those periods. Interest earned on customer payroll deposits is reported as revenue and is not included in other income. The $4.3 million gain on disposal of business in fiscal 1998 resulted from the sale of Parsons, our direct marketing subsidiary, in August 1997. Our $579.2 million pre-tax gain from marketable securities in fiscal 1999 was primarily the result of our sales of Excite, Verisign and Concentric common stock and the gain from converting our Excite common stock to Excite@Home. We have elected to report our converted Excite@Home common stock as a trading security. As a result, market fluctuations are marked to market and reported in our earnings. If we were to experience a significant decline in these securities, there could be a negative impact on our earnings (see Note 1).

INCOME TAXES

For fiscal 1999, we recorded an income tax provision of $240.8 million on pretax income of $617.3 million resulting in an effective income tax rate of approximately 39%. This compares to income tax provisions (benefit) of ($7.7) and $12.7 million on pretax income (loss) of ($19.8) and $9.8 million for the same periods of the prior years. At July 31, 1999, there was a valuation allowance of $11.6 million for tax assets of our international subsidiaries based on management's assessment that we may not receive the benefit of certain loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

At July 31, 1999, our unrestricted cash and cash equivalents totaled $518.3 million, a $380.2 million increase from July 31, 1998.

Our operations provided $73.2 million in cash during the twelve months ended July 31, 1999. Primary contributors to cash provided were net income adjusted for non-cash expenses such as acquisition charges and depreciation as well as a significant increase in accrued liabilities. The increase in liabilities was driven primarily by increased income taxes payable from our realized gains on the disposition of marketable securities. We also experienced increased liabilities due to increased reserves for rebates and returns resulting from the overall growth in revenues not only when comparing fiscal 1999 to fiscal 1998, but also when comparing the strong revenue growth of the last two quarters of fiscal 1999 to fiscal 1998. Partially offsetting the contributors to cash was

the increase in prepaid and other assets due in part to tax prepayments and short-term loans.

Investing activities provided $180.4 million in cash for the twelve months ended July 31, 1999. The primary source of cash was from our sale of 4.8 million shares of our investment in Excite, primarily during the fourth quarter of 1999, which provided $493.8 million. Additional sources of cash were from the sale of investments in Checkfree, Verisign, and Concentric from which we had proceeds of $7.4 million, $19.7 million, and $10.6 million. Our sources of cash were partially offset by a number of acquisitions during the year. Our acquisition of CRI was partially funded in fiscal 1999 by the payment of $100 million in cash. We also acquired customer lists and intellectual property rights of TaxByte, Inc. and Compucraft Tax Services, LLC, for $11 million and $8 million. We also completed a $50 million equity investment in Security First Technologies. Other uses of cash included net purchases of both short and long-term investments for $96.4 million and purchases of property and equipment for $80 million. Capital expenditures are primarily for equipment and facilities to support our ongoing and expanding operations and information systems.

We currently hold investments in a number of publicly traded companies (see Note 1). The volatility of the stock market and the potential risk of fluctuating stock prices may have an impact on our future liquidity. For example, prior to year end, we experienced a decline in the market value of our remaining investment in Excite@Home. Due to our reporting of the Excite@Home shares as a trading security, future fluctuations in the carrying value of

Excite@Home will impact our earnings (see Note 1). If future declines in our other marketable securities are deemed to be permanent, they will also impact our earnings.

Financing activities provided $126.6 million in cash for fiscal 1999 attributable to proceeds from the issuance of common stock from employee stock options and our employee stock purchase plan.

In connection with our acquisition of CRI (see Note 3), we are required to pay three annual installments of $25 million in each of the next three fiscal years. In the normal course of business, we enter into leases for new or expanded facilities in both domestic and international locations. See Note 8 and the "Properties" section of the business section (page 19) for more information on lease commitments. We also evaluate the merits of acquiring technology or businesses, or establishing strategic relationships with and investing in other companies. Accordingly, it is possible that we may decide to use cash and cash equivalents to fund such activities in the future. For example, if we exercise our option to purchase VFSC (see Note 5) and elect to pay all or a significant portion of the exercise price in cash, this would have a negative impact on our liquidity.

We believe that our unrestricted cash and cash equivalents will be sufficient to meet anticipated seasonal working capital and capital expenditure requirements for at least the next twelve months.

YEAR 2000

Intuit has established a Year 2000 Project Office to address the impact of the year 2000 date transition on its operations, products and services globally. In 1998, we established this office to coordinate a number of existing projects and put in place a formal, structured year 2000 process moving forward. The Project Office has a dedicated Program Manager who reports directly to Intuit's senior management, and status is reported regularly to the Audit Committee of Intuit's Board of Directors.

We have adopted a five-phase approach that we believe follows standard industry practices for reviewing and preparing the significant elements of operations, products and services for the Year 2000 date transition. Phase One (initiation) involves increasing company awareness by educating and involving all appropriate levels of management regarding the need to address Year 2000 issues. Phase Two (inventory) consists of identifying all of our systems, products and relationships that may be impacted by Year 2000. Phase Three (assessment) involves determining our current state of Year 2000 readiness for those areas identified in the inventory phase and prioritizing areas that need to be fixed. Phase Four (action) consists of developing Year 2000 solutions where required, and completing a comprehensive test cycle for all appropriate inventoried items. Phase Five (implementation) consists of rolling out Year 2000 solutions for affected products, services and technologies and implementing maintenance and support processes to maintain ongoing compliance.

As a software developer, we have three key areas of focus: (1) our products and services; (2) our internal systems (including information technology systems such as financial and order entry systems and non-information technology systems such as phones and facilities); and (3) the readiness of third parties with whom we have significant business relationships. The majority of our efforts in the

product area have now completed the action phase and our efforts are primarily focused on providing our customer base with confirmation of product compliance and remediation options, where required. Customers can find Intuit's Year 2000 Readiness Disclosure about our products, and order free solutions, where required, on our Corporate Year 2000 website at www.intuit.com/y2k. The remediation and implementation efforts for the majority of our internal systems were substantially completed during fiscal 1999. As most companies are experiencing, there is now an on-going maintenance effort required to review the compliance statements of our vendors and to verify that our technology remains compliant. We will continue to work with our third party vendors to review the status of their efforts and have dedicated considerable time and effort on testing activities with our key vendors.

Costs directly attributed to our Year 2000 project were approximately $6.5 million in fiscal 1999. This estimate is comprised primarily of hardware, software, internal resources and consulting fees necessary for our Year 2000 testing activities during fiscal 1999. We currently anticipate direct costs in the range of $10 to $16 million for fiscal

year 2000, resulting from the completion of the project phases and the transition into an ongoing maintenance and support activity in fiscal year 2000. We believe that the nature of our products and the size and profile of our customer base is likely to lead to a significant increase in the calls to our customer support centers throughout the remainder of calendar 1999 and early 2000. These support operations may experience call volumes not experienced to date and we are developing plans that should allow us to handle the anticipated increase in calls in a manner that will not lead to material incremental costs. Additionally, there will be costs associated with the manufacture and distribution of free solutions for products that are not Year 2000 compliant or in certain cases that will not be tested for Year 2000 compliance. We believe the provision of free solutions may result in lost revenue for new product upgrades to within a range of $10 to $17 million, although the exact amount will depend on customer response to the Year 2000 issue.

In an effort to reduce the risks associated with the Year 2000, we have incorporated contingency planning as part of our five-phase plan, building upon disaster recovery and contingency planning that we already have in place. This includes identifying areas where we are most vulnerable to Year 2000 risk and putting contingency plans in place before we experience potential failures. Despite our efforts, we may not anticipate or adequately provide for all contingencies.

While we are dedicating substantial resources toward attaining Year 2000 readiness, there is no assurance that we will be successful in our efforts to address Year 2000 issues. If we are not successful, there could be significant adverse effects on our operations. For example, failure to achieve Year 2000 readiness for our internal systems could delay our ability to manufacture and ship products, disrupt our customer service and technical support facilities, or interrupt customer access to our online products and services. If our products are not Year 2000 ready, we could suffer lost sales or other negative consequences resulting from customer dissatisfaction, including additional litigation (see discussion below). We also rely heavily on third parties such as manufacturing suppliers, service providers, financial institutions and a large retail distribution channel. If these or other third parties experience Year 2000 failures or malfunctions, there could be a material negative impact on our ability to conduct ongoing operations. Many of our products are significantly interconnected with heavily regulated financial institutions. Our relationships with financial institutions could be adversely impacted if we do not achieve Year 2000 readiness in a manner and on a time schedule that permits them to comply with regulatory requirements. We may also incur additional costs if we are required to accelerate our Year 2000 readiness to meet financial institution requirements. As with all companies, we also rely on other more widely used entities such as government agencies, public utilities and other external forces common to business and industry. Consequently, if such entities were to experience Year 2000 failures, this could disrupt our ability to conduct ongoing operations.

Several class action lawsuits have been filed against Intuit in California and New York, alleging Year 2000 issues with the online banking functionality in certain versions of our Quicken products, and it is possible that we will face additional lawsuits. We do not believe the pending lawsuits have merit and intend to defend them vigorously. We have been working with financial institutions to provide solutions to their current online banking customers and are planning to make such solutions available before customers experience any Year 2000 problems. See "Legal Proceedings" for more information about this litigation.

The above discussion regarding costs, risks and estimated completion dates for the Year 2000 is based on our best estimates given information that is currently available, and is subject to change. As we continue to progress with this initiative, we may discover that actual results will differ materially from

these estimates.

ITEM 7A
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

SHORT-TERM INVESTMENT PORTFOLIO

We do not hold derivative financial instruments in our short-term investment portfolio. Our short-term investments consist of instruments that meet high quality standards consistent with our investment policy. This policy dictates that we diversify our holdings and limit our short-term investments to a maximum of $5 million to any one issuer. Our policy also dictates that all short-term investments mature in 30 months or less.

PRINCIPAL AMOUNTS BY EXPECTED MATURITY:
(in thousands, except interest rates)

<TABLE>
<CAPTION>

	YEARS ENDING JULY 31,						FAIR VALUE JULY 31,
	2000	2001	2002	2003	2004	TOTAL	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash Equivalents	$ 497,682	--	--	--	--	$ 497,682	$497,682
Average Interest Rate	4.86%					4.86%	
Investments	$ 206,787	$94,691	$3,452	--	--	$ 304,930	$305,125
Average Interest Rate	4.10%	3.76%	3.81%			4.01%	
Total Portfolio	$ 704,469	$94,691	$3,452	--	--	$ 802,612	$802,807
Average Interest Rate	4.60%	3.76%	3.81%			4.50%	

</TABLE>

MARKETABLE SECURITIES

We also carry significant balances in marketable equity securities as of July 31, 1999. These securities are subject to considerable market risk due to their volatility. Fluctuations in the carrying value of our shares of Excite@Home will impact our earnings because we report these shares as trading security. See Note 1 of the financial statement notes for more information regarding risks related to our investments in marketable securities and Note 1 for information regarding the impact of our Excite@Home common stock on reported net income.

IMPACT OF FOREIGN CURRENCY RATE CHANGES

During fiscal 1999, the currency of our Japanese subsidiary has strengthened while the currencies of our other subsidiaries have remained essentially stable since the end of our 1998 fiscal year. Because we translate foreign currencies into U.S dollars for reporting purposes, currency fluctuations can have an impact, though generally immaterial, on our results. We believe that our exposure to currency exchange fluctuation risk is insignificant primarily because our international subsidiaries invoice customers and satisfy their financial obligations almost exclusively in their local currencies. For the fiscal 1999 year end, there was an immaterial currency exchange impact from our intercompany transactions. Currency exchange risk is also minimized since foreign debt is due almost exclusively in local foreign currencies. As of July 31, 1999, we did not engage in foreign currency hedging activities.

ITEM 8

FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
INTUIT INC.

1. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements are filed as part of this Report:

<TABLE>
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2. INDEX TO FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule is filed as part of this report and should be read in conjunction with the Consolidated Financial Statements:

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Board of Directors and Stockholders of Intuit Inc.

We have audited the accompanying consolidated balance sheets of Intuit Inc. as of July 31, 1998 and 1999, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 1999. Our audits also included the financial statement schedule listed on the Index to Financial Statement Schedules on the preceding page. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Intuit Inc. at July 31, 1998 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 1999, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Palo Alto, California
August 24, 1999, except for paragraph 4 of Note 19, as to which the date is September 9, 1999.

INTUIT INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)	JULY 31, 1998	JULY 31, 1999
ASSETS		

Current assets:		
Cash and cash equivalents	$ 138,133	$ 518,305
Payroll tax deposits	--	131,148
Short-term investments	244,699	305,125
Marketable securities	499,285	431,319
Accounts receivable, net of allowance for doubtful accounts of $5,335 and $10,739, respectively (1)	59,417	63,045
Deferred income taxes	--	64,925
Inventories	3,695	4,931
Prepaid expenses and other current assets (2)	34,896	66,982
Total current assets	980,125	1,585,780
Property and equipment, net	69,413	108,851
Purchased intangibles, net	85,797	98,004
Goodwill, net	285,793	382,888
Other assets	10,937	7,549
Long-term deferred income taxes	21,006	63,675
Investments	17,009	45,473
Restricted investments	28,516	36,028
Total assets	$ 1,498,596	$ 2,328,248

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	$ 44,035	$ 63,003
Accrued compensation and related liabilities	23,728	37,414
Payroll tax obligations	--	131,148
Deferred revenue	58,560	65,994
Income taxes payable	3,044	146,847
Deferred income taxes	120,482	136,694
Other accrued liabilities	124,820	200,030
Total current liabilities	374,669	781,130
Long-term notes payable	35,566	36,308
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value		
Authorized - 3,000 shares total; 145 shares designated Series A; 200 shares designated Series B Junior Participating		
Issued and outstanding - none; none	--	--
Common stock, $0.01 par value		
Authorized -- 250,000 shares		
Issued and outstanding - 177,960 and 187,626 shares, respectively	593	625
Additional paid-in capital	1,080,554	1,229,880
Accumulated other comprehensive income (loss)	182,602	79,144
Retained earnings (deficit)	(175,388)	201,161
Total stockholders' equity	1,088,361	1,510,810
Total liabilities and stockholders' equity	$ 1,498,596	$ 2,328,248

</TABLE>

(1) Includes $3.4 and $0.1 million due from Checkfree as of July 31, 1998 and 1999, respectively (see Note 17).

(2) Includes a $7.3 and $6.7 million note receivable from Venture Finance Software Corporation as of July 31, 1998 and 1999, respectively (see Note 17).

See accompanying notes.

INTUIT INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

(In thousands, except per share data)	YEARS ENDED JULY 31, 1997	1998	1999
<S> <C>	<C>	<C>	<C>
Net revenue (1)	$ 598,925	$ 592,736	$ 847,568
Costs and expenses:			
Cost of goods sold:			

Product	137,281	120,538	201,368
Amortization of purchased software and other	1,489	2,905	7,775
Customer service and technical support	119,762	117,714	130,759
Selling and marketing	162,047	164,834	191,628
Research and development	93,018	108,604	143,437
General and administrative	37,460	36,719	59,798
Charge for purchased research and development	11,009	53,800	--
Other acquisition costs, including amortization of goodwill and purchased intangibles	26,543	24,204	92,917
Restructuring costs	10,356	--	--
Total costs and expenses	598,965	629,318	827,682
Income (loss) from operations	(40)	(36,582)	19,886
Interest and other income and expense, net	9,849	12,438	18,252
Net gain on marketable securities	--	--	579,211
Gain on disposal of business	--	4,321	--
Income (loss) from continuing operations before income taxes	9,809	(19,823)	617,349
Provision (benefit) for income taxes	12,741	(7,666)	240,800
Income(loss) from continuing operations	(2,932)	(12,157)	376,549
Gain from sale of discontinued operations, net of income tax provision of $52,617	71,240	--	--
Net income (loss)	$ 68,308	$ (12,157)	$ 376,549
Basic net income (loss) per share from continuing operations	$ (0.02)	$ (0.08)	$ 2.06
Basic net income per share from sale of discontinued operations	0.51	--	--
Basic net income (loss) per share	$ 0.49	$ (0.08)	$ 2.06
Shares used in per share amounts	139,272	149,028	182,688
Diluted net income (loss) per share from continuing operations	$ (0.02)	$ (0.08)	$ 1.97
Diluted net income per share from sale of discontinued operations	0.50	--	--
Diluted net income (loss) per share	$ 0.48	$ (0.08)	$ 1.97
Shares used in per share amounts	142,344	149,028	191,088

</TABLE>

(1) Includes $11.6, $14.1, and $6.1 million in revenue from Checkfree for the years ended July 31, 1997, 1998 and 1999, respectively, and $10.3 and $26.3 million in revenue from Excite@Home for the years ended July 31, 1998 and 1999, respectively (see Note 17).

See accompanying notes.

INTUIT INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

(Dollars in thousands)	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID -IN CAPITAL	OTHER COMPREHENSIVE INCOME	RETAINED EARNINGS (DEFICIT)	TOTAL STOCKHOLDERS' EQUITY
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at July 31, 1996	137,420,808	$458	$530,818	$(502)	$(231,539)	$299,235
Comprehensive income (loss):						
Unrealized gains on marketable securities				20,668		
Foreign currency translation adjustments				(734)		
Total comprehensive income, net of tax				19,934		19,934
Issuance of common stock pursuant to						

GALT acquisition	636,159	2	8,709	--	--	8,711
Issuance of common stock upon exercise of options and other	2,480,454	8	7,540	--	--	7,548
Issuance of common stock pursuant to Employee Stock Purchase Plan	288,903	1	1,877	--	--	1,878
Release of stock from escrow pursuant to Parsons Technology, Inc. acquisition	--	--	2,743	--	--	2,743
Tax benefit from employee stock option transactions	--	--	6,704	--	--	6,704
Net income	--	--	--	--	68,308	68,308
Balance at July 31, 1997	140,826,324	469	558,391	19,432	(163,231)	415,061
Comprehensive income (loss):						
Unrealized gains on marketable securities				160,403		
Foreign currency translation adjustments				2,767		
Total comprehensive income, net of tax				163,170		163,170
Issuance of common stock upon exercise of options and other	6,690,774	22	41,222	--	--	41,244
Issuance of common stock pursuant to employee Stock Purchase Plan	443,928	2	3,757	--	--	3,759
Issuance of common stock pursuant to public offering	30,000,000	100	455,950	--	--	456,050
Tax benefit from employee stock option transactions	--	--	21,234	--	--	21,234
Net loss	--	--	--	--	(12,157)	(12,157)
Balance at July 31, 1998	177,961,026	593	1,080,554	182,602	(175,388)	1,088,361
Comprehensive income (loss):						
Unrealized losses on marketable securities				(99,450)		
Foreign currency translation adjustments				(4,008)		
Total comprehensive loss, net of tax				(103,458)		(103,458)
Issuance of common stock upon exercise of options and other	8,400,849	28	64,654	--	--	64,682
Issuance of common stock pursuant to Employee Stock Purchase Plan	396,546	1	6,325	--	--	6,326
Issuance of common stock pursuant to CRI acquisition	866,448	3	22,797	--	--	22,800
Tax benefit from employee stock option transactions	--	--	55,550	--	--	55,550
Net income	--	--	--	--	376,549	376,549
Balance at July 31, 1999	187,624,869	$625	$1,229,880	$79,144	$201,161	$1,510,810

</TABLE>

See accompanying notes.

INTUIT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

<TABLE>
<CAPTION>

(In thousands)	YEARS ENDED JULY 31, 1997	1998	1999
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss)	$ 68,308	$ (12,157)	$ 376,549
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Net gain on sale of discontinued operations	(71,240)	--	--
Discontinued operations loss offset against gain	(9,668)	--	--
Gain on disposal of business, net of tax	--	(1,621)	--
Gains on sale of marketable securities	--	--	(490,757)
Gain from conversion of marketable securities	--	--	(88,454)
Gain on sale of facility	--	(1,501)	--
Charge for purchased research and development	11,009	53,800	--
Amortization of goodwill and other purchased intangibles	29,715	24,330	100,692
Depreciation	28,952	28,908	40,611
Changes in assets and liabilities:			
Accounts receivable	7,482	(17,055)	(3,027)
Inventories	1,445	(1,044)	(1,236)
Prepaid and other current assets	(4,090)	(14,104)	(31,763)
Deferred income tax assets and liabilities	(14,501)	(39,221)	(25,081)
Accounts payable	(26)	8,206	18,054
Accrued compensation and related liabilities	6,441	1,403	12,861
Deferred revenue	58	6,320	7,434
Accrued acquisition liabilities	1,445	(29,185)	(12,229)
Other accrued liabilities	22,931	43,491	25,767
Income taxes payable	2,888	17,767	143,803
NET CASH PROVIDED BY OPERATING ACTIVITIES	81,149	68,337	73,224
Cash flows from investing activities:			
Proceeds from sale of facility	--	9,025	--
Purchase of property and equipment	(27,597)	(33,561)	(80,049)
Sale of marketable securities	29,500	--	531,426
Acquisitions and dispositions, net of cash acquired	(34,224)	(350,288)	(117,608)
Decrease in other assets	(970)	(1,276)	(6,977)
Purchase of short-term investments	(258,892)	(293,306)	(346,574)
Liquidation and maturity of short-term investments	215,338	213,176	278,636
Purchase of marketable securities	--	--	(50,000)
Purchase of long-term investments	(41,150)	(17,009)	(28,464)
NET CASH USED IN INVESTING ACTIVITIES	(117,995)	(473,239)	180,390
Cash flows from financing activities:			
Principal payments on long-term debt	(661)	(4,798)	--
Proceeds from issuance of long-term debt	30,277	--	--
Net proceeds from issuance of common stock	9,426	501,053	126,558
NET CASH PROVIDED BY FINANCING ACTIVITIES	39,042	496,255	126,558
Net increase (decrease) in cash and cash equivalents	2,196	91,353	380,172
Cash and cash equivalents at beginning of period	44,584	46,780	138,133
Cash and cash equivalents at end of period	$ 46,780	$ 138,133	$ 518,305
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	$ 652	$ 432	$ 140
Income taxes paid	$ 31,906	$ 6,054	$ 64,849

</TABLE>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company

Intuit Inc. develops, sells and supports small business accounting, tax

preparation and consumer finance desktop software products, financial supplies (such as computer checks, envelopes and invoices), and Internet-based products and services for individuals and small businesses. Our products and services are designed to automate commonly performed financial tasks and to simplify the way individuals and small businesses manage their finances. We sell our products throughout North America and in many international markets. Sales are made through retail distribution channels, traditional direct sales to customers and via the Internet.

Principles of Consolidation

The consolidated financial statements include all of our accounts and those of our wholly-owned subsidiaries. We have eliminated all significant intercompany accounts and transactions. Investments in which management intends to maintain more than a temporary 20% to 50% interest, or otherwise has the ability to exercise significant influence, are accounted for under the equity method. Investments in which we have less than a 20% interest and/or do not have the ability to exercise significant influence are carried at the lower of cost or estimated realizable value.

Use of Estimates

To comply with generally accepted accounting principles, we make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes. Our most significant estimates are related to reserves for product returns and exchanges, reserves for rebates and the collectability of accounts receivable. We also use estimates to determine the remaining economic lives and carrying value of goodwill, purchased intangibles, and fixed assets. Despite our intention to establish accurate estimates and assumptions, actual results may differ from our estimates.

Net Revenue

Intuit recognizes revenue upon shipment of our shrink-wrapped products based on "FOB shipping" terms. Because, under FOB shipping terms, title and risk of loss are transferred, and we have no continuing obligations, once our products are delivered to the shipper, we recognize revenue upon shipment, net of return reserves based on historical experience. To recognize revenue, it must also be probable that we will collect the accounts receivable from our customers. Reserves are provided for excess quantities of current product versions, as well as previous versions of products still in the distribution channel when new versions are launched. In some situations, we receive advance payments from our customers. Revenue associated with these advance payments is deferred until the products are shipped or services are provided. We also reduce revenue by the estimated cost of rebates when products are shipped. Warranty reserves are provided at the time revenue is recognized for the estimated cost of replacing defective products.

We recognize revenue from Internet products and services when that revenue is "earned" based on the nature of the particular product or service. For Internet products and services that are provided over a period of time, revenue is recognized pro rata based on the passage of the contractual time period during which the product or service is to be provided or in accordance with agreed upon performance criteria. However, where the Internet product or service is to be provided or delivered at one point in time, revenue is recognized immediately upon delivery of the product or completion of the service, rather than over time. For example, we earn advertising revenues from third parties that advertise on certain of our websites and contract to run such advertisements for a particular period of time. In that

case, the associated advertising revenue is recognized ratably over the contractual time period during which the advertising is to be placed. By contrast, for on-line transactions for which we receive a payment (such as the sale of insurance through our InsureMarket website), revenue is recognized upon completion of the transaction, assuming there are no remaining obligations on our part.

Customer Service and Technical Support

Customer service and technical support costs include the costs associated with performing order processing, answering customer inquiries and providing telephone assistance. In connection with the sale of certain products, Intuit provides free telephone support service to customers. This free service, also referred to as post-contract customer support, is included in this expense category. We do not defer the recognition of any revenue associated with sales of these products, since the cost of providing this free support is insignificant. The support is provided within one year after the associated revenue is recognized and enhancements are minimal and infrequent. The estimated cost of providing this free support is accrued upon product shipment.

Intuit also offers several plans under which customers are charged for technical

support assistance. Fees charged for these plans are collected in advance and are recognized as revenue over a period of time (generally one year) at a rate that is based on historical call volumes for support, which approximates when these services are performed. Costs incurred for fee for support plans are included in cost of goods sold.

Advertising

We expense advertising costs as incurred. Advertising expense for the years ended July 31, 1997, 1998 and 1999 was approximately $35.3 million, $27.0 million and $ 42.0 million, respectively.

Cash, Cash Equivalents and Short-Term Investments

Intuit considers highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents. Both cash equivalents and short-term investments are considered available-for-sale securities and are carried at amortized cost, which approximates fair value. Available-for-sale securities are classified as current assets based upon our intent and ability to use any and all of these securities as necessary to satisfy the significant short-term liquidity requirements that may arise from the highly seasonal and cyclical nature of our business. Based on our significant business seasonality, cash flow requirements within quarters may fluctuate dramatically and require us to use a significant amount of the cash investments held as available-for-sale securities.

The following schedule summarized the estimated fair value of our cash, cash equivalents, and short-term investments:

<TABLE>
<CAPTION>

(In thousands)	JULY 31, 1998	JULY 31, 1999
<S>	<C>	<C>
Cash and cash equivalents:		
Cash	$ 22,382	$ 20,623
Money market funds	6,972	294,190
Commercial paper	--	156,037
Municipal bonds	81,927	37,455
U.S. Government securities	26,852	10,000
	$ 138,133	$ 518,305
Short-term investments:		
Certificates of deposit	$ 5,043	$ 9,901
Corporate notes	2,000	19,482
Municipal bonds	256,297	284,057
U.S. Government securities	9,875	27,713
Restricted short-term investments	(28,516)	(36,028)
	$ 244,699	$ 305,125

</TABLE>

The estimated fair value of cash equivalents and short-term investments classified by date of maturity is as follows:

<TABLE>
<CAPTION>

(In thousands)	JULY 31, 1998	JULY 31, 1999
<S>	<C>	<C>
Due within one year	$ 225,241	$ 735,349
Due within two years	163,317	101,784
Due within three years	408	1,702
Restricted short-term investments	(28,516)	(36,028)
	$ 360,450	$ 802,807

</TABLE>

For information about our restricted investments, see Note 8. Realized gains and losses from sales of each type of security were immaterial for all periods presented.

Marketable Securities

Our available for sale marketable securities are carried at fair value and include unrealized gains and losses, net of tax, in stockholders' equity. We have designated our investment in Excite@Home as a trading security and fluctuations in the market value of these shares are reported in net income. We held the following marketable securities at July 31, 1998 and 1999:

<TABLE>
<CAPTION>

		GROSS UNREALIZED		NET REALIZED	
1998	COST	GAIN	LOSS	LOSS	FAIR VALUE
	(In thousands)				
<S>	<C>	<C>	<C>	<C>	<C>
Checkfree Corporation common stock	$156,350	$106,000	$ --	$ --	$262,350
Excite, Inc. common stock	39,150	187,050	--	--	226,200
Verisign, Inc. common stock	2,000	5,750	--	--	7,750
Concentric Network Corporation common stock	--	2,985	--	--	2,985
	$197,500	$301,785	$ --	$ --	$499,285
1999					
(In thousands)					
Checkfree Corporation common stock	$150,081	$152,177	$ --	$ --	$302,258
Security First Technologies common stock	49,997	--	16,140	--	33,857
Excite@Home, Inc. common stock	132,060	--	--	36,856	95,204
	$332,138	$152,177	$16,140	$ 36,856	$431,319

</TABLE>

In January 1997, we sold our online banking and bill payment transaction processing business to Checkfree Corporation. We obtained marketable securities in Checkfree as a result of this sale. Note 4 provides more information on this sale.

We account for the investment in Checkfree as an available-for-sale equity security, which accordingly is carried at market value. Checkfree common stock is quoted on the Nasdaq National Market under the symbol CKFR. The closing price of Checkfree common stock at July 31, 1999 was $29.56 per share. At July 31, 1999, we held 10.2 million shares, or approximately 19%, of Checkfree's outstanding common stock.

During fiscal 1999, we sold 425,000 shares of Checkfree, 250,000 shares of Verisign, 4,800,000 shares of Excite, and 217,640 shares of Concentric. In connection with these sales we recognized realized total gains of $1.1 million, $17.7 million, $461.4 million, and $10.6 million, respectively.

In connection with At Home Corporation's acquisition of Excite in May 1999, our shares of Excite were converted into Excite@Home common stock. At the time of the conversion of our existing Excite shares into Excite@Home shares, we recorded a realized gain of approximately $125.3 million. We have elected to report these converted Excite@Home shares as a trading security. As a result, we are reporting both positive and negative fluctuations in the market value of this stock in net income. At July 31, 1999, we owned 2.1 million shares (or approximately 0.6%) of Excite@Home common stock and reported a realized valuation loss of approximately $36.9 million for these securities for the period between the time of conversion of the shares to July 31, 1999. The closing price of Excite@Home (symbol ATHM) at July 31, 1999, was $45.69 per share. The average price of Excite@Home between May 28, 1999 and July 31, 1999 was $50.55 per share.

In May 1999, we purchased 970,813 shares of common stock of Security First

Technologies ("Security First"). See Note 5 for more information about this purchase. We account for the investment in Security First as an available-for-sale-equity security, which accordingly is carried at market value. Security First common stock is quoted on the Nasdaq National Market under the symbol SONE. The closing price of Security First common stock at July 31, 1999 was $34.88 per share. At July 31, 1999, we held 970,813 shares, or approximately 3.5%, of Security First's outstanding common stock.

Checkfree, Excite@Home, and Security First are high technology companies whose stocks are subject to substantial volatility. Accordingly, it is possible that the market price of one or more of these companies' stocks could decline substantially and quickly, which could result in a material reduction in the carrying value of these assets.

Inventories

Our inventories consist primarily of materials used in software products and related supplies and packaging materials. We value them at the lower of cost (first-in, first-out) or market (net realizable value or replacement cost).

Property and Equipment

Property and equipment are stated at cost. We calculate depreciation using the straight-line method over the estimated useful lives of the assets, which range from 3 to 30 years. Leasehold improvements are amortized using the straight-line method over the lesser of the estimated useful lives or remaining lease terms. Property and equipment consisted of the following:

<TABLE>
<CAPTION>

(In thousands)	JULY 31, 1998	JULY 31, 1999
<S>	<C>	<C>
Machinery and equipment	$ 96,780	$ 138,231
Furniture and fixtures	12,514	15,216
Leasehold improvements	22,278	39,168
Land and buildings	3,193	9,049
Construction in progress	763	2,639
	135,528	204,303
Less accumulated depreciation and amortization	(66,115)	(95,452)
	$ 69,413	$ 108,851

</TABLE>

Goodwill and Intangible Assets

We record goodwill when the cost of net assets we acquire exceeds their fair value. Goodwill is amortized on a straight-line basis over periods ranging from 3 to 5 years. The cost of identified intangibles is generally amortized on a straight-line basis over periods ranging from 1 to 10 years. We regularly perform reviews to determine if the carrying value of assets is impaired. The reviews look for the existence of facts or circumstances, either internal or external, which indicate that the carrying value of the asset cannot be recovered. No such impairment has been indicated to date. If, in the future, management determines the existence of impairment indicators, we would use undiscounted cash flows to initially determine whether impairment should be recognized. If necessary, we would perform a subsequent calculation to measure the amount of the impairment loss based on the excess of the carrying value over the fair value of the impaired assets. If quoted market prices for the assets are not available, the fair value would be calculated using the present value of estimated expected future cash flows. The cash flow calculations would be based on management's best estimates, using appropriate assumptions and projections at the time.

Goodwill and purchased intangible assets consisted of the following:

<TABLE>
<CAPTION>

(In thousands)	LIFE IN YEARS	NET BALANCE AT JULY 31, 1998	NET BALANCE AT JULY 31, 1999

Goodwill	3-5	$ 285,793	$ 382,888
Customer lists	3-5	53,517	66,907
Covenant not to compete	3-5	2,211	2,492
Purchased technology	1-5	18,763	17,751
Assembled Workforce	2-5	5,596	3,972
Trade names and logos	1-10	5,710	6,882

Balances presented above are net of total accumulated amortization of $103.6 million and $210.1 million at July 31, 1998 and July 31, 1999, respectively.

Concentration of Credit Risk

Intuit operates in an industry which is highly competitive and rapidly changing. Many circumstances could have an unfavorable impact on Intuit's operating results. Examples include significant technological changes in the industry, changes in customer requirements or the emergence of competitive products or services with new capabilities.

We are also subject to risks related to our significant balances of short-term investments, marketable securities and trade accounts receivable. At July 31, 1999, we held shares of Checkfree common stock representing approximately 19% of Checkfree's outstanding common stock. We also held approximately 0.6% of Excite@Home's Common Stock and 3.5% of Security First's outstanding common stock outstanding as of July 31, 1999. If there is a permanent decline in the value of these securities below cost, we will need to report this decline in our statement of operations. Fluctuations in the market value of our shares in Excite@Home are treated as realized gains and losses in our statement of operations on an ongoing basis, since this investment is treated as a trading security. See "Marketable Securities," above in Note 1 for a discussion of risks associated with our marketable securities. Our remaining portfolio is diversified and consists primarily of short-term investment-grade securities.

To reduce the credit risk associated with accounts receivable, Intuit performs ongoing evaluations of customer credit. Generally, no collateral is required. We maintain reserves for estimated credit losses and these losses have historically been within our expectations.

Foreign Currency

Assets and liabilities recorded in foreign currencies are translated at the exchange rate on the balance sheet date. Revenue, costs and expenses are translated at average rates of exchange in effect during the year. We report translation gains and losses as a separate component of stockholders' equity. Net gains and losses resulting from foreign exchange transactions were immaterial in all periods presented.

Comprehensive Income (Loss)

As of August 1, 1998, Intuit adopted SFAS 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for the reporting and display of comprehensive net income and its components. However, it has no impact on our net income or stockholders' equity as presented in our financial statements. The only items of comprehensive income (loss) that the Company currently reports are unrealized gains (losses) on marketable securities and foreign currency translation adjustments.

Recent Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133"). FAS 133 provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. In June 1999, the FASB delayed implementation of FAS 133, so that implementation is now required for fiscal years beginning after June 15, 2000. Upon adoption, transition adjustments will be reported in net income or other comprehensive income, as appropriate, reflecting the effect of a change in accounting principle. We have not yet determined whether adoption of FAS 133 will have a material impact on our consolidated financial position, results of operations, or cash flows.

Reclassifications

Certain previously reported amounts have been reclassified to conform to the current presentation format.

2. PER SHARE DATA

Basic income per share is computed using the weighted average number of common shares outstanding during the period. Diluted income per share is computed using

the weighted average number of common and dilutive common equivalent shares outstanding during the period. Common equivalent shares consist of the shares issuable upon the exercise of stock options under the treasury stock method. All share and per share amounts shown in this table have been restated to reflect a three for one stock split effective September 30, 1999 (see Notes 9 and 19). The following table shows the computation of basic and diluted income per share for the years ended July 31, 1997, 1998 and 1999:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1997	1998	1999
(In thousands, except share and per share data)			
<S>	<C>	<C>	<C>
BASIC:			
Weighted average common shares outstanding	139,272	149,028	182,688
Net income (loss)	$ 68,308	$ (12,157)	$376,549
Per share amount	$ 0.49	$ (0.08)	$ 2.06
DILUTED:			
Weighted average common shares outstanding	139,272	149,028	182,688
Equivalent shares issuable upon exercise of options	3,072	--	8,400
Shares used in per share amounts	142,344	149,028	191,088
Net income (loss)	$ 68,308	$ (12,157)	$376,549
Per share amount	$ 0.48	$ (0.08)	$ 1.97

</TABLE>

3. ACQUISITIONS

In September 1996, we acquired GALT Technologies, Inc. ("GALT") for $14.6 million. GALT was a provider of mutual fund information on the World Wide Web. The acquisition was treated as a purchase for accounting purposes. We allocated approximately $8.5 million of the purchase price to identified intangible assets and

goodwill. These assets are being amortized over a period of three years or less. We also expensed approximately $4.9 million of in-process research and development at the time of acquisition. Under the terms of the agreement, we issued 636,159 shares of Intuit common stock and options to purchase approximately 101,058 shares of Intuit common stock to GALT stockholders and option holders, respectively, at the date of acquisition.

In March 1997, Intuit KK, a wholly-owned subsidiary of Intuit, acquired Nihon Micom Co. Ltd., a Japanese small business accounting software company, for cash. The purchase price was approximately $39.9 million. In addition, we assumed liabilities of approximately $9.6 million. The acquisition was treated as a purchase for accounting purposes. We allocated approximately $32.8 million of the purchase price to identified intangible assets and goodwill. These assets are being amortized over a period not to exceed three years. We also expensed $6.1 million of in-process research and development in the quarter ended April 30, 1997. Under the terms of the agreement, we issued options to purchase 267,510 shares of Intuit common stock to employees of Nihon Micom on the date of acquisition and an additional 284,700 shares in March of 1999.

In June 1998, we acquired substantially all of the assets of Lacerte Software Corporation and Lacerte Educational Services Corporation (together, "Lacerte"), for cash. Lacerte is a leading developer and marketer of tax preparation software and services for tax professionals. The purchase price was approximately $400 million. In addition, we assumed liabilities of $31.8 million. We funded the acquisition by a public offering of 30.0 million shares of common stock. Note 9 provides more information on this public offering.

The acquisition of Lacerte was treated as a purchase for accounting purposes. We allocated approximately $358.2 million of the purchase price to identified intangible assets and goodwill. These assets are being amortized over a period of three to five years. We also expensed approximately $53.8 million of in-process research and development at the time of the acquisition. The following table shows pro forma net revenue, net loss from continuing operations and diluted net loss per share from continuing operations of Intuit and Lacerte

for the fiscal years ending July 31, 1997 and 1998 as if we had acquired Lacerte at the beginning of fiscal 1997:

<TABLE>
<CAPTION>

	YEAR ENDED JULY 31, 1997		YEAR ENDED JULY 31, 1998
	INCLUDING LACERTE	AS REPORTED	INCLUDING LACERTE	AS REPORTED
(In thousands, except per share data; unaudited)				
<S>	<C>	<C>	<C>	<C>
Net revenue	$ 668,077	$ 598,925	$ 668,244	$ 592,736
Net loss from continuing operations	(88,067)	(2,932)	(56,689)	(12,157)
Basic and diluted net loss per share from continuing operations	$ (0.51)	$ (0.02)	$ (0.32)	$ (0.08)

</TABLE>

On April 7, 1999, we acquired the customer list and intellectual property rights of TaxByte, Inc., for approximately $11 million in cash. TaxByte was a professional tax preparation software company with a customer base of approximately 3,600 professional tax preparers. The acquisition was treated as a purchase for accounting purposes and the entire purchase price was allocated to identified intangible assets and goodwill to be amortized over five years. No tangible assets were acquired or liabilities assumed in connection with the purchase.

On May 3, 1999, we completed our acquisition of Computing Resources, Inc. ("CRI"), a Reno, Nevada-based provider of payroll services for cash. CRI is one of the country's largest payroll services companies and a leader in providing payroll services to small businesses. The purchase price for privately-held CRI was approximately $200 million, consisting of approximately $100 million cash and approximately $25 million of Intuit stock that was paid at closing, and $75 million in cash to be paid in three annual installments of $ 25 million each.

We accounted for the acquisition of CRI as a purchase for accounting purposes and allocated approximately $187 million to identified intangible assets and goodwill. These assets are being amortized over a period of three to five years. The following table shows pro forma net revenue, net loss from continuing operations and diluted net loss per share from continuing operations of Intuit and CRI as if we had acquired CRI at the beginning of fiscal 1998:

<TABLE>
<CAPTION>

	YEAR ENDED JULY 31, 1998		YEAR ENDED JULY 31, 1999	
	INCLUDING CRI	AS REPORTED	INCLUDING CRI	AS REPORTED
(In thousands, except per share data; unaudited)				
<S>	<C>	<C>	<C>	<C>
Net revenue	$ 624,636	$ 592,736	$ 873,316	$ 847,568
Net income (loss) from continuing operations	(44,098)	(12,157)	350,212	376,549
Diluted net income (loss) per share from continuing operations	$ (0.29)	$ (0.08)	$ 1.83	$ 1.97

</TABLE>

On June 11, 1999, we acquired the customer list and intellectual property rights of Compucraft Tax Services, LLC, for approximately $8 million in cash with a provision that could increase the overall purchase price if certain performance targets are met. Compucraft was a professional tax preparation service bureau company with an active customer base of approximately 3,400 professional tax preparers. The acquisition was accounted for as a purchase for accounting purposes. The entire purchase price was allocated to identified intangible assets. No liabilities were assumed in connection with the purchase.

For acquisitions treated as a purchase for accounting purposes, we must determine the allocation between developed and in-process research and development. This allocation is based on whether or not technological feasibility has been achieved and whether there is an alternative future use for the technology. SFAS 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed," sets guidelines for establishing

technological feasibility. Technological feasibility can be achieved through the existence of either a detailed program design or a completed working model. As of the respective dates of the acquisitions discussed above, we concluded that the purchased in-process research and development had no alternative future use and expensed it according to the provisions of SFAS 86.

4. DISCONTINUED OPERATIONS AND DIVESTITURES

On January 27, 1997, we sold Intuit Services Corporation ("ISC"), our online banking and bill payment transaction-processing subsidiary, to Checkfree. In exchange, we received 12.6 million shares of Checkfree common stock. The closing price of Checkfree common stock was $14.75 per share on January 24, 1997, the last business day prior to closing. As a result of the transaction, we recorded a gain on sale of discontinued operations of $71.2 million, net of tax, in the quarter ended January 31, 1997. The gain was recorded net of certain conditional items relating to the business sold. In addition to the gain on sale, Checkfree agreed to pay us $20 million in service and license fees for providing connectivity between Intuit's Quicken software and Checkfree's bill payment processing services. Of this $20 million, $10 million of revenue was received and recorded in January 1997, and $10 million was received and recorded in October 1997. We accounted for the sale of ISC as a discontinued operation. We deferred operating results for the discontinued operations for the period beginning August 1, 1996 until the close of the sale on January 27, 1997. The losses incurred for the period noted above were netted against the gain on sale of discontinued operations.

On August 7, 1997, we sold Parsons, our consumer software and direct marketing subsidiary, to Broderbund Software, Inc. for approximately $31 million. As a result of the sale, Broderbund acquired net assets of approximately $17 million and we incurred direct costs of approximately $9.5 million. We also recorded a pre-tax gain of $4.3 million and a related tax provision of $2.7 million in the quarter ended October 31, 1997.

5. SIGNIFICANT TRANSACTIONS

In June 1997, we entered into an agreement with Excite Inc. to jointly develop, promote and distribute a new online financial channel now called Excite Money and Investing by Quicken.com. The channel debuted in early fiscal 1998. We are the exclusive provider and aggregator of personal financial content for all of Excite's Internet services. Excite provides hosting, advertising sales and software services and is the exclusive search and navigation service promoted in our QuickBooks, TurboTax and Quicken products. We are entitled to receive all revenue associated with the channel, but we're required to pay certain portions of the revenue to Excite. As part of the

agreement, we made a significant equity investment in Excite. Note 1 provides more information on this investment.

On February 17, 1998, we announced a three-year agreement with America Online, Inc. ("AOL"). Under terms of the agreement, subject to certain limited exceptions, we are the exclusive provider of tax preparation and filing, multi-carrier life and auto insurance, and multi-lender mortgage services on both the AOL service and AOL.com, which is AOL's default site for Internet access by AOL members. In addition, on AOL.com, we are the primary source of financial content for the Personal Finance Web Channel. We have guaranteed payments to AOL totaling $30 million over three years, of which $16.2 million was paid upon signing. The remaining capitalized amount of $8.1 million is being amortized ratably over the remainder of the term. AOL will also be eligible for additional revenue sharing payments once Intuit has recovered certain advances and other amounts.

In May 1998, we participated in the formation of a company, Venture Finance Software Corp. ("VFSC") to focus on the development of certain Web-oriented finance products. VFSC has received $34.5 million through the sale of equity interests to private investors and obtained conditional commitments to receive up to an additional $11.5 million in capital contributions from these investors. Of the $46 million potential funding for VFSC, venture capital funds managed by Kleiner Perkins Caufield & Byers, of which L. John Doerr, a director of Intuit, is a general partner, have agreed to invest up to $1 million. In exchange for its equity interest in VFSC, Intuit has granted VFSC licenses to certain technology and intellectual property rights related to certain Web-oriented finance products and has agreed not to compete with VFSC in certain areas of server-based personal finance for a period of ten years. Intuit is managing the development of the new products and the commercialization efforts of VFSC and has been granted the option to purchase the equity interests of the other investors in VFSC during a period of time beginning two years after the formation of VFSC at a price to be determined by a formula (see Note 17).

On May 27, 1999, we completed a $50 million investment in Security First Technologies ("Security First"). Security First delivers enterprise-wide Internet applications for financial institutions. We purchased 970,813 shares of

common stock at a price of $51.50 per share, which represents approximately 3.8% of Security First's outstanding common stock. In connection with this agreement, we also received an option to purchase 3,629,187 additional shares of Security First common stock, which will become exercisable if Security First completes its planned acquisition of Edify Corporation (a publicly held California-based provider of Internet and voice electronic commerce solutions), and an option to purchase an additional 1,800,000 shares of common stock if Security First completes its planned acquisition of FICS Group, N.V. (a privately held Belgium-based provider of regulatory financial reporting and remote electronic banking software). These options are exercisable at a per share purchase price of $51.50. Our investment in Security First was made in connection with establishing a strategic relationship to deliver online financial software and services to financial institutions. The common stock of Security First is quoted on the Nasdaq National Market under the symbol "SONE."

6. INDUSTRY SEGMENT AND GEOGRAPHIC INFORMATION

Intuit has adopted Statement of Financial Accounting No. 131, "Disclosures about Segments of an Enterprise and Related Information," ("SFAS 131"). SFAS 131 establishes standards for the way in which public companies disclose certain information about operating segments in the Company's financial reports. Consistent with SFAS 131, we have determined our operating segments based on factors such as how our operations are managed and how results are viewed by management. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Intuit does not track assets by operating segments. Consequently, we do not disclose assets by operating segments. The following results are broken out by our operating segments for the fiscal years ending July 31, 1999, 1998, and 1997:

<TABLE>
<CAPTION>

1999 - ---- (IN THOUSANDS)	SMALL BUSINESS DIVISION	CONSUMER FINANCE DIVISION	TAX DIVISION	INTERNATIONAL DIVISION	OTHER(1)	CONSOLIDATED
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net revenue	$292,707	$ 137,681	$337,734	$ 79,446	$ --	$ 847,568
Segment Operating Income / (Loss)	95,924	(6,621)	148,464	(2,252)	--	235,515
Common Expenses	--	--	--	--	(114,938)	(114,938)
Sub-Total Operating income (loss)	95,924	(6,621)	148,464	(2,252)	(114,938)	120,577
Realized Gains / (Losses) On Marketable Securities	--	--	--	--	579,211	579,211
Acquisition Costs	--	--	--	--	(100,692)	(100,692)
Interest Income/ Expense and Other items	--	--	--	--	18,253	18,253
Net Income Before Tax	$ 95,924	$ (6,621)	$148,464	$ (2,252)	$ 381,834	$ 617,349
1998						
Net revenue	$208,349	$ 120,860	$192,789	$ 70,738	--	$ 592,736
Segment Operating Income / (Loss)	75,770	(16,414)	79,373	(11,472)	--	126,545
Common Expenses	--	--	--	--	(66,776)	(66,774)
Sub-Total Operating income (loss)	75,770	(16,414)	79,373	(11,472)	(66,776)	60,481
</TABLE>

Realized Gains / (Losses) On Marketable Securities	--	--	--	--	--	--
Acquisition Costs	--	--	--	--	(80,909)	(80,909)
Interest Income/ Expense and Other items	--	--	--	--	605	605
Net Income Before Tax	$ 75,770	$ (16,414)	$ 79,373	$(11,472)	$(147,080)	$ (19,823)
1997						
Net revenue	$184,169	$ 97,572	$170,223	$ 73,537	$ 73,424	$ 598,925
Segment Operating Income / (Loss)	55,323	(17,487)	60,360	(1,560)	6,745	103,381
Common Expenses	--	--	--	--	(54,024)	(54,024)
Sub-Total Operating income (loss)	55,323	(17,487)	60,360	(1,560)	(47,279)	49,357
Realized Gains / (Losses) On Marketable Securities	--	--	--	--	--	--
Acquisition Costs	--	--	--	--	(39,041)	(39,041)
Interest Income/ Expense and Other items	--	--	--	--	(507)	(507)
Net Income Before Tax	$ 55,323	$ (17,487)	$ 60,360	$ (1,560)	$ (86,827)	$ 9,809

(1) Reconciling items include acquisition and other common costs not allocated to specific segments. Fiscal 1997 results include activity from our divested Parsons subsidiary.

7. OTHER ACCRUED LIABILITIES

(In thousands)	JULY 31, 1998	JULY 31, 1999
	<C>	<C>
Reserve for returns and exchanges	$ 60,343	$ 73,955
Future payments due for CRI acquisition	--	66,314
Other acquisition and disposition related items	19,181	10,824
Rebates	16,870	18,002
Post-contract customer support	4,433	3,418
Other accruals	23,993	27,517
	$124,820	$200,030

8. NOTES PAYABLE AND COMMITMENTS

Notes Payable

In March 1997, our Japanese subsidiary, Intuit KK, entered into a three-year loan agreement with Japanese banks for approximately $30.3 million used to fund its acquisition of Nihon Micom. The interest rate is variable based on the Tokyo inter-bank offered rate or the short-term prime rate offered in Japan. At July 31, 1999, the rate was approximately 0.4%. The fair value of the loan

approximates cost as the interest rate on the borrowings is adjusted periodically to reflect market rates (which are currently significantly lower in Japan than in the United States). We have guaranteed the loan and pledged approximately $36.0 million, or 110% of the loan balance, of short-term investments to be restricted as security for the borrowings at July 31, 1999. We are obligated to pay interest only until March 2000.

Leases

Intuit leases its office facilities and some equipment under various operating lease agreements. The leases provide for annual rent increases of up to 10%. Annual minimum commitments under these leases are as follows:

<TABLE>
<CAPTION>

YEARS ENDING JULY 31,	COMMITMENTS
(In thousands)	
<S>	<C>
2000	$ 19,456
2001	20,195
2002	17,357
2003	17,489
2004	14,067
Thereafter	42,862
	$131,426

</TABLE>

Total rent expense for the years ended July 31, 1997, 1998 and 1999 was approximately $10.1 million, $10.3 million and $11.5 million, respectively.

9. STOCKHOLDERS' EQUITY

Stock Option Plans

On January 31, 1993, we adopted the 1993 Equity Incentive Plan (the "1993 Plan"). Under the 1993 Plan, we may grant incentive and non-qualified stock options, restricted stock awards and stock bonuses to employees, directors, consultants, and independent contractors of and advisors to Intuit. The Board of Directors or its delegees determine who will receive grants, exercisability, option price and other terms. The option exercise price is usually the fair market value at the date of grant. The options generally vest over a four-year period and expire after ten years.

On October 7, 1996, we adopted the 1996 Directors Stock Option Plan. This plan provides for non-qualified stock options for a specified number of shares to be granted to non-employee directors of Intuit on an annual basis. The option exercise price equals the fair market value at the date of grant. Options granted through January 1999 vest over a four-year period. All subsequent options have been immediately vested at the time of grant. All options expire after ten years.

On November 11, 1998, we adopted the 1998 Option Plan for Mergers and Acquisitions (the "1998 Plan"). Under the 1998 Plan, we may grant non-qualified stock options to individuals who are hired by Intuit as a result of acquisitions of, or mergers with, other companies by Intuit. The 1998 Plan has been designed to meet the "broadly based plans" exemption from the stockholder approval requirement for stock option plans under the Nasdaq National Market listing requirements and, accordingly, has not been submitted to Intuit stockholders for approval. Options under the 1998 Plan can only be granted to eligible individuals within 18 months following the completion of the relevant acquisition or merger. Options granted under the 1998 Plan have an exercise price not less than the fair market value of Intuit's Common Stock on the date of grant. They will generally become exercisable over a four-year period based on continued service and expire ten years after the grant date. Options granted to officers hired as a result of a merger or acquisition cannot exceed 45% of all shares reserved for grant under the 1998 Plan.

In addition, we have several discontinued option plans with outstanding options. For example, we assumed options in connection with our purchase of ChipSoft, Inc. on December 12, 1993. The options vest over a five-year period and expire after seven years. We also assumed options in connection with our purchases of GALT and Intuit Insurance Services, Inc. ("IIS").

A summary of activity under all option plans is as follows:

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING

	SHARES AVAILABLE FOR GRANT	NUMBER OF SHARES	PRICE PER SHARE	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE
<S>	<C>	<C>	<C>	<C>
Balance at July 31, 1996	5,905,419	19,697,919	$ 0.02 - $28.00	$ 9.25
GALT Plan assumed	101,058	--	--	--
Options converted in GALT acquisition	(101,058)	101,058	0.76 - 12.46	7.79
Additional shares authorized	9,360,000	--	--	--
Options granted outside of option plans	--	336,018	7.29 - 28.00	11.03
Options granted	(13,164,561)	13,164,561	7.25 - 12.67	9.25
Options exercised	--	(2,480,349)	0.02 - 19.21	3.15
Options canceled or expired	3,720,621	(3,974,901)	0.76 - 28.00	9.88
Balance at July 31, 1997	5,821,479	26,844,306	0.02 - 28.00	7.54
Additional shares authorized	6,450,000	--	--	--
Options granted	(9,235,791)	9,235,791	8.21 - 18.83	12.73
Options exercised	--	(6,690,774)	0.02 - 14.67	6.28
Options canceled or expired	3,424,584	(3,555,504)	0.76 - 28.00	8.56
Balance at July 31, 1998	6,460,272	25,833,819	0.02 - 26.00	9.57
Additional shares authorized	14,010,000	--	--	--
Options granted	(15,129,414)	15,129,414	13.04 - 31.21	23.22
Options exercised	--	(8,400,849)	0.02 - 31.21	8.12
Options canceled or expired	2,208,099	(2,208,843)	0.76 - 31.21	15.47
Balance at July 31, 1999	7,548,957	30,353,541	$ 0.02 - $31.21	$16.35

</TABLE>

There were 5,793,057, 7,597,860 and 7,513,713 options exercisable under the various plans at July 31, 1997, 1998 and 1999, respectively. At July 31, 1999, there were 3,676,731 shares available for grant under the 1993 Plan, 180,000 shares available for grant under the 1996 Directors Stock Option Plan, and 3,692,226 shares available for grant under the 1998 Plan.

On September 18, 1996, we repriced 5,363,238 options to reflect an exercise price of $10.92, the fair market value on the date of repricing. As a condition of the repricing, employees agreed that repriced options would not be

exercisable, even if vested, until September 17, 1997. Officers at the level of senior vice president and above were not eligible for the repricing.

On March 27, 1997, we repriced 9,454,335 options to reflect an exercise price of $7.92, the fair market value on the date of repricing. As a condition of the repricing, employees agreed that repriced options would not be exercisable, even if vested, until March 27, 1998. Officers at the level of senior vice president and above were not eligible for the repricing. On June 30, 1997, 532,800 options held by employees of a Japanese subsidiary were also repriced to $7.92.

Stock Split

Intuit's Board of Directors authorized a three-for-one stock split on September 8, 1999. This was effected by distributing a 200% stock dividend on September 30, 1999 to stockholders of record on September 20, 1999. We have restated all share and per share amounts referred to in the financial statements and notes to reflect this stock split.

Employee Stock Purchase Plan

In October 1996, Intuit adopted an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code and reserved 900,000 shares of common stock for future issuance. In January 1998, an additional 600,000 shares of common stock were reserved for future issuance, and in January 1999, an additional 900,000 shares were reserved for future issuance. The plan allows eligible employees to purchase Intuit's stock at 85% of the lower of the fair market value at the beginning or end of each six-month offering period. During fiscal 1998 and 1999, employees purchased 443,928 and 396,546 shares, respectively.

Stock-Based Compensation

We follow Accounting Principles Board Opinion 25 ("APB 25"), "Accounting for Stock Issued to Employees," in accounting for stock-based compensation. Accordingly, we are not required to record compensation expense when stock options are granted to employees, as long as the exercise price is not less than the fair market value of the stock when the option is granted, and we are not required to record compensation expense in connection with the Employee Stock Purchase Plan as long as the purchase price is not less than 85% of the lower of the fair market value at the beginning or end of each six-month offering period. In October 1995, the FASB issued SFAS 123, "Accounting for Stock Based

Compensation." Although SFAS 123 allows us to continue to follow the present APB 25 guidelines, we are required to disclose pro forma net income (loss) and net income (loss) per share as if we had adopted the new statement. The pro forma impact of applying SFAS 123 in fiscal 1997, 1998 and 1999 is not likely to be representative of the pro forma impact in future years.

We have elected to use the Black-Scholes model to estimate the fair value of options granted. This valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model requires the input of highly subjective assumptions including the expected stock price volatility. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect this estimate, we believe the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of our employee stock options. Inputs used for the valuation model are as follows:

<TABLE>
<CAPTION>

	OPTIONS			EMPLOYEE STOCK PURCHASE PLAN		
	1997	1998	1999	1997	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Expected life (years)	1.17-4.61	1.61-4.61	1.61-4.61	0.5	0.5	0.5
Expected volatility	0.60%	0.60%	0.69%	0.60%	0.60%	0.69%
Risk-free interest rate	5.50%-6.88%	5.34%-6.0%	4.10%-6.31%	5.61%	5.25-5.45%	4.59-4.93%

</TABLE>

Our pro forma net income (loss) and net income (loss) per share would have been:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31,		
	1997	1998	1999
(In thousands, except per share data)			
<S>	<C>	<C>	<C>
Net income (loss)			
As reported	$ 68,308	$ (12,157)	$ 376,549
Pro forma	$ 46,409	$ (34,194)	$ 336,944
Diluted net income (loss) per share			
As reported	$ 0.48	$ (0.08)	$ 1.97
Pro forma	$ 0.32	$ (0.23)	$ 1.76

</TABLE>

The weighted average fair value of options granted during fiscal 1997, 1998 and 1999 was approximately $4.00, $5.54 and $11.06 per share, respectively.

The following table summarizes information about stock options outstanding at July 31, 1999:

<TABLE>
<CAPTION>

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>
$0.02 - $ 7.92	5,195,319	6.45	$ 7.25	3,374,613	$ 6.98
7.98 - 8.67	3,352,959	7.89	8.22	1,505,763	8.19
8.82 - 11.50	3,062,553	7.89	10.00	1,164,063	9.95
11.67 - 15.60	3,254,379	8.68	14.20	742,626	14.17
15.67 - 16.13	3,272,925	8.79	15.80	321,150	15.84
16.38 - 23.33	3,479,133	9.06	17.92	345,633	

17.05					
24.00 - 26.31	4,732,287	9.76	26.27	4,083	26.12
26.75 - 30.58	2,441,532	9.52	27.49	55,512	29.45
31.00 - 31.00	532,446	9.92	31.00	0	0.00
31.21 - 31.21	1,030,008	9.62	31.21	270	31.21
$0.02 - $31.21	30,353,541	8.48	$16.35	7,513,713	$ 9.41

</TABLE>

Stock Offering

In May and June 1998, we sold 30.0 million shares of our Common Stock in a registered underwritten public offering at a price to the public of $15.792 per share, providing us with net proceeds of approximately $455.7 million after underwriting commissions and estimated expenses. As stated in Note 3, $400 million of these net proceeds were used to fund the acquisition of Lacerte.

10. PROFIT SHARING AND BENEFIT PLANS

Profit Sharing Plans

Full-time employees are eligible to participate in Intuit's profit-sharing plans. The Compensation Committee of the Board of Directors determines amounts to be contributed to the plans. Profit-sharing expense for fiscal 1997, 1998 and 1999 was approximately $4.2 million, $9.1 million and $12.4 million, respectively.

Benefit Plans

We provide two 401(k)-retirement savings plans for full-time employees. Participating employees may contribute up to 15% of pretax salary to the plan, subject to IRS limitations. Intuit matches a specified portion of the employee contributions up to a maximum amount per employee per year. The amount is subject to change on an annual basis. At July 31, 1997, the match was 25% of the employee contribution, up to $1,000, at July 31, 1998, the match was 75%, up to $1,500, and at July 31, 1999, the match was 75%, up to $2,500. Matching contributions were approximately $1.6 million, $3.0 million and $5.8 million, respectively, for the years ended July 31, 1997, 1998 and 1999. Our wholly owned subsidiary Lacerte currently maintains its own separate 401(k)-retirement plan for participating employees. The Lacerte plan will be merged with the existing Intuit plan on January 1, 2000.

11. SHAREHOLDER RIGHTS PLAN

On April 29, 1998, the Board of Directors adopted a shareholder rights plan designed to protect the long-term value of the Company for its shareholders during any future unsolicited acquisition attempt. In connection with the plan, the Board declared a dividend of one preferred share purchase right for each share of Intuit's common stock outstanding on May 11, 1998 (the "Record Date") and further directed the issuance of one such right with respect to each share of Intuit's common stock that is issued after the Record Date, except in certain circumstances. If a person or a group (an "Acquiring Person") acquires 20 percent or more of Intuit's common stock, or announces an intention to make a tender offer for Intuit's common stock, the consummation of which would result in a person or group becoming an Acquiring Person, then the rights will be distributed (the "Distribution Date"). After the Distribution Date, each right may be exercised for 1/3000th of a share of a newly designated Series B Junior Participating Preferred stock at an exercise price of approximately $83.33. The preferred stock has been structured so that the value of 1/3000th of a share of such preferred stock will approximate the value of one share of common stock. The rights will expire on May 1, 2008. The plan was amended in October 1998 to remove "continuing director" provisions, which had allowed the Intuit Board of Directors to take certain actions following a 20% acquisition of Intuit's shares provided that a majority of directors in office after the acquisition event had been in office immediately prior to the acquisition event.

12. INCOME TAXES

Income (loss) before income taxes includes income (loss) from foreign operations of approximately $(8,365,000), ($14,512,000) and ($8,972,000) for the years ended July 31, 1997, 1998 and 1999, respectively. The provision for income taxes consisted of the following:

<TABLE>
<CAPTION>

(In thousands)	YEARS ENDED JULY 31, 1997	1998	1999
<S>	<C>	<C>	<C>
Current:			
Federal	$ 29,117	$ 23,051	$ 210,799
State	5,843	3,694	45,527
Foreign	651	390	--
	35,611	27,135	256,326
Deferred:			
Federal	(18,144)	(27,999)	(15,313)
State	(4,726)	(6,802)	(213)
	(22,870)	(34,801)	(15,526)
Total provision (benefit) for income taxes	$ 12,741	$ (7,666)	$ 240,800

</TABLE>

Differences between income taxes calculated using the federal statutory income tax rate of 35% and the provision (benefit) for income taxes were as follows:

<TABLE>
<CAPTION>

(In thousands)	YEARS ENDED JULY 31, 1997	1998	1999
<S>	<C>	<C>	<C>
Income (loss) before income taxes	$ 9,809	$ (19,823)	$ 617,349
Statutory federal income tax	$ 3,433	(6,938)	216,073
State income tax, net of federal benefit	785	(1,812)	29,454
Federal research and experimental credits	(4,100)	(2,700)	(4,500)
Non-deductible merger related charges	10,637	3,814	980
Tax exempt interest	(1,633)	(2,627)	(4,398)
Foreign losses not benefited	3,533	5,396	3,074
Other, net	86	(2,799)	117
Total	$ 12,741	$ (7,666)	$ 240,800

</TABLE>

Tax savings from deductions associated with our various stock option plans are not reflected in the current federal and state provisions. Savings were approximately $6.7 million in fiscal 1997, $21.2 million in fiscal 1998 and $55.6 million in fiscal 1999. These amounts were credited to stockholders' equity.

Significant deferred tax assets and liabilities were as follows:

<TABLE>
<CAPTION>

(In thousands)	JULY 31, 1998	JULY 31, 1999
<S>	<C>	<C>
Deferred tax assets:		
Accruals and reserves not currently deductible	$ 43,061	$ 50,229
Deferred foreign taxes	8,081	9,976
State income taxes	--	15,296
Merger charges	24,860	47,078
Fixed asset adjustments	8,044	11,788
Other, net	5,012	5,848
Total deferred tax assets	89,058	140,215
Deferred tax liabilities:		
Deferred gain on discontinued operations	55,688	51,421
Unrealized gain on marketable securities	120,714	85,273
State income taxes	2,488	--
Total deferred tax liabilities	178,890	136,694
Total net deferred tax liabilities	(89,832)	3,521
Valuation reserve due to foreign losses	(9,644)	(11,615)
Total net deferred tax liabilities, net of valuation reserve	$ (99,476)	$ (8,094)

	=========	=========

</TABLE>

We have provided a valuation reserve related to the benefit of losses in our foreign subsidiaries that we believe are unlikely to be realized.

13. ACCUMULATED OTHER COMPREHENSIVE INCOME

Accumulated other comprehensive income and changes thereto consist of:

<TABLE>
<CAPTION>

	YEARS ENDED JULY 31		
	1997	1998	1999
(In thousands)			
<S>	<C>	<C>	<C>
Beginning balance gain (loss), net of tax.....	$ (502)	$ 19,432	$ 182,602
Unrealized gain (loss) on marketable securities.....	34,450	267,335	(165,752)
Tax benefit (effect) on unrealized gain.....	(13,782)	(106,932)	66,302
Translation adjustment gain (loss), net of tax.....	(734)	2,767	(4,008)
Ending balance gain (loss), net of tax.....	$ 19,432	$ 182,602	$ 79,144

</TABLE>

14. SIGNIFICANT CUSTOMER INFORMATION

One distributor accounted for 12% of net revenue in fiscal 1997, 15% of net revenue in fiscal 1998 and 16% of net revenue in fiscal 1999.

15. RESTRUCTURING COSTS

In fiscal 1997, we restructured our U.S. technical support operations. We closed our technical support facility in Rio Rancho, New Mexico and consolidated the operations of that facility within our Tucson, Arizona technical support location. We also reorganized our European region to consolidate management operations for our core European markets. All European customer service, technical support, manufacturing and order fulfillment functions were outsourced to third party vendors. As a result of these actions and concurrent staff reductions in Northern California, Intuit's worldwide workforce was reduced by approximately 270 employees, or approximately 9%. As a result, we incurred a $10.4 million restructuring charge in the fourth quarter of fiscal 1997. At July 31, 1999, there were no remaining balances related to these restructuring charges.

16. LITIGATION

Intuit is currently a defendant in the following two consolidated class action lawsuits alleging that certain of its Quicken products have on-line banking functions that are not Year 2000 compliant: (1) In re Intuit Inc. Year 2000 California Litigation (consolidated in Santa Clara County, California Superior Court from Alan Issokson v. Intuit Inc. (filed April 29, 1998 in the Santa Clara County, California Superior Court); Joseph Rubin v. Intuit Inc. (filed May 27, 1998 in the Santa Clara County, California Superior Court); Donald Colbourn v. Intuit Inc. (filed June 4, 1998 in the San Mateo County, California Superior Court)); and (2) In re Intuit Inc. Year 2000 Litigation (consolidated in the New York Supreme Court, New York County from Rocco Chilelli v. Intuit Inc. (filed May 13, 1998 in the New York Supreme Court, Nassau County); Glenn Faegenburg v. Intuit Inc. (filed May 27, 1998 in the New York Supreme Court, New York County); and Jerald M. Stein v. Intuit Inc. (filed June 23, 1998 in the New York Supreme Court, New York County)). The lawsuits are substantively similar. The lawsuits assert breach of implied warranty claims, violations of federal and/or state consumer protection laws, and violations of various state business practices laws. The plaintiffs seek compensatory damages, disgorgement of profits, and (in some cases) attorneys' fees.

On June 23, 1998, Intuit filed a demurrer in the Issokson complaint. In August 1998, our motion was granted but the plaintiff was provided an opportunity to amend the complaint to allege injury. Issokson, Rubin and Colbourn filed a consolidated amended complaint on October 9, 1998. Intuit filed a demurrer to the amended complaint on November 9, 1998. The court sustained Intuit's demurrer on January 27, 1999, dismissing the contract and fraud claims with prejudice and granting a leave to amend on plaintiffs' injunction and unfair business practices claim. On February 26, 1999, Issokson, Rubin and Colbourn filed a Second Amended Complaint alleging that Intuit has engaged in unfair business practices and seeking injunctive and equitable relief. Intuit filed demurrers to the Second Amended Complaint's only remaining claims and class allegations, which were sustained with leave to amend by the court on May 7, 1999. The plaintiffs filed a Third Amended Complaint and Intuit filed a demurrer in

response to it, seeking dismissal of the complaint. We believe we have good and valid defenses to the claims asserted, and we intend to vigorously defend against the lawsuit.

We have also filed motions to dismiss in the New York actions and on December 1, 1998, the court granted our motion to dismiss all the New York actions with prejudice. Plaintiffs have filed a Notice of Appeal.

Intuit also understands that, sometime in the year, a suit was filed in the Contra Costa County, California Superior Court by an individual consumer against various retailers, including Circuit City Stores, CompUSA, Fry's Electronics, Office Depot, The Good Guys and others, alleging that these retailers have sold software and hardware products which are not Year 2000 compliant, including at least one product published by Intuit. One of the defendants in this action, Fry's Electronics, filed a cross-complaint against various software publishers and hardware manufacturers, including Intuit, asserting a claim for indemnity in the main action. In September 1999, Fry's

Electronics reached a settlement with the plaintiffs. The cross-complaint is still pending. The response to the cross-complaint is due on October 11, 1999.

We are subject to other legal proceedings and claims that arise in the normal course of our business. We currently believe that the ultimate amount of liability, if any, for any pending actions (either alone or combined) will not materially affect our financial position, results of operations or liquidity. However, the ultimate outcome of any litigation is uncertain, and either unfavorable or favorable outcomes could have a material negative impact. Regardless of outcome, litigation can have an adverse impact on Intuit because of defense costs, diversion of management resources and other factors.

17. RELATED PARTY TRANSACTIONS

On April 30 1998, we provided Excite, a predecessor company of Excite@Home, with a short-term unsecured loan in the amount of $50 million. The loan bore interest at 5.9% per year and was due no later than October 30, 1998. In June 1998, Excite repaid the loan in full. As part of shared advertising activities, we reported revenue of $26.3 million from Excite@Home for the year ended July 31, 1999. See Note 5 for more information regarding our acquisition of Excite@Home common stock.

At July 31, 1999, 1998, and 1997 we held approximately 19% of Checkfree's outstanding common stock. In exchange for providing connectivity between Checkfree's bill payment processing service and our Quicken products, we reported revenues of $6.1 million, $14.1 million, and $11.6 million from Checkfree for the years ended July 31, 1999, 1998, and 1997, respectively. These totals include royalty payments of $10 million received in January 1997 and October 1997. We held a receivable due from Checkfree for $0.1, $3.4 and $1.0 million at July 31, 1999, 1998, and 1997, respectively. See Note 4 for more information regarding our acquisition of Checkfree common stock.

As of July 31, 1999, we held a 49% non-voting equity interest in Venture Finance Software Corporation (VFSC) (see Note 5). We have entered into agreements with VFSC to provide them with services related to on-going development of Web-oriented finance products. We received cost reimbursements of approximately $17.1 and $2.1 million in fiscal 1999 and 1998 respectively, for development and administrative services provided in connection with this agreement. At July 31, 1999, we held a receivable due from VFSC for $6.7 million. See Note 5 for more information regarding VFSC.

18. SELECTED QUARTERLY CONSOLIDATED FINANCIAL DATA (UNAUDITED)

<TABLE>
<CAPTION>

	FISCAL 1998 QUARTER ENDED			
	OCTOBER 13	JANUARY 31	APRIL 30	JULY 31(1)
(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>
Net revenue	$ 95,958	$ 237,513	$ 141,996	$ 117,269
Cost of goods sold	23,099	46,129	29,919	24,296
All other costs and expenses	98,464	125,753	119,386	162,272
Income (loss) from continuing operations	(12,759)	41,844	(2,206)	(39,036)
Net income (loss)	(12,759)	41,844	(2,206)	(39,036)
Basic net income (loss) per share	(0.09)	0.29	(0.02)	(0.23)
Diluted net income (loss) per share	(0.09)	0.28	(0.02)	(0.23)

</TABLE>

<TABLE>
<CAPTION>

	FISCAL 1999 QUARTER ENDED			
	OCTOBER 13	JANUARY 31	APRIL 30	JULY 31(2)
(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>
Net revenue	$ 111,968	$ 345,951	$ 239,701	$ 149,948
Cost of goods sold	37,019	67,712	51,955	52,457
All other costs and expenses	143,020	172,592	142,077	160,850
Income (loss) from continuing operations	(49,190)	89,857	72,555	263,327
Net income (loss)	(49,190)	89,857	72,555	263,327
Basic net income (loss) per share	(0.28)	0.50	0.39	1.41
Diluted net income (loss) per share	(0.28)	0.47	0.37	1.35

</TABLE>

(1) Includes a charge of $53.8 million related to purchased research and development at the time of the Lacerte acquisition.

(2) Includes a realized pre-tax gain of $422.1 million from the sale of Excite shares, a realized pre-tax gain of $125.3 million from the conversion of Excite common shares to common shares of Excite@Home, and a realized pre-tax valuation loss of $36.7 million at July 31, 1999.

19. SUBSEQUENT EVENTS (UNAUDITED)

On August 2, 1999, we completed a purchase of all of the outstanding common and Series A preferred stock of Boston Light Software Corp. ("Boston Light") for approximately $33.5 million in stock. In connection with the agreement, Intuit assumed 482,910 of Boston Light's outstanding employee stock options. Boston Light is a developer of software and web based products for small businesses and is based in Boston, MA. The acquisition will be treated as a purchase for accounting purposes and will be recorded in the first quarter of fiscal 2000. We believe the total purchase price, including the price associated with the assumption of Boston Light's stock options, will be approximately $49 million.

On August 9, 1999, we completed a purchase of all of the outstanding common stock of SecureTax.com, for approximately $52 million in cash. Secure Tax is a developer of online tax preparation and electronic filing services and is based in Rome, GA. The acquisition will be treated as a purchase for accounting purposes and will be recorded in the first quarter of fiscal 2000.

On August 10, 1999, we completed a purchase of all of the outstanding common stock of Hutchison Avenue Software Corporation ("Hutchison"), for approximately $7.5 million in cash. In connection with the agreement, Intuit assumed 395,058 of Hutchison's outstanding employee stock options. Hutchison is a developer of software and web based products and is based in Ontario, Canada. The acquisition will be treated as a purchase for accounting purposes and will be recorded in the first quarter of fiscal 2000. We believe the total purchase price, including the price associated with the assumption of Hutchison's stock options, will be approximately $18.5 million.

On September 8, 1999, our Board of Directors declared a three-for-one stock split, to be effected as a stock dividend of two shares of common stock for each share of Intuit's common stock outstanding. Stockholders of record on September 20, 1999 were issued two additional shares of common stock for each share of Intuit's common stock held on that date. The payment date for the stock dividend was September 30, 1999. We have restated all share and per share amounts referred to in the financial statements and notes to reflect this stock split.

On September 27, 1999, William H. Harris, Jr. resigned as Chief Executive Officer. The Board of Directors named current Chairman and former Chief Executive Officer William V. Campbell as the acting Chief Executive Officer. Campbell will assume day-to-day operations of Intuit pending selection of a new Chief Executive Officer to replace Harris, who will remain on the Board of Directors.

On October 7, 1999, we announced the proposed acquisition of all of the outstanding common stock of Rock Financial Corporation ("Rock"), for approximately $370 million to be paid by the issuance of Intuit common shares. In addition, Intuit will assume Rock's outstanding stock options. Rock is a provider of consumer mortgages and is based in Michigan. We expect to account for the acquisition as a pooling of interests. The acquisition is subject to various closing conditions including regulatory approval and approval of Rock's Stockholders. We expect the acquisition to close in our second quarter of fiscal 2000.

On October 7, 1999, Mortgage.com notified us that it intends to cancel its Distribution, Marketing, Facilities and Services Agreement with us. The loan paperwork processing services that Mortgage.com provides for our QuickenMortgage online mortgage service will be phased out over the next twelve months. We do not believe that the cancellation of this agreement will have a material impact

on our online mortgage business in the long term, particularly in light of our pending acquisition of Rock Financial Corporation. Rock will perform similar functions to those currently performed by Mortgage.com.

SCHEDULE II

INTUIT INC.

VALUATION AND QUALIYING ACCOUNTS

<TABLE>
<CAPTION>

Classification	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO EXPENSE	WRITE-OFFS	BALANCE AT END OF PERIOD
(In thousands)				
<S>	<C>	<C>	<C>	<C>
Year ended July 31, 1997				
Allowance for doubtful accounts.....	$ 4,951	$ 3,308	$ (3,760)	$ 4,499
Reserve for returns and exchanges.....	$ 24,203	$ 73,775	$(61,668)	$ 36,310
Year ended July 31, 1998				
Allowance for doubtful accounts.....	$ 4,499	$ 3,380	$ (2,544)	$ 5,335
Reserve for returns and exchanges.....	$ 36,310	$ 80,602	$(56,569)	$ 60,343
Year ended July 31, 1999				
Allowance for doubtful accounts.....	$ 5,335	$ 6,411	$ (1,007)	$ 10,739
Reserve for returns and exchanges.....	$ 60,343	$ 89,093	$(75,481)	$ 73,955

</TABLE>

ITEM 9
CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III
ITEM 10
DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information about directors that is required by this Item is incorporated by reference to our Proxy Statement for our November 1999 Annual Meeting of Stockholders. Information about executive officers that is required by this Item can be found in Item 4A on page 21.

ITEM 11
EXECUTIVE COMPENSATION

This information is incorporated by reference to our Proxy Statement for our November 1999 Annual Meeting.

ITEM 12
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference to our Proxy Statement for our November 1999 Annual Meeting.

ITEM 13
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference to our Proxy Statement for our November 1999 Annual Meeting.

PART IV
ITEM 14

EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements - See Index to Consolidated Financial Statements in Part II, Item 8.

2. Financial Statement Schedules - See Index to Consolidated Financial Statements in Part II, Item 8.

3. Exhibits

2.01(1) Agreement and Plan of Merger among Checkfree Corporation, Checkfree Acquisition Corporation II, Intuit and Intuit Services Corporation dated September 15, 1996 (schedules and similar attachments will be furnished to the Commission upon request)

2.02(2) Amendment No. 1 to Agreement and Plan of Merger dated as of September 15, 1996 by and among Intuit Inc., Intuit Services Corporation, Checkfree Corporation and Checkfree Acquisition Corporation II

2.03(3) Amended and Restated Checkfree Corporation Stock Restriction Agreement dated September 15, 1996 between Intuit and Checkfree Corporation

2.04(2) Amended and Restated Registration Rights Agreement dated as of September 15, 1996 between Intuit and Checkfree Corporation

2.05(4) Asset Purchase Agreement by and among Lacerte Software Corporation, Lacerte Educational Services Corporation, Intuit Inc. and IL Acquisition Corporation, dated May 18, 1998

2.06(5) Exchange Agreement dated as of March 2, 1999 by and among Intuit Inc., Computing Resources, Inc., Ranson W. Webster and Harry D. Hart and Amendment No. 1 thereto dated April 30, 1999

3.01(6) Certificate of Incorporation of Intuit dated February 1, 1993

3.02(7) Certificate of Amendment to Intuit's Certificate of Incorporation dated December 14, 1993

3.03(8) Certificate of Amendment to Intuit's Certificate of Incorporation dated January 18, 1996

3.04(9) Certificate of Designations of Series B Junior Participating Preferred Stock dated May 1, 1998

3.05(10) Amended and Restated Rights Agreement, dated October 5, 1998

3.06(10) Certificate of Retirement of Series A Preferred Stock dated September 16, 1998

3.07(11) Bylaws of Intuit, as amended and restated effective April 29, 1998

4.01(10) Form of Specimen Certificate for Intuit's Common Stock

4.02(10) Form of Right Certificate for Series B Junior Participating Preferred Stock (included in Exhibit 3.05)

4.03(5) Registration Rights Agreement dated as of May 3, 1999 by and among Intuit Inc., Ranson W. Webster and Norma J. Webster and Harry D. and Carla J. Hart

10.01(6)+ Intuit 1988 Stock Option Plan and related documents

10.02(12)+ 1992 Stock Option Plan of ChipSoft and related documents

10.03*+ Intuit Inc. 1993 Equity Incentive Plan and related documents, as amended through February 19, 1999

10.04(13)+ Intuit Inc. 1996 Employee Stock Purchase Plan, as amended through January 15, 1999

10.05*+ Intuit Inc. 1996 Directors Stock Option Plan, and related documents, as amended through February 19, 1999

10.06(6)+ Intuit's form of Non-Plan Non-Qualified Stock Option Agreement

10.07(14)+ Intuit Inc. 1998 Option Plan for Mergers and Acquisitions, as amended through April 28, 1999 and related documents

10.08*+ Intuit Inc. Form Of Amendment To All Stock Options Outstanding At February 19, 1999

10.09(7)+ Letter Agreement of Employment dated March 30, 1994 between Intuit and William V. Campbell

10.10(6) Form of Indemnification Agreement entered into by Intuit with each of its directors and certain executive officers

10.11 [INTENTIONALLY OMITTED]

10.12(15) Supply Agreement dated August 23, 1995 by and between Intuit Inc. and John H. Harland Company

10.13(16) Distribution, Assumption and Assignment Agreement dated as of August 7, 1997 between Intuit and Parsons Technology, Inc. (schedules and attachments thereto to be furnished to the Commission upon request)

10.14(17) Securities Contract, dated as of May 5, 1999 between Lacerte Software Corporation, a wholly-owned subsidiary of Intuit and Credit Suisse Financial Products

10.15(17) Pledge Agreement, dated as of May 5, 1999, among Lacerte Software Corporation, Credit Suisse Financial Products and Credit Suisse First Boston

10.16.(18) Stock Purchase and Option Agreement by and between Security First Technologies Corporation and Intuit Inc., dated as of May 16, 1999

10.17* Master Agreement between Intuit Inc. and Modus Media International, Inc., dated as of August 31, 1999

10.18(19) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2700 Coast Drive, Mountain View, California to commence on January 1, 1999

10.19(19) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2750 Coast Drive, Mountain View, California to commence on January 1, 1998

10.20(19) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2475 Garcia Drive, Mountain View, California

10.21(19) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2525 Garcia Drive, Mountain View, California

10.22(19) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2535 Garcia Drive, Mountain View, California

10.23(20) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2500 Garcia Drive, Mountain View, California

10.24(20) Lease Agreement dated as of November 30, 1994 between Intuit and Charleston Properties for 2550 Garcia Drive, Mountain View, California

10.25(10) Lease Agreement dated as of January 7, 1998 between Intuit and Charleston Properties for 2650 Casey Drive, Mountain View, California

10.26(21) Build-to-Suit Lease Agreement dated as of June 9, 1995 between Intuit and Kilroy Realty Corporation, successor to UTC Greenwich Partners, a California limited partnership

10.27(21) Lease Agreement dated as of August 31, 1995 between Intuit and Airport Business Center Associates Limited Partnership, an Arizona limited partnership

10.28(10) Offer to Purchase Real Estate Agreement dated as of October 14, 1997, as amended on December 5, 1997, between Intuit Inc. and General American Life Insurance Company, for property located at 110 Juliad Court, Fredericksburg, Virginia (purchase and sale agreement)

10.29(10) Build-to-Suit Lease Agreement dated as of April 8, 1998, between Intuit and TACC Investors, LLC for property located at 2800 East Commerce Center Place, Tucson, Arizona

10.30(10) Amendment to Lease Agreement dated as of June 9, 1995, dated April 14, 1998 between Intuit and Kilroy Realty Corporation, a successor to UTC Greenwich Partners, a California Limited Partnership

10.31* Deed of Lease dated as of July 27, 1999 between Intuit and Waterfront I Corporation for 44 Canal Center Plaza, Alexandria, Virginia

10.32* Lease Agreement dated as of January 1, 1994 between Intuit as successor in interest to Computing Resources, Inc. and 1285 Financial Boulevard, Inc. for 1285 Financial Boulevard, Reno, Nevada

10.33* Lease Agreement dated as of June 1, 1993 between Intuit as successor in interest to Computing Resources, Inc. who is successor in interest to Pioneer Bank and Dermody Properties for 5400 Equity Avenue, Reno, Nevada

10.34* Lease Agreement dated as of January 1, 1996 between Intuit as successor in interest to Computing Resources, Inc. and 565 Rio Vista Drive, Inc. for 565 Rio Vista Drive, Fallon, Nevada

10.35* Office Space Lease dated as of May 5, 1999 between Intuit as successor in interest to Computing Resources, Inc. and Starwood/SVP L.L.C. for 21061 S. Western Avenue, Torrance, California

10.36* Standard Industrial/Commercial Multi-Tenant Lease - Gross dated February 5, 1999 between Intuit as successor in interest to Computing Resources, Inc. and Powell Electronics, Inc. for 2240 Lundy Avenue, San Jose, California

10.37* Sublease Agreement and Amendments between Lacerte Software Corporation and Oryx Energy Company for 13155 Noel Road, Suite 2200, Dallas, Texas

21.01* List of Intuit's Subsidiaries

23.01* Consent of Ernst & Young LLP, Independent Auditors

24.01* Power of Attorney (see signature page)

27.01* Financial Data Schedule (filed only in electronic format)

- ----------

+ Indicates a management contract or compensatory plan or arrangement

* Filed with this Form 10-K

(1) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1996, filed with the Commission on October 24, 1996 and incorporated by reference

(2) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 1997, filed with the Commission on March 14, 1997 and incorporated by reference

(3) Incorporated by reference from Intuit's report on Schedule 13D with respect to its beneficial ownership of shares of Checkfree Corporation filed with the Commission on February 6, 1997

(4) Filed as an exhibit to Intuit's Form 8-K, Amendment No. 1, filed with the Commission on May 19, 1998 and incorporated by reference

(5) Filed as an Exhibit to Intuit's Form 8-K filed with the Commission on May 7, 1999 and incorporated by reference

(6) Filed as an exhibit to Intuit's Registration Statement on Form S-1, filed with the Commission on February 3, 1993, as amended (File No. 33-57884) and incorporated by reference

(7) Filed as an exhibit to Intuit's Form 10-K as originally filed with the Commission on October 31, 1994, as amended, and incorporated by reference

(8) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 1996, filed with the Commission on March 15, 1996 and incorporated by reference

(9) Filed as an exhibit to Intuit's Registration Statement on Form 8-A filed with the Commission on May 5, 1998 and incorporated by reference

(10) Filed as an Exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1998, filed with the Commission on October 6, 1998 and incorporated by reference

(11) Filed as an exhibit to Intuit's Form 8-K filed with the Commission on May 2, 1998 and incorporated by reference (12) Filed as an exhibit to the ChipSoft Form S-1 registration statement filed with the Commission on February 24, 1993 (file No. 33-57692) and incorporated by reference

(13) Filed as an Exhibit to Intuit's Registration Statement on Form S-8, filed with the Commission on January 25, 1999 and incorporated by reference

(14) Filed as an Exhibit to Intuit's Registration Statement on Form S-8, filed with the Commission on May 7, 1999 and incorporated by reference

(15) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended October 31, 1995, filed with the Commission on December 14, 1995 and incorporated by reference

(16) Filed as an exhibit to Intuit's Form 8-K filed with the Commission on August 22, 1997 and incorporated by reference

(17) Filed as an Exhibit to Intuit's Schedule 13D/Amendment No. 3, filed with the Commission on May 6, 1999 and incorporated by reference

(18) Filed as an Exhibit to Intuit's Form 10-Q for the quarter ended April 30, 1999 and incorporated by reference

(19) Filed as an exhibit to Intuit's Form 10-Q for the quarter ended January 31, 1995, filed with the Commission on March 17, 1995 and incorporated by reference

(20) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1997, filed with the Commission on October 15, 1997 and incorporated by reference

(21) Filed as an exhibit to Intuit's Form 10-K for the fiscal year ended July 31, 1995, filed with the Commission on October 30, 1995 and incorporated by reference

(b) Reports on Form 8-K

1. On May 7, 1999, Intuit filed a report on Form 8-K to report, under Items 2 and 7, the Company's acquisition of Computing Resources, Inc. ("CRI") on May 3, 1999.

2. On June 14, 1999, Intuit filed an Amendment No. 1 to the Form 8-K referred to in (3) above to file under Item 7 CRI's audited financial statements for its fiscal year ended December 31, 1998 and required pro forma financial information with respect to the acquisition.

3. On September 14, 1999, Intuit filed a report on Form 8-K to report under Item 5 that on September 9, 1999, its Board of Directors had declared a three-for-one stock split, to be effected as a stock dividend.

4. On September 24, 1999, Intuit filed a report on Form 8-K to report under Item 5 that its President and Chief Executive Officer had resigned, and that its current Chairman had been named as Acting Chief Executive Officer pending selection of a new Chief Executive Officer.

(c) Exhibits

See Item 14(a)(3) above.

(d) Financial Statement Schedules

See Item 14(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTUIT INC.

Dated: October 8, 1999

By: /s/ GREG J. SANTORA

Greg J. Santora
Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

POWER OF ATTORNEY

By signing this Form 10-K below, I hereby appoint each of William V. Campbell. and Greg J. Santora, as my attorney-in-fact to sign all amendments to this Form 10-K on my behalf, and to file this Form 10-K (including all exhibits and other documents related to the Form 10-K) with the Securities and Exchange Commission. I authorize each of my attorneys-in-fact to (1) appoint a substitute attorney-in-fact for himself and (2) perform any actions that he believes are necessary or appropriate to carry out the intention and purpose of this Power of Attorney. I ratify and confirm all lawful actions taken directly or indirectly by my attorneys-in-fact and by any properly appointed substitute attorneys-in-fact.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

NAME	TITLE	DATE
PRINCIPAL EXECUTIVE OFFICER:		
/s/ WILLIAM V. CAMPBELL William V. Campbell.	Acting Chief Executive Officer and Chairman of the Board of Directors	October 8, 1999
PRINCIPAL FINANCIAL/ACCOUNTING OFFICER:		
/s/ GREG J. SANTORA Greg J. Santora	Senior Vice President and Chief Financial Officer	October 8, 1999
ADDITIONAL DIRECTORS:		
/s/ SCOTT D. COOK Scott D. Cook	Director	October 8, 1999
/s/ CHRISTOPHER W. BRODY Christopher W. Brody	Director	October 8, 1999
/s/ L. JOHN DOERR L. John Doerr	Director	October 8, 1999
/s/ DONNA L. DUBINSKY Donna L. Dubinsky	Director	October 8, 1999
/s/ MICHAEL R. HALLMAN Michael R. Hallman	Director	October 8, 1999
/s/ WILLIAM H. HARRIS, JR. William H. Harris, Jr.	Director	October 8, 1999
/s/ BURTON J. MCMURTRY Burton J. McMurtry	Director	October 8, 1999

</TABLE>

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit Number	Description	Page
10.03	Intuit Inc. 1993 Equity Incentive Plan and related documents, as amended through February 19, 1999.....	
10.05	Intuit Inc. 1996 Directors Stock Option Plan, and related documents, as amended through February 19, 1999.....	
10.08	Intuit Inc. Form Of Amendment To All Stock Options Outstanding At February 19, 1999	
10.17	Master Agreement between Intuit Inc. and Modus Media International, Inc., dated as of August 31, 1999.....	
10.31	Deed of Lease dated as of July 27, 1999 between Intuit and Waterfront I Corporation for 44 Canal Center Plaza, Alexandria, Virginia.....	
10.32	Lease Agreement dated as of January 1, 1994 between Intuit as successor in interest to Computing Resources, Inc. and 1285 Financial Boulevard, Inc. for 1285 Financial Boulevard, Reno, Nevada.....	
10.33	Lease Agreement dated as of June 1, 1993 between Intuit as successor in interest to Computing Resources, Inc. who is successor in interest to Pioneer Bank and Dermody Properties for 5400 Equity Avenue, Reno, Nevada.....	

</TABLE>

EXHIBIT 10.03

INTUIT INC.

1993 EQUITY INCENTIVE PLAN

As Adopted February 1, 1993
and Amended and Restated through February 19, 1999

1. PURPOSE. The purpose of the Plan is to provide incentives to attract, retain and motivate eligible persons whose present and potential contributions are important to the success of the Company (or any Parent, Subsidiary or Affiliate of the Company), by offering those persons an opportunity to participate in the Company's future performance through awards of Options, Restricted Stock, Stock Bonuses and Performance Awards. Capitalized terms are defined in Section 24 if they are not otherwise defined in other sections of the Plan.

2. SHARES SUBJECT TO THE PLAN.

2.1 Number of Shares Available. Subject to Sections 2.2 and 19, the total number of Shares reserved and available for grant and issuance pursuant to Awards under the Plan shall be 15,745,000 Shares. Subject to Sections 2.2 and 19, Shares will again be available for grant and issuance in connection with future Awards under the Plan if the Shares: (a) are subject to issuance upon exercise of an Option but cease to be subject to the Option for any reason other than exercise of the Option; (b) are subject to an Award that otherwise terminates without Shares being issued; or (c) are subject to an Award that is forfeited or are repurchased by the Company at the original issue price. At all times the Company will reserve and keep available a sufficient number of Shares to satisfy the requirements of all outstanding Awards granted under the Plan.

2.2 Adjustment of Shares. If the number of outstanding Shares is changed by a stock dividend, recapitalization, stock split, reverse stock split, subdivision, combination, reclassification or similar change in the capital structure of the Company, without consideration, then (a) the number of Shares reserved for issuance under the Plan, (b) the Exercise Prices of and number of Shares subject to outstanding Options, and (c) the number of Shares subject to other outstanding Awards, will be proportionately adjusted, subject to any required action by the Board or the stockholders of the Company and compliance with applicable securities laws; provided that fractions of a Share will not be issued but will either be paid in cash at Fair Market Value, or will be rounded up to the nearest Share, as determined by the Committee; and provided further that the Exercise Price of any Option may not be decreased to below the par value of the Shares.

3. ELIGIBILITY. ISOs may be granted only to employees (including officers and directors who are also employees) of the Company or of a Parent or Subsidiary of the Company. All other Awards may be granted to employees, officers, directors, consultants, independent contractors and advisors of the Company or any Parent, Subsidiary or Affiliate of the Company; provided that such consultants, contractors and advisors render bona fide services not in connection with the offer and sale of securities in a capital-raising transaction. A person may be granted more than one Award under the Plan. Each person is eligible to receive Awards with respect to an aggregate maximum of 2,000,000 Shares over the term of the Plan.

4. ADMINISTRATION.

4.1 Committee Authority. The Plan shall be administered by the Committee. Subject to the terms and conditions of the Plan, the Committee will have full power to implement and carry out the Plan. Without limiting the previous sentence, the Committee will have the authority to:

(a) construe and interpret the Plan, any Award Agreement and any other agreement or document executed pursuant to the Plan;

(b) prescribe, amend and rescind rules and regulations relating to the Plan, including determining the forms and agreements used in connection with the Plan; provided that the Committee may delegate to the President, the Chief Financial Officer or the officer in charge of Human Resources,

in consultation with the General Counsel, the authority to approve revisions to the forms and agreements used in connection with the Plan that are designed to facilitate Plan administration, and that are not inconsistent with the Plan or with any resolutions of the Committee relating to the Plan;

(c) select persons to receive Awards; provided that the Committee may delegate to one or more executive officers of the Company the authority to grant an Award under the Plan to Participants who are not Insiders of the Company;

(d) determine the terms of Awards;

(e) determine the number of Shares or other consideration subject to Awards;

(f) determine whether Awards will be granted singly, in combination, or in tandem with, in replacement of, or as alternatives to, other Awards under the Plan or any other incentive or compensation plan of the Company or any Parent, Subsidiary or Affiliate of the Company;

(g) grant waivers of Plan or Award conditions;

(h) determine the vesting, exercisability and payment of Awards;

(i) correct any defect, supply any omission, or reconcile any inconsistency in the Plan, any Award or any Award Agreement;

(j) determine whether an Award has been earned;

(k) amend the Plan, except for amendments that increase the number of Shares available for issuance under the Plan or change the eligibility criteria for participation in the Plan; or any other amendments that require approval of the stockholders of the Company; or

(l) make all other determinations necessary or advisable for the administration of the Plan.

4.2 Committee Interpretation and Discretion. Any determination made by the Committee with respect to any Award shall be made in its sole discretion at the time of grant of the Award or, unless in contravention of any express term of the Plan or Award, at any later time, and such determination shall be final and binding on the Company and all persons having an interest in any Award under the Plan. Any dispute regarding the interpretation of the Plan or any Award Agreement shall be submitted by Participant or the Company to the Committee for review. The resolution of such a dispute by the Committee shall be final and binding on the Company and Participant.

5. OPTIONS. The Committee may grant Options to eligible persons and will determine (i) whether the Options will be ISOs or NQSOs; (ii) the number of Shares subject to the Option, (iii) the Exercise Price of the Option, (iv) the period during which the Option may be exercised, and (v) all other terms and conditions of the Option, subject to the following:

5.1 Form of Option Grant. Each Option granted under the Plan will be evidenced by a Stock Option Agreement that will expressly identify the Option as an ISO or NQSO. The Stock Option Agreement will be substantially in a form (which need not be the same for each Participant) that the Committee or an officer of the Company (pursuant to Section 4.1(b)) has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan.

5.2 Date of Grant. The date of grant of an Option will be the date on which the Committee makes the determination to grant the Option, unless a later date is otherwise specified by the Committee. The Stock Option Agreement, and a copy of the Plan and the current Prospectus for the Plan (plus any additional documents required to be delivered under applicable laws), will be delivered to the Participant within a reasonable time after

the Option is granted. The Plan, the Prospectus and other documents may delivered in any manner (including electronic distribution or posting) that meets applicable legal requirements.

5.3 Exercise Period and Expiration Date. Options will be exercisable within the times or upon the occurrence of events determined by the Committee and set forth in the Stock Option Agreement, subject to the provisions of Section 5.6, and subject to Company policies established by the Committee (or by individuals to whom the Committee has delegated responsibility) from time to time with respect to vesting during leaves of absences. The Stock Option Agreement shall set forth the last date that the option may be exercised (the "Expiration Date"); provided that no Option will be exercisable after the expiration of ten years from the date the Option is granted; and provided further that no ISO granted to a Ten Percent Stockholder will be exercisable after the expiration of five years from the date the Option is granted. The Committee also may provide for Options to become exercisable at one time or from

time to time, periodically or otherwise, in such number of Shares or percentage of Shares subject to the Option as the Committee determines.

5.4 Exercise Price. The Exercise Price of an Option will be determined by the Committee when the Option is granted and may be less than Fair Market Value (but not less than the par value of the Shares); provided that (i) the Exercise Price of an ISO will not be less than the Fair Market Value of the Shares on the date of grant and (ii) the Exercise Price of any ISO granted to a Ten Percent Stockholder will not be less than 110% of the Fair Market Value of the Shares on the date of grant. Payment for the Shares purchased must be made in accordance with Section 8 of the Plan and the Stock Option Agreement.

5.5 Procedures for Exercise. A Participant may exercise Options by following the procedures established by the Company's Stock Administration Department, as communicated and made available to Participants through the stock pages on the Intuit Legal Department intranet web site, and/or through the Company's electronic mail system.

5.6 Termination.

(a) Vesting. Any Option granted to a Participant will cease to vest on the Participant's Termination Date, if the Participant is Terminated for any reason other than "total disability" (as defined in this Section 5.6(a)) or death (or his or her death occurs within three months of Termination). Any Option granted to a Participant who is an employee or a director will vest as to 100% of the Shares subject to such Option, if the Participant is Terminated due to "total disability" or death (or his or her death occurs within three months of Termination). For purposes of this Section 5.6(a), "total disability" shall mean: (A) (i) for so long as such definition is used for purposes of the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan, that the Participant is unable to perform each of the material duties of any gainful occupation for which the Participant is or becomes reasonably fitted by training, education or experience and which total disability is in fact preventing the Participant from engaging in any employment or occupation for wage or profit; or, (ii) if such definition has changed, such other definition of "total disability" as determined under the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (B) the Company shall have received from the Participant's primary physician a certification that the Participant's total disability is likely to be permanent.

(b) Post-Termination Exercise Period. Following a Participant's Termination, the Participant's Option may be exercised to the extent vested as set forth in Section 5.6(a):

(i) no later than 90 days after the Termination Date if a Participant is Terminated for any reason except death or Disability, unless a longer time period, not exceeding five years, is specifically set forth in the Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option; or

(ii) no later than (A) twelve months after the Termination Date in the case of Termination due to Disability or (B) eighteen months after the Termination Date in the case of Termination due to death or if a Participant dies within three months of the Termination Date, unless a longer time period, not exceeding five years, is specifically set forth in the

Participant's Stock Option Agreement; provided that no Option may be exercised after the Expiration Date of the Option.

5.7 Limitations on Exercise. The Committee may specify a reasonable minimum number of Shares that may be purchased on any exercise of an Option; provided that the minimum number will not prevent a Participant from exercising an Option for the full number of Shares for which it is then exercisable.

5.8 Limitations on ISOs. The aggregate Fair Market Value (determined as of the date of grant) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under the Plan or under any other incentive stock option plan of the Company or any Affiliate, Parent or Subsidiary of the Company) shall not exceed $100,000. If the Fair Market Value of Shares on the date of grant with respect to which ISOs are exercisable for the first time by a Participant during any calendar year exceeds $100,000, the Options for the first $100,000 worth of Shares to become exercisable in that calendar year will be ISOs, and the Options for the Shares with a Fair Market Value in excess of $100,000 that become exercisable in that calendar year will be NQSOs. If the Code is amended after the Effective Date of the Plan to provide for a different limit on the Fair Market Value of Shares permitted to be subject to ISOs, such different limit shall be automatically incorporated into the Plan and will apply to any Options granted after the

effective date of the amendment.

5.9 Notice of Disqualifying Dispositions of Shares Acquired on Exercise of an ISO. If a Participant sells or otherwise disposes of any Shares acquired pursuant to the exercise of an ISO on or before the later of (1) the date two years after the Date of Grant, and (2) the date one year after the exercise of the ISO (in either case, a "Disqualifying Disposition"), the Participant must immediately notify the Company in writing of such disposition. The Participant may be subject to income tax withholding by the Company on the compensation income recognized by the Participant from the Disqualifying Disposition.

5.10 Modification, Extension or Renewal. The Committee may modify, extend or renew outstanding Options and authorize the grant of new Options in substitution therefor; provided that any such action may not, without the written consent of Participant, impair any of Participant's rights under any Option previously granted. Any outstanding ISO that is modified, extended, renewed or otherwise altered shall be treated in accordance with Section 424(h) of the Code. The Committee may reduce the Exercise Price of outstanding Options without the consent of Participants affected, by a written notice to them; provided, however, that the Exercise Price may not be reduced below the minimum Exercise Price that would be permitted under Section 5.4 of the Plan for Options granted on the date the action is taken to reduce the Exercise Price; and provided, further, that the Exercise Price shall not be reduced below the par value of the Shares.

5.11 No Disqualification. Notwithstanding any other provision in the Plan, no term of the Plan relating to ISOs will be interpreted, amended or altered, and no discretion or authority granted under the Plan will be exercised, so as to disqualify the Plan under Section 422 of the Code or, without the consent of the Participant affected, to disqualify any ISO under Section 422 of the Code.

6. RESTRICTED STOCK AWARDS. The Committee may award Restricted Stock Awards under the Plan to any eligible person. The Committee will determine the number of Shares subject to the Restricted Stock Award, the Purchase Price, the restrictions on the Shares and all other terms and conditions of the Restricted Stock Award, subject to the following:

6.1 Restricted Stock Purchase Agreement. All purchases under a Restricted Stock Award will be evidenced by Restricted Stock Purchase Agreement, which will be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. A Participant can accept a Restricted Stock Award only by signing and delivering to the Company a Restricted Stock Purchase Agreement, and full payment of the Purchase Price, within thirty days from the date the Restricted Stock Purchase Agreement was delivered to the Participant. If the Participant does not accept the Restricted Stock Award in this manner within thirty days, then the offer of the Restricted Stock Award will terminate, unless the Committee determines otherwise.

6.2 Purchase Price. The Purchase Price for a Restricted Stock Award will be determined by the Committee, and may be less than Fair Market Value (but not less than the par value of the Shares) on the date the Restricted Stock Award is granted. Payment of the Purchase Price must be made in accordance with Section 9 of the Plan and the Restricted Stock Purchase Agreement, and in accordance with any procedures established by the Company's Stock Administration Department, as communicated and made available to Participants through the stock pages on the Intuit Legal Department intranet web site, and/or through the Company's electronic mail system.

6.3 Terms of Restricted Stock Awards. Restricted Stock Awards will be subject to all restrictions, if any, that the Committee may impose. These restrictions may be based on completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's Restricted Stock Purchase Agreement, which shall be in substantially in a form (which need not be the same for each Participant) as the Committee or an officer of the Company (pursuant to Section 4.1(b)) shall from time to time approve, and shall comply with and be subject to the terms and conditions of the Plan and the Restricted Stock Purchase Agreement. Prior to the grant of a Restricted Stock Award, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Restricted Stock Award; (b) select from among the Performance Factors to be used to measure performance goals, if any; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the payment for Shares to be purchased under any Restricted Stock Award, the Committee shall determine the extent to which such Restricted Stock Award has been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Restricted Stock Awards that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum Restricted Stock Award for each Participant with respect to any

Performance Period shall be thirty percent of the Shares reserved for issuance under the Plan.

7. STOCK BONUSES.

7.1 Awards of Stock Bonuses. The Committee may award Stock Bonuses to any eligible person. No payment will be required for Shares awarded pursuant to a Stock Bonus. A Stock Bonus may be awarded for past services already rendered to the Company, or any Parent, Subsidiary or Affiliate of the Company pursuant to a Stock Bonus Agreement, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan.

7.2 Terms of Stock Bonuses. Stock Bonuses will be subject to all restrictions, if any, that the Committee imposes. These restrictions may be based upon completion of a specified number of years of service with the Company or upon completion of the performance goals as set out in advance in the Participant's Stock Bonus Agreement. The terms of Stock Bonuses may vary from Participant to Participant and between groups of Participants. Prior to the grant of a Stock Bonus, the Committee shall: (a) determine the nature, length and starting date of any Performance Period for the Stock Bonus; (b) select from among the Performance Factors to be used to measure performance goals; and (c) determine the number of Shares that may be awarded to the Participant. Prior to the issuance of any Shares or other payment to a Participant pursuant to a Stock Bonus, the Committee will determine the extent to which the Stock Bonus has been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Stock Bonuses that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum Stock Bonus for each Participant with respect to any Performance Period shall be thirty percent of the Shares reserved for issuance under the Plan.

7.3 Form of Payment to Participant. The Committee will determine whether a Stock Bonus will be paid to the Participant in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value on the date of payment, and in either a lump sum payment or in installments.

7.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then the Participant will be entitled to payment (whether in Shares, cash or otherwise) with respect to the Stock Bonus only to the extent earned as of the date of Termination in accordance with the Stock Bonus Agreement, unless the Committee determines otherwise.

8. PERFORMANCE AWARDS.

8.1 Performance Awards. A Performance Award consists of the grant to a Participant of a specified number of Performance Units. The grant of a Performance Unit to a Participant will entitle the Participant to receive a specified dollar value, variable under conditions specified in the Performance Award, if the performance goals specified in the Performance Award are achieved and the other terms and conditions of the Performance Award are satisfied.

8.2 Terms of Performance Awards. Each Performance Award shall be evidenced by a Performance Award Agreement, which shall be in substantially a form (which need not be the same for each Participant) that the Committee has from time to time approved, and will comply with and be subject to the terms and conditions of the Plan. Performance Awards will be subject to all conditions, if any, that the Committee may impose. Prior to the grant of a Performance Award, the Committee will: (a) specify the number of Performance Units granted to the Participant; (b) specify the threshold and maximum dollar values of Performance Units and the corresponding performance goals; (c) determine the nature, length and starting date of any Performance Period for the Performance Award; and (d) specify the Performance Factors to be used to measure performance goals. Prior to the payment of any Performance Award, the Committee will determine the extent to which the Performance Units have been earned. Performance Periods may overlap and a Participant may participate simultaneously with respect to Performance Awards that are subject to different Performance Periods and having different performance goals and other criteria; provided, however, that the maximum amount of any Performance Award for each Participant with respect to any Performance Period shall be the lesser of 250% of Participant's base salary at the time of the Performance Award or $1,000,000.

8.3 Form of Payment to Participant. Performance Awards may be paid to a Participant currently or on a deferred basis with such reasonable interest or dividend equivalent, if any, as the Committee determines. The Committee will determine whether a Performance Award will be paid in the form of cash, whole Shares, or a combination thereof, based on the Fair Market Value on the date of payment, and in either a lump sum payment or in installments.

8.4 Termination During Performance Period. If a Participant is Terminated during a Performance Period for any reason, then the Participant will be entitled to payment with respect to the Performance Awards only to the extent earned as of the date of Termination in accordance with the Performance Award Agreement, unless the Committee determines otherwise.

9. PAYMENT FOR SHARE PURCHASES.

9.1 Payment. Payment for Shares purchased pursuant to the Plan may be made by any of the following methods (or any combination of such methods) that are described in the applicable Stock Option Agreement or other Award Agreement and that are permitted by law:

(a) in cash (by check);

(b) by cancellation of indebtedness of the Company to the Participant;

(c) by surrender of Shares that either: (1) were obtained by the Participant in the public market; or (2) if the Shares were not obtained in the public market, they have been owned by the Participant for more than six months and have been paid for within the meaning of SEC Rule 144 (and, if the Shares were purchased from the Company by use of a promissory note, the note has been fully paid with respect to the Shares);

(d) by tender of a full recourse promissory note having such terms as may be approved by the Committee and bearing interest at a rate sufficient to avoid imputation of income under Sections 483 and 1274 of the Code; provided, however, that a Participant who is not an employee of the Company may not purchase Shares with a promissory note unless the note is adequately secured

by collateral other than the Shares; and provided, further, that the portion of the Purchase Price or Exercise Price equal to the par value of the Shares must be paid in cash.

(e) by waiver of compensation due or accrued to Participant for services rendered;

(f) by tender of property; or

(g) with respect only to purchases upon exercise of an Option, and provided that a public market for the Company's stock exists:

(1) through a "same day sale" commitment from Participant and an NASD Dealer whereby the Participant irrevocably elects to exercise the Option and to sell a portion of the Shares purchased in order to pay the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company; or

(2) through a "margin" commitment from Participant and an NASD Dealer whereby Participant irrevocably elects to exercise the Option and to pledge the Shares purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of the Shares to forward the Exercise Price directly to the Company.

9.2 Loan Guarantees. The Committee may, in its sole discretion, help a Participant pay for Shares purchased under the Plan by authorizing a guarantee by the Company of a third-party loan to the Participant.

9.3 Issuance of Shares. Upon payment of the applicable Purchase Price or Exercise Price (or a commitment for payment from the NASD Dealer designated by the Participant in the case of an exercise by means of a "same-day sale" or "margin" commitment), and compliance with other conditions and procedures established by the Company for the purchase of shares, the Company shall issue the Shares registered in the name of Participant (or in the name of the NASD Dealer designated by the Participant in the case of an exercise by means of a "same-day sale" or "margin" commitment) and shall deliver certificates representing the Shares (in physical or electronic form, as appropriate). The Shares may be subject to legends or other restrictions as described in Section 14 of the Plan.

10. WITHHOLDING TAXES.

10.1 Withholding Generally. Whenever Shares are to be issued under

Awards granted under the Plan, the Company may require the Participant to pay to the Company an amount sufficient to satisfy federal, state and local withholding tax requirements prior to the delivery of any certificate(s) for the Shares. If a payment in satisfaction of an Award is to be made in cash, the payment will be net of an amount sufficient to satisfy federal, state, and local withholding tax requirements.

10.2 Stock Withholding. When, under applicable tax laws, a Participant incurs tax liability in connection with the exercise or vesting of any Award that is subject to tax withholding and the Participant is obligated to pay the Company the amount required to be withheld, the Committee may, in its sole discretion, allow the Participant to satisfy the minimum withholding tax obligation by electing to have the Company withhold from the Shares to be issued that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld, determined on the date that the amount of tax to be withheld is to be determined. All elections by a Participant to have Shares withheld for this purpose shall be made in writing in a form acceptable to the Committee.

11. PRIVILEGES OF STOCK OWNERSHIP. No Participant will have any rights as a stockholder of the Company with respect to any Shares until the Shares are issued to the Participant. After Shares are issued to the Participant, the Participant will be a stockholder and have all the rights of a stockholder with respect to the Shares; provided, however, that if the Shares are Restricted Stock, any new, additional or different securities the Participant may become entitled to receive with respect to the Shares by virtue of a stock dividend, stock split or any other change in the corporate or capital structure of the Company will be subject to the same restrictions as the

Restricted Stock; provided further, that the Participant will have no right to retain such dividends or distributions with respect to Shares that are repurchased at the Participant's original Exercise Price or Purchase Price pursuant to Section 13.

12. TRANSFERABILITY. Awards granted under the Plan, and any interest therein, shall not be transferable or assignable by the Participant, and may not be made subject to execution, attachment or similar process, otherwise than by will or by the laws of descent and distribution or as consistent with the Plan and specific Award Agreement provisions relating thereto. During the lifetime of the Participant an Award shall be exercisable only by the Participant, and any elections with respect to an Award may be made only by the Participant.

13. RESTRICTIONS ON SHARES. At the discretion of the Committee, the Company may reserve to itself and/or its assignee(s) in the Award Agreement a right to repurchase all or a portion of a Participant's Shares that are not "Vested" (as defined in the Award Agreement), following the Participant's Termination, at any time within ninety days after the later of (i) the Participant's Termination Date or (ii) the date the Participant purchases Shares under the Plan, for cash or cancellation of purchase money indebtedness with respect to Shares, at the Participant's original Exercise Price or Purchase Price; provided that upon assignment of the right to repurchase, the assignee must pay the Company, upon assignment of the right to repurchase, cash equal to the excess of the Fair Market Value of the Shares over the original Purchase Price.

14. CERTIFICATES. All certificates for Shares or other securities delivered under the Plan (whether in physical or electronic form, as appropriate) will be subject to stock transfer orders, legends and other restrictions that the Committee deems necessary or advisable, including without limitation restrictions under any applicable federal, state or foreign securities law, or any rules, regulations and other requirements of the SEC or any stock exchange or automated quotation system on which the Shares may be listed.

15. ESCROW; PLEDGE OF SHARES. To enforce any restrictions on a Participant's Shares, the Committee may require the Participant to deposit all certificates representing Shares, together with stock powers or other transfer instruments approved by the Committee, appropriately endorsed in blank, with the Company or an agent designated by the Company, to hold in escrow until such restrictions have lapsed or terminated, and the Committee may cause a legend or legends referencing such restrictions to be placed on the certificates. Any Participant who is permitted to execute a promissory note as partial or full consideration for the purchase of Shares under the Plan will be required to pledge and deposit with the Company all or part of the Shares purchased as collateral to secure the payment of the Participant's obligation to the Company under the promissory note; provided, however, that the Committee may require or accept other or additional forms of collateral to secure the payment of such obligation and, in any event, the Company will have full recourse against the Participant under the promissory note notwithstanding any pledge of the Participant's Shares or other collateral. In connection with any pledge of the Shares, the Participant will be required to execute and deliver a written pledge

agreement in a form that the Committee has from time to time approved. The Shares purchased with the promissory note may be released from the pledge on a pro rata basis as the promissory note is paid.

16. SECURITIES LAW AND OTHER REGULATORY COMPLIANCE. An Award shall not be effective unless the Award is in compliance with all applicable state, federal and foreign securities laws, rules and regulations of any governmental body, and the requirements of any stock exchange or automated quotation system on which the Shares may then be listed, as they are in effect on the date of grant of the Award and also on the date of exercise or other issuance. Notwithstanding any other provision in the Plan, the Company shall have no obligation to issue or deliver certificates for Shares under the Plan prior to (a) obtaining any approvals from governmental agencies that the Company determines are necessary or advisable, and/or (b) completion of any registration or other qualification of such shares under any state, federal or foreign law or ruling of any governmental body that the Company determines to be necessary or advisable. The Company shall be under no obligation to register the Shares with the SEC or to effect compliance with the registration, qualification or listing requirements of any state, federal or foreign securities laws, stock exchange or automated quotation system, and the Company shall have no liability for any inability or failure to do so.

17. NO OBLIGATION TO EMPLOY. Nothing in the Plan or any Award granted under the Plan shall confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any

other relationship with, the Company or any Parent, Subsidiary or Affiliate of the Company or limit in any way the right of the Company or any Parent, Subsidiary or Affiliate of the Company to terminate Participant's employment or other relationship at any time, with or without cause.

18. EXCHANGE AND BUYOUT OF AWARDS. The Committee may, at any time or from time to time, authorize the Company, with the consent of the respective Participants, to issue new Awards in exchange for the surrender and cancellation of any or all outstanding Awards. The Committee may at any time buy from a Participant an Option previously granted with payment in cash, Shares or other consideration, based on such terms and conditions as the Committee and the Participant shall agree.

19. CORPORATE TRANSACTIONS.

19.1 Assumption or Replacement of Awards by Successor. In the event of (a) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company and the Awards granted under the Plan are assumed or replaced by the successor corporation, which assumption shall be binding on all Participants), (b) a dissolution or liquidation of the Company, (c) the sale of substantially all of the assets of the Company, or (d) any other transaction which qualifies as a "corporate transaction" under Section 424(a) of the Code wherein the stockholders of the Company give up all of their equity interest in the Company (except for the acquisition, sale or transfer of all or substantially all of the outstanding shares of the Company), any or all outstanding Awards may be assumed or replaced by the successor corporation, which assumption or replacement shall be binding on all Participants. In the alternative, the successor corporation may substitute equivalent Awards or provide substantially similar consideration to Participants as was provided to stockholders (after taking into account the existing provisions of the Awards). The successor corporation may also issue, in place of outstanding Shares of the Company held by the Participant, substantially similar shares or other property subject to repurchase restrictions no less favorable to the Participant. In the event such successor corporation, if any, refuses to assume or replace the Awards, as provided above, pursuant to a transaction described in this Section 19.1, such Awards shall expire in connection the transaction at such time and on such conditions as the Board shall determine.

19.2 Other Treatment of Awards. Subject to any greater rights granted to Participants under Section 19.1, in the event of the occurrence of any transaction described in Section 19.1, any outstanding Awards shall be treated as provided in the applicable agreement or plan of merger, consolidation, dissolution, liquidation, sale of assets or other "corporate transaction."

19.3 Assumption of Awards by the Company. The Company, from time to time, also may substitute or assume outstanding awards granted by another company, whether in connection with an acquisition of such other company or otherwise, by either (a) granting an Award under the Plan in substitution of such other company's award, or (b) assuming such award as if it had been granted under the Plan if the terms of such assumed award could be applied to an Award granted under the Plan. Such substitution or assumption shall be permissible if

the holder of the substituted or assumed award would have been eligible to be granted an Award under the Plan if the other company had applied the rules of the Plan to such grant. In the event the Company assumes an award granted by another company, the terms and conditions of such award shall remain unchanged (except that the exercise price and the number and nature of Shares issuable upon exercise of any such option will be adjusted appropriately pursuant to Section 424(a) of the Code). In the event the Company elects to grant a new Option rather than assuming an existing option, such new Option may be granted with a similarly adjusted Exercise Price.

20. ADOPTION AND STOCKHOLDER APPROVAL. The Plan became effective on February 1, 1993, which was the date that it was adopted by the Board (the "Effective Date") and was approved by the stockholders on February 3, 1993.

21. TERM OF PLAN. The Plan will terminate ten years from the Effective Date.

22. AMENDMENT OR TERMINATION OF PLAN. The Board may at any time terminate or amend the Plan in any respect, including without limitation amendment of any form of Award Agreement or

instrument to be executed pursuant to the Plan. In addition, pursuant to Section 4.1(k), the Board has delegated to the Committee the authority to make certain amendments to the Plan. Notwithstanding the foregoing, neither the Board nor the Committee shall, without the approval of the stockholders of the Company, amend the Plan in any manner that requires such stockholder approval pursuant to the Code or the regulations promulgated thereunder as such provisions apply to ISO plans, or pursuant to the Exchange Act or any rule promulgated thereunder. In addition, no amendment that is detrimental to a Participant may be made to any outstanding Award without the consent of the Participant.

23. NONEXCLUSIVITY OF THE PLAN; UNFUNDED PLAN. Neither the adoption of the Plan by the Board, the submission of the Plan to the stockholders of the Company for approval, nor any provision of the Plan shall be construed as creating any limitations on the power of the Board to adopt such additional compensation arrangements as it may deem desirable, including, without limitation, the granting of stock options and bonuses otherwise than under the Plan, and such arrangements may be either generally applicable or applicable only in specific cases. The Plan shall be unfunded. Neither the Company nor the Board shall be required to segregate any assets that may at any time be represented by Awards made pursuant to the Plan. Neither the Company, the Committee, nor the Board shall be deemed to be a trustee of any amounts to be paid under the Plan.

24. DEFINITIONS. As used in the Plan, the following terms shall have the following meanings:

(a) "Affiliate" means any corporation that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation, where "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to cause the direction of the management and policies of the corporation, whether through the ownership of voting securities, by contract or otherwise.

(b) "Award" means any award under the Plan, including any Option, Restricted Stock or Stock Bonus.

(c) "Award Agreement" means, with respect to each Award, the signed written agreement between the Company and the Participant setting forth the terms and conditions of the Award.

(d) "Board" means the Board of Directors of the Company.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) "Committee" means the committee appointed by the Board to administer the Plan, or if no committee is appointed, the Board. Each member of the Committee shall be (i) a "non-employee director" for purposes of Section 16 and Rule 16b-3 of the Exchange Act, and (ii) an "outside director" for purposes of Section 162(m) of the Code, unless the Board has fewer than two such outside directors.

(g) "Company" means Intuit Inc., a corporation organized under the laws of the State of Delaware, or any successor corporation.

(h) "Disability" means a disability within the meaning of Section 22(e)(3) of the Code, as determined by the Committee.

(i) "Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

(j) "Exercise Price" means the price at which a Participant who holds an Option may purchase the Shares issuable upon exercise of the Option.

(k) "Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(1) if such Common Stock is then quoted on the NASDAQ National Market, its last reported sale price on the NASDAQ National Market on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;

(2) if such Common Stock is publicly traded and is then listed on a national securities exchange, the last reported sale price on such date or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;

(3) if such Common Stock is publicly traded but is not quoted on the NASDAQ National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported by The Wall Street Journal, for the over-the-counter market; or

(4) if none of the foregoing is applicable, by the Board of Directors of the Company in good faith.

(l) "Insider" means an officer or director of the Company or any other person whose transactions in the Company's Common Stock are subject to Section 16 of the Exchange Act.

(m) "ISO" means an Incentive Stock Option within the meaning of the Code.

(n) "NASD Dealer" means broker-dealer that is a member of the National Association of Securities Dealers, Inc.

(o) "NQSO" means a nonqualified stock option that does not qualify as an Incentive Stock Option within the meaning of the Code.

(p) "Option" means an award of an option to purchase Shares pursuant to Section 5 of the Plan.

(q) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if at the time of the granting of an Award under the Plan, each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(r) "Participant" means a person who receives an Award under the Plan.

(s) "Performance Award" means an award of Shares, or cash in lieu of Shares, pursuant to Section 8 of the Plan.

(t) "Performance Factors" means the factors selected by the Committee from among the following measures to determine whether the performance goals established by the Committee and applicable to Awards have been satisfied:

(1) Net revenue and/or net revenue growth;

(2) Earnings before income taxes and amortization and/or earnings before income taxes and amortization growth;

(3) Operating income and/or operating income growth;

(4) Net income and/or net income growth;

(5) Earnings per share and/or earnings per share growth;

(6) Total stockholder return and/or total stockholder return growth;

(7) Return on equity;

(8) Operating cash flow return on income;

(9) Adjusted operating cash flow return on income;

(10) Economic value added; and

(11) Individual business objectives.

(u) "Performance Period" means the period of service determined by the Committee, not to exceed five years, during which years of service or performance is to be measured for Restricted Stock Awards, Stock Bonuses or Performance Awards.

(v) "Plan" means this Intuit 1993 Equity Incentive Plan, as amended from time to time.

(w) "Prospectus" means the prospectus relating to the Plan, as amended from time to time, that is prepared by the Company and delivered or made available to Participants pursuant to the requirements of the Securities Act.

(x) "Purchase Price" means the price to be paid for Shares acquired under the Plan, other than Shares acquired upon exercise of an Option.

(y) "Restricted Stock Award" means an award of Shares pursuant to Section 6 of the Plan.

(z) "SEC" means the Securities and Exchange Commission.

(aa) "Securities Act" means the Securities Act of 1933, as amended, and the regulations promulgated thereunder.

(bb) "Shares" means shares of the Company's Common Stock $0.01 par value, reserved for issuance under the Plan, as adjusted pursuant to Sections 2 and 19, and any successor security.

(cc) "Stock Bonus" means an award of Shares, or cash in lieu of Shares, pursuant to Section 7 of the Plan.

(dd) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if, at the time of granting of the Award, each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(ee) "Ten Percent Stockholder" means any person who directly or by attribution owns more than ten percent of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary of the Company.

(ff) "Termination" or "Terminated" means, for purposes of the Plan with respect to a Participant, that the Participant has ceased to provide services as an employee, director, consultant, independent contractor or adviser, to the Company or a Parent, Subsidiary or Affiliate of the Company; provided that a Participant shall not be deemed to be Terminated if the Participant is on a leave of

absence approved by the Committee or by an officer of the Company designated by the Committee; and provided further, that during any approved leave of absence, vesting of Awards shall be suspended or continue in accordance with guidelines established from time to time by the Committee. Subject to the foregoing, the Committee shall have sole discretion to determine whether a Participant has ceased to provide

services and the effective date on which the Participant ceased to provide services (the "Termination Date").

Grant No. (GrantNumber)

INTUIT INC. 1993 OPTION PLAN GRANT AGREEMENT

Intuit Inc., a Delaware corporation (the "Company"), hereby grants a stock option ("Option") to Participant named below, pursuant to the Company's 1993 Equity Incentive Plan (the "Plan"), to purchase shares of the Company's Common Stock, $0.01 par value per share ("Common Stock") as described below. This Option is subject to all of terms and conditions of the Plan, which is attached to this Agreement and incorporated into this Agreement by reference. All capitalized terms in this Agreement that are not defined in the Agreement have the meanings given to them in the Plan.

NAME OF PARTICIPANT:	(FIRSTNAME) (MI) (LASTNAME)
SOCIAL SECURITY NUMBER:	(SOCIALSECURITYNUMBER)
ADDRESS:	(ADDRESSLINE1) (CITY) (STATE) (ZIPCODE)
NUMBER OF SHARES:	**(SHARESGRANTED)**
TYPE OF OPTION:	[ ] Incentive Stock Option [X] Non-qualified Stock Option
EXERCISE PRICE PER SHARE:	(OPTIONPRICE)
DATE OF GRANT:	8/2/99
FIRST VESTING DATE:	(PERIOD1VESTDATE)
EXPIRATION DATE:	8/2/09
VESTING SCHEDULE:	So long as Participant is providing services to the Company, 25% of the Shares will vest on the First Vesting Date; then 2.0833% of the Shares will vest on each monthly anniversary of the First Vesting Date until 100% vested. On Termination, the Option shall either cease to vest or, in the event Participant is an employee or a director who is totally disabled or dies as provided in Section 5.6 of the Plan, accelerate in full. Following termination, Participant may exercise the Option only as provided in Section 5.6 of the Plan. Vesting may also be suspended in accordance with Company policies, as described in Section 5.6 of the Plan.

To exercise this Option, Participant must follow the exercise procedures established by the Company, as described in Section 5.5 of the Plan. This Option may be exercised only with respect to vested shares. Payment of the Exercise Price for the Shares may be made in cash (by check) and/or, if a public market exists for the Company's Common Stock, by means of a Same-Day-Sale Commitment or Margin Commitment from Participant and an NASD Dealer (as described in Section 9.1 of the Plan). Upon exercise of this Option, Participant understands that the Company may be required to withhold taxes.

This Agreement (including the Plan, which is incorporated by reference) constitutes the entire agreement between the Company and the Participant with respect to this Option, and supersedes all prior agreements or promises with respect to the Option. Except as provided in the Plan, this Agreement may be amended only by a written document signed by the Company and the Participant. Subject to the terms of the Plan, the Company may assign any of its rights and obligations under this Agreement, and this Agreement shall be binding on, and inure to the benefit of, the successors and assigns of the Company. Subject to the restrictions on transfer of the Option described in the Plan, this Agreement shall be binding on Participant's permitted successors and assigns (including heirs, executors, administrators and legal representatives). All notices required under this Agreement or the Plan must be mailed or hand-delivered to the Company or the Participant at their respective addresses set forth in this Agreement, or at such other address designated in writing by either of the parties to the other.

Additional information about the Plan and this Option (including certain tax consequences of exercising the Option and disposing of the Shares) is contained in the Prospectus for the Plan. A copy of the Prospectus is available on the stock options pages of the Intuit Legal Department intranet web site and on the Stock Option Bulletin Board on the Company's electronic mail system, or by calling Sharon Savatski, the Company's Senior Stock Administrator, at (650) 944-6504.

The Company has signed this Option Agreement effective as the Date of Grant.

INTUIT INC.
2550 Garcia Avenue

Mountain View, California 94043

By:

Greg J. Santora, Chief Financial Officer

PARTICIPANT'S ACCEPTANCE

I accept this Agreement and agree to the terms and conditions in this Agreement and the Plan. I acknowledge that I have received a copy of the Company's 1993 Equity Incentive Plan, and I understand and agree that this Agreement is not meant to interpret, extend, or change the Plan in any way, nor to represent the full terms of the Plan. If there is any discrepancy, conflict or omission between this Agreement and the provisions of the Plan as interpreted by the Company, the provisions of the Plan shall apply. If this Option is identified as an Incentive Stock Option above, I understand and agree to comply with the provisions of Section 5.9 of the Plan in the event of a Disqualifying Disposition of the Shares.

Signature:

Date:

EXHIBIT 10.05

INTUIT INC.

1996 DIRECTORS STOCK OPTION PLAN

As Adopted October 7, 1996
As Amended through February 19, 1999

1. PURPOSE. This 1996 Directors Stock Option Plan (this "Plan") is established to provide equity incentives for non-employee members of the Board of Directors of Intuit Inc. (the "Company"), who are described in Section 6.1 below, by granting such persons options to purchase shares of stock of the Company.

2. ADOPTION AND STOCKHOLDER APPROVAL. This Plan will become effective on the date (the "Effective Date") on which it is adopted by the Board of Directors of the Company (the "Board"). This Plan shall be approved by the stockholders of the Company, consistent with applicable laws, within twelve (12) months after the date this Plan is adopted by the Board. Options ("Options") may be granted under this Plan after the Effective Date provided that, in the event that stockholder approval is not obtained within the time period provided herein, this Plan, and all Options granted hereunder, shall terminate. No Option that is issued as a result of any increase in the number of shares authorized to be issued under this Plan shall be exercised prior to the time such increase has been approved by the stockholders of the Company and all such Options granted pursuant to such increase shall similarly terminate if such stockholder approval is not obtained.

3. TYPES OF OPTIONS AND SHARES. Options granted under this Plan shall be non-qualified stock options ("NQSOs"). The shares of stock that may be purchased upon exercise of Options granted under this Plan (the "Shares") are shares of the Common Stock of the Company.

4. NUMBER OF SHARES. The maximum number of Shares that may be issued pursuant to Options granted under this Plan (the "Maximum Number") is 195,000 Shares, subject to adjustment as provided in this Plan. If any Option is terminated for any reason without being exercised in whole or in part, the Shares thereby released from such Option shall be available for purchase under other Options subsequently granted under this Plan. At all times during the term of this Plan, the Company shall reserve and keep available such number of Shares as shall be required to satisfy the requirements of outstanding Options granted under this Plan; provided, however, that if the aggregate number of Shares subject to outstanding Options granted under this Plan plus the aggregate number of Shares previously issued by the Company pursuant to the exercise of Options granted under this Plan equals or exceeds the Maximum Number, then notwithstanding anything herein to the contrary, no further Options may be granted under this Plan until the Maximum Number is increased or the aggregate number of Shares subject to outstanding Options granted under this Plan plus the aggregate number of Shares previously issued by the Company pursuant to the exercise of Options granted under this Plan is less than the Maximum Number.

5. ADMINISTRATION. This Plan shall be administered by the Board or by a committee of not less than two members of the Board appointed to administer this Plan (the "Committee"). As used in this Plan, references to the Committee shall mean either such Committee or the Board if no Committee has been established. The interpretation by the Committee of any of the provisions of this Plan or any Option granted under this Plan shall be final and binding upon the Company and all persons having an interest in any Option or any Shares purchased pursuant to an Option.

6. ELIGIBILITY AND AWARD FORMULA.

6.1 Eligibility. Options shall be granted only to directors of the Company who are not employees of the Company or any Parent, Subsidiary or Affiliate of the Company, as those terms are defined in Section 17 below (each such person referred to as an "Optionee").

6.2 Initial Grant. Each Optionee who on or after the Effective Date is or becomes a member of the Board will automatically be granted an Option for 15,000 Shares (the "Initial Grant") on the later of the date that

the Plan is approved by the stockholders of the Company or the date such Optionee first becomes a member of the Board.

6.3 Succeeding Grants. On each anniversary of an Initial Grant, if the Optionee then is still a member of the Board and has served continuously as a member of the Board since the date of the Optionee's Initial Grant, the Optionee will automatically be granted an Option for 7,500 Shares (a "Succeeding Grant").

7. TERMS AND CONDITIONS OF OPTIONS. Subject to the following and to Section 6 above:

7.1 Form of Option Grant. Each Option granted under this Plan shall be evidenced by a written Stock Option Grant ("Grant") in such form (which need not be the same for each Optionee) as the Committee shall from time to time approve, which Grant shall comply with and be subject to the terms and conditions of this Plan.

7.2 Vesting. Options granted under this Plan on or after February 19, 1999 shall be fully vested and exercisable on the date of grant. Options granted prior to February 19, 1999 shall be become exercisable as they vest, as follows: The date an Optionee receives an Initial Grant or a Succeeding Grant is referred to in this Plan as the "Start Date" for such Option. Each Initial Grant and Succeeding Grant granted prior to February 19, 1999 will vest as to twenty-five percent (25%) of the Shares upon the first anniversary of the Start Date for such Grant and an additional 2.0833% of the Shares each month thereafter, so long as the Optionee continuously remains a director or a consultant of the Company, until the Option is exercisable with respect to 100% of the Shares.

All Options will cease to vest on the Termination Date, if the Optionee is Terminated for any reason other than "total disability" (as defined in this Section 7.2) or death (or his or her death occurs within three months of Termination). All Options will vest as to 100% of the Shares subject to such Option if the Optionee is Terminated due to "total disability" or death (or his or her death occurs within three months of Termination). For purposes of this Section 7.2, "total disability" shall mean: (A) (i) for so long as such definition is used for purposes of the Company's group life insurance and accidental death and dismemberment lan or group long term disability plan, that the Optionee is unable to perform each of the material duties of any gainful occupation for which the Optionee is or becomes reasonably fitted by training, education or experience and which total disability is in fact preventing the Optionee from engaging in any employment or occupation for page or profit; or, (ii) if such definition has changed, such other definition of "total disability" as determined under the Company's group life insurance and accidental death and dismemberment plan or group long term disability plan; and (B) the Company shall have received from the Optionee's primary physician a certification that the Optionee's total disability is likely to be permanent.

7.3 Exercise Price. The exercise price of an Option shall be the Fair Market Value (as defined in Section 17.4) of the Shares at the time that the Option is granted.

7.4 Termination of Option. Except as provided below in this Section, each Option shall expire ten (10) years after its Start Date (the "Expiration Date"). With respect to any Option granted prior to February 19, 1999, the Option shall cease to vest and unvested Options shall expire when the Optionee ceases to be a member of the Board or a consultant of the Company. The date on which the Optionee ceases to be a member of the Board or a consultant of the Company shall be referred to as the "Termination Date." An Option may be exercised after the Termination Date only as set forth below:

(a) Termination Generally. If the Optionee ceases to be a member of the Board or consultant of the Company for any reason except death or disability, then each vested Option (as defined in Section 7.2 of this Plan) then held by such Optionee may be exercised by the Optionee within seven (7) months after the Termination Date, but in no event later than the Expiration Date.

(b) Death or Disability. If the Optionee ceases to be a member of the Board or consultant of the Company because of the death of the Optionee or the disability of the Optionee within the meaning of Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), then each vested Option (as defined in Section 7.2 of this Plan) then held by such Optionee may be exercised by the Optionee (or the Optionee's legal representative) within twelve (12) months after the Termination Date, but in no event later than the Expiration Date.

8. EXERCISE OF OPTIONS.

8.1 Exercise Period. Subject to the provisions of Section 8.5 below, Options granted on or after February 19, 1999 shall be fully vested and exercisable on the date of grant, and Options granted prior to February 19, 1999 shall be exercisable as they vest.

8.2 Notice. Options may be exercised only by delivery to the Company of an exercise agreement in a form approved by the Committee stating the number of Shares being purchased, the restrictions imposed on the Shares and such representations and agreements regarding the Optionee's investment intent and access to information as may be required by the Company to comply with applicable securities laws, together with payment in full of the exercise price for the number of Shares being purchased.

8.3 Payment. Payment for the Shares purchased upon exercise of an Option may be made (a) in cash or by check; (b) by surrender of shares of Common Stock of the Company that have been owned by the Optionee for more than six (6) months (and which have been paid for within the meaning of Securities and Exchange Commission ("SEC") Rule 144 and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or were obtained by the Optionee in the open public market, having a Fair Market Value equal to the exercise price of the Option; (c) by waiver of compensation due or accrued to the Optionee for services rendered; (d) provided that a public market for the Company's stock exists, through a "same day sale" commitment from the Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD Dealer") whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the exercise price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; (e) provided that a public market for the Company's stock exists, through a "margin" commitment from the Optionee and an NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the exercise price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the exercise price directly to the Company; or (f) by any combination of the foregoing.

8.4 Withholding Taxes. Prior to issuance of the Shares upon exercise of an Option, the Optionee shall pay or make adequate provision for any federal or state withholding obligations of the Company, if applicable.

8.5 Limitations on Exercise. Notwithstanding the exercise periods set forth in the Grant, exercise of an Option shall always be subject to the following limitations:

(a) An Option shall not be exercisable until such time as this Plan (or, in the case of Options granted pursuant to an amendment increasing the number of shares that may be issued pursuant to this Plan, such amendment) has been approved by the stockholders of the Company in accordance with Section 15 below.

(b) An Option shall not be exercisable unless such exercise is in compliance with the Securities Act of 1933, as amended (the "Securities Act") and all applicable state securities laws, as they are in effect on the date of exercise.

(c) The Committee may specify a reasonable minimum number of Shares that may be purchased upon any exercise of an Option, provided that such minimum number will not prevent the Optionee from exercising the full number of Shares as to which the Option is then exercisable.

9. NONTRANSFERABILITY OF OPTIONS. During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee or by the Optionee's guardian or legal representative, unless otherwise permitted by the Committee. No Option may be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution.

10. PRIVILEGES OF STOCK OWNERSHIP. No Optionee shall have any of the rights of a stockholder with respect to any Shares subject to an Option until the Option has been validly exercised. No adjustment shall be made for dividends or distributions or other rights for which the record date is prior to the date of exercise, except as provided in this Plan. The Company shall provide to each Optionee a copy of the annual financial statements of the Company, at such time

after the close of each fiscal year of the Company as they are released by the Company to its stockholders.

11. ADJUSTMENT OF OPTION SHARES. In the event that the number of outstanding shares of Common Stock of the Company is changed by a stock dividend, stock split, reverse stock split, combination, reclassification or similar change in the capital structure of the Company without consideration, the number of Shares available under this Plan and the number of Shares subject to outstanding Options and the exercise price per share of such outstanding Options shall be proportionately adjusted, subject to any required action by the Board or stockholders of the Company and compliance with applicable securities laws; provided, however, that no fractional shares shall be issued upon exercise of any Option and any resulting fractions of a Share shall be rounded up to the nearest whole Share.

12. NO OBLIGATION TO CONTINUE AS DIRECTOR. Nothing in this Plan or any Option granted under this Plan shall confer on any Optionee any right to continue as a director of the Company.

13. COMPLIANCE WITH LAWS. The grant of Options and the issuance of Shares upon exercise of any Options shall be subject to and conditioned upon compliance with all applicable requirements of law, including without limitation compliance with the Securities Act, compliance with all other applicable state securities laws and compliance with the requirements of any stock exchange or national market system on which the Shares may be listed. The Company shall be under no obligation to register the Shares with the SEC or to effect compliance with the registration or qualification requirement of any state securities laws, stock exchange or national market system.

14. ACCELERATION OF OPTIONS UPON CERTAIN CORPORATE TRANSACTIONS. In the event of (a) a dissolution or liquidation of the Company, (b) a merger or consolidation in which the Company is not the surviving corporation (other than a merger or consolidation with a wholly-owned subsidiary, a reincorporation of the Company in a different jurisdiction, or other transaction in which there is no substantial change in the stockholders of the Company or their relative stock holdings and the Options granted under this Plan are assumed or replaced by the successor corporation, which assumption will be binding on all Optionees), (c) a merger in which the Company is the surviving corporation but after which the stockholders of the Company (other than any stockholder which merges (or which owns or controls another corporation which merges) with the Company in such merger) own less than 50% of the shares or other equity interests in the Company, (d) the sale of substantially all of the assets of the Company, or (e) the acquisition, sale or transfer of a majority of the outstanding shares of the Company by tender offer or similar transaction, the vesting of all options granted pursuant to this Plan will accelerate and the options will become exercisable in full prior to the consummation of such event at such times and on such conditions as the Committee determines, and if such options are not exercised prior to the consummation of the corporate transaction, they shall terminate in accordance with the provisions of this Plan.

15. AMENDMENT OR TERMINATION OF PLAN. The Committee may at any time terminate or amend this Plan (but may not terminate or amend the terms of any outstanding option without the consent of the Optionee); provided, however, that the Committee shall not, without the approval of the stockholders of the Company, increase the total number of Shares available under this Plan (except by operation of the provisions of Sections 4 and 11 above) or change the class of persons eligible to receive Options. In any case, no amendment of this Plan may adversely affect any then outstanding Options or any unexercised portions thereof without the written consent of the Optionee.

16. TERM OF PLAN. Options may be granted pursuant to this Plan from time to time within a period of ten (10) years from the Effective Date.

17. CERTAIN DEFINITIONS. As used in this Plan, the following terms shall have the following meanings:

17.1 "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company if each of such corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

17.2 "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of

stock in one of the other corporations in such chain.

17.3 "Affiliate" means any corporation that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, another corporation, where "control" (including the terms "controlled by" and "under common control with") means the possession, direct or indirect, of the power to cause the direction of the management and policies of the corporation, whether through the ownership of voting securities, by contract or otherwise.

17.4 "Fair Market Value" means, as of any date, the value of a share of the Company's Common Stock determined as follows:

(a) if such Common Stock is then quoted on the Nasdaq National Market, its last reported sale price on the Nasdaq National Market or, if no such reported sale takes place on such date, the average of the closing bid and asked prices;

(b) if such Common Stock is publicly traded and is then listed on a national securities exchange, its last reported sale price or, if no such reported sale takes place on such date, the average of the closing bid and asked prices on the principal national securities exchange on which the Common Stock is listed or admitted to trading;

(c) if such Common Stock is publicly traded but is not quoted on the Nasdaq National Market nor listed or admitted to trading on a national securities exchange, the average of the closing bid and asked prices on such date, as reported in The Wall Street Journal, for the over-the-counter market; or

(d) if none of the foregoing is applicable, by the Committee in good faith.

EXHIBIT 10.05

Grant No. _____

INTUIT INC.

1996 DIRECTORS STOCK OPTION PLAN

DIRECTORS NONQUALIFIED INITIAL STOCK OPTION GRANT

This Stock Option Grant (this "GRANT") is made and entered into as of the date of grant set forth below (the "DATE OF GRANT") by and between Intuit Inc., a Delaware corporation (the "Company"), and the Optionee named below ("OPTIONEE").

Optionee: _____

Optionee's Address: _____

_____

Total Shares Subject to Option: _____

Exercise Price Per Share: _____

Date of Grant: _____

Expiration Date: _____

1. GRANT OF OPTION. The Company hereby grants to Optionee an option (this "OPTION") to purchase up to the total number of shares of Common Stock of the Company set forth above (collectively, the "SHARES") at the exercise price per share set forth above (the "EXERCISE PRICE"), subject to all of the terms and conditions of this Grant and the Company's 1996 Directors Stock Option Plan as amended through February 19, 1999 (the "PLAN"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan.

2. EXERCISE AND VESTING OF OPTION. This Option shall be fully vested and exercisable on the Date of Grant, subject to the other terms and conditions of the Plan and this Grant, and so long as the Optionee continuously remains a member of the Board of Directors (a "BOARD MEMBER") or a consultant of the

Company.

3. RESTRICTION ON EXERCISE. This Option may not be exercised unless such exercise is in compliance with the Securities Act, and all applicable state securities laws, as they are in effect on the date of exercise, and the requirements of any stock exchange or national market system on which the Company's Common Stock may be listed at the time of exercise. Optionee understands that the Company is under no obligation to register, qualify or list the Shares with the SEC, any state securities commission or any stock exchange or national market system to effect such compliance.

4. TERMINATION OF OPTION. Except as provided below in this Section, this Option shall terminate and may not be exercised if Optionee ceases to be a Board member or consultant of the Company. The date on which Optionee ceases to be a Board member or consultant of the Company shall be referred to as the "TERMINATION DATE."

4.1 Termination Generally. If Optionee ceases to be a Board member or consultant of the Company for any reason except death or disability, within the meaning of Section 22(e)(3) of the Code, then this Option, to the extent (and only to the extent) that it would have been exercisable by Optionee on the Termination Date, may be exercised by Optionee within seven (7) months after the Termination Date, but in no event later than the Expiration Date.

4.2 Death or Disability. If Optionee ceases to be a Board member or consultant of the Company because of the death of Optionee or the disability of Optionee within the meaning of Section 22(e)(3) of the Code, then this Option, to the extent (and only to the extent) that it would have been exercisable by Optionee on the Termination Date, may be exercised by Optionee (or Optionee's legal representative) within twelve (12) months after the Termination Date, but in no event later than the Expiration Date.

5. MANNER OF EXERCISE.

5.1 Exercise Agreement. This Option shall be exercisable by delivery to the Company of an executed written Directors Stock Option Exercise Agreement in the form attached hereto as Exhibit A, or in such other form as may be approved by the Committee, which shall set forth Optionee's election to exercise some or all of this Option, the number of shares being purchased, any restrictions imposed on the Shares and such other representations and agreements as may be required by the Company to comply with applicable securities laws.

5.2 Payment. Payment for the Shares purchased upon exercise of this Option may be made (a) in cash or by check; (b) by surrender of shares of Common Stock of the Company that have been owned by Optionee for more than six (6) months (and which have been paid for within the meaning of SEC Rule 144 and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or were obtained by the Optionee in the open public market, having a Fair Market Value equal to the Exercise Price of the Option; (c) by waiver of compensation due or accrued to Optionee for services rendered; (d) provided that a public market for the Company's stock exists, through a "same day sale" commitment from the Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD DEALER") whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; (e) provided that a public market for the Company's stock exists, through a "margin" commitment from the Optionee and a NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or (f) by any combination of the foregoing.

5.3 Withholding Taxes. Prior to the issuance of the Shares upon exercise of this Option, Optionee shall pay or make adequate provision for any applicable federal or state withholding obligations of the Company.

5.4 Issuance of Shares. Provided that such notice and payment are in form and substance satisfactory to counsel for the Company, the Company shall cause the Shares to be issued in the name of Optionee or Optionee's legal representative.

6. NONTRANSFERABILITY OF OPTION. During the lifetime of the Optionee, this Option shall be exercisable only by Optionee or by Optionee's guardian or legal representative, unless otherwise permitted by the Committee. This Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in

any manner other than by will or by the laws of descent and distribution.

7. INTERPRETATION. Any dispute regarding the interpretation of this Grant shall be submitted by Optionee or the Company to the Committee that administers the Plan, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Committee shall be final and binding on the Company and on Optionee. Nothing in the Plan or this Grant shall confer on Optionee any right to continue as a Board member.

8. ENTIRE AGREEMENT. The Plan and the Directors Stock Option Exercise Agreement in the form attached hereto as Exhibit A, and the terms and conditions thereof, are incorporated herein by reference. This Grant, the Plan and the Directors Stock Option Exercise Agreement constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

INTUIT INC.

By: _____

Name (Typed or Printed): _____

Title: _____

ACCEPTANCE OF STOCK OPTION GRANT

Optionee hereby acknowledges receipt of a copy of the Plan, represents that Optionee has read and understands the terms and provisions thereof, and accepts this Option subject to all the terms and conditions of the Plan and this Grant. Optionee acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Shares and that Optionee has been advised by the Company that Optionee should consult a qualified tax advisor prior to such exercise or disposition.

Optionee

[ACCEPTANCE SIGNATURE PAGE TO DIRECTORS NONQUALIFIED INITIAL STOCK OPTION GRANT]

Exhibit A

INTUIT INC.
1996 DIRECTORS STOCK OPTION PLAN

DIRECTORS Stock Option Exercise Agreement

I hereby elect to purchase the number of shares of Common Stock of INTUIT INC. (the "Company") as set forth below:

Optionee:_____ Number of Shares Purchased:_____
Social Security Number:_____ Purchase Price per Share:_____
Address:_____ Aggregate Purchase Price:_____
_____ Date of Stock Option Grant:_____
Type of Stock Option: Nonqualified Stock Option

1. DELIVERY OF PURCHASE PRICE. Optionee hereby delivers to the Company the Aggregate Purchase Price, to the extent permitted in the Directors Nonqualified Stock Option Grant referred to above (the "GRANT") as follows (check as applicable and complete):

[ ] in cash or by check in the amount of $_____, receipt of which is acknowledged by the Company;

[ ] by delivery of _____ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Optionee for at least six (6) months prior to the date hereof (and which have been paid for within the meaning of SEC Rule 144), or obtained by Optionee in the open public market, and owned free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of $_____ per share;

[ ] by the waiver hereby of compensation due or accrued to Optionee for services rendered in the amount of $_____;

[ ] through a "same-day-sale" commitment, delivered herewith, from Optionee and the NASD Dealer named therein, in the amount of

$_____; or

[ ] through a "margin" commitment, delivered herewith from Optionee and the NASD Dealer named therein, in the amount of $_____.

2. MARKET STANDOFF AGREEMENT. Optionee, if requested by the Company and an underwriter of Common Stock (or other securities) of the Company, agrees not to sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by Optionee during the period requested by the managing underwriter following the effective date of a registration statement of the Company filed under the Securities Act, provided that all officers and directors of the Company are required to enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the shares (or other securities) subject to the foregoing restriction until the end of such period.

3. TAX CONSEQUENCES. OPTIONEE UNDERSTANDS THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH ANY TAX CONSULTANT(S) OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

4. ENTIRE AGREEMENT. The Plan and the Grant are incorporated herein by reference. This Agreement, the Plan and the Grant constitute the entire agreement of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by California law except for that body of law pertaining to conflict of laws.

Date:_____ _____

SIGNATURE OF OPTIONEE

The Company hereby verifies receipt and acceptance of this Agreement and its agreement to issue the Shares referred to above, subject to its receipt of the Aggregate Purchase Price, and taxes due, if any.

INTUIT INC.

Date:_____ By:_____

_____
Name (Typed or Printed)

_____
Title

EXHIBIT 10.05

Grant No. _____

INTUIT INC.

1996 DIRECTORS STOCK OPTION PLAN

DIRECTORS NONQUALIFIED SUCCEEDING STOCK OPTION GRANT

This Stock Option Grant (this "GRANT") is made and entered into as of the date of grant set forth below (the "DATE OF GRANT") by and between Intuit Inc., a Delaware corporation (the "COMPANY"), and the Optionee named below ("OPTIONEE").

Optionee: _____

Optionee's Address: _____

_____

Total Shares Subject to Option: 7,500

_____

Exercise Price Per Share: _____

Date of Grant: _____

Expiration Date: _____

1. GRANT OF OPTION. The Company hereby grants to Optionee an option (this "OPTION") to purchase up to the total number of shares of Common Stock of the Company set forth above (collectively, the "SHARES") at the exercise price per share set forth above (the "EXERCISE PRICE"), subject to all of the terms and conditions of this Grant and the Company's 1996 Directors Stock Option Plan

as amended through February 19, 1999 (the "PLAN"). Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan.

2. EXERCISE AND VESTING OF OPTION. This Option shall be fully vested and exercisable on the Date of Grant, subject to the other terms and conditions of the Plan and this Grant.

3. RESTRICTION ON EXERCISE. This Option may not be exercised unless such exercise is in compliance with the Securities Act, and all applicable state securities laws, as they are in effect on the date of exercise, and the requirements of any stock exchange or national market system on which the Company's Common Stock may be listed at the time of exercise. Optionee understands that the Company is under no obligation to register, qualify or list the Shares with the SEC, any state securities commission or any stock exchange or national market system to effect such compliance.

4. TERMINATION OF OPTION. Except as provided below in this Section, this Option shall terminate and may not be exercised if Optionee ceases to be a Board member or consultant of the Company. The date on which Optionee ceases to be a Board member or consultant of the Company shall be referred to as the "TERMINATION DATE."

4.1 Termination Generally. If Optionee ceases to be a Board member or consultant of the Company for any reason except death or disability within the meaning of Section 22(e)(3) of the Code, then this Option, to the extent (and only to the extent) that it would have been exercisable by Optionee on the Termination Date, may be exercised by Optionee within seven (7) months after the Termination Date, but in no event later than the Expiration Date.

4.2 Death or Disability. If Optionee ceases to be a Board member or consultant of the Company because of the death of Optionee or the disability of Optionee within the meaning of Section 22(e)(3) of the Code, then this Option, to the extent (and only to the extent) that it would have been exercisable by Optionee on the Termination Date, may be exercised by Optionee (or Optionee's legal representative) within twelve (12) months after the Termination Date, but in no event later than the Expiration Date.

5. MANNER OF EXERCISE.

5.1 Exercise Agreement. This Option shall be exercisable by delivery to the Company of an executed written Directors Stock Option Exercise Agreement in the form attached hereto as Exhibit A, or in such other form as may be approved by the Committee, which shall set forth Optionee's election to exercise some or all of this Option, the number of shares being purchased, any restrictions imposed on the Shares and such other representations and agreements as may be required by the Company to comply with applicable securities laws.

5.2 Payment. Payment for the Shares purchased upon exercise of this Option may be made (a) in cash or by check; (b) by surrender of shares of Common Stock of the Company that have been owned by Optionee for more than six (6) months (and which have been paid for within the meaning of SEC Rule 144 and, if such shares were purchased from the Company by use of a promissory note, such note has been fully paid with respect to such shares) or were obtained by the Optionee in the open public market, having a Fair Market Value equal to the Exercise Price of the Option; (c) by waiver of compensation due or accrued to Optionee for services rendered; (d) provided that a public market for the Company's stock exists, through a "same day sale" commitment from the Optionee and a broker-dealer that is a member of the National Association of Securities Dealers (an "NASD DEALER") whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the Shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; (e) provided that a public market for the Company's stock exists, through a "margin" commitment from the Optionee and a NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the Shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such Shares to forward the Exercise Price directly to the Company; or (f) by any combination of the foregoing.

5.3 Withholding Taxes. Prior to the issuance of the Shares upon exercise of this Option, Optionee shall pay or make adequate provision for any applicable federal or state withholding obligations of the Company.

5.4 Issuance of Shares. Provided that such notice and payment are in form and substance satisfactory to counsel for the Company, the Company shall cause the Shares to be issued in the name of Optionee or Optionee's legal representative.

6. NONTRANSFERABILITY OF OPTION. During the lifetime of the Optionee, this Option shall be exercisable only by Optionee or by Optionee's guardian or legal representative, unless otherwise permitted by the Committee. This Option may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution.

7. INTERPRETATION. Any dispute regarding the interpretation of this Grant shall be submitted by Optionee or the Company to the Committee that administers the Plan, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Committee shall be final and binding on the Company and on Optionee. Nothing in the Plan or this Grant shall confer on Optionee any right to continue as a Board member.

8. ENTIRE AGREEMENT. The Plan and the Directors Stock Option Exercise Agreement in the form attached hereto as Exhibit A, and the terms and conditions thereof, are incorporated herein by reference. This Grant, the Plan and the Directors Stock Option Exercise Agreement constitute the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior understandings and agreements with respect to such subject matter.

INTUIT INC.

By: _____

Name (Typed or Printed): _____

Title: _____

ACCEPTANCE OF STOCK OPTION GRANT

Optionee hereby acknowledges receipt of a copy of the Plan, represents that Optionee has read and understands the terms and provisions thereof, and accepts this Option subject to all the terms and conditions of the Plan and this Grant. Optionee acknowledges that there may be adverse tax consequences upon exercise of this Option or disposition of the Shares and that Optionee has been advised by the Company that Optionee should consult a qualified tax advisor prior to such exercise or disposition.

Optionee

Exhibit A

INTUIT INC.
1996 DIRECTORS STOCK OPTION PLAN
DIRECTORS STOCK OPTION EXERCISE AGREEMENT

I hereby elect to purchase the number of shares of Common Stock of INTUIT INC. (the "COMPANY") as set forth below:

Optionee:_____ Number of Shares Purchased:_____
Social Security Number:_____ Purchase Price per Share:_____
Address:_____ Aggregate Purchase Price:_____
_____ Date of Stock Option Grant:_____
Type of Stock Option: Nonqualified Stock Option

1. DELIVERY OF PURCHASE PRICE. Optionee hereby delivers to the Company the Aggregate Purchase Price, to the extent permitted in the Directors Nonqualified Stock Option Grant referred to above (the "GRANT") as follows (check as applicable and complete):

[ ] in cash or by check in the amount of $_____, receipt of which is acknowledged by the Company;

[ ] by delivery of _____ fully-paid, nonassessable and vested shares of the Common Stock of the Company owned by Optionee for at least six (6) months prior to the date hereof (and which have been paid for within the meaning of SEC Rule 144), or obtained by Optionee in the open public market, and owned free and clear of all liens, claims, encumbrances or security interests, valued at the current Fair Market Value of $_____ per share;

[ ] by the waiver hereby of compensation due or accrued to Optionee for services rendered in the amount of $_____;

[ ] through a "same-day-sale" commitment, delivered herewith, from

Optionee and the NASD Dealer named therein, in the amount of $_____; or

[ ] through a "margin" commitment, delivered herewith from Optionee and the NASD Dealer named therein, in the amount of $_____.

2. MARKET STANDOFF AGREEMENT. Optionee, if requested by the Company and an underwriter of Common Stock (or other securities) of the Company, agrees not to sell or otherwise transfer or dispose of any Common Stock (or other securities) of the Company held by Optionee during the period requested by the managing underwriter following the effective date of a registration statement of the Company filed under the Securities Act, provided that all officers and directors of the Company are required to enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop-transfer instructions with respect to the shares (or other securities) subject to the foregoing restriction until the end of such period.

3. TAX CONSEQUENCES. OPTIONEE UNDERSTANDS THAT OPTIONEE MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF OPTIONEE'S PURCHASE OR DISPOSITION OF THE SHARES. OPTIONEE REPRESENTS THAT OPTIONEE HAS CONSULTED WITH ANY TAX CONSULTANT(S) OPTIONEE DEEMS ADVISABLE IN CONNECTION WITH THE PURCHASE OR DISPOSITION OF THE SHARES AND THAT OPTIONEE IS NOT RELYING ON THE COMPANY FOR ANY TAX ADVICE.

4. ENTIRE AGREEMENT. The Plan and the Grant are incorporated herein by reference. This Agreement, the Plan and the Grant constitute the entire agreement of the parties and supersede in their entirety all prior understandings and agreements of the Company and Optionee with respect to the subject matter hereof, and are governed by California law except for that body of law pertaining to conflict of laws.

Date:_____ _____
SIGNATURE OF OPTIONEE

The Company hereby verifies receipt and acceptance of this Agreement and its agreement to issue the Shares referred to above, subject to its receipt of the Aggregate Purchase Price, and taxes due, if any.

INTUIT INC.

Date:_____ By:_____

_____
Name (Typed or Printed)

_____
Title

EXHIBIT 10.08

INTUIT INC.

FORM OF AMENDMENT
TO
ALL STOCK OPTIONS OUTSTANDING
AT FEBRUARY 19, 1999

BACKGROUND

On February 19, 1999 Intuit Inc.'s Board of Directors amended all stock options outstanding to provide that if an optionee leaves Intuit because of death or permanent disability the vesting of his or her stock options accelerates so that the option becomes 100% vested as of the termination date.

This amendment affected options outstanding under the Company's following equity compensation plans: the Intuit Inc. 1993 Equity Incentive Plan, the Intuit Inc. 1996 Directors Stock Option Plan, the Intuit Inc. 1998 Option Plan for Mergers & Acquisitions, the Intuit 1988 Stock Option Plan, the ChipSoft, Inc. 1992 Stock Option Plan, the ChipSoft, Inc. 1992 Non-Employee Director Plan, the Interactive Insurance Services Management Equity Plan, and the Galt Technologies, Inc. 1995 Stock Option Plan.

SUBSTANTIVE AMENDMENT

Because of this change, the Company amended the language in the grant agreements for all options outstanding on February 19, 1999 under the Company's equity compensation plans. As amended, the relevant sections of the revised grant agreements now read substantially as follows:

> "Exercise Period of Option. Provided Participant continues to provide services to the Company or any Subsidiary, Parent or Affiliate of the Company through the specified period, the Option shall become exercisable as to portions of the Shares as follows: [Optionee's vesting schedule, which remains unchanged]. Notwithstanding the foregoing, in the event that Participant is an employee or a director who is `totally disabled' or dies, as provided in the Plan, this Option shall become exercisable as to 100% of the Shares as of the Participant's date of Termination."
>
> "Termination Because of Death or Disability. If Participant is Terminated because of death or Disability of Participant, the Option to the extent that it is exercisable by Participant as of the date of Termination, may be exercised by Participant (or Participant's legal representative) no later than 18 months after the date of Termination, but in any event no later than the Expiration Date. The Option shall become exercisable as to 100% of the Shares as of the Participant's date of Termination in the event that Participant is an employee or a director who is `totally disabled' or dies, as provided in the Plan."

EXHIBIT 10.17

MASTER AGREEMENT
BETWEEN INTUIT INC. AND MODUS MEDIA INTERNATIONAL, INC.

ARTICLE I
PARTIES

Section 1.1 Parties to the Agreement

THIS MASTER AGREEMENT (herein "Master Agreement" or "Agreement") for services, effective August 31, 1999 (herein the "Effective Date") is between INTUIT Inc. (herein "INTUIT"), a Delaware corporation located at 2535 Garcia Avenue, Mountain View, CA 94043 , and Modus Media international, Inc., incorporated in Delaware (herein "MODUS MEDIA"), located at 690 Canton Street, Westwood, MA 02090.

In consideration of the mutual covenants contained herein, the parties hereby agree as follows:

ARTICLE 2
SERVICES

Section 2.1 Enterprise Members

Under this Agreement, INTUIT shall mean Intuit Inc. and any "Enterprise Member," which is defined as, individually and collectively, Venture Finance Software Corp. and all subsidiaries and related companies, that Intuit controls by ownership of 45% or greater equity interest, or controls the day-to-day management of such companies by contract or otherwise, solely in connection with INTUIT's relationship with such entity, provided such related company is not a direct competitor of MODUS MEDIA. See Schedule A for the comprehensive list of the Enterprise Members, which may be amended from time to time by written notice from INTUIT to MODUS MEDIA.

Section 2.2 Statement of Work

INTUIT, in its sole discretion, may engage MODUS MEDIA to perform services under a statement of work agreed to and signed by the parties (herein "Statement of Work"). MODUS MEDIA will provide the services (herein "Services") as outlined in the Statement of Work. MODUS MEDIA will also provide such additional related services as are set out in such Statement of Work (herein "Related Services"). All terms and conditions contained in this Master Agreement apply to the Statement of Work. Any new Statement of Work introduced during the Term of this Agreement may be incorporated into this Agreement if both parties agree in writing to do so.

Section 2.3 Approved Facility

For business based in the United States and Canada, MODUS MEDIA will utilize a U.S. based facility or facilities (herein "Approved Facility") for delivery of Services for the Statement of Work. The Facility will be equipped with telephone systems, computer systems, and various MODUS MEDIA support tools, such as documentation and knowledge bases, to be used in the delivery of Services.

For business based in the Asia/Pacific Rim region, MODUS MEDIA may utilize a facility in Singapore. For European based business, MODUS MEDIA may utilize its facility located in Apeldoorn, The Netherlands and/or Kildare, Ireland. The parties may add, delete, or change an Approved Facility at any time through a signed Amendment to this Master Agreement.

Section 2.4 Quarterly Reviews

Both parties agree to conduct quarterly business reviews to analyze the ability of MODUS MEDIA to meet INTUIT's service requirements. These reviews will be conducted in a mode (conference call, personal visit., etc.) agreed upon by both parties. Specific dates and times for the Reviews will be scheduled at least one month prior to the event. These reviews will also be utilized to assist INTUIT in improving the overall service levels that they provide for their customers.

ARTICLE 3
SERVICES

Section 3.1 Orders

An order (herein "INTUIT Order") is defined as a single request for

services under any Statement of Work. To order Services under a Statement of Work, INTUIT shall issue a purchase order under the referenced Statement of Work for the Services to be performed by MODUS MEDIA. The terms and conditions of this Master Agreement and the referenced Statement of Work shall govern the Services and any printed terms and conditions on the purchase order or acceptance forms shall not apply. MODUS MEDIA shall examine the INTUIT Order and shall ask INTUIT for clarification if there is any ambiguity. MODUS MEDIA shall not perform Services without an INTUIT Order and without proper instructions. Services shall commence on the date indicated in the INTUIT Order.

Section 3.2 Changes

INTUIT may order changes in the Services under a Statement of Work. All changes shall be evidenced by an executed Change Order form referencing the original purchase order number and Statement of Work. If adjustments to compensation are required, they shall be described in the Change Order. The terms and conditions governing the Services shall continue in full force and effect except as expressly amended in the Change Order. If INTUIT knows it will experience a delay after the date Services are scheduled to commence and requests MODUS MEDIA to remain on standby during that delay, INTUIT will reimburse MODUS MEDIA for reasonable standby costs as agreed to by the parties prior to commencement of the delay and described in a Change Order.

ARTICLE 4

Section 4.1 Insurance

MODUS MEDIA shall at all times for the duration of this Agreement and until all Services

are performed by MODUS MEDIA, at its own expense, maintain comprehensive property damage and liability insurance, affording it coverage consistent with good business practice for the size and type of business operated by MODUS MEDIA. Additional insurance requirements may be imposed in connection with a Statement of Work. MODUS MEDIA shall provide INTUIT such certificates or other evidence as INTUIT may request as proof of such insurance. (name INTUIT as "additional insured" or "loss payee"?).

ARTICLE 5
INVOICING AND PAYMENT

Section 5.1 Invoicing and Payment

MODUS MEDIA will provide INTUIT with a monthly invoice of the previous month's Services performed under a Statement of Work. MODUS MEDIA will provide separate invoices (do we want separate invoices?) for operations in Lindon, Utah, and Fremont, California, and any other operating divisions performing services for INTUIT. (Will there be separate invoices for separate Statements of Work?) If a location is providing support for more than one region (?), separate invoices must be issued for each region. In addition, MODUS MEDIA will bill and INTUIT will pay for Related Services and such other charges as are provided for herein on an as-incurred basis. Charges for Related Services not specifically provided for in this Agreement or the Statement of Work MUST be approved by INTUIT in advance of being incurred, otherwise INTUIT is under no obligation to pay unapproved expenses. INTUIT will pay net thirty days from its receipt of the invoice in its Accounts Payable Department. If INTUIT is delinquent in the payment of any undisputed invoice, and fails to remedy the delinquency within thirty (30) days after receiving written notice from MODUS MEDIA, MODUS MEDIA may charge INTUIT interest on the unpaid balance at the rate of twelve percent (12%) per annum until such delinquency is remedied. In the event of a disputed invoice, INTUIT will pay the portion of the invoice that is not disputed, and will promptly pay the disputed portion once resolved.

SECTION 5.2 Applicable Sales Tax

Invoices will include local, state or federal sales, use or other similar taxes or duties, if applicable. MODUS MEDIA will be responsible for the proper computation and invoicing of sales taxes. Once submitted to INTUIT, INTUIT shall be responsible for the payment of any such taxes.

ARTICLE 6
TERM AND TERMINATION

Section 6.1 Term

This Agreement shall become effective on the Effective Date and shall continue until either party provides at least ninety (90) days notice of its intent to terminate this Agreement.

Section 6.2 Termination Based on Non-Performance

6.2.1 If MODUS MEDIA falls to perform the Services described in the referenced Statement of Work under an INTUIT Order in a timely manner or falls to perform any material provision of the Master Agreement or Statement of Work, MODUS MEDIA shall immediately take appropriate steps to perform such Services or to cure such failure. If MODUS MEDIA falls to cure the failure immediately and such failure produces an emergency or a serious situation causing a major impact on INTUIT's business operations, INTUIT will provide a written warning to MODUS MEDIA. MODUS MEDIA will provide INTUIT reasonable assurances of future performance in writing within one (1) day and continue to work on the problem until it is resolved within seven (7) days or INTUIT may immediately terminate this Agreement and/or any Statement of Work upon written notice to MODUS MEDIA. If the failure cannot reasonably be cured within seven (7) days, MODUS MEDIA shall commence to cure the failure immediately and diligently and in good faith continue to cure the failure. Notwithstanding any cure period, if INTUIT deems it necessary, in its sole discretion, INTUIT may move the Services to another vendor without liability to MODUS MEDIA during the cure period until such failure is cured.

6.2.2 If the failure to perform the Services described in the applicable Statement of Work under an INTUIT Order or breach of a provision of the Master Agreement or Statement of Work causes a minor impact on INTUIT's business operations, INTUIT shall give MODUS MEDIA written warning of such breach, and MODUS MEDIA must cure and maintain such cure within thirty (30) days of the receipt of the notice by MODUS MEDIA. If the failure cannot reasonably be cured within thirty (30) days, MODUS MEDIA shall commence to cure the failure immediately and diligently and in good faith continue to cure the failure. Notwithstanding any cure period, if INTUIT deems it necessary, in its sole discretion, INTUIT may move all or part of the Services to another vendor without breach of this Agreement or liability to MODUS MEDIA during the cure period until such failure is cured. INTUIT may terminate this Agreement and/or any Statement of Work upon written notice if MODUS MEDIA falls to cure such breach after notification.

6.2.3 MODUS MEDIA shall have the right to charge interest at the rate of twelve percent (12%) per annum under this Agreement until INTUIT remedies any payment delinquency. MODUS MEDIA may terminate this Agreement upon forty-five (45) days written notice if INTUIT falls to pay an undisputed invoice on two or more occasions within one (1) year or if INTUIT otherwise commits a material breach of this Agreement and does not remedy such breach within thirty (30) days of receipt of Written notice from MODUS MEDIA.

6.2.4 Notwithstanding anything to the contrary in this Agreement, INTUIT may, at any time and at its sole convenience, with or without cause, terminate all or a portion of the Services in a particular INTUIT Order for Services under a Statement of Work by giving written notice to MODUS MEDIA specifying the date of termination. Should INTUIT terminate an INTUIT Order, MODUS MEDIA shall immediately stop its performance required under such Order and shall immediately cause any of its suppliers or subcontractors to cease such work as soon as practicable. Upon receipt and verification of MODUS MEDIA's invoice, INTUIT shall pay MODUS MEDIA all amounts properly due and owing up to that date, including the fees for the Order under the Statement of Work reflecting the work in process begun prior to the effective date of termination plus actual direct costs resulting from such termination. MODUS MEDIA shall not be paid for any work done after the effective date of termination nor for any costs of MODUS MEDIA or of its suppliers or subcontractors which MODUS MEDIA could reasonably have avoided. If INTUIT provides MODUS MEDIA with a written request to perform tasks as are necessary to demobilize the Services

after the termination date, MODUS MEDIA will perform such tasks and be compensated accordingly, as agreed to by both parties.

Section 6.3 Termination Without Cause

Either party shall have the right to terminate this agreement without cause, for any reason, by providing one hundred and twenty (120) days' notice to the other party.

Section 6.4 Termination due to Bankruptcy

Either party shall also have the right to terminate this Agreement for cause if the other party becomes insolvent, files or has filed against it a petition under applicable bankruptcy or insolvency laws which is not dismissed within sixty (60) days, proposes any dissolution, composition or financial reorganization with creditors, makes an assignment for the benefit of creditors, or if a receiver, trustee, custodian or similar agent is appointed or takes possession with respect to any property or business of the defaulting party.

Notwithstanding anything to the contrary in this Agreement, if MODUS

MEDIA shall file for protection under the bankruptcy laws, or if an involuntary petition shall be filed against MODUS MEDIA and not removed within ten (1 0) days, or if the MODUS MEDIA shall become insolvent, be adjudicated bankrupt, or if it should make a general assignment for the benefit of creditors, or if a receiver shall be appointed due to its insolvency, INTUIT may, without prejudice to any other right or remedy, terminate this Agreement, any Statement of Work and any INTUIT Order and, at its option, may take possession of the "Work in Process" and finish the manufacture by whatever appropriate method INTUIT may deem expedient. MODUS MEDIA will fix appropriate notices or labels on the Work in Process to indicate ownership by INTUIT. To the extent reasonably possible, materials and Work in Process pertaining to the Services shall be stored separately from other stock and marked conspicuously with labels indicating ownership by INTUIT.

To secure INTUIT's progress payments prior to the shipment of the product, title to and first security interest in the product, any Work in Process, and materials required for the execution of MODUS MEDIA's obligations under this Agreement, and any work which MODUS MEDIA may subcontract in the support of the performance of its obligations under this Agreement, shall vest in INTUIT to the extent INTUIT had made progress payments under this Agreement.

The parties hereby agree that this Agreement shall constitute the Security Agreement required by the Uniform Commercial Code of the appropriate state. Each party will execute promptly any financing statement required to perfect and protect the interests of the other as defined in this Agreement.

Section 6.5 Obligations Upon Termination or Expiration.

The termination or expiration of this Master Agreement shall in no way relieve either party from its obligations to pay the other party any sums accrued hereunder prior to such termination or expiration or affect the limitation of liability. All warranties and confidentiality provisions shall remain in effect for their stated duration.

Section 6.6 Disaster Recovery.

Notwithstanding any provision to the contrary, INTUIT and the Enterprise Members shall have the right to take whatever reasonable actions are necessary, without liability to MODUS MEDIA, except for Services actually performed, in the event of a disaster (a) for the duration of a disaster and (b) for the purpose of keeping its business functioning. Disaster shall mean an unplanned interruption (a) in the ability of INTUIT and/or Enterprise Members to use the Services of MODUS MEDIA due to a cause beyond the control of INTUIT and/or an Enterprise Member, which at the time of occurrence can reasonably be projected to last over four (4) hours or (b) in telecommunications to or from one or more of INTUIT's and/or the Enterprise Member's facilities due to a cause beyond the control of INTUIT and/or an Enterprise Member, which at the time of occurrence can reasonably be projected to last over four (4) hours.

ARTICLE 7
INDEMNIFICATION

Section 7.1 Patent and Copyright Indemnification by INTUIT

7.1.1 "Intellectual Property Rights" means any of INTUIT's patents, trademarks, trade names, inventions, copyrights, design rights, know-how or trade secrets and any other intellectual property rights of INTUIT subsisting anywhere in the world, relating to the origin, design, manufacture, programming, operation or service of any INTUIT products.

7.1.2 MODUS MEDIA acknowledges INTUIT's representation that all Intellectual Property Rights throughout the world are vested in INTUIT absolutely, and acknowledges that MODUS MEDIA has no right or interest in any Intellectual Property Rights.

7.1.3 The "Territory" consists of the countries in which MODUS MEDIA performs Services for INTUIT and the countries in which MODUS MEDIA sells or distributes INTUIT products on INTUIT's behalf, under this Agreement.

7.1.4 INTUIT shall, at its own expense, defend Modus Media against all claims, suits, losses, expenses and liabilities (including MODUS MEDIA's reasonable attorney's fees) or arising out of any claim alleging that any INTUIT product sold or distributed by MODUS MEDIA on INTUIT's behalf hereunder infringes any duly issued patent or copyright of the United States or the Territory and shall pay all damages awarded therein against MODUS MEDIA or agreed upon in settlement by INTUIT; provided that MODUS MEDIA (i) gives INTUIT notice in writing of any such suit, proceeding or threat thereof, (ii) permits INTUIT sole control, through counsel of INTUIT's choice, to defend and/or settle such suit and (iii) gives INTUIT all reasonably necessary information, assistance and authority, at INTUIT's expense, to enable INTUIT to defend or settle such suit.

7.1.5 Subsection 7.1.4, above, shall not apply to and INTUIT shall have no liability or obligation for any infringement arising from: (a) any modification, servicing or addition made to the INTUIT product by anyone other than INTUIT or its representative or agent, (b) the use of such INTUIT product as a part of or in combination with any devices, parts or software not provided by INTUIT, (c) compliance with MODUS MEDIA's design requirements or specifications, (d) the use of

other than the then current unaltered release of the software INTUIT product available from INTUIT or (e) the use of such INTUIT product to practice any method or process which does not occur wholly within the INTUIT product. The above exclusions apply to the extent that the infringement would have been avoided but for such modifications, combinations, compliance with specifications, use of other than the current release or practice of such method or process.

7.1.6 In the event the use or sale of any INTUIT product distributed by MODUS MEDIA in accordance with the Statement of Work for Fulfillment Services provided under this Master Agreement is enjoined, or in the event INTUIT wishes to minimize its potential liability hereunder, INTUIT may, at its sole option and expense: (i) procure for MODUS MEDIA the right to use or distribute such INTUIT product; (ii) substitute a functionally equivalent, non-infringing unit of the INTUIT product; (iii) modify such INTUIT product so that it no longer infringes but is substantially equivalent in functionality; or (iv) if none of the foregoing are commercially feasible, take back such INTUIT product and not distribute the product.

70.1.7 THIS SECTION STATES INTUIT'S TOTAL RESPONSIBILITY AND LIABILITY, AND MODUS MEDIA'S SOLE REMEDY, FOR ANY ACTUAL OR ALLEGED INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHT FOR ANY INTUIT PRODUCTS DELIVERED HEREUNDER OR ANY PART THEREOF AND IS IN LIEU OF AND REPLACES ANY AND ALL OTHER EXPRESS, IMPLIED OR STATUTORY WARRANTIES OR CONDITIONS REGARDING INFRINGEMENT.

Section 7.2 General Indemnity by INTUIT

INTUIT shall, at its own expense, defend MODUS MEDIA against all claims, suits, losses, expenses and liabilities (including MODUS MEDIA's reasonable attorney's fees) for or arising out of any claim alleging personal injury, death, or damage to tangible property caused by INTUIT or as the result of the negligence or intentional wrongful acts or omissions, when there is a duty to act, of INTUIT or any person for whose actions INTUIT is legally liable. INTUIT shall pay all damages awarded therein against MODUS MEDIA or agreed upon in settlement by INTUIT, provided that MODUS MEDIA gives INTUIT immediate notice in writing of any such suit, proceeding, or threat thereof, and permits INTUIT, through counsel of its choice, to answer the charges and defend and/or settle such suit; and MODUS MEDIA gives INTUIT all reasonably necessary information, that is available to it, and all needed assistance and authority, at INTUIT's expense, to enable INTUIT to defend or settle such suit.

Section 7.3 Indemnity by MODUS MEDIA

MODUS MEDIA shall, at its own expense, indemnify and defend INTUIT against all claims, suits, losses, expenses, and liabilities (including INTUIT's reasonable attorney's fees) for personal injury, death, and tangible property damage made against INTUIT caused by MODUS MEDIA or as a result of the negligence, intentional wrongful acts or omissions, or misrepresentations of MODUS MEDIA or any person for whose actions MODUS MEDIA is legally liable.

MODUS MEDIA shall pay all damages awarded therein against INTUIT or agreed upon in settlement by MODUS MEDIA relating to this indemnity, provided that INTUIT gives MODUS MEDIA notice in writing of any such suit, proceeding, or threat thereof, and permits MODUS MEDIA, through counsel of its choice, to answer the charges and defend and/or settle such suit; and INTUIT gives MODUS MEDIA all reasonably necessary information that is available to it, and

assistance and authority, at MODUS MEDIA's expense, to enable MODUS MEDIA to defend or settle such suit.

ARTICLE 8
LIMITATION OF LIABILITY

Section 8.1 Limitation of Liability

TO THE FULL EXTENT ALLOWED BY LAW, THE PARTIES EXCLUDE ANY LIABILITY TO THE OTHER, WHETHER BASED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE), FOR INCIDENTAL, CONSEQUENTIAL, INDIRECT, SPECIAL OR PUNITIVE DAMAGES OF ANY KIND, OR

FOR LOSS OF REVENUE OR PROFITS, LOSS OF BUSINESS, LOSS OF INFORMATION OR DATA, OR OTHER FINANCIAL LOSS ARISING OUT OF UNDER THIS AGREEMENT.

Section 8.2 Limitation of Damages

NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE MAXIMUM LIABILITY OF EITHER PARTY TO THE OTHER FOR DAMAGES HEREUNDER SHALL NOT EXCEED THE TOTAL PAYMENTS MADE BY INTUIT UNDER THIS AGREEMENT, EXCEPT THAT THIS LIMITATION SHALL NOT APPLY TO AMOUNTS OWED FOR SERVICES PROVIDED AND UNPAID UNDER THIS AGREEMENT.

ARTICLE 9
WARRANTY AND WARRANTY DISCLAIMERS

Section 9.1 Warranty

MODUS MEDIA represents and warrants that the Services furnished under an INTUIT Order shall comply with and conform to all specifications in the Statement of Work, will be free of defects in material and workmanship and that it will provide the Services under this Agreement in a workmanlike manner by competent personnel and in conformance with generally accepted standards within its industry. MODUS MEDIA warrants and represents that is shall comply with all federal, state and local laws. MODUS MEDIA further warrants and represents to INTUIT that MODUS MEDIA'S equipment and appliances needed to provide Services under an INTUIT Order will remain fully functional and perform their normal operations, without interruptions or malfunctions as a result of the transition from the year 1999 to the year 2000, provided that MODUS MEDIA receives correct and properly formatted data inputs from all external software and hardware that exchange data with or provide data to MODUS MEDIA. If any repairs or alterations must be made at any time to MODUS MEDIA's equipment or appliances in order to prevent or remedy any such interruptions or malfunctions in the Services or operations, MODUS MEDIA will immediately undertake such repair or alteration.

Section 9.2 Warranty Disclaimers

TO THE FULL EXTENT ALLOWED BY LAW, MODUS MEDIA DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE

IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ITS SERVICES.

ARTICLE 10
CONFIDENTIALITY AND PUBLICITY

Section 10.1 Confidentiality

During the course of this Agreement, each party may disclose to the other certain proprietary information (both patentable and unpatentable, including trade secrets, know how, software, source codes, techniques, future product plans, marketing plans, customers, inventions, discoveries, improvements, and research and development data) ("Confidential Information") of a character regarded by the disclosing party as confidential. Each party and each of its employees or consultants to whom disclosure is made shall hold all Confidential Information and the terms of this Agreement in confidence, and shall not disclose such information to any third party or apply it to uses other than the recipient's performance of this Agreement.

Such Confidential Information if disclosed in writing shall be marked or identified as confidential or a similar designation, or if orally or visually disclosed, shall be identified as the confidential information of the disclosing party at the time of disclosure and then summarized in writing and provided to the recipient in such written form within thirty (30) days after such oral or visual disclosure.

(a) Obligation of Confidentiality. Each party agrees that for a period of three (3) years from receipt of Confidential Information from the other party hereunder, it shall use the same degree of care that it utilizes to protect its own information of a similar nature, but in any event not less than reasonable care, to prevent the unauthorized use or the disclosure of such Confidential Information to third parties. The Confidential Information shall be disclosed only to employees and consultants of a recipient with a "need to know" who are instructed to and agree in writing to not disclose third party confidential information, and who shall use the Confidential Information only for the purpose set forth above. A recipient may not alter, decompile, disassemble, reverse engineer, or otherwise modify any Confidential Information received hereunder and the mingling of the Confidential Information with information of the recipient shall not affect the confidential nature or ownership of the same as stated

hereunder.

(b) Ownership of Confidential Information. All Confidential Information is, and shall remain, the property of the disclosing party. Nothing herein shall be construed as granting or conferring any rights by license or otherwise in the Confidential Information except as expressly provided herein. A recipient acquires hereunder only a limited right to use the Confidential Information solely for the purpose of performing its obligations under this Agreement.

(c) Return of Confidential Information. Upon the written request of the disclosing party, or upon the expiration or any earlier termination of this Agreement, the recipient shall promptly return all copies of the Confidential Information, in whatever form or media, to the disclosing party or, at the direction of such party, destroy the same. The recipient

shall certify in writing to the other such return or destruction within thirty (30) days thereafter.

(d) Exceptions to Obligation of Confidentiality. This Agreement shall impose no obligation of confidentiality upon a recipient with respect to any portion of the Confidential Information received hereunder which:

(i) now or hereafter, through no unauthorized act or failure to act on recipient's part, becomes generally known or available;

(ii) is lawfully known to the recipient without an obligation of confidentiality at the time recipient receives the same from the disclosing party, as evidenced by written records,

(iii) is hereafter lawfully furnished to the recipient by a third party without restriction on disclosure;

(iv) is furnished to others by the disclosing party without restriction on disclosure; or

(V) is independently developed by the recipient without use of the disclosing party's Confidential Information.

Nothing in this Agreement shall prevent the receiving party from disclosing Confidential Information to the extent the receiving party is legally compelled to do so by any governmental investigative or judicial agency pursuant to proceedings over which such agency has jurisdiction; provided, however, that prior to any such disclosure, the receiving party shall:

(a) assert the confidential nature of the Confidential Information to the agency;

(b) immediately notify the disclosing party in writing of the agency's order or request to disclose; and

(c) cooperate fully with the disclosing party in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of the compelled disclosure and protecting its confidentiality.

Section 10.2 Publicity

Neither party shall disclose, advertise or publish the terms or conditions of this Agreement without the prior written consent of the other party, except as may be required by law or pursuant to a lawful request of a government agency in which event the party required to make such disclosure shall notify the other party and provide the other party with reasonable opportunity to prevent such disclosure. This Section shall survive the expiration or termination of this Master Agreement.

ARTICLE 11
GENERAL PROVISIONS

Section 11.1 Relationship of Parties

MODUS MEDIA is an independent contractor and represents INTUIT solely

for the purpose of performing its obligations on behalf of INTUIT as stated in this Master Agreement. MODUS MEDIA does not have the authority to bind INTUIT except as expressly stated herein. No provision of this Agreement or any act of the parties under this Agreement shall be construed to express or imply a joint venture, partnership, or relationship other than vendor and purchaser of the Services described in this Agreement.

Except as expressly noted herein, no employee, agent, or representative of either party shall have the authority to bind the other party in any way. No employee, agent or other representative of either party shall at any time be deemed to be under the control or authority of the other party, or under the Joint control of both parties. Each party shall be fully liable for all workers' compensation premiums and liability, federal, state and local withholding taxes or charges with respect to its respective employees, and each agrees to indemnify and defend the other from any claims brought against the other with respect to such claims.

Section 11.2 Compliance with Laws

MODUS MEDIA understands and acknowledges that, in performing any Services under an INTUIT Order, it may act only on instructions from INTUIT, and shall take appropriate technical and organizational measures against unauthorized or unlawful processing of confidential information and against accidental loss or destruction of, or damage to, confidential information.

MODUS MEDIA shall perform its obligations under this Master Agreement in compliance with all applicable laws and regulations, including Generally Accepted Accounting Principles (GAAP).

Each party acknowledges and agrees that the Software, all documentation and other technical information delivered hereunder ("Technical Data") are subject to export controls imposed by the United States Export Administration Act of 1979, as amended (the "Act") (or any future export control law) and the Export Administration Regulations ("EAR") promulgated thereunder. MODUS MEDIA agrees not to export, reexport, or transmit, directly or indirectly, any Technical Data outside the United States or Canada without complying with the Act and without the prior written consent of the Bureau of Export Administration of the U.S. Department of Commerce, or such other governmental entity as may have jurisdiction over such export or transmission. MODUS MEDIA certifies that neither the Technical Data nor its direct product: (a) is intended to be used for any purpose prohibited under the Act or EAR including, without limitation, nuclear related activities or chemical or biological weapons or missiles; or (b) is intended to be shipped, exported or transmitted, either directly or indirectly to any foreign national or to any foreign destination outside the United States or Canada. This section shall survive any termination or expiration of this Agreement. INTUIT and MODUS MEDIA represent and warrant all products provided to MODUS MEDIA hereunder, including commodities, technology, and software, will be imported or exported in accordance with applicable laws and regulations including specifically U.S. laws and regulations. Diversion contrary to U.S. law is prohibited. Resale or reexport to Iraq, Sudan, Iran, Syria, Cuba, Libya or North Korea is prohibited. Transfer or resale to nuclear, missile, chemical or biological weapons end users or end uses is prohibited. Resale or reexport to Albania, Armenia, Azerbaijan, Belarus, Bulgaria, Cambodia, Estonia, Georgia, Kazakhstan, Kyrgystan, Laos, Latvia, Lithuania, Moldova, Mongolia, People's Republic of China (excluding Hong Kong), Romania, Russia, Tajikstan, Turkmenistan, Ukraine, Uzbekistan, or Vietnam without approval of the U.S. Government is

prohibited. MODUS MEDIA shall subscribe to the publications "Denied Parties, Specifically Designated Nationals" and "The Entity List", (the "Lists") from a qualified service such as OCR. RegData or other regulatory provider approved by INTUIT. All Customer Orders should be screened against said Lists at initiation of order. MODUS MEDIA shall retain documentation, entering the dates of the screenings, the name of the person(s) performing the screenings, and the date of the list used to perform the screening, in an electronic file. This log or file MUST BE MAINTAINED FOR AUDIT PURPOSES for a period of 6 years, after which MODUS MEDIA will notify INTUIT before destroying. If a Customer appears on any of the Lists, MODUS MEDIA shall immediately cancel all pending orders and stop any in-transit shipments to the Customer, to the extent legally possible, and shall promptly notify INTUIT of such Customer.

MODUS MEDIA is responsible for obtaining the required licenses, paying permit fees, duties and customs fee in order to perform its obligations under this contract. INTUIT is responsible for providing MODUS MEDIA with an Export License Requirement Matrix, outlining the commodity Name, ECCN, Schedule B and License Requirement by Country Group for all products and technology being exported. MODUS MEDIA is responsible for preparing and submitting all required documentation in connection with the invoicing of INTUIT products. If MODUS MEDIA delivers products to any customer in accordance with INTUIT's direction, INTUIT agrees to indemnify MODUS MEDIA for any consequent direct or indirect violation of the applicable export control laws. MODUS MEDIA will retain for a

period of 6 years, documents and other evidence sufficient to enable INTUIT to support governmental reviews or audits. MODUS MEDIA further agrees to assist INTUIT, upon request, in any appropriate legal or administrative proceeding regarding the validity of such licenses, fees and taxes.

Section 11.3 Work Product

Work product MODUS MEDIA has developed to provide the Services in this Agreement is the exclusive property of MODUS MEDIA. Information contained within the work product which is INTUIT confidential, relates to INTUIT's customer information, and purchases, and INTUIT inventory standard cost, is the exclusive property of INTUIT and will be surrendered to INTUIT upon demand.

Section 11.4 Validity

If any of the provisions of this Agreement are declared to be invalid, such provisions shall be severed from this Agreement and the surviving provisions shall remain in full force and effect.

Section 11.5 Waiver

A waiver of any default hereunder or of any of the terms and conditions of this Agreement shall not be deemed to be a continuing waiver or a waiver of any other default or of any other term or condition, but shall apply solely to the instance to which such waiver is directed. The exercise of any right or remedy provided in this Agreement shall be without prejudice to the right to exercise any other right or remedy provided by law or equity.

Section 11.6 Assignability

This Agreement shall not be assigned by either party without the prior written consent of the other party, which shall not be unreasonably withheld or delayed; provided that the assignee is of the

same or greater creditworthiness as the assignor. Notwithstanding the preceding sentence, INTUIT and MODUS MEDIA may assign their rights and obligations hereunder to any subsidiary or affiliate or in connection with a merger or other business combination in which it is not the surviving entity, the assignee is a competitor of the nonassigning party. Any such attempted assignment in violation of this provision shall be null and void.

Section 11.7 Governing Law

THE VALIDITY, PERFORMANCE, CONSTRUCTION, AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA, EXCLUDING CONFLICTS OF LAWS PRINCIPLES AND EXCLUDING THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS.

Section 11.8 Dispute Resolution

The parties will attempt in good faith to promptly resolve any controversy or claim arising out of or relating to this Master Agreement or Statement of Work, except for matters pertaining to Intellectual Property, through negotiations between the parties before resorting to other remedies available to them. Any such dispute shall be referred to appropriate senior executives of each party who shall have the authority to resolve the matter. If the senior executives are unable to resolve the dispute within ten (10) business days from the date the senior executives receive notification of the dispute in writing, the parties may by agreement refer the matter to an appropriate forum of alternative dispute resolution ranging from mediation to arbitration. If the parties cannot resolve the matter or if they cannot agree upon an alternative form of dispute resolution, then either party may pursue resolution of the matter through litigation.

Section 11.9 Force Majeure

Neither party shall be liable to the other party for any alleged loss or damages resulting from delays in performance caused by acts of the other party, acts of civil or military authority, governmental priorities, earthquake, fire, flood, epidemic, quarantine, energy crisis, strike, labor trouble, war, riot, accident, shortage, delay in transportation, service outage of a telephone provider or public utility, or any other causes beyond the reasonable control of the party whose performance is so delayed, except that INTUIT shall at all times be responsible for the prompt payment of all of its financial obligations to MODUS MEDIA. If MODUS MEDIA's performance of Services is delayed by Force Majeure, the time for performance shall be extended for the period of Force Majeure.

Section 11.1O Employee Solicitation Prohibited

Each of the parties hereto recognize that the experience, dedication,

and know-how of their employees represents an important, valuable, unquantifiable asset and a significant training investment. Therefore, for the Term of this Master Agreement and for six (6) months after an employee is involved in any work pursuant to or related to this Agreement, neither party may, without the prior written permission of the other party, directly solicit for employment for similar duties as currently performed, any employee of the other party. For purposes of this Section, "directly solicit" shall be defined as a party and/or search firm employed by the party and acting on the party's behalf initiating a discussion with an employee of the other party regarding a job at the soliciting party, and requesting that the employee of the party submit a resume and/or interview for the job. "Directly solicit" shall not be deemed to include public advertising (e.g., in newspapers, trade publications, or

solicitation by independent recruiters).

Section 11.11 Authorized Representatives

Each party shall, at all times, designate one representative who shall be authorized to take any and all action and/or grant any approvals required in the course of performance of this Agreement. Such representations shall be fully authorized to act for and bind such party including the approval of amendments to this Agreement. Until written notice to the contrary (as provided for in Section 14.12), the authorized representatives of the parties are as follows:

For INTUIT:	For MODUS MEDIA:
Dave Kinser	Pat Donnellan
Sr. Vice President	Chief Operating Officer
Intuit Inc.	Modus Media International, Inc.
2535 Garcia Avenue	690 Canton Street
Mountain View, CA 94043	Westwood, MA 02090
Telephone Number 650-944-6656	Telephone Number 781-407-3805
Copy to: Catherine Valentine, General Counsel	Mary L. Wilson, General Counsel

The authorized representative's manager and manager's manager, and any corporate officer shall also have the power to bind the party. No other employee, agent, or representative has the authority to bind the party.

Section 14.13 Notices

Any notice regarding non-performance, breach, termination, or renewal required or permitted to be given under this Master Agreement shall be given in writing and shall be hand delivered or deposited, postage prepaid, registered or certified mail, in the United States or other country's mail, or sent by express delivery, addressed to MODUS MEDIA, or INTUIT, as the case may be, at the address shown below or at such other address as shall be given by either one to the other in writing. All other notices may be sent by regular mail or facsimile. All notices shall be deemed to have been given and received on the earlier of actual delivery or three (3) days from the date of postmark.

For INTUIT:		For Modus Media:
Name	Dave Kinser	Pat Donnellan
Title	Sr. Vice President	President, North America Region
	Intuit Inc.	Modus Media International, Inc.
	2535 Garcia Avenue	690 Canton Street
	Mountain View, CA 94043	Westwood, MA 02090
Copy to: Catherine Valentine, General Counsel		Mary L. Wilson, General Counsel

Section 14.14 Entire Agreement

All parties acknowledge having read this Agreement and agree to be bound by its terms. This Master Agreement and the Schedules and Exhibits attached hereto contain the complete, final and

exclusive statement of the terms of the agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, relating to the subject matter hereof. This Agreement may not be modified except in writing executed by both parties. The terms and conditions of this Agreement shall prevail notwithstanding any conflict with the terms and conditions of any Invoice or other form used by MODUS MEDIA, or any purchase order of any other form used by INTUIT.

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the effective date set forth in Section 1.1:

INTUIT INC.	APPROVED Intuit Legal Dept.
By: /s/ BRIAN FITZGERALD	Date August 30, 1999
Its: Vice President Worldwide Operations	By: /s/ BEVERLY BELLOWS

MODUS MEDIA INTERNATIONAL, INC.

By: /s/ TERENCE M. LEAHY

Its: Chief Executive Officer

EXHIBIT 10.31

EXECUTION ORIGINAL -- JULY 22, 1999

DEED OF LEASE

WATERFRONT I CORPORATION,

A DELAWARE CORPORATION

LANDLORD

INTUIT INC.,
A DELAWARE CORPORATION
TENANT

EXECUTION ORIGINAL -- JULY 22, 1999

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EXECUTION ORIGINAL -- JULY 22, 1999

DEED OF LEASE
REFERENCE PAGE

BUILDING:	44 Canal Center Plaza, Alexandria, Virginia. The Building is part of a four-building office complex (the "Complex") known as "TransPotomac Canal Center".
LANDLORD:	WATERFRONT I CORPORATION, a Delaware corporation
LANDLORD'S ADDRESS:	c/o Canal Center Property Manager, 44 Canal Center Plaza, Alexandria, Virginia 22314, with copies to District Manager, RREEF Management Company, 8280 Greensboro Drive, Suite 550, McLean, Virginia 22102, Attention: Patrick N. Connell, and Alan P. Vollmann, Esquire, Holland & Knight LLP, 2100 Pennsylvania, N.W., Suite 400, Washington, D.C. 20037.
LEASE REFERENCE DATE:	July 27, 1999
TENANT:	INTUIT INC., a Delaware corporation
TENANT'S ADDRESS:	Intuit Inc., 2550 Garcia Avenue, Second Floor, Mountain View, CA 94043, Attention: Heather Macdonald, with copies to Intuit Inc., 2550 Garcia Avenue, Second Floor, Mountain View, CA 94043, Attention: Catherine Valentine, Esq., General Counsel, and Intuit Inc., 44 Canal Center Plaza, Suite 200, Alexandria, VA 22314, Attention: John Wyatt.
PREMISES IDENTIFICATION:	Suite Numbers: 200 and 325. (for outline of Premises see Exhibit A)
PREMISES RENTABLE AREA:	approximately 34,636 sq. ft., of which 28,817 sq. ft. is on the second floor and 5,819 is on the third floor
SCHEDULED COMMENCEMENT DATE:	January 15, 2000

SCHEDULED TERMINATION DATE:	February 28, 2010 unless terminated earlier or extended pursuant to this Lease
TERM OF LEASE:	One hundred twenty-one (121) months beginning on the Commencement Date and continuing for one hundred twenty-one (121) full calendar months thereafter (unless terminated earlier or extended pursuant to this Lease), it being understood that if the Commencement Date is not the first day of a month, the Term shall include the number of days from and after the Commencement Date through and including the last day of the month in which the Commencement Date occurs.
LEASE YEAR:	The twelve-month period beginning

	on the first day of the first full month after the Commencement Date; however, if the Commencement Date is not the first day of a month, the first Lease Year shall include the number of days from and after the Commencement Date through and including the last day of the month in which the Commencement Date occurs.
INITIAL ANNUAL RENT (Article 3):	$978,467.00
INITIAL MONTHLY INSTALLMENT OF ANNUAL RENT (Article 3):	$ 81,538.92
ANNUAL ESCALATION OF ANNUAL RENT:	Commencing on the first day of the second Lease Year, and on the first day of each Lease Year thereafter, Annual Rent shall be escalated as follows:

<TABLE>
<CAPTION>

LEASE YEAR	ANNUAL RENT	MONTHLY INSTALLMENT OF ANNUAL RENT
<S> <C>	<C>	<C>
2	$1,007,821.01	$ 83,985.08
3	$1,038,055.64	$ 86,504.64
4	$1,069,197.31	$ 89,099.78
5	$1,101,273.23	$ 91,772.77
6	$1,134,311.43	$ 94,525.95
7	$1,168,340.77	$ 97,361.73
8	$1,203,390.99	$100,282.58
9	$1,239,492.72	$103,291.06
10	$1,276,677.50	$106,389.79
11	$1,314,977.82	$109,581.49
(prorated)	(prorated)	(prorated)

</TABLE>

BASE YEAR:	Calendar year 2000
TOTAL SQUARE FOOTAGE OF BUILDING FOR EXPENSE PASS-THROUGHS:	162,901 rentable square feet
TENANT'S PROPORTIONATE SHARE:	21.26%
SECURITY DEPOSIT:	$81,538.92
ASSIGNMENT/SUBLETTING FEE:	$ 750.00
REAL ESTATE BROKERS DUE COMMISSION:	Trammell Crow Real Estate Services, Inc, and Insignia/ESG
BUSINESS HOURS:	Monday - Friday, 8:00 a.m. - 6:00 p.m. Saturday - 8:00 a.m. - 1:00 p.m.
RENEWAL OPTION:	See Section 2.4 of this Lease.
TERMINATION OPTION:	See Section 2.5 of this Lease.
RIGHT OF FIRST OFFER:	See Section 2.6 of this Lease.
RENT ABATEMENT:	See Section 3.3 of this Lease.

The Reference Page information is incorporated into and made a part of the Lease. In the event of any conflict between any Reference Page information and the Lease, the Lease shall control. This Lease includes Exhibits A through F, all of which are made a part of this Lease.

LANDLORD:	TENANT:

WATERFRONT I CORPORATION, a Delaware corporation	INTUIT INC., a Delaware corporation
By: Trammell Crow Real Estate Services, Inc. Authorized Agent	
By: /s/ SPENCER R. STOUFFER ----------	By: /s/ GREG SANTORA ----------
Name: Spencer R. Stouffer Title: Senior Vice President	Name: Greg Santora Title: Chief Financial Officer Senior Vice President of Finance & Corporate Services, Intuit Inc.
Dated: July 27, 1999	Dated: July 26, 1999

EXECUTION ORIGINAL -- JULY 22, 1999

DEED OF LEASE

By this Lease Landlord leases to Tenant and Tenant leases from Landlord the Premises in the Building as set forth and described on the Reference Page. The Reference Page, including all terms defined thereon, is incorporated as part of this Lease.

1. USE AND RESTRICTIONS ON USE

1.1 The Premises are to be used for general office purposes, including a data center, and any other ancillary office uses legally permitted. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or unreasonably interfere with the rights of other tenants or occupants of the Building or injure, annoy, or unreasonably disturb them or allow the Premises to be used for any improper, immoral, unlawful, or objectionable purpose. Tenant shall not do, permit or suffer in, on, or about the Premises the sale of any alcoholic liquor without the written consent of Landlord first obtained, or the commission of any waste. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and its occupancy and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or in connection with, the Premises, all at Tenant's sole expense; provided, however, that: (i) Tenant shall not be obligated to correct or abate any violations of any laws, ordinances or regulations applicable to the Premises which were in effect as of the Commencement Date, except insofar as such violations relate to the Tenant Improvements, but Tenant shall be obligated (subject to clause (ii) (C) below and the sentence which immediately follows clause (ii) (C) below) to correct or abate any violations of any laws, ordinances or regulations applicable to the Premises where such laws, ordinances or regulations are enacted or otherwise take effect or are amended after the Commencement Date and (ii) Tenant shall not be required to perform any changes to the Premises or any portion thereof at any time unless such changes are triggered by: (A)Tenant's alterations under Article 6 below or (B) Tenant's particular use of the Premises (as opposed to Tenant's use of the Premises for general office purposes) or (C) any laws, ordinances or regulations applicable to the Premises only or to Tenant's use thereof which are enacted or are amended after the Commencement Date. Landlord shall implement changes to the Building structure or Building systems triggered by any laws, ordinances or regulations which are enacted or are amended after the Commencement Date and which apply to the Building as a whole and not to the Premises specifically or specifically to Tenant's use thereof. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way materially increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof, provided, however, that as to activities of the Tenant on or about the Premises that increase the rate of insurance obtained by Landlord in connection with the operation of the Building, Tenant shall receive notice from Landlord that such activities have increased Landlord's rate of insurance and Tenant shall either (i) pay Landlord the increase in rate of insurance in a lump sum within ten (10) days of demand therefor or (ii) terminate such activities on or about the Premises.

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1.2 Tenant shall not, and shall not direct, suffer or permit any of its agents, contractors, employees, licensees or invitees to at any time handle, use, manufacture, store or dispose of in or about the Premises or the Building any (collectively "Hazardous Materials") flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively

"Environmental Laws"), nor shall Tenant suffer or permit any Hazardous Materials to be used in any manner not fully in compliance with all Environmental Laws, in the Premises or the Building and appurtenant land or allow the environment to become contaminated with any Hazardous Materials. Notwithstanding the foregoing, upon written notice to Landlord and subject to Landlord's prior consent (except with respect to those items listed on the attached Exhibit F, to which Landlord is deemed to have consented), Tenant may handle, store, use or dispose of products containing small quantities of Hazardous Materials (such as aerosol cans containing insecticides, toner for copiers, paints, paint remover and the like) to the extent customary and necessary for the use of the Premises for general office purposes; provided that Tenant shall always handle, store, use, and dispose of any such Hazardous Materials in a safe and lawful manner and never allow such Hazardous Materials to contaminate the Premises, Building, appurtenant land or the environment. Tenant shall protect, defend, indemnify and hold each and all of the Landlord Entities (as defined in Article 30) harmless from and against any and all loss, claims, liability or costs (including court costs and reasonable attorney's fees) incurred by reason of: (i) any actual or asserted failure of Tenant to fully comply with all applicable Environmental Laws; or (ii) the presence, handling, use or disposition in or from the Premises of any Hazardous Materials by Tenant, its agents, employees or invitees (even though permissible under all applicable Environmental Laws or the provisions of this Lease); or (iii) by reason of any actual or asserted failure of Tenant to keep, observe, or perform any provision of this Section 1.2.

2. TERM

2.1 The Term of this Lease shall begin on the date ("Commencement Date") which shall be the later of the Scheduled Commencement Date as shown on the Reference Page and the date that Landlord shall tender possession of the Premises to Tenant. Landlord shall tender possession of the Premises with all the work to be performed by Landlord pursuant to Exhibit B to this Lease substantially completed. Tenant shall deliver a punch list of items not completed within 30 days after Landlord tenders possession of the Premises, and Landlord agrees to proceed with due diligence to perform its obligations regarding such items. Landlord and Tenant shall execute a memorandum in the form of Exhibit D attached hereto and made a part hereof setting forth the actual Commencement Date and the actual Termination Date. Failure to execute such memorandum shall not affect the Commencement Date or the Termination Date.

2.2 Tenant agrees that in the event of the inability of Landlord to deliver possession of the Premises on the Scheduled Commencement Date, except as provided in the last sentence of this Section 2.2, Landlord shall not be liable for any damage resulting from such inability, but

Tenant shall not be liable for any Annual Rent or Additional Rent until the time when Landlord can, after notice to Tenant, deliver possession of the Premises to Tenant. No such failure to give possession on the Scheduled Commencement Date shall affect the other obligations of Tenant under this Lease, except that if Landlord is unable to deliver possession of the Premises by July 7, 2000 (other than as a result of a (A) a Force Majeure Event (as hereinafter defined) or (B) the failure of Metropolitan Washington Airports Authority ("MWAA") to vacate the Premises it leases in the Building pursuant to a certain Office Lease, dated as of March 6, 1989, as amended (the "MWAA Lease"), some portion of which premises leased by MWAA constitutes the Premises), Tenant shall have the option to terminate this Lease unless said delay is as a result of any Tenant Delay, as such term is defined in Exhibit B attached hereto and made a part hereof by this reference. If any delay is the result of any Tenant Delay, the Commencement Date and the payment of Annual Rent and Additional Rent (if applicable) under this Lease shall be accelerated by the number of days of such delay. In the event the Premises do not attain substantial completion by January 31, 2000, and such delay is not caused by a Force Majeure Event or a Tenant Delay, Landlord shall provide an abatement of Annual Rent in the amount of One Thousand Dollars ($1,000) per day for each day after January 31, 2000, until substantial completion is attained. Without limiting the foregoing, the failure of MWAA to vacate the premises it leases in the Building which results in the Premises not attaining substantial completion by January 31, 2000 shall entitle Tenant to the foregoing abatement of Annual Rent. Provided no Event of Default (as hereinafter defined) shall have occurred and be continuing, said abatement shall be applied beginning with the Monthly Installment of Annual Rent due and payable for the third full calendar month after the Commencement Date.

As used herein, a "Force Majeure Event" shall mean any delays due to strikes, lockouts, casualties, riots, acts of God, shortages of labor or materials, war, governmental laws, controls, regulations or restrictions, or any other cause whatsoever beyond the reasonable control of the party hereto which is asserting the Force Majeure Event as a reason for delay in such party's performance under this Lease, or failure by such party to perform as required by this Lease.

2.3 In the event Landlord shall permit Tenant to occupy the Premises prior to the Commencement Date, such occupancy shall be subject to all the provisions of this Lease. In the event Landlord permits Tenant to enter the

Premises prior to the Commencement Date for purposes set forth in Exhibit B, then such entry shall be subject to all provisions of this Lease except the payment of Annual Rent and Additional Rent, other than the amounts of Additional Rent required to be paid under Exhibit B. Said early possession shall not advance the Termination Date.

2.4 Tenant shall have, and is hereby granted, an option to renew or extend the Term of the Lease for the Premises as it is constituted as of the date Tenant gives Landlord Tenant's Renewal Notice (as hereinafter defined) for one (1) additional period of sixty (60) months (such additional period being, hereinafter referred to as the "Renewal Term"). Tenant's renewal right is subject to the following terms and conditions:

(i) This renewal option shall be exercisable by Tenant by giving written notice to Landlord of Tenant's intention to exercise such renewal option not more than twelve (12) months, but not later than nine (9) months, before the expiration of the initial Term ("Tenant's

Renewal Notice"). If Tenant shall fail to exercise the renewal option at the time and in the manner hereinabove provided or should Tenant fail to execute an addendum to this Lease in the time and manner hereinafter set forth (except as such time may be modified in subsection (ii) below where brokers are used to determine Market Rent), this renewal right, at the sole option of Landlord, shall be rendered void and of no force or effect, and Tenant shall have no further right to extend or renew the Term. Landlord and Tenant shall negotiate for a period of ten (10) business days after the date of Tenant's Renewal Notice (the "Negotiation Period") an addendum to this Lease setting forth the terms of the renewal and Tenant shall execute such addendum, if at all, fifteen (15) days after the end of the Negotiation Period, subject, however to the provisions for determining Market Rent using three brokers as set forth immediately below.

(ii) The Annual Rent payable during the Renewal Term shall be one hundred percent (100%) of the then current Market Rent as of the commencement of such Renewal Term. As used herein, "Market Rent" shall be the fixed annual rent for space of equivalent quality, size, utility and location, taking into account the following: (1) the length of the Renewal Term; (2) the credit-standing of Tenant; and (3) the amount of tenant concessions being offered by landlords of similarly situated first-class office buildings in Alexandria, Virginia for lease renewals and the operating cost reimbursements and escalations then being charged by such landlords. If Landlord and Tenant do not agree on the then current Market Rent for the Renewal Term within ten (IO) business days following Landlord's receipt of Tenant's Renewal Notice, the Market Rent shall be determined as follows:

The Market Rent shall be determined by a group of three (3) real estate brokers, one of whom shall be selected by Landlord, one of whom shall be selected by Tenant, and the two so appointed shall select a third. Said brokers shall each be licensed in Virginia as real estate brokers specializing in the field of commercial leasing, having at least five (5) years' experience as such in the Northern Virginia area, and recognized as ethical and reputable within their field. Landlord and Tenant agree to make their appointments within ten (10) days following the expiration of the aforementioned ten (10) business day period. The two brokers selected by Landlord and Tenant shall promptly select a third broker who shall have the same qualifications and who shall not have represented either Landlord or Tenant in the Washington metropolitan area within the last five (5) years. If the two brokers are unable to agree upon a third broker within five (5) days after they have both accepted their appointment, the parties shall ask the Northern Virginia Association of Realtors to appoint such third broker, and the broker so appointed shall be the third broker involved in determining Market Rent. Within five (5) days after the third broker is selected, each of the three brokers shall submit their respective determination of Market Rent. Market Rent shall be the mean of the two closest determinations and shall be binding on Landlord and Tenant. Landlord and Tenant shall pay the costs and expenses of the broker selected by each of them and shall share equally the costs and expenses of the third broker. Within five (5) days following the determination of Market Rent, Landlord and Tenant shall execute an addendum to this Lease memorializing the same and all other terms of the renewal which addendum shall be in form and substance substantially identical to that negotiated during the Negotiation Period except as to the amount of Annual Rent.

(iii) All references in this Lease to the Term shall be construed to mean both the initial Term and the Renewal Term, if Tenant has exercised its renewal option and the Renewal Term commences, unless the context clearly indicates that another meaning is intended.

(iv) The renewal option may not be exercised by Tenant, if at the time specified for exercising such renewal option and/or at the date such Renewal Term is to begin, (A) this Lease shall not be in full force and effect, or (B)

Tenant shall not be in actual possession of at least seventy-five percent (75%) of the Premises, or (C) an Event of Default (as hereinafter defined) shall have occurred and be continuing. If Tenant shall not be entitled to exercise such option because of the foregoing provisions of this subsection, such renewal option, at the sole option of Landlord, shall be deemed void and of no force and effect. This renewal option is personal to Tenant and its Permitted Assignee (as hereinafter defined) and will not benefit any subtenant of the Premises or any assignee of this Lease, whether or not Landlord has approved such sublease or assignment.

(v) The renewal of this Lease shall be on the same terms and conditions as set forth in this Lease except for Annual Rent, the renewal rights set forth in this Section 2.4, and the termination right set forth in Section 2.5. To the extent that Tenant has exercised its right of first offer to lease Additional Space under Section 2.6 with respect to the Covenant Space (as hereinafter defined in Section 2.6), then any renewal of this Lease shall also be subject to the Tenant's compliance with the Covenants.

2.5 Subject to the provisions of Section 2.6(v) below as respects any Covenant Space (as hereinafter defined) which Tenant elects to lease, Tenant shall have the one-time right to terminate this Lease on the first business day of the seventy-third (73rd) full month of the Term, provided the following conditions are satisfied: (i) Tenant shall give written notice to Landlord Of Tenant's intention to terminate this Lease at least twelve (12) months prior to the effective date of termination ("Tenant's Termination Notice"); (ii) upon the date Tenant's Termination Notice is given, Tenant shall pay to Landlord in cash an amount equal to three Monthly Installments of Annual Rent as escalated as of the sixth Lease Year (the "Termination Fee"); and (iii) no Event of Default (as hereinafter defined) shall have occurred and be continuing under this Lease at the time of the exercise of this option. This termination option is personal to Tenant and its Permitted Assignee (as hereinafter defined) and will not benefit any subtenant of the Premises or any assignee of this Lease, whether or not Landlord has approved such sublease or assignment. In the event that Tenant gives Landlord Tenant's Termination Notice in the manner and time set forth above, but does not pay Landlord the Termination Fee at the time of giving the Tenant's Termination Notice, then the exercise by Tenant of the option to terminate shall be rendered void and of no effect and this Lease shall continue in full force and effect. In the event Tenant provides Tenant's Termination Notice, then from and after the date of such Tenant's Termination Notice, Tenant's right of first offer set forth in Section 2.6 below shall terminate.

2.6 Tenant shall have a right of first offer to lease any space becoming available on the River Level as more particularly shown on the attached Exhibit E, the third floor of the Building, and the first floor of the Building (collectively, the "Available Space"). As used herein, the term "Available Space" shall mean: (A) any space which is not then subject to any right or option to renew or extend held by another tenant of the Building or the Complex; and (B) any space which

is then subject to a right or option to renew or extend but where the tenant has irrevocably waived such right or option or otherwise indicated irrevocably, finally and in a writing delivered to Landlord its intent not to renew or extend; and (C) any space which is not then subject to any right of expansion, right of first refusal or right of first offer held by another tenant of the Building or the Complex; and (D) any space which is then subject to a right of expansion, right of first refusal or right of first offer which arises out of any lease now in effect at the Complex but where the tenant has irrevocably waived such right(s) or otherwise irrevocably and finally indicated its intent in a writing delivered to Landlord not to exercise such night(s). Anything to the contrary contained herein notwithstanding, Available Space shall not be deemed to include any space currently leased by MWAA on the first and third floors of the Building (which is to be vacated this year) until such time that the tenant or tenants immediately succeeding the MWAA in such space vacate such space, nor shall it include any space that is proposed to be sublet or assigned by such immediately succeeding tenant or tenants (whether or not Landlord's consent is required in connection with such assignment or subletting). Tenant's rights under this Section 2.6 are subject to the following terms and conditions:

(i) Landlord shall inform Tenant the date when Landlord reasonably believes the Available Space will become available to lease and that Landlord intends to lease the Available Space. Landlord shall specify the amount of the Available Space and the financial terms upon which the Available Space is being offered to prospective tenants, which terms Landlord believes to be the then market rate terms for a lease of the Available Space based upon Landlord's knowledge of the commercial leasing market for Alexandria, Virginia. If Tenant desires to lease the Available Space, Tenant must lease such Available Space in its entirety in "AS IS" condition as of the date Landlord gives Tenant notice of the availability of the Available Space. Tenant shall have ten (10) business days after its receipt of such notification to inform Landlord that it will lease the Available Space upon the terms offered by Landlord. Should Tenant fail to inform Landlord whether or not Tenant intends to lease the Available Space within the aforementioned ten (10) business days, then Tenant's right to lease

the Available Space shall expire, and Landlord shall be free to lease such space to any third party upon terms Landlord deems appropriate for a period of six (6) months from the expiration of such ten (10) business day period. In the event that Landlord has not executed a letter of intent with a prospective tenant for such Available Space by the end of the aforesaid six (6) month period, then Landlord shall once again give Tenant notice of the Available Space, specifying the amount of the Available Space and the financial terms upon which the Available Space is then being offered to prospective tenants. If Tenant desires to lease the Available Space, Tenant must lease such Available Space in its entirety in "AS IS" condition as of the date Landlord gives Tenant notice of the availability of the Available Space.

(ii) The Annual Rent payable for any Available Space shall be one hundred percent (100%) of the then current Market Rent determined as of the commencement of the term for the Available Space leased, provided, however, the term for such Available Space shall be coterminous with the Term of this Lease, subject, however, to the provisions of (iii) below. If Tenant desires to exercise its right to lease the Available Space and so notifies Landlord within the ten (10) business day period set forth in (i) above, but Tenant does not agree with Landlord's determination of the then current Market Rent for the Available Space and Tenant so notifies Landlord within ten (10) business days following Tenant's receipt of Landlord's notice of the

availability of, and the financial terms for the lease of, the Available Space, then the Market Rent shall be determined in accordance with Section 2.4(ii) above.

(iii) The term of lease for the Available Space shall commence on the date that Landlord delivers the Available Space to Tenant for occupancy (the "AS Commencement Date") and shall expire upon the expiration of the Term, unless Landlord and Tenant agree otherwise. Notwithstanding the foregoing, Tenant acknowledges that if the Term of this Lease has less than forty-eight (48) months remaining as of the AS Commencement Date, Landlord shall have no obligation to lease such Available Space to Tenant for a term of less than forty-eight (48) months. If Tenant desires to lease such Available Space, Tenant must accept it for a term of no less than forty-eight (48) months, notwithstanding that the fact that such term would not be coterminous with the Term of this Lease. The termination option in Section 2.5 of this Lease shall not be applicable to the lease of the Available Space.

(iv) Tenant shall have the right to additional permits for unreserved parking spaces at a ratio of two (2) parking permits per 1,000 square feet of rentable area contained in the Available Space, upon the then applicable rates for such permits, and subject to the terms of this Lease regarding rights to parking permits.

(v) With respect to Available Space on (a) the River Level as shown on the attached Exhibit E, and (b) certain portions of the first floor of the Building, each of which space described in (a) and (b) above is vacant as of the Lease Commencement Date, Tenant shall have the right to lease such River Level and first floor space only after it has initially been leased to a tenant and such tenant's lease has expired or terminated. Tenant acknowledges that Available Space on the River Level and certain space which may become Available Space on the first floor level of the Building (the "Covenant Space") are each subject to certain leasing restrictions imposed by recorded covenants (the "Covenants") affecting the Complex and that the Covenant Space may not be available for office leasing in the future, or if such Covenant Space is available for office leasing, the term of the lease therefor may be limited by the Covenants. If Covenant Space becomes Available Space, Landlord shall advise Tenant of any restrictions imposed by the Covenants, and shall provide Tenant with a copy of the Covenants, and if Tenant desires to lease such Covenant Space, the lease thereof shall be subject to the Covenants, notwithstanding anything to the contrary in this Lease, including, without limitation, Sections 2.1 and 2.5 hereof.

(vi) After Landlord and Tenant have agreed upon Market Rent for the Available Space, Landlord shall prepare and submit to Tenant an addendum to this Lease incorporating such Available Space and the economic terms of the leasing thereof. Except as otherwise set forth in such addendum, Tenant's lease of the Available Space shall otherwise be upon the same terms and conditions of this Lease, it being understood that the terms of this Lease shall not change except to the extent necessary to reflect the Market Rent agreed upon by Landlord and Tenant. Landlord and Tenant shall negotiate the terms of such addendum, to the extent necessary, for a period of ten (10) business days and thereafter, the addendum shall be executed by Tenant within ten (10) business days of Tenant's receipt of same from Landlord. In the event such addendum is not executed by Tenant within ten (10) business days of Tenant's receipt thereof, then, at Landlord's sole option, Tenant's rights to lease the Available Space, shall be null and void and of no further force and effect.

(vii) This right of first offer may not be exercised by Tenant, if at the time specified for exercising such right or at any time thereafter until the date the occupancy of the Available Space is to begin: (A) this Lease shall not be in full force and effect, or (B) an Event of Default (as hereinafter defined) shall have occurred under this Lease and be continuing, or (C) Tenant shall have given Landlord the Tenant's Termination Notice as set forth in Section 2.5 hereof. If Tenant shall not be entitled to exercise this right of first offer because of the foregoing provisions (A) and/or (B) immediately hereinabove, such option shall, at the sole option of Landlord, be rendered void and of no force and effect. This right of first offer is personal to Tenant and its Permitted Assignee (as hereinafter defined) and will not benefit any subtenant of the Premises or any assignee of this Lease, whether or not Landlord has approved such sublease or assignment.

3. RENT

3.1 Tenant agrees to pay to Landlord the Annual Rent in effect from time to time by paying the Monthly Installment of Annual Rent then in effect on or before the first day of each full calendar month during the Term, except that the first Monthly Installment of Annual Rent shall be paid upon the execution of this Lease. The Monthly Installment of Annual Rent in effect at any time shall be one-twelfth of the Annual Rent in effect at such time. The amount of Annual Rent due for any period during the Term which is less than a full month shall be a prorated portion of the Monthly Installment of Annual Rent based upon a thirty (30) day month. All Annual Rent and Additional Rent shall be paid to Landlord, without deduction or offset and without notice or demand, at Landlord's address, as set forth on the Reference Page, or to such other person or at such other place as Landlord may from time to time designate by written notice to Tenant. sent to Tenant not later than thirty (30) days prior to the date the next Monthly Installment of Annual Rent is due, except in the case of a sale or other transfer of the Building by Landlord, in which event such notice from Landlord may be sent to Tenant not later than fifteen (15) days prior to the date the next Installment of Annual Rent is due.

3.2 Tenant recognizes that late payment of any Annual Rent, Additional Rent or other sum due under this Lease will result in administrative expense to Landlord, the extent of which additional expense is extremely difficult and economically impractical to ascertain. Tenant therefore agrees that if Annual Rent, Additional Rent or any other sum is not paid when due and payable pursuant to this Lease, a late charge shall be imposed in an amount equal to the greater of: (a) Fifty Dollars ($50.00), or (b) a sum equal to five percent (5%) per month of the unpaid amount of Annual Rent or Additional Rent or other payment; provided, however, that the first time such an Annual Rent and/or Additional Rent payment is late in any calendar year during the Term, Landlord shall not impose such late charge on Tenant unless and until Tenant shall have failed to pay the Annual Rent payment and/or the Additional Rent payment within five (5) days after receipt of notice from Landlord notifying Tenant of the delinquent payment. The amount of the late charge to be paid by Tenant shall be reassessed and added to Tenant's obligation for each successive monthly period until paid. In addition, after the occurrence of an Event of Default (as hereinafter defined) with respect to the payment of Monthly Installments of Annual Rent or Additional Rent to Landlord, such past-due and unpaid amounts shall bear interest ("Default Interest") at the rate per annum which is two percent (2%) higher than the "prime rate" then being charged by The Northern Trust Company of Chicago, Illinois from the date of the

occurrence of the Event of Default until the Event of Default is fully cured; provided, however, that nothing contained herein shall be construed as permitting Landlord to charge or receive interest in excess of the maximum legal rate then allowed by law. Such late charge and Default Interest shall constitute Additional Rent. The provisions of this Section 3.2 in no way relieve Tenant of the obligation to pay Annual Rent, Additional Rent or other payments on or before the date on which they are due, nor do the terms of this Section 3.2 in any way affect Landlord's remedies pursuant to Article 19 of this Lease in the event said Annual Rent, Additional Rent or other payment is unpaid after the date due.

3.3 Provided no Event of Default shall have occurred and be continuing, Landlord shall abate and forgive the Monthly Installment of Annual Rent due and payable for the second fall calendar month of the first Lease Year.

4. RENT ADJUSTMENTS

4.1 Except as otherwise provided herein, any sums of money due and payable by Tenant to Landlord under this Lease other than Annual Rent shall be considered "Additional Rent". For the purpose of this Article 4, the following terms are defined as follows:

4.1.1 [intentionally omitted]

4.1.2 Direct Expenses: All direct costs of operation, maintenance, repair and management of the Building (including the amount of any credits which Landlord may grant to particular tenants of the Building in lieu of providing any standard services or paying any standard costs described in this Section 4.1.2 for similar tenants), as determined in accordance with generally accepted accounting principles, including the following costs by way of illustration, but not limitation: water and sewer charges; insurance charges of or relating to all insurance policies and endorsements deemed by Landlord to be reasonably necessary or desirable and relating in any manner to the protection, preservation, or operation of the Building or any part thereof, utility costs, including, but not limited to, the cost of heat, light, power, steam, gas, and waste disposal; the cost of janitorial services; the cost of security and alarm services; window cleaning costs; the reasonable costs and expenses of managing the Building including management fees in an amount not to exceed management fees generally charged by landlords of similarly situated first-class office buildings in Alexandria, Virginia; air conditioning maintenance costs; elevator maintenance fees and supplies; material costs; equipment costs including the cost of maintenance, repair and service agreements and rental and leasing costs; purchase costs of equipment other than capital items; current rental and leasing costs of items which would be amortizable capital items if purchased; tool costs; licenses, permits and inspection fees; labor costs and wages and salaries for employees of the Building at a level not higher than Senior Property Manager (allocated, to the extent necessary if such employees service a building or buildings other than the Building); employee benefits and payroll taxes for employees of the Building at a level not higher than Senior Property Manager; accounting and legal fees (but not legal or accounting fees incurred in connection with lease negotiations or litigation or arbitration with tenants)); any sales, use or service taxes incurred in connection therewith; and the management fee and garage expenses charged by the garage manager to Landlord either directly or through a netting out of such fee and expenses from the

proceeds of operation of the garage otherwise payable to Landlord. Tenant understands that the Building is operated as part of the Complex and that certain costs of operation of the Complex are allocated amount the Building and other buildings in the Complex. In addition, Landlord shall be entitled to amortize and include as Additional Rent: (i) an allocable portion of the cost of capital improvement items which are reasonably calculated to reduce operating expenses, but only to the extent such costs reduce operating expenses; and (ii) other capital expenses which are required under any governmental laws, regulations or ordinances which were not applicable to the Building as of the Commencement Date. All such costs shall be amortized over the reasonable life of such improvements in accordance with such reasonable life and amortization schedules as shall be determined by Landlord in accordance with generally accepted accounting principles, with interest on the unamortized amount at one percent (1%) in excess of the prime lending rate announced from time to time as such by The Northern Trust Company of Chicago, Illinois. Notwithstanding anything to the contrary in this Section 4.1.2, Direct Expenses shall not include any of the following: (i) debt service; (ii) rental under any ground lease; (iii) the cost of decorating, painting or improving for tenant occupancy any portions of the Building to be demised to other tenants; (iv) real estate brokers' or other leasing commissions; (v) depreciation on the Building or equipment or systems therein; (vi) Taxes (as defined in Section 4.1.3) to the extent paid to Landlord under Section 4.2; (vii) the cost of any repairs, improvements, alterations or equipment which would be properly classified as capital expenditures according to generally accepted accounting principles (except for any capital expenditures expressly included in Direct Expenses pursuant to this Section 4.1.2); (viii) wages, salaries or other compensation paid to any executive employees of Landlord or of Landlord's agents above the level of Senior Property Manager; (ix) advertising and promotional expenditures; (x) penalties or other costs incurred due to a violation by Landlord, as determined by written admission, stipulation, final judgment or arbitration award, of any of the terms and conditions of this Lease or any other lease relating to the Building, provided, however, Direct Expenses may include any amounts incurred in connection with curing such violation that would have been incurred whether or not such violation had occurred; (xi) costs of repairs or replacements incurred by reason of fire or other casualty but only to the extent Landlord is actually reimbursed therefor from insurance proceeds and excluding any deductible amounts; (xii) costs, penalties or fines incurred by Landlord due to any act or omission of Landlord in violation of any applicable governmental law, requirement or order, but only to the extent that such violation was not directly caused by Tenant or any of its employees, agents or contractors, provided, however, Landlord may include in Direct Expenses any amounts incurred in connection with curing such violation which would have been incurred whether or not such violation had occurred; (xiii) overhead and profit increments paid to subsidiaries or affiliates of Landlord for management or other services on or to the Building or for supplies or other materials to the extent that the cost of the services, supplies or other materials exceeds the amounts payable to a non-affiliate of Landlord providing the same level of goods and services in the same quantities in the Alexandria, Virginia area; (xiv) all direct costs of

refinancing, selling or exchanging the Building, including broker commissions, attorneys' fees and closing costs; (xv) Landlord's general corporate office overhead and administrative expenses; (xvi) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature (except equipment that is not affixed to the Building and is used in providing janitorial services and except capital expenditures otherwise permitted above under this Section 4.1.2); (xvii) the costs incurred in the

removal, abatement or other treatment of any asbestos present in the Building as of the Lease Commencement Date in violation of law or introduced into the Building by Landlord in violation of law; (xviii) any expense for which Landlord is actually directly reimbursed by a tenant or other party; and (xix) the cost of services made available to any tenant in the Building but not to Tenant.

4.1.3 Taxes: Real estate taxes and any other taxes, charges and assessments which are levied with respect to the Building or the land appurtenant to the Building, or with respect to any improvements, fixtures and equipment or other property of Landlord, real or personal, located in the Building and used in connection with the operation of the Building and said land, any payments to any ground lessor in reimbursement of tax payments made by such lessor; and all fees, expenses and costs incurred by Landlord in the exercise of its good faith judgment to investigate, protest, contest or in any way seek to reduce or avoid increase in any assessments, levies or the tax rate pertaining to any Taxes to be paid by Landlord in any calendar year. Taxes shall not include any corporate franchise, or estate, inheritance or net income tax, or tax imposed upon any transfer by Landlord of its interest in this Lease or the Building.

4.2 If in any calendar year, Taxes for the Building exceed Taxes incurred by Landlord for the Building for the Base Year or Direct Expenses for the Building exceed Direct Expenses for the Building for the Base Year, Tenant shall pay its Proportionate Share of any such excess as Additional Rent for such calendar year. Provided no Event of Default shall have occurred and be continuing, Landlord shall abate and forgive the Additional Rent attributable to Tenant's Proportionate Share for Direct Expenses and Taxes for the period from January 1, 2000, until the first day of the second Lease Year.

4.3 The annual determination of Direct Expenses shall be made by Landlord and certified by a nationally recognized firm of public accountants selected by Landlord. Such annual determination of Direct Expenses shall be binding upon Landlord and Tenant unless Tenant exercises its audit right in the time and manner set forth hereinafter. Tenant, at its sole expense, shall have the right to audit the books and records supporting such determination in the office where the books and records are maintained by Landlord, or Landlord's agent, during normal Business Hours, provided that the following conditions are met: (A) Tenant has given Landlord written notice of Tenant's determination to conduct such audit and such written notice has been given within ninety (90) days after receipt of the annual determination of Direct Expenses, but in no event shall Tenant give such notice more often than once in any one year period; (B) such audit shall be conducted only by an independent "big five" certified accounting firm or other independent accounting firm hired by Tenant and reasonably acceptable to Landlord and the compensation to be paid by Tenant to such firm is based upon a per-hour rate or flat fee basis. If Tenant's audit reveals a discrepancy in Tenant's favor of five percent (5%) or more in the aggregate of the amount of Direct Expenses, Landlord shall pay the reasonable auditing expenses incurred by Tenant and, in all events, credit the amount of any discrepancy in Tenant's favor to the next Monthly Installment of Annual Rent coming due under this Lease. If Tenant's audit reveals a discrepancy of less than five percent (5%) in the aggregate of the amount of Direct Expenses in Tenant's favor, then Tenant shall pay Landlord for Landlord's reasonable costs in preparing for such audit. In the event that during all or any portion of any calendar year, the Building, is not fully rented and occupied, Landlord shall exercise good faith in making any

appropriate adjustment in occupancy-related Direct Expenses for such year for the purpose of avoiding distortion of the amount of such Direct Expenses to be attributed to Tenant by reason of variation in total occupancy of the Building, by employing sound accounting and management to determine Direct Expenses that would have been paid or incurred by Landlord had the Building been fully rented and occupied, and the amount so determined shall be deemed to have been Direct Expenses for such calendar year.

4.4 Prior to the actual determination thereof for a calendar year, Landlord may from time to time estimate Tenant's liability for Direct Expenses and/or Taxes under Section 4.2, Article 6 and Article 28 for the calendar year or portion thereof. Landlord will give Tenant not less than thirty (30) days advance written notification of the amount of such estimate and Tenant agrees

that it will pay, by increase of its Monthly Installments of Annual Rent due in such calendar year, Additional Rent in the amount of such estimate. Any such increased rate of Monthly Installments of Annual Rent pursuant to this Section 4.4 shall remain in effect until further written notification to Tenant (not less than thirty (30) days) pursuant hereto.

4.5 When the above mentioned actual determination of Tenant's liability for Direct Expenses and/or Taxes is made for any calendar year and when Tenant is so notified in writing then:

4.5.1 If the total Additional Rent Tenant actually paid pursuant to Section 4.3 on account of Direct Expenses and/or Taxes for the calendar year is less than Tenant's liability for Direct Expenses and/or Taxes, then Tenant shall pay such deficiency to Landlord as Additional Rent in one lump sum within thirty (30) days of receipt of Landlord's bill therefor; and

4.5.2 If the total Additional Rent Tenant actually paid pursuant to Section 4.3 on account of Direct Expenses and/or Taxes for the calendar year is more than Tenant's liability for Direct Expenses and/or Taxes, then Landlord shall credit the difference against the next due payments to be made by Tenant under this Article 4 (or with respect to the final year of the Term, refund the difference to Tenant within thirty (30) days after a final determination of Tenant's liability for Direct Expenses and Taxes). Tenant shall not be entitled to a credit by reason of actual Direct Expenses and/or Taxes in any calendar year being less than the Direct Expenses and/or Taxes in the Base Year.

4.6 Tenant's obligation to pay Direct Expenses and Taxes shall survive the expiration or earlier termination of the Term. If the Commencement Date is other than January 1 or if the Termination Date is other than December 31, Tenant's liability for Direct Expenses and Taxes for the calendar year in which said Commencement Date or Termination Date, as applicable, occurs shall be prorated based upon a three hundred sixty-five (365) day year.

5. SECURITY DEPOSIT

Tenant shall deposit the Security Deposit with Landlord upon the execution of this Lease. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant and not as an advance rental deposit or as a measure of Landlord's damage in case of Tenant's default. If an

Event of Default shall have occurred under this Lease, Landlord may use any part of the Security Deposit for the payment of any rent or any other sum then due and owing, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of such Event of Default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of such Event of Default. If any portion is so used, Tenant shall within five (5) days after written demand therefor, deposit with Landlord an amount sufficient to restore the Security Deposit to its original amount and Tenant's failure to do so shall be a material breach of this Lease. Except to such extent, if any, as shall be required by law, Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant at such time after termination of this Lease when Landlord shall have determined that all of Tenant's obligations under this Lease have been fulfilled.

Such Security Deposit may, at Tenant's option, be deposited by Tenant with Landlord in the form of cash or in the form of an irrevocable letter of credit in the amount set forth on the Deed of Lease Reference Page. If Tenant elects to provide the letter of credit as such Security Deposit, whether Tenant makes such election upon the date Tenant executes this Lease, or at any other time during the Term of this Lease, Tenant shall maintain the letter of credit in full force and effect throughout the entire Term of this Lease and until thirty (30) days after the end of the Term, and if Landlord accepts a letter of credit with an expiration date that is prior to the date which is thirty (30) days after the end of the Term, Tenant shall cause the letter of credit to be renewed or replaced not less than sixty (60) days prior to its expiration date. The letter of credit shall be: (i) unconditional, irrevocable, transferable, payable to Landlord on sight at the issuer's offices set forth in the letter of credit, in partial or full draws; (ii) be in form and content acceptable to Landlord, (c) be issued by a bank or other financial institution acceptable to Landlord and Tenant, and (d) contain an "evergreen" provision which provides that it is automatically renewed on an annual basis unless the issuer delivers sixty (60) days' prior written notice of cancellation to Landlord and Tenant. Any and all fees or costs charged by the issuer in connection with the letter of credit shall be paid by Tenant, including any costs for the transfer thereof (or reimburse Landlord therefor if Landlord incurs such costs), provided, however, that Tenant shall be required to pay the costs of transfer of the letter of credit to a beneficiary other than Landlord not more than two (2) times during the Term, and Landlord shall be responsible for any fees associated with other

transfers, provided, however, if a fee is charged by the issuer of the letter of credit in connection with any modification to the letter of credit required in connection with Landlord's financing of the Building, such fees shall not count toward the two (2) transfer fees that Tenant is required to pay.

If the Security Deposit is in the form of a letter of credit, Landlord (or the beneficiary under the letter of credit, if such beneficiary is not Landlord) shall have the right to draw upon the letter of credit in whole or in part and apply the proceeds thereof as may be necessary for the payment of any rent or any other sum then due and owing, or for the payment of any amount which Landlord may spend or become obligated to spend by reason of such Event of Default, or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of such Event of Default under this Lease on the part of Tenant, and Tenant, within fifteen (15) days

after Landlord delivers written demand therefor to Tenant, shall forthwith restore the letter of credit to its original amount and Tenant's failure to do so shall be a material breach of this Lease.

Landlord (or the beneficiary under the letter of credit, if such beneficiary is not Landlord) shall have the right to draw upon the letter of credit in any of the following circumstances (in addition to any other right to draw on the letter of credit that is set forth in this Section 5): (i) if Landlord reasonably believes the issuer's assets are less than those at the time of Tenant's delivery of the initial letter of credit to Landlord ; or (ii) if the credit rating of the issuer of the letter of credit is downgraded from the credit rating of such issuer at the time of the issuance of the letter of credit, or the issuer of the letter of credit shall enter into any supervisory agreement with any governmental authority, or the issuer of the letter of credit shall fail to meet any capital requirements imposed by applicable law, and in each such case, Tenant fails to deliver to Landlord (or the beneficiary under the letter of credit, if such beneficiary is not Landlord) a replacement letter of credit complying with the terms of this Lease within thirty (30) days of request therefor from Landlord, or (iii) if Tenant falls to provide Landlord with any renewal or replacement letter of credit complying with the terms of this Lease at least sixty (60) days prior to expiration of the then-current letter of credit, where the issuer of such letter of credit has advised Landlord of its intention not to renew the letter of credit, or (iv) if Tenant fails to provide Landlord with any renewal or replacement letter of credit complying with the terms of this Lease at least sixty (60) days prior to the final expiration date (i.e., the date that, by its terms, the letter of credit expires and is either not subject to any automatic renewal or extension or the conditions to such automatic renewal or extension have not then been satisfied) of the then-current letter of credit if such letter of credit expires prior to the date that is thirty (30) days after the end of the Term, or (v) any voluntary or involuntary proceedings are filed by or against Tenant under any bankruptcy, insolvency or similar laws. In the event the letter of credit is drawn upon due solely to the circumstances described in the foregoing clauses (i), (ii), (iii), (iv) or (v), the amount drawn shall be held by Landlord as a Security Deposit to be otherwise retained, expended or disbursed by Landlord for any amounts or sums due under this Lease to which the proceeds of the letter of credit could have been applied pursuant to this Lease, and Tenant shall be liable to Landlord for restoration, in cash or letter of credit complying with the terms of this Lease, of any amount so expended to the same extent as set forth in this Section 5.

Landlord shall have the right to pledge or assign its interest in the Security Deposit and proceeds thereof to any lender holding a security interest in the Building. In the event of any sale or transfer of Landlord's Interest in the Building, Landlord shall transfer the Security Deposit to such purchaser or transferee, in which event Tenant shall look solely to the new landlord for the return of the Security Deposit and Landlord shall thereupon be released from all liability to Tenant for the return of such Security Deposit. If the Security Deposit is in the form of a letter of credit and if requested by such mortgagee or other purchaser or if requested by Landlord and any first mortgagee (i.e, holder of a first deed of trust or mortgage then encumbering the Building) of Landlord (whether or not any foreclosure proceedings have then been brought under such mortgage), Tenant shall obtain an amendment to the letter of credit which names such mortgagee or other purchaser or such first mortgagee as the beneficiary thereof in lieu of Landlord.

6. ALTERATIONS

6.1 Except for those specifically provided for in Exhibit B to this Lease, Tenant shall not make or suffer to be made any alterations, additions, or improvements, including, but not limited to, the attachment of any fixtures or equipment in, on, or to the Premises or any part thereof or the making of any

improvements as required by Article 7, without the prior written consent of Landlord, except as hereinafter provided. When applying for such consent, Tenant shall, if requested by Landlord, furnish complete plans and specifications for such alterations, additions and improvements. Tenant shall not have the right to make any structural alterations to the Premises or the Building without Landlord's express written consent, which consent may be withheld or denied by Landlord in its sole discretion . Notwithstanding the foregoing, provided that Tenant is not then in default under this Lease, Landlord shall not unreasonably withhold its consent to any non-structural alteration, addition, or improvement which Tenant may desire to make to the Premises; provided, however, that Landlord shall retain sole and absolute discretion to withhold its consent to any alteration, addition, or improvement, which may, in the opinion of Landlord (i) adversely affect the marketability of the Premises or (ii) exceed the capacity of; hinder the effectiveness of, interfere with, or (except with respect to minor connections to the electrical system) be connected to the electrical, mechanical, heating, ventilating, air conditioning, or plumbing systems of the Premises or the Building, and, provided, further, however, that any such alteration, addition, or improvement shall be made: (a) in a good, workmanlike, first-class and prompt manner and in accordance with Landlord's construction rules and regulations promulgated by Landlord; (b) using new materials only; (c) by a contractor and in accordance with plans and specifications in each case approved in writing by Landlord in its reasonable discretion; (d) in accordance with legal requirements (including, without limitation, the obtaining of all necessary permits and licenses) and requirements of any insurance company insuring the Building; (e) after delivering to Landlord written, unconditional waivers of mechanics' and materialmen's liens against the land, Complex, Building and Premises from all proposed mechanics and materialmen providing labor or supplies for such non-structural alteration, addition, or improvement; and (f) shall not exceed, in the aggregate Twenty Thousand and 00/100ths Dollars ($20,000.00). Prior to the commencement of any such non-structural alteration, addition, or improvement, Tenant shall deliver to Landlord a copy of all permits required in connection therewith, and upon completion of any such non-structural alteration, addition, or improvement, Tenant shall furnish to Landlord a copy of any "as built" drawings for such non-structural alteration, addition, or improvement.

6.2 In the event Landlord consents to the making of any such alteration, addition or improvement by Tenant, the same shall be made using a contractor reasonably approved by Landlord ("Approved Contractor") at Tenant's sole cost and expense, except that any structural alterations permitted by Landlord shall be made by a contractor approved by Landlord in its sole discretion, but at Tenant's sole cost and expense. If Tenant shall employ any contractor other than an Approved Contractor and such other contractor or any subcontractor of such other contractor shall employ any nonunion labor or supplier, Tenant shall be responsible for and hold Landlord harmless from any and all delays, damages and extra costs suffered by Landlord as a result of any dispute with any labor unions concerning the wage, hours, terms or conditions of the employment of any such labor. In any event Landlord may charge Tenant a reasonable

charge to cover its expenses related to such proposed work and shall provide Tenant with written evidence of such expenses upon Tenant's request therefor.

6.3 All alterations, additions or improvements proposed by Tenant shall be constructed in accordance with all government laws, ordinances, rules and regulations and Tenant, prior to construction, shall provide the additional insurance required under Article 11 in such case, and shall also obtain such waivers of lien and surety company performance bonds (but such performance bonds shall only be required for structural alterations and non-structural alterations costing in excess of $50,000 per project) as Landlord shall reasonably require to assure payment of the costs thereof, and to protect Landlord and the Building and appurtenant land against any loss from any mechanic's, materialmen's or other liens. Tenant shall pay in addition to any sums due pursuant to Article 4, any increase in real estate taxes attributable to any such alteration, addition or improvement for so long, during the Term, as such increase is ascertainable. At Landlord's election said sums shall be paid in the same way as sums due under Article 4.

6.4 All alterations, additions, and improvements in, on, or to the Premises made or installed by Tenant, including carpeting, shall be and remain the property of Tenant during the Term but, excepting furniture, furnishings, movable partitions of less than full height from floor to ceiling and other trade fixtures, shall become a part of the realty and belong to Landlord, without compensation to Tenant, upon the expiration or sooner termination of the Term, at which time title shall pass to Landlord under this Lease as by a bill of sale, unless Landlord elects otherwise. Landlord shall advise Tenant at the time Landlord's consent to alterations, additions or improvements is requested, whether or not Landlord will require removal of the same upon the expiration or earlier termination of this Lease. Landlord shall advise Tenant at the time Landlord approves Tenant's Final Plans for the Tenant Improvements, all as further set forth in Exhibit B, or at the time of any change orders requested by Tenant or otherwise required to be made to the Final Plans for the Tenant improvements, whether any of the Tenant Improvements shall be required to be

removed by Tenant at the termination or expiration of the Term of this Lease. Should Landlord elect to have Tenant remove alterations, additions, and improvements (including Tenant Improvements as set forth above) then upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, forthwith and with all due diligence remove any such alterations, additions or improvements which are designated by Landlord to be removed, and Tenant shall forthwith and with all due diligence, at its sole cost and expense, repair and restore the Premises to their original condition, reasonable wear and tear and damage by fire or other casualty excepted.

7. REPAIR

7.1 Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises, except as specified in Exhibit B attached to this Lease and except that Landlord shall repair and maintain the structural portions of the Building, including the roof, exterior walls, windows (except those windows of the Building on the first floor and on the River Level) foundation, the restrooms within the Building and the basic plumbing, air conditioning, heating, mechanical, life safety, sprinkler and electrical and lighting systems installed or furnished by Landlord. Subject to the foregoing, Tenant agrees that by taking possession of the Premises, Tenant accepts them as being in good order, condition and repair and in the condition

in which Landlord is obligated to deliver them. It is hereby understood and agreed that no representations respecting the condition of the Premises or the Building have been made by Landlord to Tenant, except as set forth in this Section 7.1 or as otherwise specifically set forth in this Lease. Landlord believes that there are two (2) restrooms on each of the second and third floors which are reserved for use by individuals with disabilities ("Handicapped Restrooms") and Landlord believes that such Handicapped Restrooms met the requirements of the Building Code applicable to the Building at the time such Handicapped Restrooms were constructed. To the extent further modifications are required to such Handicapped Restrooms by governmental authorities having over the Building or the Landlord in order to have such Handicapped Restrooms comply with Title III of the Americans with Disabilities Act of 1990, Landlord shall undertake such modifications at Landlord's sole cost and expense and Landlord shall not include such costs in Direct Expenses. Landlord has no plans to perform major structural repairs or replacements to the roof, exterior walls, foundation, windows, or basic systems of the Building nor does Landlord believe the same currently require major structural repairs.

Tenant shall, at all times during the Term, keep the Premises in good condition and repair excepting damage by fire, or other casualty, and in compliance with all applicable governmental laws, ordinances and regulations, promptly complying with all governmental orders and directives for the correction, prevention and abatement of any violations or nuisances in or upon, or connected with, the Premises, all at Tenant's sole expense, subject, however to the provisions of Section 1.1 of this Lease.

7.3) Landlord shall not be liable for any failure to make any repairs or to perform any maintenance unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant. Landlord believes that the electrical, mechanical, plumbing, life safety, sprinkler and HVAC systems of the Building and the window glazing are in good working order as of the date of this Lease.

7.4 Except as provided in Article 22, there shall be no abatement of Annual Rent or Additional Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or to fixtures, appurtenances and equipment in the Building. Except to the extent, if any, prohibited by law, Tenant waives the night to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect.

8. LIENS

8.1 Tenant shall keep the Premises, the Building and appurtenant land and Tenant's leasehold interest in the Premises free from any liens arising out of any services, work or materials performed, furnished, or contracted for by Tenant, or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the receipt of written notice of the imposition of any such lien, (a) cause the same to be released of record, or (b) provide Landlord with insurance against the same issued by a major title insurance company, or (c) provide a bond as replacement collateral for the lien with subsequent removal of such lien of record within thirty (30) days of its imposition, or (d) such other protection against the same as

Landlord shall accept, Landlord shall have the right to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered Additional Rent and shall be payable not later than ten (10) days after Landlord's demand therefor.

8.2 Tenant shall not be deemed to be the agent or representative of Landlord in making any alterations, physical additions or improvements to the Premises pursuant to this Lease, and shall have no right, power or authority to encumber the fee interest in the Building or the appurtenant land. Accordingly, any claims against Tenant with respect to such alterations, physical additions or improvements shall be limited to Tenant's leasehold estate under this Lease.

9. ASSIGNMENT AND SUBLETTING

9.1 Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant, and shall not make, suffer or permit such assignment, subleasing or occupancy without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned, and said restrictions shall be binding upon any and all assignees of the Lease and subtenants of the Premises. In the event Tenant desires to sublet, or permit such use or occupancy of, the Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord at least thirty (30) days, but no more than one hundred eighty (180) days, prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the material terms of any sublease or assignment and copies of financial reports and other relevant financial information of the proposed subtenant or assignee ("Tenant's Sublet/Assignment Notice").

9.2 Notwithstanding any assignment or subletting, permitted or otherwise, but subject to Section 9.8 with respect to a Permitted Assignee, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of the Annual Rent and Additional Rent specified in this Lease and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. Upon the occurrence of an Event of Default by Tenant under this Lease, if the Premises or any part of them are then assigned or sublet, Landlord, in addition to any other remedies provided in this Lease or provided by law, may, at its option, collect directly from such assignee or subtenant all rents due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant under this Lease, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease. Landlord shall have the right to continue to collect such rents directly from such assignee or subtenant to the extent there exists an uncured default by Tenant under this Lease.

9.3 In addition to Landlord's right to approve of any subtenant or assignee, but subject to the provisions of Section 9.8 with respect to a Permitted Assignee, Landlord shall have the option, in its sole discretion, in the event of any proposed subletting or assignment, to terminate this Lease, or in the case of a proposed subletting of less than the entire Premises, to recapture

the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective; provided, however that Landlord's right of recapture shall not apply to any sublease when the total amount of space then being sublet by Tenant does not exceed twenty-five percent (25%) of the Premises. The option shall be exercised, if at all, by Landlord giving Tenant written notice within thirty (30) days following Landlord's receipt of Tenant's Sublet/Assignment Notice. If this Lease shall be terminated with respect to the entire Premises pursuant to this Section, the Term of this Lease shall end on the date stated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures only a portion of the Premises, the rent to be paid from time to time during the unexpired Term shall abate proportionately based on the proportion by which the approximate square footage of the remaining portion of the Premises shall be less than that of the Premises as of the date immediately prior to such recapture.

9.4 In the event that Tenant sells, sublets, assigns or transfers this Lease, Tenant shall pay to Landlord as Additional Rent an amount equal to fifty percent (50%) of any Increased Rent (as defined below) when and as such Increased Rent is received by Tenant. As used in this Section, "Increased Rent" shall mean the excess of (i) all rent and other consideration which Tenant is entitled to receive by reason of any sale, sublease, assignment or other transfer of this Lease, over (ii) the Annual Rent and the Additional Rent payable by Tenant under this Lease at such time, after first deducting therefrom Tenant's actual expenses for legal fees, brokerage commissions, tenant improvement or alteration expenses and any tenant improvement allowance paid by

Tenant to the subtenant or assignee, in each case reasonably incurred by Tenant in conjunction with the sublease or assignment, and not in excess of the amount of each of those concessions then being offered for comparable space in first-class office buildings in Alexandria, Virginia. For purposes of the foregoing, any consideration received by Tenant in form other than cash shall be valued at its fair market value as determined by Landlord in good faith.

9.5 Notwithstanding any other provision hereof, Tenant shall have no right to make (and Landlord shall have the absolute right to refuse consent to) any assignment of this Lease or sublease of any portion of the Premises, if, at the time of Tenant's notice of the proposed assignment or sublease or the proposed commencement date thereof, there shall exist any Event of Default under this Lease, or if the proposed assignee or sublessee is an entity: (a) with which Landlord is already in negotiation as evidenced by the issuance of a written proposal; (b) which is already an occupant of the Building, unless Landlord is unable to provide the amount of space required by such occupant; (c) which is a governmental agency; (d) which is incompatible with the character of occupancy of the Building; (e) which does not meet Landlord's standards of creditworthiness, or (of which would subject the Premises to a use which would: (i) involve increased wear upon the Building or would place an unreasonable strain on the HVAC or other Building systems as a result of an increase in personnel located in the Premises; (ii) violate any exclusive right granted to another tenant of the Building; (iii) require any addition to or modification of the Premises or the Building in order to comply with building code or other governmental requirements; or, (iv) involve a violation of Section 1.2. Tenant expressly agrees that Landlord shall have the absolute right to refuse consent to any such assignment or sublease, and that for the purposes of any statutory or other requirement of reasonableness on the part of Landlord, such refusal shall be reasonable.

9.6 In the event Tenant requests the right to assign or sublet the Premises, Tenant will pay to Landlord the Assignment/Subletting Fee plus, on demand, a sum equal to Landlord's out-of-pocket costs, including reasonable attorney's fees, incurred in investigating and considering any proposed or purported assignment or pledge of this Lease or sublease of any of the Premises, regardless of whether Landlord shall consent to, refuse consent to, or determine that Landlord's consent is not required for, such assignment, pledge or sublease. Such payment shall be made within ten (10) days of demand therefor. Any purported sale, assignment, mortgage, transfer of this Lease or subletting which does not comply with the provisions of this Article 9 shall be void.

9.7 If Tenant is a corporation, partnership or trust, any transfer or transfers of or change or changes within any twelve month period in the number of the outstanding voting shares of the corporation, the general partnership interests in the partnership or the identity of the persons or entities controlling the activities of such partnership or trust resulting in the persons or entities owning or controlling a majority of such shares, partnership interests or activities of such partnership or trust at the beginning of such period no longer having such ownership or control shall be regarded as equivalent to an assignment of this Lease to the persons or entities acquiring such ownership or control and shall be subject to all the provisions of this Article 9 to the same extent and for all intents and purposes as though such an assignment; provided, however that this provision shall not apply to sales of the voting shares of stock of any corporation which is listed on a national securities exchange as defined in the Securities Exchange Act of 1934.

9.8 Notwithstanding anything to the contrary in this Article 9, including without limitation Sections 9.3, 9.4 and 9.5, Tenant shall have the right, upon prior written notice to Landlord, but without Landlord's consent, to assign this Lease or sublet all or a portion of the Premises to any of the following (a "Permitted Assignee") (i) any entity resulting from a merger or consolidation with Tenant, (ii) any corporation or entity succeeding to all the business and assets of tenant, or (iii) any parent, subsidiary, or other affiliate of Tenant. For purposes hereof, an affiliate of Tenant is any entity that controls, is controlled by, or is under common control with Tenant. Any Permitted Assignee shall assume all of Tenant's obligations hereunder (or the applicable obligations in the event of a partial sublease) by an assignment reasonably acceptable to Landlord in form and content.

9.9 Landlord and Tenant acknowledge that the Premises will be occupied by Intuit Insurance Services, Inc., a Virginia corporation which is a wholly owned subsidiary of Tenant ("Tenant's Subsidiary"). Notwithstanding the occupancy of the Premises by Tenant's Subsidiary, all of the terms, covenants and conditions of this Lease shall be binding upon Tenant and Tenant shall remain fully liable as a primary obligor for the payment of all rent and other charges under this Lease and for the performance of all of Tenant's obligations under this Lease.

10. INDEMNIFICATION

None of the Landlord Entities (as such term is defined in Article 30)

shall be liable and Tenant hereby waives all claims against them for any damage to any property or any injury to any person in or about the Premises or the Building by or from any cause whatsoever (including without limiting the foregoing, rain or water leakage of any character from the roof, windows, walls, basement, pipes, plumbing works or appliances, the Building not being in good condition

or repair, gas, fire, oil, electricity or theft), except to the extent caused by, or arising, from, the gross negligence or willful misconduct of the Landlord Entities. Tenant shall protect, indemnify and hold the Landlord Entities harmless from and against any and all loss, claims, liability or costs (including court costs and attorney's fees) incurred by reason of: (a) any damage to any property (including but not limited to property of any Landlord Entity) or any injury (including but not limited to death) to any person occurring in, on or about the Premises or the Building to the extent that such injury or damage shall be caused by or arise from any actual or alleged act, neglect, fault, or omission by or of Tenant, its agents, servants, employees, invitees, or visitors or failure to meet any standards imposed by law; (b) the conduct or management of any work or thing whatsoever done by Tenant in or about the Premises or from transactions of Tenant concerning the Premises; (c) Tenant's failure to comply with any and all governmental laws, ordinances and regulations applicable to the condition or use of the Premises or its occupancy which are Tenant's obligations hereunder; or (d) any breach or default on the part of Tenant in the performance of any covenant or agreement on the part of Tenant to be performed pursuant to this Lease. The provisions of this Article shall survive the termination of this Lease with respect to any claims or liability accruing prior to such termination. The provisions of this Article 10 shall govern in the event of any conflict between this Article 10 and other provisions of this Lease with respect to Tenant's waiver of claims and indemnification of Landlord.

11. INSURANCE

11.1 Tenant shall keep in force throughout the Term: (a) a Commercial General Liability insurance policy or policies to protect the Landlord Entities (as defined in Article 30 against any liability to the public or to any invitee of Tenant or of the Landlord Entities incidental to the use of, or resulting from any accident occurring in or upon, the Premises with a limit of not less than $1,000,000.00 per occurrence and not less than $2,000,000.00 in the annual aggregate, or such larger amount as Landlord may reasonably require from time to time, covering bodily injury and property damage liability and $1,000,000 products/completed operations aggregate; (b) Business Auto Liability covering owned, nonowned and hired vehicles with a limit of not less than $1,000,000 per accident; (c) insurance protecting against liability under Worker's Compensation Laws with limits at least as required by statute; (d) Employers Liability with limits of $500,000 each accident, $500,000 disease policy limit, $500,000 disease--each employee; (e) All Risk or Special Form coverage protecting Tenant against loss of or damage to Tenant's alterations, additions, improvements, carpeting, floor coverings, panelings, decorations, fixtures, inventory and other business personal property situated in or about the Premises to the full replacement value of the property so insured; (f) Business Interruption Insurance with limit of liability representing loss of at least approximately six (6) months of income, and (g) such other insurance as Landlord may reasonably require but not in excess of amounts or types of insurance typically required by landlords of first class office buildings in the Alexandria, Virginia area.

11.2 Each of the aforesaid policies shall: (a) be provided at Tenant's expense; (b) with respect to all policies except worker's compensation name Landlord, the Landlord Entities and the building management company, if any, as additional insureds or loss payees, as appropriate; (c) be issued by an insurance company with a minimum Best's rating of "A:VII", and (d) provide that said insurance shall not be cancelled unless thirty (30) days prior written notice (ten (10) days for nonpayment of premium) shall have been given to Landlord; and said policy or policies

or certificates thereof shall be delivered to Landlord by Tenant upon the Commencement Date and at least thirty (30) days prior to each renewal of said insurance. Tenant shall be entitled to carry all insurance required of Tenant hereunder under blanket insurance policies covering multiple locations, provided Tenant procures endorsements to the blanket policies which provide that the

insurance limits for Tenant with respect to the Premises are not less than those set forth in Section 11.1 above.

11.3 Whenever Tenant shall undertake any alterations, additions or improvements in, to or about the Premises ("Work") the aforesaid insurance protection must extend to and include injuries to persons and damage to property arising in connection with such Work, including, without limitation, liability under any applicable structural work act, and such other insurance as Landlord shall reasonably require taking into consideration the potential risks associated with the Work; and the policies of or certificates evidencing such insurance must be delivered to Landlord prior to the commencement of any such Work.

11.4 During the Term, Landlord shall keep the Building (but excluding the Tenant Improvements, any alterations made by Tenant pursuant to Section 6 hereof, and any personal property, equipment or furniture of Tenant not affixed to and a part of the Building) insured through reputable insurance underwriters against perils covered by a standard "all risk" insurance policy or policies, with a deductible provision, if any, that does not materially exceed that which prudent, efficient operators of first-class office buildings in Alexandria would carry from time to time in the exercise of reasonable business judgment, in an amount or amounts equal to not less than one hundred percent (100%) of the full replacement value of the Building (excluding the Tenant Improvements, any alterations made by Tenant pursuant to Section 6 hereof, and any personal property, equipment or furniture of Tenant not affixed to and a part of the Building) without deduction for depreciation, including the costs of demolition and debris removal, or such other fire and property damage insurance as Landlord shall reasonably determine to give substantially equal or greater protection. During the Term, Landlord shall keep in force commercial general liability insurance in the amount and coverage as Landlord deems commercially reasonable, but in no event less than that required of Tenant hereunder from time to time. During the Term, Landlord shall keep in force loss of rents insurance in an amount not less than the equivalent of six (6) Monthly Installments of Annual Rent under this Lease.

12. WAIVER OF SUBROGATION

So long as their respective insurers so permit, Tenant and Landlord hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage, or All Risks insurance now or hereafter existing for the benefit of the respective party, but only to the extent of the net insurance proceeds payable under such policies. Each party shall obtain any special endorsements required by their insurer to evidence compliance with the aforementioned waiver.

13. SERVICES AND UTILITIES

13.1 Provided no Event of Default shall have occurred and be continuing under this Lease, and subject to the other provisions of this Lease, Landlord agrees to furnish to the

Premises during Business Hours on generally recognized business days (but exclusive in any event of Sundays and federal holidays), the following services and utilities subject to the rules and regulations of the Building prescribed from time to time: (a) water suitable for normal office use of the Premises; (b) heat and air conditioning required in Landlord's reasonable judgment for the use and occupation of the Premises, and otherwise consistent with other first-class buildings in Alexandria, Virginia; (c) cleaning and service consisting of such services as are generally provided at other first-class office buildings in Alexandria, Virginia which shall include, at minimum, the cleaning of the Premises and the Building common areas (including the restrooms) five (5) evenings per week except holidays; (d) elevator service by nonattended automatic elevators, one of which may from time to time be available for freight service; (e) such window washing as may from time to time in Landlord's judgment be reasonably required; (f) limited perimeter access system for the Building; and, (g) equipment to bring from the Building meter to the Premises electricity for lighting, convenience outlets and other normal office use. To the extent that Tenant is not billed directly by a public utility, Tenant shall pay, upon demand, as Additional Rent, for all electricity used by Tenant in the Premises. The charge shall be at the rates charged for such services by the local public utility. Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of rental by reason of Landlord's failure to furnish any of the foregoing, unless such failure shall persist for an unreasonable time after written notice of such failure is given to Landlord by Tenant and provided further that Landlord shall not be liable when such failure is caused by accident, breakage, repairs, labor disputes of any character, energy usage restrictions or by any other cause, similar or dissimilar, beyond the reasonable

control of Landlord. Landlord shall use reasonable efforts to remedy any interruption in the furnishing of services and utilities.

Tenant hereby acknowledges and agrees that Landlord is obligated to provide only the services and amenities expressly described above, and that Landlord, its agents and representatives, have made no representations whatsoever of any additional services or amenities to be provided by Landlord now or in the future under this Lease. Notwithstanding the foregoing, Tenant recognizes that Landlord may, at Landlord's sole option, elect to provide additional services or amenities for the tenants of the Building from time to time, and hereby agrees that Landlord's discontinuance of any provision of any such additional services or amenities (including any such additional services or amenities presently being provided) shall not constitute a default of Landlord under this Lease nor entitle Tenant to any abatement of or reduction in Annual Rent or Additional Rent; provided, however, Landlord shall give Tenant not less than fifteen (15) days prior notice of the termination of any such additional services and amenities, such as, by way of example, and not in limitation, shuttle bus service, concierge services and other similar amenities.

13.2 Should Tenant require any additional work or service, as described above, including services furnished outside Business Hours specified above, Landlord may, on terms to be agreed, upon reasonable advance notice by Tenant, furnish such additional service and Tenant agrees to pay Landlord such charges as may be agreed upon, including any tax imposed thereon, but in no event at a charge less than Landlord's actual cost, plus overhead, for such additional service and, where appropriate, a reasonable allowance for depreciation of any systems being used to provide such service. Notwithstanding the foregoing, as part of the initial buildout of the Premises, Landlord shall install, at Tenant's sole cost, a device within the Premises that will

allow Tenant to activate the HVAC system after Business Hours. Such after-hours usage shall be at Tenant's expense to be charged at Landlord's actual cost without any profit component to Landlord.

13.3 Whenever (i) the Premises are occupied by more than one person per 110 square feet of usable area or (ii) heat-generating machines or equipment are used by Tenant in the Premises which affect the temperature otherwise maintained by the air conditioning system, Landlord reserves the right to install supplementary air conditioning units in, or for the benefit of, the Premises and the cost thereof, including the cost of installation and the cost of operations and maintenance, shall be paid by Tenant to Landlord within ten (10) days of demand as Additional Rent. Landlord shall first give Tenant thirty (30) days' notice of Landlord's intent to install such supplementary systems so as to provide Tenant with an opportunity to correct any perceived problems, provided, however, such thirty day period may be shortened if and to the extent that other tenants of the Building are disturbed in their use and enjoyment of their respective premises by the additional burden placed on the air conditioning system by Tenant as a result of items (i) and (ii) above.

13.4 Tenant will not, without the written consent of Landlord, use any apparatus or device in the Premises, including but not limited to, electronic data processing machines and machines using current in excess of 200 watts or 110 volts, which will in any way increase the amount of electricity or water usually furnished or supplied for use of the Premises for normal office use, nor connect with electric current, except through existing electrical outlets in the Premises, or water pipes, any apparatus or device for the purposes of using electrical current or water. If Tenant shall require water or electric current in excess of that usually furnished or supplied for use of the Premises as normal office use, Tenant shall procure the prior written consent of Landlord for the use thereof, which consent Landlord shall not unreasonably withhold, and if Landlord does consent, Landlord may cause a water meter or electric current meter to be installed so as to measure the amount of such excess water and electric current. The cost of any such meter(s) shall be paid for by Tenant. Tenant agrees and acknowledges that it will be deemed reasonable for Landlord to withhold consent to furnishing or supplying increased amounts of water or electrical current if such increased amounts are likely to impede or impair the functioning of the Building systems or deprive other tenants of electricity or water service in amounts customarily provided to such tenants by Landlord. Tenant agrees to pay as Additional Rent to Landlord promptly upon demand therefor, the cost of all such excess water and electric current consumed (as shown by said meter(s), if any, or, if none, as reasonably estimated by Landlord) at the rates charged for such services by the local public utility or agency, as the case may be, furnishing the same, plus any additional expense reasonably incurred in keeping account of the water and electric current so consumed.

13.5 Subject to a Force Majeure Event and other conditions outside of

Landlord's reasonable control and subject to the reasonable rules and regulations for the Building in effect from time to time, Tenant shall have access to and use of the Premises 24 hours per day, 365 days per year. Without limiting the foregoing, subject to a Force Majeure Event and other reasons beyond Landlord's reasonable control, at least one (1) elevator shall be in operation at all times.

14. HOLDING OVER

Tenant shall pay Landlord for each day Tenant retains possession of the Premises or any portion thereof after termination of this Lease by lapse of time or otherwise ("Holdover Period") at the rate ("Holdover Rate") which shall be (i) for the first ninety (90) days of the Holdover Period, one hundred fifty percent (150%) of the amount of the Annual Rent for the last period prior to the date of such termination of the Lease plus all Rent Adjustments under Article 4, and (ii) for all periods after the first ninety (90) days of the Holdover Period, two hundred percent (200%) of the amount of Annual Rent for the last period prior to the date of such Lease termination plus all Rent Adjustments under Article 4; in each case, prorated on a daily basis, and also pay all damages sustained by Landlord by reason of such retention. At Landlord's election, such holding over shall constitute renewal of this Lease for a period from month to month at the Holdover Rate, but if Landlord does not so elect, no such renewal shall result notwithstanding acceptance by Landlord of any sums due hereunder after such Lease termination; and instead, a tenancy at sufferance at the Holdover Rate shall be deemed to have been created. In any event, no provision of this Article 14 shall be deemed to waive Landlord's right of reentry or any other right under this Lease or at law.

15. SUBORDINATION

15.1 Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease shall be subject and subordinate at all times to ground or underlying leases and to the lien of any mortgages or deeds of trust now or hereafter placed on, against or affecting the Building, Landlord's interest or estate in the Building, or any ground or underlying lease; provided, however, that if the lessor, mortgagee, trustee, or holder of any such mortgage or deed of trust elects to have Tenant's interest in this Lease be superior to any such instrument, then, by notice to Tenant, this Lease shall be deemed superior, whether this Lease was executed before or after said instrument. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments evidencing such subordination or superiority of this Lease as may be required by Landlord.

15.2 Tenant agrees that in the event any proceedings are brought for the foreclosure of any mortgage encumbering the Building or the termination of any ground lease affecting the Building Tenant shall attorn to the purchaser at such foreclosure sale or any ground lessor, as the case may be, if requested to do so by such party, and shall recognize such party as Landlord, under this Lease, and Tenant waives the provisions of any statute or rule of law, now or hereafter in effect, which may give or purport to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event any such foreclosure proceeding is prosecuted or completed.

15.3 Notwithstanding any provisions with respect to the subordination of the Lease to any superior lease or any superior mortgage which now exists or may hereafter be made or to any renewal, modification, replacement or extension hereafter of any superior lease or any superior mortgage, or to any consolidation or spreader of any superior mortgage, heretofore or hereafter made, any such subordination is subject to the express conditions that so long as this Lease is in full force and effect:

(a) Tenant shall not be joined as a party defendant (a) in any action or proceeding which may be instituted or taken by the lessor of such superior lease for the purpose of enforcing and/or terminating such superior lease by reason of any default thereunder, the effect of which enforcement or termination of the superior lease would be to terminate this Lease, or (b) in any foreclosure action or other proceeding which may be instituted or taken by the holder of any superior mortgage the effect of which would be to terminate

this Lease; and

(b) So long as Tenant is not in default in any of its obligations under this Lease (after notice and expiration of any grace period), Tenant's leasehold estate under the Lease shall not be terminated or disturbed by reason of any default under such superior lease or such superior mortgage and this Lease and Tenant's rights hereunder shall be recognized by the lessor under any such superior lease or the holder of any such superior mortgage. At Tenant's request, Landlord shall request a subordination, non-disturbance and attornment agreement from its mortgagee(s), on such mortgagee's customary form, but the failure of Landlord to obtain the same shall not be a breach of this Lease. Tenant shall not be entitled to object to such mortgagee's customary form based upon the inclusion in such form of any provision that in substance provides that the mortgagee or purchaser in foreclosure shall not be (a) bound by any payment of the Annual Rent or Additional Rent more than one (1) month in advance (provided, however, that any security deposit, whether in the form of cash, a letter of credit, or other security, shall be deemed transferred), (b) bound by any amendment of this Lease made without the consent of the holder of each mortgage existing as of the date of such amendment, (c) liable for damages for any breach, act or omission of any prior landlord, provided that such limitation on liability shall not affect the successor Landlord's obligations arising, under this Lease from and after the date it succeeds to Landlord's interest under this Lease, including without limitation, obligations under the Lease to provide any services, maintenance, repairs and/or replacements, or (d) subject to any offsets or defenses which Tenant might have against any prior landlord. Tenant shall be entitled to object to any provision in such form agreement which would materially, adversely affect Tenant's lights, entitlements or obligations under this Lease. If the Security Deposit given pursuant to Article 5 is in the form of a letter of credit, then if requested by Landlord or any first mortgagee (i.e, holder of a first deed of trust or mortgage then encumbering the Building) of Landlord (whether or not any foreclosure proceedings have then been brought under such mortgage), Tenant shall obtain an amendment to the letter of credit which names such mortgage as the beneficiary thereof.

15.4 As of the Lease Commencement Date, the Building is not subject to the lien of a deed of trust or mortgage or to any ground lease.

16. RULES AND REGULATIONS

Tenant shall faithfully observe and comply with all the rules and regulations as set forth in Exhibit C to this Lease and all reasonable modifications, of and additions to, such rules and regulations from time to time put into effect by Landlord provided notice of the same is given to Tenant in writing. Landlord shall not be responsible to Tenant for the nonperformance by any other tenant or occupant of the Building of any such rules and regulations, but Landlord shall not intentionally discriminate against Tenant in the enforcement of the rules and regulations for the Building.

17. REENTRY BY LANDLORD

17.1 Landlord reserves and shall at all times have the right to re-enter the Premises to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant under this Lease, to show said Premises to prospective purchasers, mortgagees or (during the last twelve (12) months of the Term or any extension thereof) tenants, and to alter, improve or repair the Premises and any portion of the Building, without abatement of Annual Rent or Additional Rent, and may for that purpose erect, use and maintain scaffolding, pipes, conduits and other necessary structures and open any wall, ceiling or floor in and through the Building and Premises where reasonably required by the character of the work to be performed, provided entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with unreasonably. Landlord shall use commercially reasonable efforts to provide Tenant with not less than one (1) business day's advance notice of any entry for the purpose of showing the Premises to prospective purchasers, mortgagees or tenants and for the purposes of conducting non-routine maintenance or repairs to the Premises (except in the event of an emergency).

17.2 Landlord shall have the right at any time to change the arrangement and/or locations of entrances, passageways, doors and doorways, and corridors, windows, elevators, stairs, toilets or other public parts of the Building and to change the name, number or designation by which the Building is commonly known; provided that in connection with changes to the public areas of the Building, Landlord shall not materially and adversely interfere thereby with the use by Tenant of the Premises or materially and adversely interfere thereby with Tenant's access to the Premises. In the event that Landlord damages any

portion of any wall or wall covering, ceiling, floor or floor covering within the Premises, Landlord shall repair or replace the damaged portion to match the original as nearly as commercially reasonable, but shall not be required to repair or replace more than the portion actually damaged.

17.3 Tenant hereby waives any claims for damages for any injury or inconvenience to, or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by any action of Landlord authorized by this Article 17. Tenant agrees to reimburse Landlord, within ten (10) days of demand, for any expenses which Landlord may incur in thus effecting compliance with Tenant's obligations under this Lease after Tenant's failure to do so and such amounts shall be Additional Rent due and payable hereunder.

17.4 For each of the aforesaid purposes, Landlord shall at all times have and retain a key with which to unlock all of the doors in the Premises, excluding Tenant's vaults and safes or special security areas (designated in advance), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency to obtain entry to any portion of the Premises. As to any portion to which access cannot be had by means of a key or keys in Landlord's possession, Landlord is authorized to gain access by such means as Landlord shall elect, in the exercise of its reasonable judgment, and the cost of repairing any damage occurring in doing so shall be borne by Tenant and paid to Landlord as Additional Rent within ten (10) days of demand.

18. DEFAULT

18.1 Except as otherwise provided in Article 20, the following events shall be deemed to be events of default ("Events of Default") under this Lease:

18.1.1 Tenant shall fail to pay when due any sum of money becoming due to be paid to Landlord under this Lease, whether such sum be any installment of the Annual Rent reserved by this Lease, any other amount treated as Additional Rent under this Lease, or any other payment or reimbursement to Landlord required by this Lease, whether or not treated as Additional Rent under this Lease, and such failure shall continue for a period of five (5) days after written notice that such payment was not made when due, but if any such notice shall be given, then for the twelve month period following the date of such notice, a failure to pay, within five (5) days after the due date, of any additional sum of money to be paid to Landlord under this Lease shall be an Event of Default, without the necessity of providing any notice to Tenant.

18.1.2 Tenant shall fail to comply with any term, provision or covenant of this Lease which is not provided for in another Section of this Article and shall not cure such failure within twenty (20) days (forthwith, if the failure involves a hazardous condition) after written notice of such failure to Tenant; provided, however, that if the failure to comply cannot by its nature be cured within the twenty-day period, then no Event of Default shall arise so long as Tenant commences to cure such noncompliance within the 20-day period and thereafter diligently prosecutes such cure to completion to Landlord's reasonable satisfaction by a date not later than forty-five (45) days after the date Landlord gives written, notice of such failure to Tenant, subject, however to the effects of a Force Majeure Event (as defined in Section 2.2 of this Lease).

18.1.3 Tenant shall fail to vacate the Premises immediately upon termination of this Lease, by lapse of time or otherwise, or upon termination of Tenant's right to possession only.

18.1.4 Tenant shall become insolvent, admit in writing its inability to pay its debts generally as they become due, file a petition in bankruptcy or a petition to take advantage of any insolvency statute, make an assignment for the benefit of creditors, make a transfer in fraud of creditors, apply for or consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws, as now in effect or hereafter amended, or any other applicable law or statute of the United States or any state thereof.

18.1.5 A court of competent jurisdiction shall enter an order, judgment or decree adjudicating Tenant bankrupt, or appointing a receiver of Tenant, or of the whole or any substantial part of its property, without the consent of Tenant, or approving a petition filed against Tenant Seeking reorganization or arrangement of Tenant under the bankruptcy laws of the United States, as now in effect or hereafter amended, or any state thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof.

19. REMEDIES

19.1 Except as otherwise provided in Article 20, upon the occurrence of any of the Events of Default described or referred to in Article 18, Landlord shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever, concurrently or consecutively and not alternatively:

19.1.1 Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only, without terminating the Lease.

19.1.2 Upon any termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Tenant's right to possession without termination of the Lease, Tenant shall surrender possession and vacate the Premises as promptly as reasonably practicable but in all events not later than ten (10) business days after termination of the Lease or termination of Tenant's right to possession, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Premises following the passage of the ten (10) business day period set forth above in such event and to repossess the Premises as Landlord's estate, and to expel or remove Tenant and any others who may be occupying or be within the Premises and to remove Tenant's signs and other evidence of tenancy and all other property of Tenant therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Tenant waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Landlord's right to Annual Rent and Additional Rent or any other right given to Landlord under this Lease or by operation of law.

19.1.3 Upon any termination of this Lease, whether by lapse of time or otherwise, Landlord shall be entitled to recover as damages, all Annual Rent and any amounts treated as Additional Rent under this Lease, and other sums due and payable by Tenant on the date of termination, plus as liquidated damages and not as a penalty, an amount equal to the sum of: (a) the then present value of the Annual Rent reserved in this Lease for the residue of the stated Term of this Lease (using a discount rate of interest equal to the prime rate of interest published in the Money Rates section of the Wall Street Journal on the date of the Landlord's notice of termination) and any amounts treated as Additional Rent under this Lease and all other sums provided in this Lease to be paid by Tenant, minus the fair rental value of the Premises for such residue; (b) the value of the time and expense necessary to obtain a replacement tenant or tenants, and the estimated expenses described in Section 19.1.4 relating to recovery of the Premises, preparation for reletting and for reletting itself; and (c) the cost of performing any other covenants which would have otherwise been performed by Tenant.

19.1.4 Upon any termination of Tenant's right to possession only without termination of the Lease:

19.1.4.1 Neither such termination of Tenant's right to possession nor Landlord's taking and holding possession thereof as provided in Section 19.1.2 shall terminate the Lease or release Tenant, in whole or in part, from any obligation, including Tenant's obligation to pay Annual Rent, and any amounts treated as Additional Rent, under this Lease for

the full Term, and if Landlord so elects Tenant shall pay forthwith to Landlord an amount equal to the then present value of the Annual Rent reserved in this Lease for the residue of the stated Term of this Lease (using a discount rate of interest equal to the prime rate of interest published in the Money Rates section of the Wall Street Journal on the date of the Landlord's notice of termination) and any amounts treated as Additional Rent under this Lease and all other sums provided in this Lease to be paid by Tenant for the remainder of the Term.

19.1.4.2 Landlord may, but need not, relet the Premises or any part thereof for such rent and upon such terms as Landlord, in its sole discretion, shall determine (including the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet

the Premises as a part of a larger area, and the right to change the character or use made of the Premises). In connection with or in preparation for any reletting, Landlord may, but shall not be required to, make repairs, alterations and additions in or to the Premises and redecorate the same to the extent Landlord deems necessary or desirable, and Tenant shall, upon demand, pay the cost thereof, together with Landlord's expenses of reletting, including, without limitation, any commission incurred by Landlord. If Landlord decides to relet the Premises or duty to relet is imposed upon Landlord by law, Landlord and Tenant agree that nevertheless Landlord shall at most be required to use only the same efforts Landlord then uses to lease premises in the Building generally, and that in any case, Landlord shall not be required to give any preference or priority to the showing or leasing of the Premises over any other space that Landlord may be leasing or have available and may place a suitable prospective tenant in any such other space regardless of when such other space becomes available. Landlord shall not be required to observe any instruction given by Tenant about any reletting or accept any tenant offered by Tenant unless such offered tenant has a creditworthiness acceptable to Landlord and leases the entire Premises upon terms and conditions including a rate of Annual Rent (after giving effect to all expenditures by Landlord for tenant improvements, broker's commissions and other leasing costs) all no less favorable to Landlord than as called for in this Lease, nor shall Landlord be required to make or permit any assignment or sublease for more than the current term or which Landlord would not be required to permit under the provisions of Article 9. In any proceedings to enforce this Lease, Landlord shall be presumed to have complied with any duty now or hereafter imposed by law to relet the Premises in order to mitigate its damages, and Tenant shall bear the burden of proof to establish otherwise.

19.1.4.3 Until such time as Landlord shall elect to terminate the Lease and shall thereupon be entitled to recover the amounts specified in such case in Section 19.1.3, Tenant shall pay to Landlord upon demand the full amount of all Annual Rent and any amounts treated as Additional Rent under this Lease and other sums reserved in this Lease for the remaining Term, together with the costs of repairs, alterations, additions, redecorating and Landlord's expenses of reletting and the collection of the rent accruing therefrom (including reasonable attorney's fees and market rate broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Landlord may have received from any reletting of the Premises; and Tenant agrees that Landlord may file suits from time to time to recover any sums falling due under this Article 19 as they become due. Any proceeds of reletting by Landlord in excess of the amount then owed by Tenant to Landlord from time to time shall be credited against Tenant's future obligations under this Lease, but shall not otherwise be refunded to Tenant or inure to Tenant's benefit.

19.2 Subject to the provisions of Article 18 hereof with respect to Tenant's opportunity to cure its failure to comply with any term, provision or covenant of this Lease, Landlord may, at Landlord's option (except in the event of an emergency, in which case Tenant's opportunity to cure shall not apply), enter into and upon the Premises if Landlord determines in its reasonable discretion that Tenant is not acting within a commercially reasonable time to maintain, repair or replace anything for which Tenant is responsible under this Lease, and to correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage to Tenant's business or damage to any of Tenant's property or interruption of Tenant's business resulting therefrom. If Tenant shall have vacated the Premises, Landlord may, at Landlord's option, re-enter the Premises at any time during the last six months of the then current Term of this Lease and make any and all such changes, alterations, revisions, additions and tenant and other improvements in or about the Premises as Landlord shall elect, all without any abatement of any Annual Rent or Additional Rent otherwise to be paid by Tenant under this Lease.

19.3 If, on account of any breach or default by Tenant in Tenant's obligations under the terms and conditions of this Lease, it shall become necessary or appropriate for Landlord to employ or consult with an attorney concerning, or to enforce or defend, any of Landlord's rights or remedies arising under this Lease, Tenant agrees to pay all Landlord's reasonable attorney's fees so incurred. Notwithstanding the foregoing, in any litigation between Landlord and Tenant arising out of this Lease, the non-prevailing party shall be responsible for the reasonable attorneys' fees and costs of the prevailing party. Landlord and Tenant each expressly waives any right to: (a) trial by jury and (b) service of any notice required by any present or future law or ordinance applicable to landlords or tenants but not required by the terms of this Lease.

19.4 Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Lease or any other

remedies provided by law (all such remedies being cumulative), nor shall pursuit of any remedy provided in this Lease constitute a forfeiture or waiver of any Annual Rent or Additional Rent due to Landlord under this Lease or of any damages accruing to Landlord by reason of the violation of any of the terms, provisions and covenants contained in this Lease.

19.5 No act or thing done by Landlord or its agents during the Term shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or accept a surrender of said Premises shall be valid, unless in a writing signed by Landlord. No waiver by either party of any violation or breach by the other party of any of the terms, provisions and covenants contained in this Lease applicable to the other party hereto shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Lease. Landlord's acceptance of the payment of Annual Rent, Additional Rent or other payments after the occurrence of an Event of Default shall not be construed as a waiver of such Event of Default, unless Landlord so notifies Tenant in writing. Forbearance by Landlord in enforcing one or more of the remedies provided in this Lease upon an Event of Default shall not be deemed or construed to constitute a waiver of such Event of Default or of Landlord's right to enforce any such remedies with respect to such Event of Default or any subsequent Event of Default.

19.6 Intentionally Omitted.

19.7 Any and all property which may be removed from the Premises by Landlord pursuant to the authority of this Lease or of law, to which Tenant is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Landlord, but at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Tenant shall pay to Landlord, promptly upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Landlord's possession or under Landlord's control. Any such property of Tenant not retaken by Tenant from storage within thirty (30) days after removal from the Premises shall, at Landlord's option, be deemed conveyed by Tenant to Landlord under this Lease as by a bill of sale without further payment or credit by Landlord to Tenant.

20. TENANT'S BANKRUPTCY OR INSOLVENCY

20.1 If at any time and for so long as Tenant shall be subjected to the provisions of the United States Bankruptcy Code or other law of the United States or any state thereof for the protection of debtors as in effect at such time (each, a "Debtor's Law"):

20.1.1 Tenant, Tenant as debtor-in-possession, and any trustee or receiver of Tenant's assets (each, a "Tenant's Representative") shall have no greater right to assume or assign this Lease or any interest in this Lease, or to sublease any of the Premises than accorded to Tenant in Article 9, except to the extent Landlord shall be required to permit such assumption, assignment or sublease by the provisions of such Debtor's Law. Without limitation of the generality of the foregoing, any right of any Tenant's Representative to assume or assign this Lease or to sublease any of the Premises shall be subject to the conditions that:

20.1.2 Such Debtor's Law shall provide to Tenant's Representative a right of assumption of this Lease which Tenant's Representative shall have timely exercised and Tenant's Representative shall have fully cured any default of Tenant under this Lease.

20.1.3 Tenant's Representative or the proposed assignee, as the case shall be, shall have deposited with Landlord as security for the timely payment of Annual Rent and Additional Rent an amount equal to the larger of: (a) three months' Annual Rent, Additional Rent and other monetary charges accruing under this Lease; and (b) any sum specified in Article 5; and shall have provided Landlord with adequate other assurances of the future performance of the obligations of Tenant under this Lease. Without limitation, such assurances shall include, at least, in the case of assumption of this Lease, demonstration to the satisfaction of Landlord that Tenant's Representative has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Landlord that Tenant's Representative will have sufficient funds to fulfill the obligations of Tenant under this Lease; and, in the case of assignment, submission of current financial statements of the proposed assignee, audited by an independent certified public accountant reasonably acceptable to Landlord and showing a net worth and working capital in amounts determined by Landlord to be sufficient to assure the future performance by such assignee of all of Tenant's obligations

under this Lease.

20.1.4 The assumption or any contemplated assignment of this Lease or subleasing any part of the Premises, as shall be the case, will not breach any provision in any other lease, mortgage, financing agreement or other agreement by which Landlord is bound.

20.1.5 Landlord shall have, or would have had absent the Debtor's Law, no right under Article 9 to refuse consent to the proposed assignment or sublease by reason of the identity or nature of the proposed assignee or sublessee or the proposed use of the Premises concerned.

21. QUIET ENJOYMENT

Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, while paying Annual Rent and Additional Rent and other sums due under the Lease and performing its other covenants and agreements contained in this Lease, shall peaceably and quietly have, hold and enjoy the Premises for the Term without hindrance or molestation from Landlord or any person or entity claiming through Landlord subject to the terms and provisions of this Lease. Landlord shall not be liable for any interference or disturbance by other tenants or third persons, nor shall Tenant be released from any of the obligations of this Lease because of such interference or disturbance.

22. DAMAGE BY FIRE, ETC.

22.1 In the event the Premises or the Building are damaged by fire or other cause, and in Landlord's reasonable estimation such damage can be materially restored within one hundred twenty (120) days after such casualty, Landlord shall forthwith repair the same and this Lease shall remain in full force and effect, except that Tenant shall be entitled to a proportionate abatement in Annual Rent from the date of such damage. Such abatement of Annual Rent shall be made pro rata in accordance with the extent to which the damage and the making of such repairs shall interfere with the use and occupancy by Tenant of the Premises from time to time. Within forty-five (45) days from the date of such damage, Landlord shall notify Tenant, in writing, of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. For purposes of this Lease, the Building or Premises shall be deemed "materially restored" if they are in such condition as would not prevent or materially interfere with Tenant's use of the Premises for the purpose for which it was being used immediately before such damage.

22.2 If such repairs cannot, in Landlord's reasonable estimation, be made within one hundred eighty (180) days after such casualty, Landlord and Tenant shall each have the option of giving the other, at any time within sixty (60) days after such damage, notice terminating this Lease as of the date of such damage. In the event of the giving of such notice, this Lease shall expire and all interest of Tenant in the Premises shall terminate as of the date of such damage as if such date had been originally fixed in this Lease for the expiration of the Term. In the event that neither Landlord nor Tenant exercises its option to terminate this Lease, then Landlord shall repair or restore such damage, and this Lease shall continue in full force and effect, and the Annual Rent hereunder shall be proportionately abated as provided in Section 22.1.

22.3 Landlord shall not be required to repair or replace any damage or loss by or from fire or other cause to any panelings, decorations, partitions, railings, ceilings, floor coverings, office fixtures or any other property, additions or improvements installed on the Premises by Tenant or belonging to Tenant. Any insurance which may be carried by Landlord or Tenant against loss or damage to the Building or Premises shall be for the sole benefit of the party carrying such insurance and under its sole control.

22.4 In the event that Landlord should fail to complete such repairs and material restoration within sixty (60) days after the date estimated by Landlord therefor as extended by this Section 22.4, Tenant may at its option and as its sole remedy terminate this Lease by delivering written notice to Landlord, within fifteen (15) days after the expiration of said sixty day

period, whereupon the Lease shall end on the date of such notice, or such later date fixed in such notice, as if the date was the date originally fixed in this Lease for the expiration of the Term; provided, however, that if construction is delayed because of changes, deletions or additions in construction requested by Tenant and Landlord has informed Tenant prior to the time such changes, deletions or additions in construction are made that such changes, deletions or additions will cause a delay in construction and has provided Tenant with Landlord's reasonable estimate of such delay, or a Force Majeure Event, the period for restoration, repair or rebuilding shall be extended for the amount of time Landlord is so delayed.

22.5 Notwithstanding anything to the contrary contained in this Article: (a) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises when the damages resulting from any casualty covered by the provisions of this Article 22 occur during the last twelve (12) months of the Term or any extension thereof, but if Landlord determines not to repair such damages, Landlord shall notify Tenant of the same within forty-five (45) days of the date of the damage ("Landlord's Non-Repair Notice"), and if such damages shall render a material portion of the Premises untenantable, Tenant shall have the right to terminate this Lease by notice to Landlord given within fifteen (15) days after receipt of Landlord's Non-Repair Notice; and (b) in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or Building requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon this Lease shall end on the date of such damage as if the date of such damage were the date originally fixed in this Lease for the expiration of the Term.

22.6 In the event of any damage or destruction to the Building or Premises by any peril covered by the provisions of this Article 22, which Damage is brought to the attention of Landlord by notice from Tenant, Landlord and Tenant shall cooperate to properly secure the Premises. Upon notice from Landlord, Tenant shall remove forthwith, at its sole cost and expense, such portion of all of the property belonging to Tenant or its licensees from such portion or all of the Building or Premises as Landlord shall reasonably request.

23. EMINENT DOMAIN

If all or any substantial part of the Premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, or by conveyance in lieu of such

appropriation, either party to this Lease shall have the right, at its option, of giving the other, at any time within thirty (30) days after such taking, notice terminating this Lease, except that Tenant may only terminate this Lease by reason of taking or appropriation, if such taking or appropriation shall be so substantial as to materially interfere with Tenant's use and occupancy of the Premises. If neither party to this Lease shall so elect to terminate this Lease, the rental thereafter to be paid shall be adjusted on a fair and equitable basis under the circumstances. In addition to the rights of Landlord above, if any substantial part of the Building shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain or conveyance in lieu thereof, and regardless of whether the Premises or any part thereof are so taken or appropriated, Landlord shall have the right, at its sole option, to terminate this Lease provided that Landlord also terminates such other Building leases as are terminable as a result of such taking. Landlord shall be entitled to any and all income, rent, award, or any interest whatsoever in or upon any such sum, which may be paid or made in connection with any such public or quasi-public use or purpose, and Tenant hereby assigns to Landlord any interest it may have in or claim to all or any part of such sums, other than any separate award which may be made with respect to Tenant's trade fixtures and moving expenses; Tenant shall make no claim for the value of any unexpired Term.

24. SALE BY LANDLORD

In the event of a sale or conveyance by Landlord of the Building, the same shall operate to release Landlord from any future liability arising from or related to circumstances or events occurring after the date of the sale or conveyance, and in such event Tenant agrees to look solely to the successor in interest of Landlord in and to this Lease. Except as set forth in this Article 24, this Lease shall not be affected by any such sale and Tenant agrees to attorn to the purchaser or assignee. If any security has been given by Tenant to secure the faithful performance of any of the covenants of this Lease, Landlord may transfer or deliver said security, as such, to Landlord's successor in

interest and thereupon Landlord shall be discharged from any further liability with regard to said security.

25. ESTOPPEL CERTIFICATES

Within ten (10) business days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord, any mortgagee, prospective mortgagee, or any prospective purchaser a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which Annual Rent, Additional Rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement; and (e) such other matters as may be reasonably requested by Landlord. Landlord and Tenant intend that any statement delivered pursuant to this Article 25 may be relied upon by any mortgagee, beneficiary or purchaser and Tenant shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan to the extent Landlord demonstrates that such loss, cost or expense was caused by a material misstatement by Tenant contained in such estoppel certificate or a material omission therefrom made by Tenant.

Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period, Landlord or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

26. SURRENDER OF PREMISES

26.1 Tenant shall, at least thirty (30) days before the last day of the Term, arrange to meet Landlord for a inspection of the Premises. In the event of Tenant's failure to arrange such joint inspection to be held prior to vacating the Premises, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

26.2 At the end of the Term or any renewal of the Term or other sooner termination of this Lease, Tenant will peaceably deliver up to Landlord possession of the Premises, together with all improvements or additions upon or belonging to the same, by whomsoever made, in the same conditions received or first installed, broom clean and free of all debris, excepting only ordinary wear and tear and damage by fire or other casualty. Tenant may, and at Landlord's request shall, at Tenant's sole cost, remove upon termination of this Lease, any and all furniture, furnishings, movable partitions of less than full height from floor to ceiling, trade fixtures and other personal property installed by Tenant, title to which shall not be in or pass automatically to Landlord upon such termination, repairing all damage caused by such removal. Property not so removed shall, unless requested to be removed, be deemed abandoned by Tenant and title to the same shall thereupon pass to Landlord under this Lease as by a bill of sale. All other alterations, additions and improvements in, on or to the Premises shall be dealt with and disposed of as provided in Article 6 hereof.

26.3 All obligations of Tenant under this Lease not fully performed as of the expiration or earlier termination of the Term shall survive the expiration or earlier termination of the Term. In the event that Tenant's failure to perform prevents Landlord from releasing the Premises, and Landlord has notified Tenant of same, Tenant shall continue to pay rent pursuant to the provisions of Article 14 until such performance is complete. Upon the expiration or earlier termination of the Term, Tenant shall pay to Landlord the amount, as reasonably estimated by Landlord, necessary to repair and restore the Premises as provided in this Lease and/or to discharge Tenant's obligation for unpaid amounts due or to become due to Landlord. All such amounts shall be used and held by Landlord for payment of such obligations of Tenant, with Tenant being liable for any additional costs to be paid to Landlord promptly upon demand by Landlord, or with any excess to be returned promptly to Tenant after all such obligations have been determined and satisfied. Any otherwise unused Security Deposit shall be credited against the amount payable by Tenant under this Lease.

27. NOTICES

Any notice or document required or permitted to be delivered under this Lease shall be addressed to the intended recipient, shall be transmitted personally, by fully prepaid registered or certified United States Mail return receipt requested, by messenger or by reputable independent

contract overnight delivery service furnishing a written record of attempted or actual delivery, and shall be deemed to be delivered when tendered for delivery to the addressee at addresses set forth on the Reference Page, or at such other address as has then been last specified by written notice delivered in accordance with this Article 27, whether or not actually accepted or received by the addressee. Landlord is a nonresident of the Commonwealth of Virginia and, pursuant to Virginia Code Section 55-218.1, has appointed Edward R. Parker, 5511 Staples Mill Road, Richmond, Virginia 23228, as its appointed agent to receive service of process, notices, orders or demands.

28. TAXES PAYABLE BY TENANT

In addition to Annual Rent, Additional Rent and other charges to be paid by Tenant under this Lease, Tenant shall reimburse to Landlord, upon demand, any and all taxes payable by Landlord (other than corporate franchise, inheritance or estate taxes, net income taxes of Landlord and taxes payable in connection with a transfer by Landlord of its interest in the Building or the Lease) whether or not now customary or within the contemplation of the parties to this Lease to the extent not otherwise included in Direct Expenses and Taxes: (a) upon, allocable to, or measured by or on the gross or net rent payable under this Lease, including without limitation any gross income tax or excise tax levied by the State, any political subdivision thereof, or the Federal Government with respect to the receipt of such rent; (b) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof, including any sales, use or service tax imposed as a result thereof; (c) upon or measured by Tenant's gross receipts or payroll or the value of Tenant's equipment, furniture, fixtures and other personal property of Tenant or leasehold improvements, alterations or additions located in the Premises; or (d) upon this transaction or any document to which Tenant is a party creating or transferring any interest of Tenant in this Lease or the Premises. In addition to the foregoing, Tenant agrees to pay, before delinquency, any and all taxes levied or assessed against Tenant and which become payable during the term hereof upon Tenant's equipment, furniture, fixtures and other personal property of Tenant located in the Premises.

29. INTENTIONALLY OMITTED

30. DEFINED TERMS AND HEADINGS

The Article headings shown in this Lease are for convenience of reference and shall in no way define, increase, limit or describe the scope or intent of any provision of this Lease. Any indemnification of, or insurance obtained for the benefit of, Landlord shall apply to and inure to the benefit of all the following "Landlord Entities": Landlord, Landlord's investment manager, Landlord's property manager, and the trustees, boards of directors, officers, general partners, beneficiaries, stockholders, and employees of each of them. Any option granted to Landlord shall also include or be exercisable by Landlord's trustee, beneficiary, agents and employees, as the case may be. In any case where this Lease is signed by more than one person, the obligations under this Lease shall be joint and several. The terms "Tenant" and "Landlord" or any pronoun used in place thereof shall indicate and include the masculine or feminine, the singular or plural number, individuals, firms or corporations, and each of their respective successors, executors,

administrators and permitted assigns, according to the context hereof. The term "rentable area" shall mean the rentable area of the Premises or the Building as calculated by Landlord on the basis of the plans and specifications of the Building including a proportionate share of any common areas. Tenant hereby accepts and agrees to be bound by the figures for the rentable square footage of the Premises and Tenant's Proportionate Share shown on the Reference Page.

31. TENANT'S AUTHORITY

If Tenant signs as a corporation each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has been and is qualified to do business in the state in which the Building is located, that the corporation has full right and authority to enter into this Lease, and that

all persons signing on behalf of the corporation were authorized to do so by appropriate corporate actions. If Tenant signs as a partnership, trust or other legal entity, each of the persons executing this Lease on behalf of Tenant represents and warrants that Tenant has complied with all applicable laws, rules and governmental regulations relative to its right to do business in the state and that such entity on behalf of Tenant was authorized to do so by any and all appropriate partnership, trust or other actions. Tenant agrees to furnish promptly upon request a corporate resolution or other appropriate documentation evidencing the due authorization of Tenant to enter into this Lease.

32. COMMISSIONS

Each of the parties represents and warrants to the other that it has not dealt with any broker or finder in connection with this Lease, except as described on the Reference Page, which Brokers shall be paid solely by Landlord. Tenant hereby agrees to indemnify, defend and hold Landlord harmless from and against any claims by a broker or finder relating to Tenant's breach or alleged breach of the foregoing representation or warranty. Landlord agrees to indemnify, defend and hold Tenant harmless from and against any claims by a broker or finder relating to Landlord's breach or alleged breach of the foregoing representation or warranty.

33. TIME AND APPLICABLE LAW

Time is of the essence of this Lease and all of its provisions. This Lease shall in all respects be governed by the laws of the state in which the Building is located.

34. SUCCESSORS AND ASSIGNS

Subject to the provisions of Article 9, the terms, covenants and conditions contained in this Lease shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties to this Lease.

35. ENTIRE AGREEMENT

This Lease, together with its exhibits, contains all agreements of the parties to this Lease and supersedes any previous negotiations. There have been no representations made by Landlord or understandings made between the parties other than those set forth in this Lease and

its exhibits. This Lease may not be modified except by a written instrument duly executed by the parties to this Lease.

36. EXAMINATION NOT OPTION

Submission of this Lease shall not be deemed to be a reservation of the Premises or an option to lease the Premises. Landlord shall not be bound by this Lease until it has received a copy of this Lease duly executed by Tenant and has delivered to Tenant a copy of this Lease duly executed by Landlord, and until such delivery Landlord reserves the right to exhibit and lease the Premises to other prospective tenants. Notwithstanding anything contained in this Lease to the contrary, Landlord may withhold delivery of possession of the Premises from Tenant until such time as Tenant has paid to Landlord any security deposit required by Article 5, the first Monthly Installment of Annual Rent as set forth in Article 3, the insurance policy or policies or certificate(s) thereof as set forth Article 11, and any sum owed pursuant to this Lease.

37. RECORDATION

Tenant shall not record or register this Lease or a short form memorandum hereof without the prior written consent of Landlord, and then shall pay all charges and taxes incident to such recording or registration.

38. LIMITATION OF LANDLORD'S LIABILITY

Redress for any claim against Landlord under this Lease shall be limited to and enforceable only against and to the extent of Landlord's interest in the Building and the net proceeds from a sale thereof. The obligations of Landlord under this Lease are not intended to and shall not be personally binding on, nor shall any resort be had to the private properties of, any of its trustees or board of directors and officers, as the case may be, its investment manager, the general partners thereof, or any beneficiaries, stockholders, employees, or agents of Landlord or the investment manager.

39. CONDITION OF PREMISES

Tenant acknowledges that (a) except as expressly set forth in this Lease, Landlord has made and will make no warranties to Tenant regarding the condition of the Premises or the Building or the suitability thereof for Tenant's intended purposes, and (b) Landlord disclaims any and all implied warranties, covenants or conditions regarding (i) the performance by Landlord of its obligations under this Lease with respect to the condition of the Premises or the Building, or (ii) Tenant's use and enjoyment of the Premises.

40. PARKING

40.1 Tenant shall have the privilege to obtain up to one hundred eighteen (118) parking permits for spaces in the parking garage in the Building, up to ten (10) of which may be used for reserved parking. Tenant shall have the right to relinquish parking permits to Landlord during the Term of this Lease by giving Landlord no less than thirty (30) days' prior written notice. If Tenant desires to reclaim its right to any of said relinquished parking permits, Tenant must give Landlord at

least sixty (60) days' advance written notice. For administrative convenience, Tenant shall not relinquish or reclaim less than five (5) permits at a time; however, Tenant shall have the right not more than twice in any twelve-month period to relinquish or reclaim less than five (5) permits. The current rate for a permit for a reserved space is $120 per month and for an unreserved space is $90 per month. During the Term, Landlord shall have the right to increase such rates to the prevailing market rates for such permits on not less than thirty (30) days' notice.

40.2 Use of the parking facilities serving the Complex is at the sole risk of the users of such facilities, and Landlord assumes no liability for personal injury, theft or property damage, or any other loss occurring during, as a result of, or in connection with such use. Landlord shall have no liability whatsoever to Tenant or any other person (including, without limitation, Tenant's agents, employees, invitees, guests, clients or customers) for any property damage to vehicles or their contents and/or personal injury which might occur as a result of or in connection with the parking of vehicles in or about the Complex. Tenant shall indemnify and hold Landlord harmless from and against any and all costs, claims, causes of action, and expenses (including reasonable attorneys' fees) which Landlord may incur in connection with or arising out of use of the parking facilities by Tenant and/or Tenant's agents, employees, or invitees.

40.3 In its use of the parking facilities, Tenant shall follow all of the rules of the Complex applicable thereto, as the same may be reasonably amended from time to time. To ensure that only those parties designated by Tenant are using the parking facilities, Tenant shall provide Landlord with a complete list of the names of all of Tenant's employees issued access cards, which list shall contain the corresponding license plate numbers of those vehicles owned, leased or used by each of said employees. Such list shall be updated by Tenant periodically, as necessary, including, with respect to additions to the list a specific designation as to which vehicles of which employees have been issued permits for parking spaces and with respect to deletions from the list, a specific designation as to which vehicles of which employees are no longer to have parking permits.

40.4 This Section shall not be deemed to create a bailment between the parties hereto, it being expressly agreed and understood that the only relationship created between Landlord and Tenant pursuant to this Section is that of licensor and licensee, respectively.

41. SIGNAGE

Landlord shall provide to Tenant, as part of the initial buildout of the Premises, Building-standard suite signage, a strip in the Building directory located in the Building lobby, and such other directional signage as Landlord deems appropriate. In addition to the foregoing, Tenant shall be entitled to install at any time, at Tenant's sole cost, an additional Tenant logo sign, in form and substance satisfactory to Landlord in its reasonable discretion, in the elevator lobby of any floor(s) on which Tenant leases the entire floor in a location satisfactory to Landlord in its reasonable discretion.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Deed of Lease under seal as of the date first above written.

WATERFRONT I CORPORATION, a Delaware corporation	INTUIT INC., a Delaware corporation
By: Trammell Crow Real Estate Services, Inc., Authorized Agent	
By: /s/ SPENCER R. STOUFFER Name: Spencer R. Stouffer Title: Senior Vice President	By: /s/ GREG SANTORA Name: Greg Santora Title: Chief Financial Officer, Senior Vice President of Finance & Corporate Services, Intuit Inc.
Dated: July 27, 1999	Dated: July 26, 1999

Approved
Intuit Legal Dept.
Date July 25, 1999
By: /s/ BEVERLY BELLOWS

LIST OF EXHIBITS

EXHIBIT A

attached to and made a part of Lease bearing the
Lease Reference Date of July 27, 1999, between
Waterfront I Corporation, as Landlord and
Intuit Inc., as Tenant

PREMISES

Exhibit A is intended only to show the general layout of the Premises as of the beginning of the Term of this Lease. It does not in any way supersede any of Landlord's rights set forth in Section 17.2 with respect to arrangements and/or locations of public parts of the Building and changes in such arrangements and/or locations. It is not to be scaled; any measurements or distances shown

should be taken as approximate.

TrammellCrowCompany

EXHIBIT A

Canal Center Plaza, 44 Canal Center Plaza, Alexandria, Va.

[2ND FLOOR, FLOOR PLAN]

TrammellCrowCompany

EXHIBIT A

Canal Center Plaza, 44 Canal Center Plaza, Alexandria, Va.

[3RD FLOOR, FLOOR PLAN]

EXECUTION ORIGINAL-JULY 22, 1999

EXHIBIT B
attached to and made a part of Lease bearing the
Lease Reference Date of JULY 27, 1999, between
Waterfront I Corporation, as Landlord, and
Intuit Inc., as Tenant

WORK AGREEMENT

This Work Agreement governs the terms and conditions for the design and reconstruction of the tenant improvements to the Premises for Tenant's use (the "Tenant's Improvements"), the Project Schedule (as hereinafter defined) for Landlord and Tenant to complete the Tenant's Improvements, and the disbursement of the Landlord's Allowance (as hereinafter defined) to fund the cost of the Tenant's Improvements. Tenant shall accept the Premises in its "as is" condition subject to the removal of the personal property of the previous occupant, and provided that the electrical, mechanical, plumbing, sprinkler, life safety, and HVAC systems and window glazing are in good working order as of the Commencement Date. Tenant acknowledges that it has thoroughly inspected the Premises. Tenant's acceptance of the Premises shall not effect Landlord's repair obligations under Section 7.1 of the Lease. Unless otherwise specifically provided in this Work Agreement, all capitalized terms in this Work Agreement shall have the meanings ascribed thereto in this Lease. This Work Agreement is incorporated by reference into this Lease. In the event of any inconsistencies

between this Work Agreement and other terms of this Lease, the terms of this Work Agreement shall control and take precedence. Once the Lease has been fully executed, Landlord and Tenant intend for each deadline expressed in this Work Agreement to bind the parties even if any such deadline is before the date the Lease is executed.

1. Landlord and Tenant hereby approve the Project Schedule attached as Exhibit B-1.

2. Tenant acknowledges that Tenant has appointed Mr. John Wyatt, or in his absence or inability to serve, Mr. Steven Aldrich, as its authorized representative (each referred to herein as "Tenant's Representative") with full power and authority to bind Tenant for all actions taken with regard to the Tenant Improvements. Landlord shall have no obligation to obtain a response from more than one of the above-named individuals, the actions, decisions or inaction of either of the above-named individuals shall bind Tenant. Tenant hereby ratifies all actions and decisions with regard to the Tenant Improvements that the Tenant's Representative may have taken or made prior to the execution of this Work Agreement. Landlord shall not be obligated to respond to or act upon any plan, drawing, change order or approval or other matter relating to the Tenant Improvements until it has been executed by Tenant's Representative. Neither Tenant nor Tenant's Representative shall be authorized to direct the General Contractor (as hereinafter defined in Section 6 below) with respect to the Tenant Improvements. In the event that the General Contractor performs any such work under the direction of Tenant or Tenant's Representative without Landlord's express written approval, then Landlord shall have no liability for the cost of such work, the cost of corrective work

required as a result of such work, any delay that may result from such work, or any other problem in connection with such work.

3. Tenant shall employ HDR Architecture, Inc., whose representative is George DeFalco, III (the "Leasehold Architect") to prepare all plans for the Tenant Improvements. Tenant shall promptly cause the Leasehold Architect to prepare space plans for the Tenant Improvements, in form approved by Tenant, for submissions to Landlord. If Landlord has any comments with respect to the programming and space plans, Landlord shall make such comments known to Tenant in writing in accordance with the Project Schedule attached hereto as Exhibit B-1. If Landlord, in the exercise of Landlord's sole, but reasonable discretion, desires that the space plans be modified in any manner, Landlord shall specify the revisions required and its reasons for requesting the same and Tenant shall promptly revise the space plans to address Landlord's concerns.

Tenant shall cause the Leasehold Architect to prepare design development drawings for the Tenant Improvements, in form approved by Tenant, for submission to Landlord in the time required by the Project Schedule, which drawings shall be based upon the space plans approved by Landlord. If Landlord has any comments with respect to the design development drawings, Landlord shall make such comments known to Tenant in writing in the time required by the Project Schedule. If Landlord, in the exercise of Landlord's sole, but reasonable discretion, desires that the design development drawings be modified in any manner, Landlord shall specify the revisions required and its reasons for requesting the same, and Tenant shall promptly revise such drawings to address Landlord's concerns.

Tenant shall pay the cost of preparing the Tenant Plans, subject to application of the Planning Allowance (hereinafter defined). Landlord shall provide Tenant with an allowance of Fifteen Cents ($.15) per rentable square foot of the Premises to provide space planning for the Premises (the "Planning Allowance"). Such Planning Allowance shall be paid to the Leasehold Architect by Landlord at the direction of Tenant within thirty (30) days of receipt by Landlord of invoices substantiating the costs incurred by Tenant and lien waivers in a form reasonably acceptable to Landlord. Tenant shall pay all costs incurred in connection with Tenant's Plans which exceed the amount of the Planning Allowance of Fifteen Cents ($.15) per rentable square foot of the Premises.

4. All of the Tenant Improvements and the related drawings, plans and specifications shall comply with applicable laws, shall be suitable for obtaining all necessary construction permits and shall be submitted to Landlord for Landlord's approval (upon approval by Landlord, the "Final Plans"). Landlord shall approve or disapprove the drawings, plans and specifications for Tenant's Improvements in accordance with the Project Schedule, such approval not to be unreasonably withheld. Landlord shall specify its reasons for disapproving any such drawings, plans or specifications, or any portion(s) thereof, and Tenant shall cause any necessary revisions to be made. Any revisions to drawings, plans and specifications made pursuant to this paragraph shall be made at Tenant's

expense. Tenant shall be solely responsible for the content of the Final Plans and coordination of the Final Plans with base building design.

In addition, Landlord's approval of the Final Plans shall not constitute a warranty, covenant or assurance by Landlord that (i) any equipment or system shown thereon will have the features or perform the functions for which such equipment or system was designed, (ii) the Final Plans satisfy applicable code requirements, (iii) the Final Plans are sufficient to enable the general contractor to obtain a building permit for the Tenant Improvements, or (iv) the Improvements described thereon will not interfere with, and/or otherwise adversely affect base Building systems. If Landlord shall retain design professionals to assist Landlord in evaluating Tenant's drawings, plans or specifications for the Premises pursuant to this Paragraph 4, such services and related fees and expenses shall be paid out of the construction management fee provided for in Paragraph 5 below.

5. Landlord agrees to cause the general contractor selected in accordance with the provisions of Paragraph 6 below to construct Tenant's Improvements at Tenant's expense, in accordance with the Final Plans.

6. Tenant agrees to pay to Landlord the cost of Tenant's Improvements (less any applicable amount of the Landlord's Allowance, as hereinafter defined) together with a supervisory fee equal to three percent (3%) of the cost of such work as Landlord's construction management fee, provided however, that the cost of such work shall not include the cost of FF&E, as such term is hereinafter defined in Section 7 below. Such payment shall be made to Landlord in the time and manner set forth below in Section 7. Landlord shall competitively bid the general conditions of the construction contract for the Tenant Improvements and the fee to be paid to the general contractor under such construction contract, (which construction contract, including the general conditions shall be prepared by Landlord) to a minimum of three qualified general contractors. Tenant has requested, and Landlord has agreed, that one of such three (3) qualified bidders shall be Hitt Contracting. Landlord will work with Tenant in an open-book format to insure the lowest qualified and responsive bidder is awarded the construction contract for the Tenant's Improvements. Landlord will select the general contractor based upon the foregoing (the "General Contractor"). Landlord and the General Contractor shall enter into an agreement for construction services which includes a guaranteed maximum construction price. Pursuant to such agreement, the General Contractor shall be paid for the costs of the work, plus a fee, but subject to a payment ceiling. Tenant understands that the guaranteed maximum price set forth in the agreement for construction services is subject to chance if there are chances to the Final Plans, whether originating from Tenant's requested changes, field conditions, errors in the Final Plans or legal requirements and Tenant further agrees that Tenant shall be responsible for the change in the Guaranteed maximum price in the same manner as Tenant is responsible for the TI Shortfall, as hereinafter defined. The agreement with the General Contractor shall include a requirement that the General Contractor obtain three (3) bids for each major subcontract and that the General Contractor work with Landlord and Tenant in an open-book format to insure the lowest qualified and responsive bidder is awarded the contract for each major subcontract, provided, however, that the selection of the subcontractors shall in all events be made by the General Contractor.

7. Provided that no Event of Default exists under the Lease, Landlord

covenants and agrees that Landlord will contribute to Tenant an amount not exceeding fifteen dollars ($15.00) per rentable square foot of the Premises (the "Landlord's Allowance") to be applied solely towards any design, demolition and construction costs related to Tenant's Improvements, to Tenant's actual out-of-pocket move-related expenses ("Moving Costs"), and the furniture, fixtures or equipment purchased by Tenant for installation or use in the Premises ("FF&E"); provided, however, that a minimum of fourteen dollars ($14.00) per rentable square foot shall be applied towards "hard" construction costs. Landlord shall disburse the Landlord's Allowance directly to the General Contractor to be applied towards the cost of constructing Tenant's Improvements, together with a proportionate credit against the supervisory fee due to Landlord (if applicable); with any remaining balance for the payment of Moving Costs and

FF&E, upon satisfaction of the following payment conditions: (a) as to construction costs, Landlord receives complete invoices in form and substance reasonably acceptable to Landlord; (b) as to Moving Costs, Landlord receives invoices approved by Tenant or paid receipts; and (c) as to FF&E, Landlord receives invoices or paid receipts and evidence that such FF&E has been delivered to the Premises. In no event shall any portion of the Landlord's Allowance be disbursed if there has occurred an Event of Default under the Lease. The costs of any improvements above the foregoing Landlord's Allowance (the "T.I. Shortfall") remaining after payment of (i) the construction costs related to the Tenant's Improvements (at the aforesaid minimum of fourteen dollars ($14.00) per rentable square foot) and (ii) such other costs as described above, shall be paid for solely by Tenant. Tenant shall deposit forty percent (40%) of Landlord's reasonable estimate of such T.I. Shortfall at the time of Tenant's approval of pricing; another forty percent (40%) of Landlord's reasonable estimate of the T.I. Shortfall thirty (30) days after commencement of construction of the Tenant Improvements; and another twenty percent (20%) of Landlord's reasonable estimate of the T.I. Shortfall upon substantial completion of the Tenant Improvements. Any unused portion of the Landlord's Allowance shall, at Tenant's election, be applied as an abatement to the next Monthly Installment of Annual Rent due and owing under the Lease or otherwise as Landlord and Tenant may agree. To the extent the estimated amount of the T.I. Shortfall exceeds the actual T.I. Shortfall, then such excess amount shall, at Tenant's election, be applied to the next Monthly Installment of Annual Rent due and owing under the Lease or shall be promptly refunded to Tenant.

8. All payments to Landlord pursuant to this Work Agreement shall constitute Additional Rent under the Lease, and in the event of nonpayment thereof by Tenant, Landlord shall have all of the rights and remedies set forth in the Lease.

9. Tenant intends to occupy the Premises approximately three (3) weeks prior to the Commencement Date for purposes of construction of Tenant's Improvements, installation of voice/data communication systems, or moving of Tenant's FF&E, but excluding the installation of any systems furniture: Such early entry is subject to the following conditions: (i) Tenant shall coordinate any installation work with Landlord; (ii) Tenant's installation work shall not interfere with any work which Landlord may be doing, in the Premises or with any other tenant's use and enjoyment of the Building; and such entry shall be subject to all terms and conditions of the Lease except for

Tenant's obligation to pay Annual Rent and Additional Rent other than the Additional Rent required pursuant to this Work Agreement. Landlord shall attempt to give notice of the date of substantial completion to Tenant at a time sufficient for Tenant to exercise its right to early entry as set forth above. In all events, Tenant's occupancy of the Premises prior to the Commencement Date for the aforesaid purposes shall not interfere with Landlord's work in the Premises and any such interference shall be deemed to be a Tenant Delay and shall accelerate the Commencement Date in the manner more particularly set forth below.

10. Any delay in the General Contractor's completion of Tenant's Improvements caused by: (i) Tenant's request for changes to the Final Plans (or other Tenant change orders), or (ii) Tenant's failure to timely: (a) furnish its requirements, and/or (b) approve or revise any plans and specifications, and/or (c) approve the pricing, all as provided in the Project Schedule, or (iii) Tenant's early access to the Premises prior to the Commencement Date to the extent the same interferes with the construction of Tenant's Improvements by Landlord, or (iv) Tenant's request for materials, finishes or installations other than Landlord's standard and/or Tenant's request for sole source materials, finishes, or installations except those materials, finishes or installations, if any, that Landlord has expressly agreed to furnish without an extension of time required by Landlord; or (v) performance or completion or non-performance or non-completion by a party employed by Tenant (collectively, "Tenant Delays") shall accelerate the Commencement Date by one day for each day of delay, such that the Commencement Date shall occur on the date that it would have occurred had there not been such Tenant Delays, provided, however, if Tenant requests any changes or addition to the work or materials to be provided for the Tenant Improvements after Landlord's approval of the Final Plans or any other change orders, and if Landlord approves such a request, Landlord shall as soon as practicable after such approval notify Tenant of the cost of such change order and the delay in substantial completion of the Tenant Improvements, if any, due to the change order, which would be Tenant's sole responsibility. Tenant shall thereupon have three (3) business days after receipt of the aforesaid notice from Landlord to notify Landlord in writing whether Tenant wishes to proceed with such change order and incur the additional cost and any Tenant Delay which may arise therefrom. Without limiting the

generality of the foregoing, a "Tenant Delay" triggered by such a Tenant request for a change or addition to the work or materials to be provided for the Tenant Improvements or any other change orders may include both the time involved in processing the request and the time involved in obtaining Tenant's decision about proceeding with the change or addition, to the extent such time frames create a delay. Unless Tenant includes with its initial change request a written request that the construction of the Tenant Improvements then on-going be halted pending approval of the requested change, Landlord shall not be obligated to, but may elect in good faith to, stop construction of the Tenant Improvements whether or not the change requested by Tenant relates to the portion of the Tenant Improvements then being constructed or the construction of which is about to be commenced, and any delay resulting from such stoppage shall be deemed to be a Tenant Delay

EXHIBIT B-1

PROJECT SCHEDULE

Landlord and Tenant agree to the following schedule of obligations with respect to Tenant's Improvements.

<TABLE>
<CAPTION>

ID	TASK COMPLETION DATE	TASK DESCRIPTION	RESPONSIBILITY
<S>	<C>	<C>	<C>
1.	July 19, 1999	Tenant provides Landlord with space plan for Landlord review and comment	Tenant
2.	July 19, 1999	Landlord begins pre-qualification of Tenant-proposed contractor (1)	Landlord
3.	July 27, 1999	Landlord provides Tenant with comments on July 19 space plan	Landlord
4.	August 23, 1999	Tenant provides Landlord and contractor(s) with set of construction documents for Landlord review, and suitable for bidding and submission for building permit	Tenant
5.	August 23, 1999	Tenant's Architect submits construction drawings for permit	Tenant
6.	August 26, 1999	Landlord returns comments on construction documents	Landlord
7.	September 2, 1999	Tenant provides final construction documents incorporating revisions required by Landlord comments	Tenant
8.	September 2, 1999	Final construction bids due from contractors	Landlord
9.	September 7, 1999	Bid package and project costs summary to Landlord	Landlord
10.	September 10, 1999	Tenant approval of costs summary and authorization to proceed	Tenant
11.	October 1, 1999	Tenant's Architect delivers building permit to Landlord	Tenant
12.	To Be Determined	Landlord provides notice of Substantial Completion	Landlord
13.	January 15, 2000	Target Substantial Completion Date/Lease Commencement Date	Landlord

</TABLE>

EXHIBIT C

attached to and made a Lease bearing the
Lease Reference Date of July 27, 1999, between
Waterfront I Corporation, as Landlord and
Intuit Inc., as Tenant

RULES AND REGULATIONS

1. No sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord, not to be unreasonably withheld, provided that no such consent shall be required for the routine hanging within the Premises of artwork, diplomas, and similar wall hangings which do not require special or unique penetrations of the walls and which are not visible from outside the Premises. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person or vendor chosen by Landlord. In addition, Landlord reserves the right to change from time to time the format of the signs or lettering (other than a single logo sign containing the name of Tenant or a Permitted Assignee to be located in the elevator lobby of any floor which is leased in its entirety to Tenant) and to require, at Landlord's sole expense, previously approved signs or lettering to be appropriately altered.

2. If Landlord objects in writing to any curtains, blinds, shades or screens attached to or hung in or used in connection with any window or door of the Premises, Tenant shall immediately discontinue such use. No awning shall be permitted on any part of the Premises. Tenant shall not place anything or allow anything to be placed against or near any glass partitions or doors or windows which may appear unsightly, in the reasonable opinion of Landlord, from outside the Premises.

3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Building. The halls, passages, exits, entrances, shopping malls, elevators, escalators and stairways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access to the Building of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building, and its tenants provided that nothing contained in this rule shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitee of any tenant shall go upon the roof of the Building.

4. The directory of the Building will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom.

5. All cleaning and janitorial services for the Building and the Premises shall be provided exclusively through Landlord. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to any tenant for any loss of property on the Premises, however occurring.

6. Landlord will furnish Tenant free of charge with two keys to each door in the Premises. Landlord may make a reasonable charge for any additional keys, and Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install a new or additional lock or bolt on any door of its Premises. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys of all doors which have been famished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord the cost therefor and a reasonable fee to Landlord.

7. If Tenant requires telegraphic, telephonic, burglar alarm or similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.

8. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may reasonably be designated by Landlord.

9. Tenant shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position to all equipment, materials, furniture or other property brought into the Building which is of a weight or which produces noise or vibrations which might disturb other tenants in their use and enjoyment of their respective premises or the

common areas of the Building or which might affect the structure or systems of the Building. Heavy objects shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the Building or to any space in the Building to such a degree as to be objectionable to Landlord or to any tenants shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Building must be reasonably acceptable to Landlord. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause. All damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use any method of heating or air conditioning other than that supplied by Landlord. Tenant shall not waste electricity, water or air conditioning. Tenant shall keep corridor doors closed.

11. Landlord reserves the right to exclude from the Building outside of normal Business Hours or such other hours as may be reasonably established from time to time by Landlord, and on Sundays and legal holidays any person unless that person is known to the

person or employee in charge of the Building and has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person.

12. Tenant shall close and lock the doors of its Premises and entirely shut off all water faucets or other water apparatus and electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown into any of them, and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

14. Tenant shall not install any radio or television antenna, satellite dish, loudspeaker or other device on the roof or exterior walls of the Building without obtaining Landlord's prior written consent, which may be granted or withheld in Landlord's sole discretion. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

15. Except as set forth in paragraph 1 above, Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Premises. Tenant shall not cut or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any drainage resulting from noncompliance with this rule.

16. Tenant shall not install, maintain or operate upon the Premises any vending machine without Landlord's prior consent, such consent not to be unreasonably withheld.

17. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord.

18. No cooking shall be done or permitted by any tenant on the Premises, except by the tenant of Underwriters' Laboratory approved microwave oven or equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations.

19. Tenant shall not use in any space or in the public halls of the Building any hand trucks except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into

the Building, except for bicycles, to be stored in such locations in the Complex as Landlord shall from time to time designate.

20. Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

21. The requirements of Tenant will be attended to only upon appropriate application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instruction from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

22. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

23. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Building.

24. Landlord hereby designates the following days as holidays (on the dates observed by the Federal government), on which days services will not be provided and normal Building operating hours will not be followed:

New Year's Day
Martin Luther King's Birthday
Washington's Birthday
Memorial Day
Independence Day
Labor Day
Columbus Day
Veterans Day
Thanksgiving Day
Christmas Day

Landlord reserves the right, at it sole option, (i) to designate any other legal public holiday as a holiday if so promulgated pursuant to Title 5, Section 6103 of the United States Code (except for Inauguration Day) and (ii) to designate the Friday after Thanksgiving Day as a holiday if Landlord reasonably determines that many of the occupants of the Building will be observing that day as a holiday.

25. Landlord reserves the right to make such other and reasonable rules and regulations as in its judgment may from time to time be needed for safety and security, for care and

cleanliness of the Building and for the preservation of good order in and about the Building. Tenant agrees to abide by all such rules and regulations in this Exhibit C stated and any additional rules and regulations which are adopted.

26. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

EXHIBIT D

attached to and made a part of Lease bearing the

Lease Reference Date of July 27, 1999, between
Waterfront I Corporation, as Landlord and
Intuit Inc., as Tenant

MEMORANDUM OF COMMENCEMENT DATE

Pursuant to that certain Deed of Lease (hereinafter, the "Lease") entered into between WATERFRONT I CORPORATION, as Landlord, and INTUIT INC., as Tenant, dated as of JULY 27, 2000, related to certain space (defined in the Lease as the "Premises") in that certain office building located at 44 Canal Center Plaza, Alexandria, Virginia, in the office complex known as TransPotomac Canal Center, Landlord and Tenant hereby agree as follows:

1. For all purposes under the Lease, the Commencement Date (as defined in the Lease) shall be _____, 2000. The first Lease Year shall commence on the Commencement Date and shall end on _____, 2000, and each subsequent Lease Year shall commence on _____ 1. The Termination Date shall be _____ 30/31, 2010, unless the Lease is terminated earlier or extended.

2. The improvements and space required to be furnished to Tenant under the terms of the Lease have been substantially completed in all respects in accordance with the terms of the Lease, subject to minor punchlist items. Tenant acknowledges that Tenant has had an opportunity to inspect the Premises and accepts the Premises in their condition "as is".

3. All duties of Landlord of an inducement nature have been fulfilled and all other obligations required to be performed or observed by Landlord to the date hereof have been duly and fully performed or observed by Landlord.

4. Landlord has not waived the performance or observance by Tenant of any of the terms, covenants, or conditions to be performed or observed by Tenant under the Lease. Landlord has made no representations or commitments, oral or written, or undertaken any obligations other than as is expressly set forth in the Lease.

5. Except as amended by this Memorandum, the Lease continues in full force and effect and is enforceable against Landlord and Tenant in accordance with its terms. To the best of Tenant's knowledge no claim, set-off or defense exists for the benefit of Tenant against Landlord in connection with the Lease.

6. This Memorandum may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

EXECUTION ORIGINAL-JULY 22, 1999

IN WITNESS WHEREOF, Landlord and Tenant have executed this Memorandum of Commencement Date this _____ day of _____, 2000.

TENANT:

WITNESS:

INTUIT INC., a Delaware corporation

By: [SEAL]

- ----------

Name: Greg Santora
Title: Chief Financial Officer
Senior Vice President of
Finance & Corporate Services,
Intuit Inc.

LANDLORD:

WITNESS:

WATER-FRONT I CORPORATION,
a Delaware corporation

By: Trammell Crow
Real Estate Services, Inc.,
Authorized Agent

By: [SEAL]

- ----------

Name:
Title:

EXECUTION ORIGINAL-JULY 22, 1999

EXHIBIT E

attached to and made a part of Lease bearing the
Lease Reference Date of July 27, 1999, between
Waterfront I Corporation, as Landlord and
Intuit Inc., as Tenant

AVAILABLE SPACE ON RIVER LEVEL

TrammellCrowCompany

EXHIBIT E

Canal Center Plaza, 44 Canal Center Plaza, Alexandria, VA

[RIVER LEVEL FLOOR PLAN]

EXECUTION ORIGINAL-JULY 22, 1999

EXHIBIT F

attached to and made a part of Lease bearing the
Lease Reference Date of July 27, 1999, between
Waterfront I Corporation, as Landlord and
Intuit Inc., as Tenant

LIST OF PERMITTED HAZARDOUS MATERIALS

1. Office Supplies

- printer toner
- fax toner
- white out and white out thinner
- matrix UPS system (contains boat batteries; Tenant to provide adequate spill protection)
- batteries
- copier toner

2. Cleaning Supplies

- computer screen cleaner
- Endust and similar furniture cleaning and polishing products
- Windex and similar glass and kitchen surface cleaners
- dishwashing detergents
- soaps and liquid soaps
- Comet and similar products
- Lysol and air freshener products
- Bleach

3. Medical Supplies

- rubbing alcohol
- standard first aid kit supplies

EXHIBIT 10.32

COMMERCIAL LEASE

THIS AGREEMENT of Lease is made this 1st day of January, 1994, by and between 1285 Financial Boulevard, Inc. ("Landlord") and Computing Resources, Inc. ("Tenant").

WITNESSETH:

A. PREMISES. In consideration of the rent hereinafter reserved and of the covenants hereinafter contained, Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord the premises commonly known as 1285 Financial Boulevard, Reno, Nevada, 89502, consisting of approximately 3.483 acres improved with a building of approximately 38,617 square feet and more particularly described on Exhibit "A" hereto. The parties acknowledge that the personal property (furnishings, fixtures and equipment) located in the premises listed on Exhibit "B" hereto is owned by Tenant and is not leased hereunder.

B. TERM. The term of this Lease shall commence on the 1st day of January, 1994, and shall terminate at 12:00 o'clock, midnight, on the last day of the calendar month that completes ten (10) full years of tenancy hereunder.

If delivery of possession of the Premises shall be delayed beyond the date specified above for the commencement of the term of this Lease through no fault of the Landlord, the latter shall not be liable to the Tenant for any damage resulting from such delay and the Tenant's obligation to pay rent shall be suspended and abated until possession of the Premises is delivered. In the event of such a delay it is understood and agreed that the commencement of the term of this Lease shall also be postponed until delivery of possession and that the termination date of the term shall be correspondingly extended.

C. RENT. In consideration of the leasing of the aforesaid premises, Tenant does hereby covenant and agree with Landlord to pay rental in the sum of Three Hundred Forty-seven Thousand Five Hundred Fifty-three and 00/100 Dollars ($347,553.00) per annum in lawful currency of the United States of America. Said rental shall be payable monthly in advance at the rate of Twenty-eight Thousand Nine Hundred Sixty-two and 75/100 Dollars ($28,962.75) per month, the first two monthly installments of rent being paid simultaneously with the execution of this Lease Agreement, and thereafter commencing on the first day of the third month of the term of this Lease.

The annual rental herein provided to be paid by Tenant to Landlord shall be subject to increase in accordance with the provisions of this paragraph. In computing said increase, it is agreed that, beginning one year after the term of this Lease commences and each one year thereafter, the index number hereinafter designated will be compared with its position as of the first day of the month in which the term of the Lease commences. The difference between the index number for the month this Lease term commences and for the month in which the next one-year period begins shall be converted to a percentage of the index number for the month this lease term commences. Said percentage shall be the percentage by which the annual rental initially reserved herein of Twenty-eight Thousand Nine Hundred Sixty-two and 75/100

Dollars ($28,962.75) shall be increased and shall continue in such increased amount for each such succeeding year thereafter until the next one-year index figure computation is made as hereinabove provided. If the said computation would result in a decrease in annual rental, then the annual rental for the succeeding year shall be the same annual rental for the immediately past year.

The index number to be used is the "Consumer's Price Index, U.S. City Average, All Items (1982-84 = 100)," published by the U.S. Department of Labor, Bureau of Labor Statistics. If the aforementioned index becomes unavailable, the index to be used is the "Consumer's Price Index," issued by the U.S. Department of Labor for San Francisco-Oakland-San Jose. If neither of the foregoing indexes are used, Landlord and Tenant shall agree upon a substitute index to be employed in the computation of rent increases.

It is agreed that the price index shall be the index as of the first day of the month in which the term of this Lease commences, and, in the event no figures are issued for such month for the index being used, then the first figures of said index issued immediately after such date shall be considered the base index number as though it had been issued on the first day of the month in which the term of this Lease commences, provided, however, that the rent herein required to be paid by Tenant to Landlord shall not be less than Three Hundred Forty-seven Thousand Five Hundred Fifty-three and 00/100 Dollars ($347,553.00) per annum during the term of this Lease or any extension

or renewal thereof. It is understood that the cost-of-living increase shall not be applied to anything except the Three Hundred Forty-seven Thousand Five Hundred Fifty-three and 00/100 Dollars ($347,553.00) annual rental reserved in this paragraph.

D. NET LEASE. It is the understanding and agreement of the parties hereto that this is a clear "net" lease obligation, Tenant to bear all expenses and make all payments consistent with the principle of the "net" Lease; and Tenant hereby assumes and agrees to perform all duties and obligations with relation to the demised premises, the improvements thereon, and the appurtenances thereto, as well as the use, operation, and maintenance thereof, including being responsible for and making, at Tenant's own expense, all repairs to the roof and structural portions of the improvements unless same is necessitated by the negligence of Landlord, even though such duties and obligations would otherwise be construed to be those of Landlord. Provided, however, that Tenant shall not be required to pay any prior existing mortgages or any future mortgages that are placed on the property by Landlord and provided further, however, that Tenant shall not be responsible for the cost of any repairs to the improvements constructed or to be constructed upon the demised land resulting from damages caused by material defects in the structures or equipment supplied by Landlord therein and it shall be Landlord's responsibility to make any structural changes that may be required by any governmental agency having jurisdiction over the demised premises. In connection with this paragraph D, Tenant shall have the same right as Landlord under all guaranties and warranties of the building contractors and suppliers of materials and equipment installed in the building by Landlord or building contractor.

E. PAYMENT OF REAL ESTATE TAXES AND ASSESSMENTS. The parties hereto agree that,

as part of the consideration for the Lease and in addition to the rent hereinbefore provided, Tenant shall, after the commencement of the term of this Lease, and during the remainder of the term of this Lease and any renewal or extension thereof, pay to the public officers charged with the collection thereof, promptly as the same become due, all taxes, levies, licenses, excises, franchises, imposts, penalties, interest, and charges, general and special, ordinary and extraordinary, of whatever name, nature, and kind, which are now or may hereafter be levied, assessed, charged, or imposed, which are or may become a lien (whether federal, state, city, county, or other public authority) upon this Lease, the above-described premises, the use or occupancy thereof, the buildings and improvements now or hereafter situated thereon, or upon the occupants in respect thereof. It is agreed that the above taxes shall not be in any way construed to include any federal or state income taxes assessed against either Landlord or Tenant.

In the event Tenant should fail to pay the taxes or assessments herein required to be paid by Tenant, prior to the date when a delinquent rate would be imposed, then Landlord may, at its option, pay such taxes to the public officers charged with the collection thereof, and the amount or amounts of money so paid by Landlord, together with interest on all such amounts at the rate of 2 percent per annum over the then existing prime rate charged by the Bank of America, shall be repaid by Tenant to Landlord upon demand, and the payment thereof may be collected or enforced by Landlord in the same manner as though said amounts were an installment of rent specifically required by the terms of the Lease Agreement to be paid by Tenant to Landlord upon the date when Landlord demands repayment thereof; the election of Landlord to pay such taxes shall not waive the default thus committed by Tenant.

In the event that the financing institution where Landlord has financing on the demised premises shall require Landlord to prepay the real estate taxes in monthly installments of one-twelfth of the annual real estate taxes, then Landlord may elect to require the payment of the real estate taxes by Tenant to be made in monthly installments of one-twelfth of the annual real estate taxes, and Tenant agrees that it will make to Landlord monthly payments of such real estate taxes in an amount equal to one-twelfth of said taxes.

Even though this paragraph E obligates Tenant to pay the costs of special tax assessments assessed against the demised premises, the parties hereto agree that in the event of the installation by any legal taxing authority of any improvements that shall not be for the specific benefit and use of Tenant (including, but not limited to, sidewalks and storm and sanitary drains), and said improvements may reasonably be expected to survive this Lease, then Tenant shall only be required to pay a pro rata share of such assessments based upon the useful life of the improvement and the balance of the term hereunder.

If Tenant shall, in good faith, desire to contest the validity of such taxes, or other charges covered by this paragraph E, it shall have the right to do so, provided: (1) Tenant shall promptly notify Landlord of its intention to institute such legal proceedings as are appropriate, which proceedings shall be promptly instituted and conducted in good faith and with due diligence; (2) such proceedings shall suspend the collection of such taxes or other charges from

Landlord, Tenant, and the demised premises; (3) neither the demised premises nor any part

thereof nor interest therein shall be in danger of being sold, forfeited, terminated, cancelled, or lost; and (4) Tenant shall, if taxes become delinquent thereby, deposit with Landlord or the appropriate governmental authority such security for payment of the contested tax charge with interest and penalties as Landlord or the governmental authority shall reasonably require. Upon the conclusion of such contest of the validity of taxes by Tenant, Landlord shall return to Tenant the sum hereinabove required to be deposited by Tenant with Landlord during the period of such contest by Tenant, provided, however, that Tenant shall, prior to being entitled to a return of such monies, exhibit evidence of the payment of such contested taxes.

F. OTHER TAXES. Tenant agrees that during the term of this Lease or any extension or renewal thereof, it will pay to the public officers charged with the collection thereof any use tax or sales tax that might be imposed by any governmental body against either Landlord or Tenant by reason of the occupancy of the demised premises and payment of rental therefor by Tenant; and Tenant further covenants and agrees to pay such tax or taxes prior to the same becoming delinquent and to furnish unto Landlord evidence of such payment. In the event Tenant should fail to pay such use or sales taxes, then Landlord, at its sole option, may pay said tax or taxes, and the amount so paid by Landlord shall be added to and become additional rental to be paid by Tenant to Landlord. Tenant shall have the option of paying any such use or sales tax directly to the governmental body assessing the same or to Landlord. In the event the same are paid to Landlord, it shall be Landlord's obligation to pay the same to such governmental body.

G. INSURANCE. As its cost, Tenant agrees to obtain, concurrent with the taking of occupancy of the demised premises, and to maintain at all times during the term of this Lease, with insurance companies qualified to do business in the State of Nevada and having a general policyholder's rating of A+ and a financial rating of AAAAA as established by A. M. Best Company, fire and extended coverage insurance upon the demised premises in the amount equal to the replacement cost of the improvements thereon, excluding, however, cost of foundation, underground pipes and outside paving. Such policy or policies of insurance shall have endorsed thereon "Inflation Guard Endorsement" to cover cost-of-living increases so that the insurance coverage herein required shall be automatically increased as the cost of living increases. In lieu of such "Inflation Guard Endorsement," Tenant shall automatically increase the amount of coverage annually to cover the replacement cost of the improvements (less the cost of foundation, underground pipes and outside paving), as the cost of living increases. Such policy or policies of insurance shall be so drawn and shall contain such provisions as will protect both Landlord and Tenant as their respective interests appear. All policies of insurance or certificates thereof as provided for in this paragraph G and in paragraphs H and I below shall name Landlord as an insured, shall be delivered to Landlord and shall be renewed from time to time by Tenant so that at all times the insurance protection herein required shall continuously exist, and evidence of each renewal shall be submitted to Landlord at least 15 days prior to the expiration date of each policy. Tenant may maintain the insurance coverage through Tenant's blanket policy or policies and in such event, Tenant shall deliver to Landlord certificates of insurance and Tenant shall retain the original policies thereof.

In the event of the destruction of the improvements located on the demised land

so as to render the premises or a portion thereof untenantable by Tenant, it shall be the obligation of Landlord, as hereinafter provided for, to promptly repair or rebuild the building and improvements as near as possible to their original condition, and the proceeds collected from the insurance policy or policies herein described shall be made available to Landlord for the purposes of effecting such repair or restoration, and the parties hereto agree that such insurance proceeds shall be first applied to the cost of any repairs and restoration before using any portion thereof for any other purposes.

In the event that there shall remain any portion of the proceeds of such insurance policy or policies after the repair and reconstruction of any building or improvements to a condition equal to the former condition thereof, and provided no condition of default exists on the part of Tenant herein under the terms of this Lease, then any such excess shall be paid to Tenant herein. Tenant shall be entitled to all insurance proceeds representing the value of the leasehold improvements paid for by Tenant (together with all replacements thereof and additions thereto).

Tenant covenants and agrees with Landlord that Tenant will pay the premiums for all of the insurance policies that Tenant is obligated to carry under the terms of this Lease and that Tenant will deliver to Landlord evidence of such payment before the payments of any such premiums becomes in default; and Tenant will cause renewals of expiring policies to be written and the policies

or copies thereof, as Landlord may require, to be delivered to Landlord at least 15 days before the expiration date of such expiring policies. If obtainable, such policy or policies of insurance shall provide that the same may not be cancelled without the giving of at least 15 days notice to Landlord of intent to cancel.

Anything to the contrary herein notwithstanding, the parties hereto agree that the provisions of this paragraph G shall be subject to the requirements of any institutional first mortgagee now or at any time hereafter holding a first mortgage upon the demised premises, including without limitation thereto the types and amounts of coverage, the named insureds, the insurers, and the right of the mortgagee to apply any insurance proceeds on account of the debt.

The right of a mortgagee to require payment of insurance proceeds on account of a mortgage debt shall extend only to an institutional first mortgagee, and in the event that insurance proceeds are taken by such a mortgagee, if the premises are to be reconstructed in accordance with paragraph U hereof, Landlord shall immediately obtain refinancing or otherwise shall immediately pay to an escrow agent approved by both Landlord and Tenant the amount taken by such mortgagee, and the escrow agent shall hold and disburse the funds for the reconstruction and repair of the premises.

H. RENT INSURANCE. In order to insure the payment of rent during the period during which the premises shall be untenantable by reason of damage by fire, wind or other casualty, Tenant agrees to secure "rent insurance" so that the rent will be paid to Landlord during such period that such building is untenantable, and such "rent insurance" shall provide for 60 percent of the annual rent payable by Tenant to Landlord provided for herein.

I. PUBLIC LIABILITY INSURANCE. Tenant covenants and agrees with Landlord that during the entire term of this Lease, Tenant will indemnify and save harmless Landlord against any and all claims, debts, demands, or obligations that may be made against Landlord or against Landlord's title in the premises arising by reason of any negligent acts or omissions of Tenant, its officers, agents, or employees in occupying the premises; and not any acts or omissions of Landlord, its officers, agents, or employees; and if it becomes necessary for Landlord to defend any action seeking to impose any such liability, Tenant will pay Landlord all costs of court and reasonable attorneys' and expert witnesses' fees incurred by Landlord in such defense, in addition to any other sums that said Landlord may be called upon to pay by reason of the entry of a judgment or decree against Landlord in the litigation in which such claim is asserted. To this end, Tenant further contracts and agrees to procure and carry at its own expense insurance for bodily injury and property damage, including personal injury, of not less than One Million Dollars ($1,000,000.00) per occurrence and Two Million Dollars ($2,000,000.00) aggregate, and an umbrella/ excess liability policy of not less than Five Million Dollars ($5,000,000.00). Tenant shall cause said insurance policy or policies to specifically name Landlord as an insured and furnish Landlord with a certificate of said policy or policies. Tenant shall not do or permit any act or thing that shall render such policy invalid or that shall affect the validity thereof. If Tenant fails or neglects to carry such insurance as herein provided and to pay all insurance premiums therefor, or if said policy of insurance shall be cancelled for any cause whatsoever and Tenant does not promptly obtain other insurance prior to or simultaneously with such cancellation, Landlord may effect such insurance in its own name to the extent herein provided and pay the premium therefor, and any sums paid by Landlord for said premiums shall be deemed additional rent hereby reserved and shall be payable by Tenant on demand of Landlord, together with interest at the rate of 2 percent per annum over the then-existing prime rate charged by the Bank of America.

Landlord and Tenant each waive any claim against the other for any damage to property covered by insurance. Each party agrees to obtain a waiver of subrogation from its insurance carrier permitting this waiver.

J. UTILITY CHARGES. Tenant agrees and covenants to pay all utility charges, including, but not limited to, water, gas, electricity, sewage, and removal of waste materials used on or arising from use of the premises and to pay the same monthly or as they shall become due. Landlord hereby represents and warrants that, at the time of commencement of this Lease, sufficient water, electricity, telephone, sewage facilities, and garbage removal will be available to Tenant for Tenant's intended use of the premises.

K. AIR-CONDITIONING AND HEATING. Prior to taking possession of the premises, Tenant shall take whatever steps it deems necessary to satisfy itself that the air-conditioning, heating equipment, cooling systems, and mechanical equipment as installed by Landlord are in accordance with the plans and specifications, and that such installation is satisfactory and acceptable to Tenant. Upon occupancy of the premises and acceptance of the air-conditioning, heating and cooling systems, and installations, Tenant shall assume full and complete responsibility for their operation, maintenance, repair, and replacement. Landlord shall not be liable to Tenant for the failure or discontinuance of the air-conditioning, heating, and cooling

systems, or for the provision of any other utility service to the demised premises. Landlord shall assign to Tenant any and all warranties obtained by Landlord regarding such air-conditioning and heating systems, at the time of commencement of this Lease.

L. FIXTURES AND PERSONAL PROPERTY. It is agreed between the parties hereto that Tenant may install any trade fixtures, equipment, and other personal property on the demised premises of a temporary or permanent nature, and Landlord agrees that Tenant shall have the right at any time, provided Tenant is not in default of any of the terms of this Lease, to remove any and all such trade fixtures, equipment, and other personal property that it may have stored or installed in the demised premises; provided further, however, that in such event Tenant shall restore the premises substantially to the same condition, except for ordinary wear and tear, in which they were at the time Tenant took possession. Tenant shall not be obligated to restore the premises substantially to the same condition in which they were at the time Tenant took possession in the event of changes and alterations made upon the written approval of Landlord or in the event the demised premises are surrendered because of default on the part of Landlord.

The provisions hereof shall not be construed to prevent Tenant from financing or refinancing the purchase of equipment or machinery, and Landlord shall execute such reasonable documents in favor of any financial institution holding security thereon, subordinating rights of Landlord thereto; nor shall there be a Landlord's lien on any work in process of Tenant.

M. TENANT FORBIDDEN TO ENCUMBER LANDLORD'S INTEREST. It is expressly agreed and understood between the parties hereto that nothing in this Lease shall ever be construed as empowering Tenant to encumber or cause to be encumbered the title or interest of Landlord in the demised premises in any manner whatsoever. In the event that, regardless of this prohibition, any person furnishing or claiming to have furnished labor or materials at the request of Tenant or of any person claiming by, through, or under Tenant shall file a lien against Landlord's interest therein, Tenant, within 30 days after being notified thereof, shall cause said lien to be satisfied of record or the premises released therefrom by the posting of a bond or other security as prescribed by law, or shall cause same to be discharged as a lien against Landlord's interest in the demised premises by an order of a court having jurisdiction to discharge such lien.

N. LAWFUL USE OF PREMISES. Tenant further covenants and agrees that said demised land and all buildings and improvements thereon during the term of this Lease shall be used only and exclusively for lawful purposes; and that said Tenant shall not knowingly use or suffer anyone to use said premises or building for any purpose in violation of the laws of the United States, the State of Nevada, the County of Washoe, the City of Reno, or any other governmental unit wherein the premises may be located.

O. COMPLIANCE WITH REGULATIONS OF PUBLIC BODIES. Tenant covenants and agrees that it will, at its own cost, make such improvements on the premises and perform such acts and do such things as may be lawfully required by any public body having jurisdiction over said property in order to comply with such sanitary, zoning, setback, and other similar requirements designed to protect the public, applicable only to the manner of Tenant's use and occupancy of

the demised premises. Tenant also agrees to comply with all deed restrictions.

The undertakings in this paragraph O are conditioned upon Landlord delivering the demised premises to Tenant with the improvements constructed thereon complying with all zoning ordinances, setback requirements, sanitary requirements, and other similar requirements in effect at the time of the commencement of the term of this Lease, and Tenant shall not be required to make any structural changes to meet such requirements as they from time to time may exist.

P. SIGNS. During the term of this Lease, Tenant may install such signs on the demised premises as may be reasonable, provided, however, that such signs shall be first approved by Landlord, which approval shall not be unreasonably withheld. Such signs may be attached to said building in such manner as may be necessary, provided that upon the termination of this Lease or any renewal or extension thereof, the same shall be removed by Tenant and that such part of the property at which said sign may have been attached shall be restored, at the expense of Tenant, to the same condition as prior to the placing of said sign.

Q. ATTORNEYS' FEES. In the event of a dispute because of which either party to this Lease employs counsel to pursue or protect any of the rights afforded that party by the terms hereof, or the terms of any related agreement, or to defend against the claims of the other party hereto, in or out of court,

in bankruptcy proceedings or otherwise, the non-prevailing party agrees to pay the attorneys' fees, expert witness' fees and costs incurred by the prevailing party in such dispute.

R. LANDLORD'S RIGHT TO INSPECT PREMISES. Tenant agrees and covenants that Landlord or its agents, for the purpose of examining or inspecting the condition of the demised premises, shall have access to the said demised premises upon the giving of three (3) days' notice by Landlord to Tenant of Landlord's intent to examine or inspect the demised premises. Notwithstanding the foregoing, Landlord, in the event of any emergency such as, but not limited to, a fire, flood, or severe windstorm, shall have free and immediate access to said demised premises for the purposes of examining or inspecting damage done to the demised premises.

Landlord shall have the right to show the demised premises during the 90 days prior to termination to prospective tenants, at reasonable times during normal business hours. Landlord further reserves the right to show the demised premises to prospective purchasers. Except in the event of an emergency, Landlord shall not have entrance to the demised premises without the accompaniment of an employee of Tenant.

S. ASSIGNMENT OR SUBLETTING. Tenant may, with the consent of Landlord, which consent shall not be unreasonably withheld, assign this Lease or sublet in whole or in part the demised premises provided that Tenant herein shall continue to remain liable and responsible for the payment of rental due hereunder. For the purpose of this clause, a merger or consolidation of Tenant with another corporation or an assignment to a wholly owned subsidiary, shall not constitute an assignment requiring the consent of Landlord. Landlord shall have the right to sell, transfer or assign the leased premises without consent of Tenant, and Tenant agrees to attorn to

landlord's purchaser, transferee or assignee. Such sale, transfer or assignment by Landlord shall relieve Landlord of its obligations hereunder if the purchaser, transferee or assignee assumes Landlord's obligations hereunder.

T. REPAIRS. Tenant, after the commencement of the term of this Lease, shall, at its own expense, maintain the demised premises in as good condition and repair as the premises were upon the commencement of this term, except for reasonable wear and use during the term of this Lease, or any extension thereof, structural repairs or repairs made necessary by reason of fire or other casualty, and negligent acts or omissions by Landlord or its agents or as otherwise specifically provided for in this Lease.

U. DESTRUCTION OR DAMAGE BY FIRE OR OTHER HAZARDS. The parties hereto agree that if the improvements erected or to be erected upon the demised premises are partially or totally destroyed or damaged by fire or other hazard then Landlord shall promptly repair and restore such improvements as soon as it is reasonably practical so that they are restored substantially to the prior existing condition, subject to such changes as Tenant may reasonably require, and provided, however, that such changes will not increase the cost of restoration unless Tenant agrees to pay for such increased cost. Due allowance, however, shall be made for reasonable time necessary for Landlord to adjust the loss with the insurance companies insuring the demised premises at the time of the happening of the fire or the casualty, but in no event shall such adjustment result in Landlord not being obligated to make such restoration, and in any event the restoration must commence within 45 days after the happening of such fire or other casualty, and the completion thereof must be pursued diligently after such fire, casualty, or disaster with reasonable allowance made for delay occasioned by strikes; lockouts, or conditions beyond the control of Landlord, but in any event, said restoration must be completed on or before one year after the happening of such fire or other casualty. If such restoration is not completed within said one-year period, then Tenant, at its option, may cancel this Lease with abatement of rent as of the date of the loss, provided, however, that Landlord shall be entitled to retain the proceeds of any rent insurance as provided for in paragraph H hereof. Failure of the insurance company to authorize such restoration work will be considered a reasonable delay.

In the event that there is total destruction of the demised premises and Landlord fails to completely restore and rebuild the same within one year after such fire, casualty, or other disaster, then, in that event Tenant may, at its option, elect to terminate and cancel this Lease, in which event this Lease shall be terminated upon written notice by Tenant to Landlord and neither party shall thereafter have any further obligation with respect to the other.

Should the demised premises or any portion thereof be rendered untenantable by reason of the damage or destruction thereto caused by fire, casualty, or disaster during the term of this Lease as provided for in this paragraph, rent shall be abated in proportion to the areas of the demised premises rendered untenantable from the date of the happening of the fire or other casualty or disaster up to the date of restoration of the premises, except any rent that may be received from rent insurance procured pursuant to this Lease. However, no rent shall accrue for any portion of the premises

unless Tenant is able to conduct its usual business on that portion of the premises that remains tenantable. If, after the date of the happening of the fire or other

casualty or disaster, Tenant shall have paid any rents for a period beyond such date, Tenant shall be entitled to a proportionate refund.

In the event of a complete or total destruction of the improvements or destruction to such an extent that the premises are rendered untenantable by Tenant, Landlord shall not be required to restore or rebuild the improvements in the event there are less than five years remaining of the term of this Lease, unless the parties hereto agree to extend the term of this Lease for not less than five years from the date of completion by Landlord of such restoration.

In the event that the Lease is cancelled as provided for in this paragraph U, Tenant shall be entitled to all insurance proceeds representing the value of leasehold improvements paid for or agreed to be paid for by Tenant together with all replacements thereof and additions thereto, and all proceeds representing the value of property of Tenant that is damaged or destroyed, provided that Landlord first receives the proceeds covering the replacement value of Landlord's building from all undesignated proceeds.

V. DEFAULT BY TENANT. Each of the following shall be deemed a default by Tenant and a breach of this Lease:

1. The filing of a petition by or against Tenant under the U.S. Bankruptcy Code, as now or hereafter amended or supplemented, or the dissolution or liquidation or the commencement of any action or proceeding for the dissolution or liquidation of Tenant, or for the appointment of a receiver for or trustee of the property of Tenant, whether instituted by or against Tenant.

2. The taking possession of the premises or property of Tenant upon the premises by any governmental officer or agency pursuant to statutory authority for the dissolution, rehabilitation, reorganization, or liquidation of Tenant.

3. The making by Tenant of any assignment for the benefit of creditors.

If any event of default described in subparagraph 1, 2 or 3 above shall be involuntary on the part of Tenant, there shall be no default within the meaning of this Lease if such event is dismissed or vacated by Tenant within 60 days from the occurrence of such event; otherwise such event shall constitute a default hereunder.

4. A failure to pay the rent herein reserved, or additional rent, or any part thereof, for a period of 5 days after receipt of written notice.

5. Failure in the performance of any other covenant or condition of this Lease on the part of Tenant to be performed, for a period of 30 days after receipt of written notice. For the purposes of this subparagraph 5 of this paragraph V, no failure on the part of Tenant in the performance of work required to be performed or acts to be done or conditions to be modified shall be deemed to exist if steps shall have, in good faith, been commenced promptly by Tenant to rectify the same and shall be prosecuted to completion with diligence and

continuity. If the matter in question shall involve building construction and if Tenant shall be subject to unavoidable delay, either by reason of governmental regulations restricting the availability of labor or materials, or by strikes or other labor troubles, or by reason of conditions beyond the control of Tenant, Tenant's time to perform under said subparagraph 5 of this paragraph V shall be extended for a period commensurate with such delay.

In the event of any such default of Tenant, Landlord may serve a written notice upon Tenant that Landlord elects to terminate this Lease upon a specified date not less than 30 days after the date of the serving of such notice, except that in the case of a default under subparagraph 4 above for nonpayment of rent such date shall not be less than 5 days after the notice given, and if the default remains uncured or the period is not extended as herein provided, this Lease shall then expire on the date so specified as if that date had been originally fixed as the expiration date of the term herein granted.

In the event this Lease shall be terminated as hereinbefore provided or by summary proceedings or otherwise, or in the event the demised premises or any part thereof shall be abandoned by Tenant, Landlord, or its agents, servants or representatives may immediately or at any time thereafter, reenter and resume possession of said premises or any part thereof, and remove all persons and property therefrom, either by self-help (if such can be done without a breach of

the peace), by summary dispossession proceedings or by a suitable action or proceeding at law, without being liable for any damages therefor. Moving out of the premises or leaving the premises vacant shall not be deemed an abandonment of the premises, provided that Tenant continues to pay the rent as and when due. Reentry by Landlord shall not be deemed an acceptance of a surrender of this Lease.

In the event that this lease is terminated by summary proceedings, or otherwise as provided herein, or if the premises shall have been abandoned and whether or not the premises shall be relet, the entire amount of rent that would be paid to the expiration date of this Lease shall become due and payable. In the event of such termination or abandonment, Landlord shall be obligated to use its best efforts to mitigate and damages it may have against Tenant. In the event the premises are relet by Landlord, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, in addition to any other damages becoming due hereunder, an amount equal to the amount of all rents and additional rent reserved under this Lease, less the net rent, if any, collected by Landlord on reletting the demised premises, which shall be due and payable by Tenant to Landlord on the several days on which the rent and additional rent reserved in this Lease would have become due and payable; that is to say, upon each of such days Tenant shall pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord shall be computed by deducting from the gross rents collected all reasonable expenses incurred by Landlord in connection with the reletting of the premises or any part thereof, including broker's commissions and the cost of repairing, renovating, or remodeling said premises; however, the expenses to be deducted in computing the net rent collected on reletting shall not include the cost of performing any covenant contained herein required to be performed by Tenant.

The obligation of Landlord to use its best efforts to mitigate any damages it may

have against Tenant shall not preclude the right of Landlord to obtain by judicial process a judgment for the entire amount of rent that would be paid to the expiration date of this Lease, if said Lease is terminated by summary proceedings or otherwise as provided herein. In the event Landlord obtains a judgment in such manner, Landlord shall be obligated to use its best efforts to mitigate any damages it may have sustained in accordance with the provisions of this paragraph.

W. SUBORDINATION. This Lease, its terms, conditions, and all leasehold interests and rights hereunder, are expressly made, given, and granted subject and subordinate to the lien of any bona fide first mortgage that Landlord may secure from any bank, life insurance company, savings and loan association, or other recognized lending institution; and Tenant agrees to execute any instrument or instruments required by the mortgagee to subordinate the terms of this Lease to any such first mortgage that may be placed upon the premises by Landlord; provided, however, that:

1. Said mortgagee enters into a non-disturbance agreement with Tenant obligating any party acquiring title or right of possession under or by virtue of such mortgage to be bound by this Lease and all of Tenant's rights hereunder, provided that Tenant is not then in continued default after notice in the payment of rent or otherwise under the terms of this Lease as hereafter modified.

2. Tenant is not required to become responsible or liable for the payment of any sum or sums secured by such first mortgage, and further provided that such first mortgage contains provisions, or that the mortgagee will agree by separate instrument, to notify Tenant of any default on the part of Landlord in payment or default under any other terms and conditions of the mortgage. Should Tenant elect to exercise its right to make payment to a mortgagee in order to cure a default on the part of Landlord-Mortgagor, Tenant may deduct any sums so paid to cure a default from the next ensuing payment or payments or rental as is in this Lease provided.

3. Tenant agrees to notify mortgagee of any default on the part of Landlord under any of the terms and conditions of this Lease, said notice being only for the purpose of informing mortgagee of Landlord's default. Said notice shall not be construed as placing any obligations on mortgagee beyond those obligations specified in the mortgage between mortgagee and Landlord hereunder. Tenant's obligation to notify a mortgagee shall only extend to those mortgagees for which Tenant has received from Landlord a copy of the mortgage and notice of mortgagee's address.

4. Notwithstanding anything at law or in this Lease to the contrary, the non-disturbance provision as provided for in subparagraph 1 hereof shall not apply to a construction loan tender prior to such time as Tenant occupies the premises, and Tenant agrees to execute a separate subordination agreement in favor of a construction loan lender, which agreement

will provide that the non-disturbance provision will not affect said construction loan lender prior to such time as Tenant occupies the premises.

X. OPTION TO RENEW. Provided Tenant is not in default under the terms of this Lease at the time of the exercise of the herein contained option and at the commencement of any option period, Landlord grants to Tenant the option to renew this Lease for three additional terms of five years each, under the same terms and conditions as contained herein including the amount of rent being increased at one-year intervals as is set forth in paragraph D hereof.

In the event Tenant should elect to exercise its option to renew, Tenant shall deliver to Landlord notice of its intent to renew this Lease, such notice to be delivered in writing to Landlord at least six months prior to the expiration of this Lease or any renewal hereof.

Y. CONDEMNATION. It is further understood and agreed that if, at any time during the continuance of this Lease, the legal title to the demised land or the improvements located thereon or any portion thereof be taken, appropriated, or condemned by reason of eminent domain, there shall be such division of the proceeds of award in such condemnation proceedings and such abatement of rent and other adjustments made as shall be just and equitable under the circumstances. If Landlord and Tenant are unable to agree upon what division, abatement of rent, or other adjustments are just and equitable within 60 days after such award shall have been made, then the matters in dispute shall be submitted to arbitration in accordance with the then-existing commercial arbitration rules of the American Arbitration Association, and this Lease shall be specifically enforceable under the prevailing arbitration law and judgment upon the award rendered may be entered in the court of the State of Nevada having jurisdiction.

If this Lease is terminated in any manner herein provided in this paragraph Y, rent for the last month of Tenant's occupancy shall be prorated, and Landlord agrees to refund to Tenant any rents paid in advance.

If the legal title to the entire premises is wholly taken by condemnation proceedings, this Lease shall be automatically cancelled. If legal title to a portion of the demised premises is taken and the parties hereto agree that such taking renders the remainder of the demised premises unfit for its intended use, Tenant at its sole option, may elect to terminate this Lease. In the event the parties cannot agree upon what partial taking renders the remainder of the demised premises unfit for its intended use, then the matter shall be submitted to arbitration in the manner provided above. In general, it is the intent of this paragraph Y that upon condemnation the parties hereto shall share in the award to the extent that their respective interests are destroyed, damaged, or depreciated by the exercise of the right of eminent domain.

Z. NOTICES. All notices required by the law and this Lease to be given by one party to the other shall be in writing, and the same shall be served by hand delivery or by certified mail, return receipt requested, in postage prepaid envelopes addressed to the following addresses or such other addresses as may be by one party to the other designated in writing:

AS TO LANDLORD: President
1285 Financial Boulevard, Inc.
430 Angela Place
Reno, Nevada 89509

AS TO TENANT: 1285 Financial Boulevard
Reno, Nevada 89502

AA. MISCELLANEOUS. The covenants and agreements contained herein shall bind and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

Whenever used, the singular number shall include the plural, and the plural number shall include the singular; the use of any gender shall be applicable to all genders.

All covenants, agreements, and undertakings shall be joint and several.

The parties agree that a Memorandum of this Lease may be recorded in the Official Records of Washoe County, State of Nevada, and that this Lease shall be governed by and construed in accordance with the laws of the State of Nevada.

No modifications or changes shall be made to this Lease unless the same are made in writing and signed by the party against whom enforcement is sought.

IN WITNESS WHEREOF, this agreement has been executed as of the day and year first above written.

LANDLORD:

By: /s/ RANSON W. WEBSTER

Its: President

TENANT:

By: /s/ RANSON W. WEBSTER

Its: Chairman & C.E.O.

LEGAL DESCRIPTION

All that certain property situate in a portion of the West One-Half (W 1/2) of Section Sixteen (16), Township Nineteen (19) North, Range Twenty (20) East, Mount Diablo Meridian, City of Reno, Washoe County, Nevada, previously conveyed by that certain Grant, Bargain, Sale Deed recorded as Document No. 1348525 in Book 2961 at Page 0891, of the Official Records of Washoe County, Nevada on September 8, 1989, and being more particularly described as follows:

BEGINNING at the southeast corner of Parcel 4 of Parcel Map No. 1362, filed in the Office of the Washoe County Recorder on August 13, 1982 as File No. 809789, said point being on the westerly line of Financial Boulevard, as shown on said Parcel Map;
THENCE along the southerly line of said Parcel 4, North 64 degrees 49'04" West, 330.00 feet;
THENCE South 25 degrees 10'56" West, 230.99 feet;
THENCE from a tangent which bears North 22 degrees 59'40" East, 25.96 feet along the arc of a 340.00 foot radius curve to the right, through a central angle of 04 degrees 22'32";
THENCE South 64 degrees 49'04" East, 278.62 feet to the beginning of a tangent curve to the left;
THENCE 47.12 feet along the arc of a 30.00 foot radius curve, through a central angle of 90 degrees 00'00" to the westerly line of the proposed Financial Boulevard;
THENCE along said westerly line, North 25 degrees 10'56" East, 87.03 feet to the beginning of a tangent curve to the left;
THENCE 20.37 feet along the arc of a 460.00 foot radius curve, through a central angle of 02 degrees 32'14";
THENCE continuing along said westerly line, North 22 degrees 38'42" East, 92.69 feet to the above described POINT OF BEGINNING.

All that certain property situate in a portion of the West One-Half (W 1/2) of Section Sixteen (16), Township Nineteen (19) North, Range Twenty (20) East, Mount Diablo Meridian, City of Reno, Washoe County, Nevada, previously conveyed by that certain Grant, Bargain, Sale Deed recorded as Document No. 1348526 in Book 2961 at Page 0893 of the Official Records of Washoe County, Nevada, on September 8, 1989, and being more particularly described as follows:

BEGINNING at a point on the southerly line of Parcel 4 of Parcel Map No. 1362, filed in the Office of the Washoe County Recorder

EXHIBIT "A"

on August 13, 1982 as File No. 809789, from which the southeast corner of said Parcel 4 bears South 64 degrees 49' 04" East, 330.00 feet;
THENCE continuing along said southerly line, North 64 degrees 49' 04" West, 172.00 feet;
THENCE South 25 degrees 10' 56" West, 293.56 feet;
THENCE from a tangent which bears North 79 degrees 34' 45" East, 185.31 feet along the arc of a 340.00 foot radius curve to the right, through a central angle of 31 degrees 13' 41";
THENCE North 25 degrees 10' 56" East, 230.99 feet to the above

described POINT OF BEGINNING.

All that certain real property situate in a portion of the West One-Half (W 1/2) of Section Sixteen (16), Township Nineteen (19) North, Range Twenty (20) East, Mount Diablo Meridian, Reno, Washoe County, Nevada, being a portion of Parcel "3" of Parcel Map No. 2364, File No. 1333406, Official Records of Washoe County, Nevada, previously conveyed by that certain Boundary Line Adjustment and Quitclaim Deed recorded as Document No. 1538141 in Book 3399 at Page 0124 of the Official Records of Washoe County, Nevada, on January 16, 1992, and being more particularly described as follows:

BEGINNING at the most northeasterly corner of said Parcel "3";
THENCE along the easterly line of said Parcel "3", South 25 degrees 10' 56" West, 293.55 feet to a point in the northerly right-of-way line of Wall Street;
THENCE along said northerly right-of-way line, from a tangent that bears South 79 degrees 34" 44' West, 60.35 feet along the arc of a curve to the left, having a central angle of 10 degrees 10' 09", a radius of 340.00 feet to a point of reverse curvature;
THENCE 63.11 feet along the arc of a curve to the right, having a central angle of 13 degrees 54' 30", a radius of 260.00 feet;
THENCE leaving said northerly right-of-way line, North 25 degrees 10' 57" East, 372.31 feet;
THENCE South 64 degrees 49' 04" East, 94.75 feet returning to the POINT OF BEGINNING.

ASSIGNMENT OF LEASE

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and for the purpose of further securing that certain loan and debt obligation owed to the Nevada State Development Corporation which is guaranteed by the Small Business Administration, which said debt obligation has been assumed by 1285 Financial Boulevard, Inc., that certain commercial lease dated January 1,1994, by and between 1285 Financial Boulevard, Inc. as Landlord and Computing Resources, Inc. as Tenant is hereby assigned by 1285 Financial Boulevard, Inc. to Nevada State Development Corporation.

Dated this 1st day of January, 1994.

1285 FINANCIAL BOULEVARD, INC.

By: /s/ RANSON W. WEBSTER

RANSON W. WEBSTER, President

FIRST AMENDMENT TO COMMERCIAL LEASE

THIS FIRST AMENDMENT TO LEASE ("Amendment") is entered into as of this 3rd day of May, 1999, by and between 1285 Financial Boulevard, Inc., a Nevada corporation ("Landlord"), and Computing Resources, Inc., a Nevada corporation ("Tenant"), in the following factual context:

RECITALS

A. On January 1, 1994, Landlord and Tenant entered into that certain Commercial Lease (the "Lease") for those certain premises commonly known as 1285 Financial Boulevard, Reno, Nevada, as more particularly described in said Lease (the "Premises").

B. The parties hereto wish to amend the Lease.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Options to Extend. Paragraph X of the Lease is amended to read as follows:

Landlord hereby grants to Tenant three (3) five (5)-year options to extend the term of the Lease. On condition that Tenant is not then in default under any of the terms and conditions of the Lease beyond any applicable notice and cure periods, Tenant may exercise each of the options to extend by giving Landlord at least one hundred eighty (180) days prior written notice of its exercise of the applicable option to extend.

All of the terms and conditions of this Lease shall be in effect during each of the extended terms, except that the annual rental to be paid by Tenant during the first year of the applicable extended term shall be adjusted to equal the fair market rental value of the Premises as of the first day of such extended term, as Landlord and Tenant shall agree as provided in the following paragraph.

If Tenant has timely exercised its option to extend as set forth above, Landlord shall promptly give Tenant notice of Landlord's opinion of the fair market rental value (as defined below) applicable to the Premises during the first year of the extended term. Thereafter, Landlord and Tenant shall attempt to agree in good faith in writing on such fair market rental value. If Landlord and Tenant do not agree in good faith on the fair market rental value of the Premises by the date which is one hundred twenty (120) days prior to the end of the original term, or current renewal term, as applicable, then Landlord and Tenant shall each select, within fifteen (15) days after such one hundred twentieth (120th) day, an appraiser (the "Appraisers") with a minimum of five (5) years experience appraising real property for commercial rental purposes in the Reno, Nevada area, to determine the fair market rental value of the Premises. Within fifteen (15) days of appointment, the Appraisers shall mutually select a third appraiser (the "Neutral Appraiser") who has the same minimum qualifications as the Appraisers and who has not

previously represented either party or its affiliates. Each of the three (3) Appraisers shall, within thirty (30) days of the appointment of the Neutral Appraiser, submit his or her determination of the fair market rental value of the Premises, and the average of the closest two (2) appraisals shall be the fair market rental value for the first year of the applicable extended term, which decision shall be communicated to the parties in writing by the Neutral Appraiser and shall be final and binding on both Landlord and Tenant. Landlord and Tenant shall each pay their own Appraiser's fees and costs and shall each pay one-half (1/2) of the Neutral Appraiser's fees and costs. If one party does not appoint an Appraiser within the fifteen (15) day period referenced above, the single Appraiser shall be the sole judge of the fair market rental value for the first year of the applicable extended term. If the two appointed Appraisers cannot agree on the appointment of the Neutral Appraiser, either party may petition the then president of the county real estate board of the county in which the Premises are located for the selection of the Neutral Appraiser.

The rental for each lease year which is within each of the five (5)-year extended terms and which is subsequent to the first year of each such five (5)-year extended term shall be determined by reference to adjustments in the Consumer Price Index since the first year of the applicable extended term as more particularly described in Paragraph C of the Lease; provided, however, that adjustments above the initial rental rate (and any subsequent higher rent) shall expressly be permitted.

In the event Tenant does not exercise each option to extend the term of the Lease, a later option to extend the term cannot be exercised.

As used in this Amendment, "fair market rental value" means the rent per square foot of rentable area that a ready-and-willing tenant would pay as rent to a ready-and-willing landlord of space comparable to the Premises if such space were exposed for lease on the open market for a reasonable period of time, assuming neither party was under any compulsion to rent, and taking into account all of the purposes for which the Premises may be used and the condition thereof at the time of the extension.

If the fair market rental value is not determined prior to the commencement of the applicable extended term, then Tenant shall continue to pay the rent applicable to the Premises immediately prior to the extended term, until the fair market rental value is determined. When the fair market rental value is determined, Tenant shall pay to Landlord, or Landlord shall credit to Tenant, as applicable, within thirty (30) days, the difference between the rent already paid and the new rent as determined pursuant to this Amendment.

2. Non-disturbance Agreement. Without limiting the application of Paragraph W of the Lease, Landlord agrees that promptly following the execution of this Amendment, Landlord shall obtain for Tenant's benefit a written non-disturbance agreement in customary and recordable form reasonably acceptable to Tenant from any mortgagee or other person providing financing to or for the benefit of Landlord, which financing is secured by the Lease and/or by the Premises or any part thereof as of the date of this Amendment.

3. Assignment. Notwithstanding anything in Paragraph S of the Lease to the contrary, the parties hereby agree that the limitations on assignment in the

Lease apply only to transfers of assets from one entity to another entity and not to a change in the ownership of stock or other securities of the tenant entity. Furthermore, the parties agree that the acquisition by Intuit Inc., a Delaware corporation, of all or substantially all of the capital stock of Tenant is not an assignment requiring the consent of Landlord under the Lease.

4. Miscellaneous. If any term, provision, covenant or condition of this Amendment is held by a court of competent jurisdiction to be invalid, void or unenforceable, the rest of this Amendment shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. Except as expressly modified by this Amendment, the terms and conditions of the Lease shall remain unchanged and in full force and effect. In the event of any conflict between the provisions of this Amendment and the Lease, the provisions of this Amendment shall govern. This Amendment may be executed in one or more counterparts, each of which shall be an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, Landlord and Tenant have executed this Amendment as of the day and year first above written.

LANDLORD:	TENANT:
1285 FINANCIAL BOULEVARD, INC., a Nevada corporation	COMPUTING RESOURCES, INC., a Nevada corporation
By: /s/ RANSON WEBSTER	By: /s/ RANSON WEBSTER
Name: Ranson Webster	Name: Ranson Webster
Its: President	Its: C.E.O.

EXHIBIT 10.33

STANDARD INDUSTRIAL LEASE
(SINGLE TENANT NET-NET-NET)

This Standard Industrial Lease (Single Tenant Net-Net-Net) (this "Lease") is entered into by and between the Landlord and Tenant named below, which parties hereby agree as follows:

Lease Preparation Date: June 1, 1993

Landlord: DERMODY PROPERTIES, a Nevada Corporation, located at 1200 Financial Boulevard, P.O. Box 7093, Reno, Nevada 89510

Tenant: PIONEER CITIZENS BANK OF NEVADA, a Nevada corporation

Trade Name (dba): Pioneer Citizens Bank of Nevada

1. LEASE TERMS

1.01 Property: The Property referred to in this Lease consists of approximately 0.928 acres of land, improved with a single story concrete tilt-up building containing approximately 8,560 square feet of space and includes adjacent parking areas and landscaping, as shown on the site plan attached hereto as Exhibit "A" and legally described on Exhibit "A-1" attached hereto. The address of the Property is: 5400 Equity Avenue, Reno, Nevada 89502. The term "Improvements" as used in this Lease shall mean all improvements on the Property, whether constructed by Landlord or by Tenant.

1.02 Project: The Project in which the Property is located consists of approximately 166.5 acres of lands, including improved and unimproved land, commonly known as Dermody Business Park. A site plan of the Project is attached hereto as Exhibit "A-2." The term "Project" as used in this Lease shall include the Property and the Common Area (as said term is defined in Section 4.01 below).

1.03 Tenant's Notice Address: Tenant's Notice Address is the address of the Leased Property as defined in Section 1.01 unless otherwise specified here: 10 State Street, Reno, Nevada 89501.

1.04 Landlord's Notice Address: P.O. Box 7098, Reno, Nevada 89510.

1.05 Tenant's Permitted Use: Bank office operations.

1.06 Lease Term: The Lease Term is for 77 months and is scheduled to commence on September 1, 1993 and expire on January 31, 2000.

1.07 Base Monthly Rent: FIVE THOUSAND FIVE HUNDRED SIXTY-FOUR AND NO/100 DOLLARS ($5,564.00) per month, for the entire Lease Term, in lawful money of the United States of America.

1.08 Security Deposit: None.

1.09 Proportionate Share: Tenant's Proportionate Share is 0.56%, which amount equals the total acres of land at the Property divided by the total acres of land at the Project.

1.10 Tenant is entitled to all available vehicle parking spaces at the Property, subject to the provisions of Section 8 of this Lease.

2. DEMISE AND POSSESSION; INSPECTION PERIOD

2.01 Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Property described in Section 1.01. For a period of sixty (60) days following the date of mutual execution of this Lease (the "Inspection Period"), Tenant (and its designated representatives, agents, and consultants), at Tenant's sole cost and expense, shall have the right to enter upon the Property for the purpose of inspecting and investigating the condition of the Property and the suitability of the Property for Tenant's intended use, subject to all of the following terms and conditions:

A. All of the provisions of this Lease shall apply to any such entry upon the Property, except that Tenant shall not be permitted to use the Property for any purpose except as set forth in this Section 2.01 during the inspection Period. Without limiting the generality of the foregoing, Tenant acknowledges that the provisions of Section 7.02 - 7.06 (Use), Section 10 (Alterations, Mechanics Liens), Section 11 (Insurance) and Section 12 (Indemnification) of this Lease shall apply to any such entry upon the Property.

B. Tenant shall give Landlord not less than forty-eight (48) hours prior notice before any such entry upon the Property. Throughout the Inspection Period, Landlord shall retain all keys to the Property. A representative of

Landlord shall have the right to accompany Tenant during any such entry upon the Property. Tenant shall use its best efforts not to disturb any occupants of the Property during any such entry.

C. Tenant shall not physically alter the Property in any material manner during the Inspection Period. If Tenant desires to conduct any tests or investigations with respect to Hazardous Wastes (as said term is defined in Section 7.02 below), including without limitation any tests or investigations with respect to the presence of asbestos or asbestos containing materials in the Improvements, Tenant shall first present to Landlord a written plan detailing the procedures and protocols of such tests or investigations, which plan shall be subject to Landlord's prior approval, not to be unreasonably withheld. Any such tests or investigations shall be performed by a duly licensed or certified environmental engineer in strict compliance with all applicable laws. Tenant shall not perform any such tests or inspections if the same would in any way interfere with the quiet enjoyment of the Property by any occupants of the Property or if the same is potentially injurious to public health or safety. Tenant shall keep all results of such tests or investigations strictly confidential, except that Tenant shall deliver a copy of any report or analysis prepared in connection with such tests or investigations to Landlord, at no cost or expense to Landlord, within five (5) days of the preparation thereof.

D. If Tenant does not approve of the physical condition of the Property in any respect, and if Tenant delivers a written notice to Landlord setting forth the particular reasons for such disapproval prior to the expiration of the Inspection Period, then Landlord shall have the right to repair or correct any such conditions, to Tenant's reasonable satisfaction, at Landlord's sole cost and expense. Landlord shall deliver written notice (the "Correction Notice") to Tenant within ten (10) days following receipt of

Tenant's notice of disapproval, stating whether or not Landlord elects to repair or correct such condition and Landlord's proposed plan for such work. If Landlord elects to correct such condition and if its plan is acceptable to Tenant (or if Landlord and Tenant otherwise negotiate a mutually acceptable plan for such work), then the parties shall promptly execute an amendment to this Lease setting forth the scope and particular details of such work (the "Remedial Work"). In such case, Landlord shall substantially complete the Remedial Work prior to delivery of possession of the Property to Tenant. As used herein, the term "substantially complete" shall mean completion of the Remedial Work in substantial conformity with the scope and particular details of such work as set forth in said amendment to this Lease. If the parties are unable to agree upon the scope and particular details of such work or if said amendment is not executed within thirty (30) days following the expiration of the Inspection Period, then either party shall have the right to terminate this Lease by written notice to the other party, which notice must be received by the other party within five (5) days following the expiration of said thirty (30) day period. If such notice is timely delivered by either party, this Lease shall terminate pursuant to paragraph F below. If Landlords does not elect to repair or correct such condition, then Tenant shall have the right to terminate this Lease pursuant to paragraph E below, or to waive its disapproval (or elect to perform such work itself, at Tenant's sole cost and expense) by waiving its right to terminate this Lease pursuant to paragraph E below.

E. If Tenant does not approve of the condition of the Property or the suitability of the Property for Tenant's intended use, or if Tenant does not elect to perform any repairs or corrections which it desires Landlord to perform, but which Landlord does not elect to perform, pursuant to paragraph D above, then Tenant shall have the right to terminate this Lease by giving written notice to Landlord (the "Termination Notice"), which notice Landlord must receive prior to the expiration of the Inspection Period. However, if the time period from the date of Landlord's delivery to Tenant of the Correction Notice to the expiration of the Inspection Period is less than ten (10) days, then the Inspection Period shall be extended for that number of days required to provide Tenant at least ten (10) days following delivery of the Correction Notice to elect whether or not to terminate this Lease. If the Termination Notice is not timely given, Tenant's right to terminate this Lease shall lapse and expire, and shall be null and void and of no further force or effect, and Tenant shall be deemed to have approved of the condition of the Property and its suitability for Tenant's intended use, and (if applicable), Tenant shall be deemed to have elected to perform itself any repairs or corrections that Tenant desires but Landlord elects not to perform. Landlord shall have no obligation to perform any covenant of Landlord under this Lease unless and until Tenant's rights to terminate this Lease, as set forth in paragraph D above and this paragraph E, shall lapse or be waived by Tenant in writing. Tenant may waive its rights to Terminate this Lease at any time prior to the expiration of the Inspection Period by written notice to Landlord.

F. If either Landlord or Tenant timely terminates this Lease pursuant to either paragraph D or paragraph E, then such termination shall be effective upon the date of receipt by the other party of written notice of such election, and neither party shall have any further obligations or liabilities under this Lease first arising after said effective date of termination. Without limiting the

generality of the previous sentence, any obligation or liability of Tenant incurred or arising prior to said effective date of termination (including, without limitation any liability arising under Section 12 of this Lease) shall survive the termination of this Lease. If this Lease is terminated, and if Tenant has not incurred any monetary obligations to Landlord under this Lease during the Inspection Period, then Landlord shall promptly refund to Tenant its first month's rent deposit, with interest, as described in Section 3.01 below. If Tenant has incurred any such monetary obligations, then Landlord shall be entitled to deduct from said deposit the amount of such obligations prior to the return of such deposit to Tenant.

G. By its written or deemed approval of the condition of the Property and the suitability of the same for Tenant's intended use, Tenant represents and warrants that it accepts the Property in its condition at such time, subject to all recorded matters, laws, ordinances, and governmental regulations and orders, and that Tenant has made its own inspection of and inquiry regarding the condition of the Property and its suitability for Tenant's intended use, and that Tenant is not relying on any representations or warranties of Landlord or any representative or agent of Landlord with respect thereto, and that neither Landlord nor any representative or agent of Landlord has made any representations or warranties with respect thereto.

2.02 The Property shall be deemed to be "Ready for Occupancy" on the latter of (i) the substantial completion of any Remedial Work that Landlord elects to perform under paragraph 2.01(D), or (ii) the vacation of the Property by any present tenants. Landlord shall have no obligation to prepare the Property in any respect or to install any tenant improvements prior to delivery of possession of the Property to Tenant, except that (i) Landlord shall perform any such Remedial Work prior to delivery of possession of the Property to Tenant, and (ii) Landlord shall deliver the Property "broom clean" following the vacation of the Property by any present tenant and in substantially the same physical condition as of the last date of Tenant's inspection of the Property during the Inspection Period (subject to any Remedial Work). Tenant shall accept possession of the Property upon delivery by Landlord in the condition set forth hereinabove, and the Lease Term shall commence upon said date of delivery of possession of the Property by Landlord to Tenant (the "Commencement Date"). To the best of Landlord's knowledge, the structure, roof, and HVAC, plumbing, and electrical systems at the Improvements are in good working order and repair as of the date of execution of this Lease. However, Landlord shall have no duty or obligation to inspect or otherwise investigate the same,and Tenant hereby assumes all risk with respect to the condition of the same. By its written or deemed approval of the condition of the Property and the suitability of the Property for its intended use pursuant to Section 2.01, Tenant acknowledges that it has inspected and accepts the condition of the Property to its complete satisfaction, including without limitation the condition of the structure, roof, and HVAC, plumbing, and electrical systems of the Improvements, and Tenant shall lease the Property (and, if Tenant elects to purchase the Property pursuant to Section 40 or Section 41 below, Tenant shall purchase the Property) "as is with all faults" in reliance solely on its own independent factual, physical and legal investigations, examinations, and inquiries. Notwithstanding anything set forth in the preceding sentence to the contrary, Landlord shall be responsible for repairs to the HVAC system at the Property for a period of one hundred fifty (150) days following the Commencement Date, pursuant to Section 13.01 below. Tenant further acknowledges that it has read and understands all covenants, conditions and restrictions and similar items of record affecting the Property (collectively, "CC&R'S") and accepts the same. Landlord expressly reserves the right to lease or sell any other improvements or land available in the Project to whomever it wishes and Tenant hereby acknowledges that it did not rely on the presence of any other tenant or owner in the Project as a consideration for entering into this Lease.

2.03 If for any reason the Property is not Ready For Occupancy or Landlord cannot deliver possession of the Property to Tenant on the scheduled date set forth in Section 1.05 for the commencement of the Lease Term or in the condition set forth in Section 2.02, Landlord shall not be subject to any liability nor shall the validity of this Lease be affected. If Tenant has not caused such delay, Tenant's obligations under this Lease to pay Base Monthly Rent, Additional Rent and such other amounts payable under this Lease commencing on the Commencement Date shall not commence until the date when Landlord delivers possession. Tenant, unless it is the cause of the delay, shall have the right to terminate this Lease by written notice to Landlord if possession of the Property is not delivered within thirty (30) days of the date the Lease Term is scheduled to commence as set forth in Section 1.08 and in the condition set forth in Section 2.02, provided that such notice must be received by Landlord prior to Landlord's delivery of possession of the Property to Tenant in the condition set forth in Section 2.02. If such notice is not received prior to delivery of possession of the Property by Landlord, then Tenant shall have no right to terminate this Lease and shall accept possession of the Property upon delivery. Notwithstanding such right of Tenant to terminate this Lease, if Landlord reasonably believes that the Remedial Work cannot be substantially completed within thirty (30) days of the date that

the Lease Term is scheduled to commence, as set forth in Section 1.06, then

Landlord shall set forth in the Correction Notice that date (the "Estimated Completion Date") upon which Landlord reasonably believes the Remedial Work can be substantially completed. In such case, Tenant shall have the right to terminate this Lease pursuant to this Section 2.03 if the Remedial Work is not substantially completed within thirty (30) days of the Estimated Completion Date. In all cases, if Landlord is obligated to perform any Remedial Work pursuant to this Lease, the period after which Tenant shall have the right to terminate this Lease pursuant to this Section 2.02 shall be extended pursuant to Section 38.11 below. Landlord shall have the right to terminate this Lease by giving written notice to Tenant if possession of the Property is not delivered by Landlord in the condition set forth in Section 2.02 within sixty (60) days following the letter of (i) said scheduled commencement date set forth in Section 1.08, or, if Landlord is performing any Remedial Work, the Estimated Completion Date.

2.04 Notwithstanding the scheduled Lease Term commencement date set forth in Section 1.06 (i.e. September 1, 1993), if the Property is Ready For Occupancy prior to said scheduled commencement date and if Landlord delivers possession of the Property to Tenant at any time thereafter, Tenant shall accept possession at such time of delivery of possession. If the Commencement Date is earlier than the scheduled commencement date set forth in Section 1.06, then the Lease Term shall be extended such that the scheduled expiration date of the Lease Term shall in all cases be January 31, 2000.

3. BASE MONTHLY RENT

3.01 Base Monthly Rent: On the first day of every calendar month of the Lease Term commencing on the Commencement Date, Tenant shall pay, without deduction or offset, prior notice or demand, Base Monthly Rent at the place designated by Landlord. However, Landlord acknowledges that it has previously received from Tenant the first month's rent, which amount Landlord has deposited in an interest bearing account of Landlord's choice. If this Lease is not terminated pursuant to Section 2.01, then the principal amount of said deposit shall be applied to Tenant's first month's Base Monthly Rent hereunder, and the accrued interest thereon shall be applied to Tenant's second month's Base Monthly Rent hereunder. If this Lease is terminated pursuant to Section 2.01 or Section 2.03 then said deposit and all accrued interest thereon shall be refunded to Tenant pursuant to paragraph 2.01(F) above. In the event that the Term of this Lease commences or ends on a day other than the first day of a calendar month, a prorated amount of Base Monthly Rent shall be due upon execution and it shall be calculated using a thirty (30) day month. In the event this Lease is to commence upon a date not ascertained on execution both parties agree to complete and execute a Commencement Date Certificate in the form of Exhibit B within ten(10) days of the Commencement Date.

3.02 Any installment of rent or any other charge payable which is not paid within ten (10) days after it becomes due shall be considered past due and Tenant will pay to Landlord as Additional Rent a late charge equal to twelve percent (12%) of such installment or the sum of twenty-five dollars ($25.00), whichever is greater, for each month or fractional month transpiring from the date due until paid. A twenty-five dollar ($25.00) handling charge shall be paid by Tenant to Landlord for each returned check and, thereafter, Tenant will pay all future payments of rent or other charges due by money order or cashier's check. In the event a late charge is assessed for three (3) consecutive rental periods, whether or not it is collected, the rent shall without further notice become due and payable quarterly in advance notwithstanding any provision of this Lease to the contrary. If Tenant shall be served with a demand for the payment of past due rent, any payments tendered thereafter to cure any default by Tenant shall be made only by cashier's check.

3.03 The amount of the Base Monthly Rent includes consideration for Landlord's completion of the Remedial Work, if any, in the event that Tenant requests Landlord to construct any additional improvements on the Property, the costs and expenses of such work, upon itemized notice by Landlord, shall be paid by Tenant to Landlord, or Landlord may increase the Base Monthly Rent by that amount necessary to amortize the cost of such work over the Lease Term.

4. COMMON AREAS

4.01 The term "Common Areas" as used in this Lease shall mean all areas and facilities outside the Property and within the exterior boundary line of the Project that are owned, provided and designated by Landlord for the non-exclusive use of Landlord, Tenant and other lessees and owners of improvements within the Project, and their respective employees, agents, customers and invitees. Common Area include, but are not limited to: all parking areas not a part of any other tenant's or owner's property, roadways, sidewalks, walkways, parkways, driveways, corridors, and landscaped areas within the Project. Common Area does not include any roadways or other areas within the boundaries of the Project previously dedicated by Landlord to any public entity, city, or county (collectively, the "Dedicated Area").

4.02 Tenant, its employees, agents, customers and invitees shall have the non-exclusive right (in common with Landlord and other lessees and owners within the Project, and any other person granted permission by Landlord) to use of the Common Area. Tenant agrees to abide by and conform to, and to cause its

employees, agents, customers and invitees to abide by and conform to all rules and regulations established by Landlord subject to provision of Section 24 below.

4.03 Landlord has the right, in its sole discretion, from time to time, to: 1) make changes to the Common Area, including without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, ingress, egress, direction of driveways, entrances, corridors parking areas and walkways; 2) close temporarily any of the Common Area for maintenance purposes so long as reasonable access to the Property remains available; 3) add additional buildings and improvements to the Common Area or the Project; 4) use the Common Area while engaged in making additional improvements, repairs or alterations to the Project or any portion thereof; 5) dedicate, contribute, or otherwise transfer part of the Common Area or any other land owned by Landlord in the Project to the Dedicated Area; and 6) do or perform any other acts or make any other changes in, to or with respect to the Common Area or the Project as Landlord may, in the exercise of sound business judgement, deemed to be appropriate.

5. ADDITIONAL RENT

5.01 All charges payable by Tenant under this Lease other than Base Monthly Rent are called "Additional Rent". Unless this Lease provides otherwise, Additional Rent is to be paid with the next monthly installment of Base Monthly Rent and is subject to the provisions of Section 3.03 above. The term "rent" whenever used in this Lease means Base Monthly Rent and Additional Rent.

5.02 Operating Costs

A. The term "Operating Costs" as used in this Lease shall means all costs and expenses of ownership, operation, maintenance, management, repair and insurance incurred by Landlord in connection with the Common Area, including but not limited to the following: all supplies, materials, labor and equipment, used in or related to the operation and maintenance of the Common Area; all utilities (including, but not limited to, water, electricity, gas, heating, lighting, sewer, waste disposals related

to the maintenance or operation of the Common Area; all of Landlord's costs in insuring the Common Area; all operation, maintenance and repair costs to the Common Area, including but not limited to, sidewalks, walkways, parkways, parking areas, loading and unloading areas, trash areas, roadways, driveways, corridors, and landscaped area, including for example, costs of resurfacing and restripping parking areas; signs and directories of the Project; amortization (along with reasonable financing charges) of capital improvements made to the Common Area which may be required by any government authority or which will improve the operating efficiency of the Project; and a fee for Landlord's supervision of the Common Area equal to five percent (5%) of the total above mentioned costs and expenses incurred in a calendar year. Operating Costs shall not include depreciation of the Common area. Operating Costs shall also include any costs incurred by Landlord in connection with the Dedicated Area.

B. For the entire Lease Term commencing on the Commencement Date, Tenant shall pay to Landlord Tenant's Proportionate Share (as set forth in Section 1.09) of the monthly Operating Costs. If there is a change in the acreage of either the Project or the Property during the Lease Term, Tenant's Proportionate share shall be adjusted accordingly. Such payment shall be paid by Tenant with and in addition to the monthly payment of Base Monthly Rent, based on a statement delivered by Landlord. Tenant shall, if Landlord so elects, pay to Landlord on a monthly basis, in advance, the amount which Landlord reasonably estimates to be Tenant's Proportionate Share of the Operating Costs. In the event of such election by Landlord, Landlord shall periodically determine Tenant's Proportionate Share of the actual Operating Costs, and in the event that the amount which Tenant has paid to Landlord on account of the estimated Operating Costs is less than its share of such actual Operating Costs, Tenant shall pay such difference to Landlord on the next rent payment date. In the event that Tenant has paid to Landlord more than its Proportionate Share of such actual Operating Costs, the amount of such difference shall be credited against Tenant's payment of Operating Costs next due. Or, if such period is at the end of the Lease Term the amount of any overpayment shall be promptly refunded to Tenant.

5.03 Taxes

A. The term "Real Estate Taxes" as used in this Lease shall mean (i) any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty of tax imposed by any taxing authority against the Project (including the Property) (and including, without limitation,any fees, taxes of assessments against, or as a result of, any tenant improvements installed on the Project); (ii) any tax or fee on Landlord's right to receive, or the receipt of, rent or income from the Project or against Landlord's business of leasing the Project (including the Property), (iii) any tax or charge for fire protection, streets, sidewalks, road

maintenance, refuse or other services provided to the Project (including the Property) by any governmental agency; (iv) any tax imposed upon this transaction, or based upon a re-assessment of the Project or the Property due to a change in ownership or transfer of all of part of Landlord's interest therein; (v) any change or fee replacing, substituting for, or in addition to any tax previously included within the definition of real property tax; and (vi) the Landlord's cost of any tax protest relating to any the above. Real Estate Taxes do not, however, include Landlord's federal or state income, franchise, inheritance or estate taxes.

B. For the entire Lease Term commencing on the Commencement Date, Tenant shall pay directly to the relevant taxing authority all Real Estate Taxes payable with respect to or assessed against the Property. Such payment shall be made at least thirty (30) days prior to the delinquency date of such taxes. If Tenant fails to timely pay such taxes and if a late payment fee or penalty is assessed against the Property as a result thereof, Tenant shall be responsible for payment of such penalty or fee. If Tenant does not pay such taxes at least ten (10) days prior to the delinquency date, or if Tenant does not pay any such penalty or fee within ten (10) days of the assessment of the same, then Landlord shall have the right, but not the obligation, to pay such taxes, penalties, or fees on behalf of Tenant and Tenant shall promptly reimburse Landlord, as Additional Rent, all such amounts paid by Landlord. If the Property is separately assessed from the remainder of the Project, and if the applicable tax bills are delivered to Landlord, as owner of the Property, then Landlord shall promptly deliver such bills to Tenant upon receipt. If the Property is not separately assessed, Landlord shall reasonably determine tenant's share of the Real Estate Tax payable by Tenant pursuant to the paragraph 5.03(B) from the assessors worksheets or other reasonably available information. Tenant shall pay such share to Landlord at least thirty (30) days prior to the delinquency date, and upon delivery of Landlord's written statement with respect thereto. The Real Estate Taxes payable by Tenant hereunder shall be prorated for any period of time during any tax year before or after the Lease Term.

C. Personal Property Taxes: Tenant shall pay all taxes charged against trade fixtures, furnishing, equipment or any other personal property belonging to Tenant. If possible, Tenant shall have its personal property taxes billed separately from the Property. If any of Tenant's personal property is taxed with the Property, Tenant shall pay the taxes for its personal property together with payment of Real Estate Taxes pursuant to paragraph 5.03(B) above.

D. In addition, Tenant shall pay to Landlord Tenant's Proportionate Share of Real Estate Taxes payable with respect to or assessed against the Common Area during the Lease Term. In the Common Area is not separately assessed, Landlord shall reasonably determine said amount from the assessors worksheets or other reasonably available information. Tenant shall pay such amounts to Landlord at least thirty (30) days prior to the delinquency date, and upon delivery of Landlord's written statement with respect thereto. Alternatively, if Landlord so elects, Tenant shall pay such amount in monthly installments, in addition to its monthly payment of Base Monthly Rent. In such case, Landlord shall notify Tenant of the amount that Landlord reasonably estimates to be Tenant's monthly installment payment. Upon receipt of actual tax bills, Landlord shall adjust such estimate and if the amount previously paid by Tenant is less than its actual obligation under this Section 5.03(D), Tenant shall pay such difference to Landlord on the next rent payment date. If Tenant has overpaid the amount of its actual obligation hereunder, the amount of such overpayment shall be credited against Tenant next due monthly installment(s) hereunder.

5.04 Tenant shall also pay as Additional Rent to Landlord its Proportionate Share of any parking charges, utility surcharges, occupancy taxes, or any other costs resulting from any statute or regulation, or any interpretation thereof, enacted by any governmental authority in connection with the use or occupancy of the Project or any common parking facilities serving the Project, or any part thereof.

6. SECURITY DEPOSIT. This Section Intentionally Deleted.

7. USE OF PROPERTY; QUIET CONDUCT

7.01 The Property may be used and occupied only for Tenant's Permitted Use as shown in Section 1.05 and for no other purpose, without obtaining Landlord's prior written consent. Tenant shall comply with all laws, ordinances, orders and regulations affecting the Property. Tenant shall not perform any act or carry on any practices that may injure the Project or the Property or be a nuisance or menace, or disturb the quiet enjoyment of other lessees in the Project including but not limited to equipment which causes vibration, use or storage of chemicals, or heat or noise which is not properly insulated. Tenant shall not cause, maintain or permit any outside storage on or about the Property. In addition, Tenant shall not allow any condition or thing to remain on or about the Property which diminishes the appearance or aesthetic qualities of the Property and/or the Project or the surrounding property. The keeping of a dog or other animal on or about the Property is expressly prohibited.

Concurrently with its execution of this Lease, Tenant shall complete the Tenant Questionnaire attached hereto as Exhibit "C" and incorporated herein. Landlord shall have the right to rely on all of Tenant's responses to the questions set forth in said Questionnaire as an inducement to Landlord to enter into this Lease.

7.02 The term "Hazardous Waste" as used in this Lease shall mean:

A. Those substances defined as "hazardous substances", "hazardous materials", "toxic substances", "regulated substances", or "solid waste" in the Toxic Substance Control Act, 15 U.S.C. Section 2601 et. seq., as now existing or hereafter amended ("TSCA"), the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. Section 9601 et. seq., as now existing or hereafter amended ("RCRA"), the Federal Hazardous Substances Act, 15 U.S.C. Section 1261 et. seq., as now existing or hereafter amended ("FHSA"), the Occupational Safety and Health Act of 1970, 29 U.S.C. Section 651 et. seq., as now existing or hereafter amended ("OSHA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 et. seq., as now existing or hereafter amended ("HMTA"), and the rules and regulations now in effect or promulgated hereafter pursuant to each law reference above;

B. Those substances defined as "hazardous waste", "hazardous material", or "regulated substances" in Nev. Rev. Stat. ch 459, 1989 Nev. Stat. ch, 598 and 1989 Nev. Stat. ch 363, or in the regulations now existing or hereafter promulgated pursuant thereto or in the Uniform Fire Code, 1988 edition;

C. Those substances listed in the United States Department of Transportation table (49 CFR Section 172.101 and amendments thereto) or by the Environmental Protection Agency (or any successor agency) as hazardous substances (40 CRF Part 302 and amendments thereto); and

D. Such other substances, mixtures, materials and waste which are regulated under applicable local, state or federal law, or which are classified as hazardous or toxic under federal, state or local laws or regulations (all laws, rules and regulations referenced in paragraphs (a), (b), (c) and (d) are collectively referred to as "Environmental Laws").

7.03. Tenant's Covenants. Tenant does not intend to and Tenant shall not, nor shall Tenant permit or suffer any other person (including partnerships, corporations and joint ventures), at any time to manufacture, process, store, distribute, use, discharge or dispose of any Hazardous Waste in, on, under or about the Project (including the Property) or any property adjacent thereto.

A. Tenant shall notify Landlord promptly in the event of any spill or release of Hazardous Waste into, on, or onto the Project (including the Property), regardless of the source of spill or release, whenever Tenant knows or suspects that such a release occurred.

B. Tenant shall not be involved in operations at or near the Project (including the Property) which could lead to the imposition on Tenant or Landlord of any liability or the creation of a lien on the Project (including the Property), under any Environment Laws.

C. Tenant shall, upon twenty-four (24) hour prior notice by Landlord, permit Landlord or Landlord's agent access to the Property to conduct an environmental site assessment with respect to the Property.

7.04. Indemnity. Tenant for itself and its successors and assigns undertakes to protest, indemnify, save and defend Landlord, its agents, employees, directors, officers, shareholders, affiliates, consultants, independent contractors, successors and assigns (collectively the "Indemnitees") harmless from any and all liability, loss, damage and expenses, including attorneys' fees, claims, suits and judgements that Landlord or any other Indemnitee, whether as Landlord or otherwise, may suffer as a result of, or with respect to:

A. Any Environmental Law, including the assertion of any lien thereunder and any suit brought or judgement rendered regardless of whether the action was commenced by a citizen (as authorized under the Environmental Laws) or by a government agency;

B. Any spill or release of or the presence of any Hazardous Waste affecting the Project (including the Property) that originates or emanates from the Property, including any loss of value of the Project (including the Property) as a result of a spill or release of or the presence of any such Hazardous Waste;

C. Any other matter affecting the Project (including the Property) within the jurisdiction of the United States Environmental Protection Agency, the Nevada State Environmental Commission, the Nevada Department of Conservation and Natural Resources, or the Nevada Department of Commerce, including costs of investigations, remedial action, or other response costs whether such costs are incurred by the United States Government, the State of Nevada, or any

indemnitee;

D. Liability for clean-up costs, fines, damages or penalties incurred pursuant to the provisions of any applicable Environmental Law; and

E. Liability for personal injury or property damage arising under any statutory or common-law tort theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance, or for the carrying of an abnormally dangerous activity, and response costs, if such liability is incurred by the Indemnitees in connection with or arising out of any spill or release of or the presence of any Hazardous Waste affecting the Project (including the Property), that originates or emanates from the Property.

7.05 Remedial Acts. In the event of any spill or release of or the presence of any Hazardous Waste affecting the Project (including the Property), that originates or emanates from the Property, and/or if Tenant shall fail to comply with any of the requirements of any Environmental Law, Landlord may, without notice to Tenant, at its election, but without obligations so to do, gives such notices and/or cause such work to be performed at the Project (including the Property) and/or take any and all other actions as Landlord shall deem necessary or advisable in order to remedy said spill or release of Hazardous Waste or cure said failure of compliance and any amounts paid as a result thereof, together with interest at the rate of twelve percent (12%) per annum, from the date of payment by Landlord, shall be immediately due and payable by Tenant to Landlord.

7.06 Settlement. Landlord upon giving Tenant ten (10) days prior notice, shall have the right in good faith to pay, settle or compromise, or litigate any claim, demand, loss, liability, cost, charge, suit, order, judgment or adjudication under the belief that it is liable therefor, whether liable or not, without the consent or approval of Tenant unless Tenant within said ten (10) day period shall protest in writing and simultaneously with such protest deposit with Landlord collateral satisfactory to Landlord sufficient to pay and satisfy any penalty and/or interest which may accrue as a result of such protest and any judgement
or judgments as may result, together with attorneys' and environmental consultants' fees and expenses.

8. PARKING

8.01 Tenant and Tenant's customers, suppliers, employees, and invitees shall have the exclusive right to park in all parking spaces available at the property, in the parking area shown on Exhibit "A" attached hereto. Landlord shall have no obligation to provide any other parking facilities at the Project. However, if any other parking facilities are available at the Project from time to time and if Landlord makes such facilities available on a non-exclusive basis to Tenant and other tenants of the Project, Tenant shall not overburden any such other parking facilities and shall cooperate with Landlord and other lessees and owners of property in the Project in the use of any such other parking facilities. Landlord reserves the right to, on an equitable basis, assign specific spaces within any such other parking facilities, with or without charge to Tenant as Additional Rent, and to make changes in the layout of any such other parking facilities from time to time, and to establish reasonable time limits on the use of any such other parking facilities.

9. UTILITIES

9.01 For the entire Lease Term commencing on the Commencement Date, Tenant shall be responsible for and shall pay for all utilities chargeable to or provided to the Property, including without limitation water, gas, heat, light, power, sewer, electricity, or other services, separate from and in addition to payment of Tenant's Proportionate Share of Operating Costs pursuant to Section 5.02 (with respect to the utility costs for the Common Area). Tenant shall pay such amounts directly to the provider of such utilities promptly upon delivery of a bill therefore, or to Landlord, upon delivery of a statement from Landlord, if any of such utilities are not separately metered to the Property from the remainder or another part of the Project. In such latter case, Landlord reserves the right to install separate meters for any such utilities.

9.02 Landlord shall not be liable or in default under this Lease, and there shall be no abatement of rent for any interruption or reduction of utilities or services to the Property unless the same are caused entirely by Landlord's gross negligence or willful misconduct, but in no case shall Landlord be liable or in default under this Lease for any act beyond Landlord's reasonable control. Tenant shall comply with any energy conservation program implemented by Landlord by reason of enacted laws or ordinances.

9.03 Tenant shall contract and pay for all telephone and such other services for the Property subject to the provisions of 10.02.

10. ALTERATIONS, MECHANIC'S LIENS

10.01 Tenant shall not make any alterations to the Property without Landlord's prior written consent. Landlord's consent shall be contingent upon Tenant providing Landlord with the following items or information, all subject

to Landlord's approval: (i) the name of Tenant's contractor, (ii) certificates of insurance from Tenant's contractor evidencing that Tenant's contractor is covered by a policy of commercial general liability insurance, with limits not less than Two Million Dollars ($2,000,000) General Aggregate, One Million Dollars ($1,000,000) Products/Complete Operations Aggregate, One Million Dollars ($1,000,000) Personal & Advertising Injury, One Million Dollars ($1,000,000) Each Occurrence, Fifty Thousand Dollars ($50,000) Fire Damage, Five Thousand Dollars ($5,000) Medical Expense, One Million Dollars ($1,000,000) Auto Liability (Combined Single Limit, including Hired/Non-Owned Auto Liability), Workers Compensation, including Employer's Liability, as required by state statute, all endorsed to show Landlord as an additional insured and for worker's compensation as required and (iii) detailed plans and specifications for such work. Tenant shall cause its contractor to execute a waiver of mechanic's lien and Tenant shall remove any mechanic's lien placed against the Project within ten (10) days of receipt of a notice of any such lien. In addition, before the commencement of any alterations work, Tenant shall furnish to Landlord a copy of a valid building permit and any such other permits or licenses required in connection therewith, and, once the alterations work begins. Tenant shall diligently and continuously pursue it to completion. As a further condition to giving such consent, Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, with a payment and performance bond in form acceptable to Landlord, in a principal amount not less than one and one-half (1 1/2) times the estimated cost of such alterations, to insure Landlord against any liability for mechanic's and materialmen's liens and to ensure completion of work. At Landlord's option, any alterations may become part of the Property realty and belong to Landlord. Alternatively, Landlord may require Tenant, at Tenant's sole cost and expense, to remove any such alterations upon the expiration or earlier termination of the Lease Term and shall restore the Property to its condition prior to the installation of such alterations, reasonable wear and tear excepted. If requested by Landlord, Tenant shall pay, prior to the commencement of any such alterations work, an amount determined by Landlord as necessary to cover the costs of demolishing such alterations at the expiration or earlier termination of the Lease Term, and/or the cost of restoring the Property to such prior condition.

10.02 Notwithstanding anything set forth in Section 10.01 to the contrary, Tenant shall have the right, subject to the prior written consent of Landlord, to install trade fixtures, equipment and machinery and private telephone systems and/or other related telecommunications equipment and lines within the Property (provided that the same is done in compliance with all applicable laws, ordinances, rules, and regulations). Tenant shall remove the same upon the expiration or earlier termination of this Lease, and shall repair any damage to the Property in connection therewith at Tenant's sole cost and expense, such that the Property shall be restored to its condition prior to the installation of such items, reasonable wear and tear excepted.

10.03 Tenant shall pay all costs for any alterations or installations permitted under this Section 10 and shall keep the Property and the Project free from any liens arising out of work performed for, materials furnished to or obligation incurred by Tenant in connection therewith.

10.05 Landlord shall have the right to construct or permit construction of improvements in or about the Project for existing and new Tenants, and for owners, and to alter any Common Area in and around the Project. Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges the foregoing right of Landlord and agrees that any such construction shall not be deemed to constitute a breach of this Lease by Landlord, including without limitation any covenant of quiet enjoyment, and Tenant hereby waives any such claim which it might have arising from any such construction.

11. FIRE INSURANCE: HAZARDS AND LIABILITY INSURANCE

11.01 Except as expressly provided as Tenant's Permitted Use, or as otherwise consented to by Landlord in writing, Tenant shall not do or permit anything to be done within or about the Property which will increase the existing rate of insurance on the Project and shall, at its sole cost and expense, comply with any requirements, pertaining to the Property, of any insurance organization insuring the Project and Project-related apparatus. Tenant agrees to pay to Landlord, as Additional Rent, any increases in premiums on policies resulting from Tenant's Permitted Use or other use consented to by Landlord which increases Landlord's premiums or requires extended coverage by Landlord to insure the Project or the Property.

11.02 At all times during the Lease Term, Landlord shall maintain a policy or policies of insurance covering loss of or damage to the Property in the full amount of its replacement value. Such policy or policies shall contain an Inflation Guard Endorsement and shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils ("all risk"), sprinkler leakage and any other perils which Landlord deems reasonably necessary. Landlord shall not obtain insurance for Tenant's fixtures or equipment or building improvements installed by Tenant on the Property. Landlord shall also maintain a rental

income insurance policy, with loss payable to Landlord, in an amount equal to one year's Base Monthly Rent, plus estimated Real Estate Taxes and insurance premiums. Tenant shall be liable for the payment of any deductible amount under the foregoing policies, in an amount not to exceed Twenty-Five Thousand Dollars ($25,000). Tenant shall not do or permit anything to be done which invalidates any such insurance policies.

11.03 At all times during the Lease Term and during the Inspection Period, Tenant shall maintain the following:

A. A policy of standard fire and extended coverage insurance with "all risk" coverage on all of Tenant's improvements and alterations in or about the Property and on all personal property and equipment to the extent of at least ninety percent (90%) of their full replacement value. The proceeds from this policy shall be used by Tenant for the replacement of personal property and equipment and the restoration of Tenant's improvements and/or alterations at the Property.

B. A policy of Commercial General Liability insurance, occurrence form, applying to the ownership, use, occupancy or maintenance of the Property, or any areas adjacent thereto, and the business operated by Tenant, or any other occupant, on the Property. The minimum limits of liability under such insurance shall be a combined single limit with respect to each occurrence of not less than Two Million Dollars ($2,000,000) to protect Tenant and Landlord (as additional insured) against claims for bodily injury, personal injury and property damage occurring during the policy term. Such insurance shall be provided on a primary basis and shall not contribute with any insurance maintained by Landlord which shall be considered excess insurance only. Such insurance shall also include specific coverage or endorsements for (i) broad form contractual liability insurance insuring all of Tenant's obligations under this Lease (including, without limitation under Section 12 of this Lease), (ii) Additional Insured-Management or Lessors of Premises endorsement, and (iii) waiver of insurer's subrogation rights against Landlord. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligation under this Lease.

11.04 Tenant shall pay all premiums for the insurance policies described in Section 11.02 and 11.03, whether obtained by Landlord or by Tenant, within fifteen (15) days after Tenant's receipt of a copy of the premium statement or other evidence of the amount due, and whether such statement is delivered by Tenant's insurance carrier or by Landlord or Landlord's insurance carrier. If the Lease Term expires before the expiration of an insurance policy maintained by Landlord, Tenant shall be liable only for Tenant's prorated share of such insurance premiums.

11.05 All insurance required to be maintained by Tenant under this Section 11 shall (a) name Landlord as an additional insured, (b) be issued by an insurance company authorized to do business in the State of Nevada and which has and maintains a rating of A/VII in the Best's Insurance Reports or the equivalent, (c) be primary and noncontributing with any insurance carried by Landlord, and (d) contain an endorsement requiring at least thirty (30) days prior written notice of cancellation to Landlord before cancellation or change in coverage, scope or limit of any policy. Tenant shall deliver a certificate of insurance or a copy of the policy to Landlord within thirty (30) days of execution of this Lease and will provide evidence of renewed insurance coverage at each anniversary, and prior to the expiration of any current policies. Tenant's failure to provide evidence of this coverage to Landlord may, in Landlord's sole discretion, constitute a default under this Lease.

11.06 Landlord and Tenant each hereby release the other from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) and waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, if such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) at the time of such loss or damage. The foregoing mutual release and waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to any loss of, or damage to property of the parties hereto. In as much as the foregoing mutual release and waiver will preclude the assignment of any such released or waived claims by way of subrogation (or otherwise) to an insurance company (or any other person), Landlord and Tenant shall immediately give each of their insurance companies which has issued a policy or policies of fire and/or extended coverage insurance written notice of the terms of the foregoing mutual release and waiver, and shall have said insurance policy properly endorsed, if necessary, to prevent the invalidation of said insurance coverages by reason of the aforesaid mutual release and waiver.

11.07 Landlord may obtain, at its sole cost and expense, its own comprehensive public liability insurance in an amount and with coverage determined by Landlord insuring Landlord against liability arising out of ownership, operation, use or occupancy of the Property. Any such policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

12. INDEMNIFICATION AND WAIVER OF CLAIMS

12.01 Tenant waives all claims against Landlord for damage to any property in or about the Property and for injury to any persons, including death resulting therefrom, regardless of cause or time of occurrence. Tenant will defend, indemnify and hold Landlord harmless from and against any and all claims, actions, proceedings, expenses, damages and liabilities, including attorney's fees, arising out of, connected with, or resulting from any use of the Property by Tenant, its employees, agents, visitors or licensees, including, without limitation, any failure of Tenant to comply fully with all of the terms and conditions of this Lease except for any damage or injury which is the direct result of intentional acts by Landlord, its employees, agents, visitors or licensees.

13. REPAIRS

13.01 For the entire Lease Term commencing on the Commencement Date, at its sole cost and expense, Tenant shall (i) keep and maintain the Property and every part, component and element thereof in good and sanitary order, condition and repair, and (ii) replace the same when reasonably necessary to keep the Property in good and sanitary order, condition and repair, whether or not the need for such repairs, maintenance or replacements occurs as a result of Tenant's use of the Property, any prior use of the Property, the elements or the age of such portion of the Property. Tenant's obligation hereunder shall include, without limitation, maintaining, repairing, and/or replacing, as reasonably necessary to keep the same in good and sanitary order, condition, and repair; (i) the interior of the Improvements (including but not limited to all ceilings, walls, and floor coverings), (ii) the foundation and all structural elements of the improvements (including but not limited to all exterior and lead bearing walls), (iii) the exterior of the Improvements (including but not limited to the roof and all windows, skylights, doors, and plate glass), (iv) all mechanical, electrical, plumbing, security, fire sprinkler, lawn sprinkler and HVAC systems at the Property (whether inside

or outside of the Improvements), and (v) all sidewalks, driveways, parking areas and other paved areas of the Property and any retaining walls, fences, and signs at the Property. Tenant shall also, at its sole cost and expense, provide all desired janitorial services to the Property, furnish all expendables to the Property (i.e. light bulbs, paper goods, soaps, etc.), and contract for its own garbage removal services. The standard for comparison and need of maintenance, repair, or replacement shall be the condition of the Property as of the Commencement Date. All repairs shall be made by a licensed and bonded contractor approved by Landlord. It is the intent of the parties that Landlord shall have no obligation, in any manner whatsoever, to repair, maintain, or replace the Property or any part thereof or of the Improvements thereon or the equipment therein, whether structural or nonstructural, all of which obligations are intended to be that of Tenant. Landlord shall have absolutely no obligations or liabilities with respect to the repair, maintenance, or replacement of the Property during the Lease Term. Notwithstanding anything set forth in the preceding sentence to the contrary, Landlord hereby warrants that the HVAC system at the Property shall be in good working condition for a period of one hundred fifty (150) days following the Commencement Date, provided that Tenant shall enter into a maintenance service contract pursuant to Section 13.04 below. Except for routine repairs and services covered by said maintenance service contract, Landlord shall be responsible, at its sole cost and expense, for any necessary repairs to said HVAC system during said one hundred fifty (150) day period required to maintain said system in good working condition. Tenant shall deliver written notice to Landlord of the necessity of any such repairs and Landlord shall have a reasonable time to complete the same following receipt of said notice.

13.02 Tenant shall not make repairs to the Property at the cost of Landlord whether by deductions of rent or otherwise, or vacate the Property or terminate the Lease if repairs are not made. If during the Lease Term, any alteration, addition or change to the Property is required by any law, statute, ordinance, rule, regulation, or other legal authority (whether the same exists as of the date of execution of this Lease or is hereafter enacted or promulgated), Tenant shall promptly make such alteration, addition or change at its sole cost and expense.

13.03 Landlord shall have the right, but not the obligation to make or perform any maintenance, repairs, replacements, alterations, additions or changes that Tenant is obligated to make under this Lease but fails to do so within a reasonable period of time following written notice from Landlord and Tenant shall reimburse Landlord for all costs and expenses incurred in connection therewith by Landlord upon demand. If any maintenance, repairs, replacements, alterations, additions or changes deemed necessary by Landlord or any government authority are not made by Tenant within the prescribed time frame as requested in writing, Tenant shall be in default under this Lease.

13.04 Tenant shall, at its own expense, within thirty (30) days of the Commencement Date, contract with a vendor acceptable to Landlord for the

maintenance service of the HVAC system at the Property, and shall furnish to the Landlord a copy of such contract upon Landlord's prior written request. If Tenant fails to obtain and maintain such a maintenance service contract Landlord shall have the right to obtain such a maintenance service contract at the expense of Tenant.

14. AUCTIONS, SIGNS, AND LANDSCAPING

14.01 Tenant shall not conduct or permit to be conducted any sale by auction on the Property. Landlord will have the right to control landscaping and approve the placement, size, and quantity of signs. Tenant shall not make alterations or additions to the landscaping and will not place any signs, which are visible from the outside, on or about the Property, nor in any landscape area, without the prior written consent of Landlord. Landlord shall have the right in its sole discretion to withhold its consent. Any signs not in conformity with this Lease may be removed by Landlord at Tenant's expense.

15. ENTRY BY LANDLORD

15.01 Tenant shall permit Landlord and Landlord's agents to enter the Property at all reasonable times for the purpose of inspecting the same, or for the purpose of maintaining the Project, or for the purpose of making repairs, alterations or additions to any portion of the Project, including the erection and maintenance of such scaffolding, canopies, fences and props as may be required, or for the purpose of posting notices of nonresponsibility for alterations, additions or repairs, or for the purpose of showing the Property to prospective tenants during the last six months of the Lease Term, or placing upon the Project any usual or ordinary "for sale" signs, without any rebate of rents and without any liability to Tenant for any loss of occupation or quiet enjoyment of the Property thereby occasioned. Tenant shall permit Landlord at any time within sixty (60) days prior to the expiration of this Lease, to place upon the Property any usual or ordinary "for lease" or "for sale" signs. Tenant shall not install a new or additional lock or any bolt on any door of the Property without the prior written consent of Landlord, which shall not be unreasonably withheld. If Landlord gives its consent, such work shall be undertaken by a locksmith approved by Landlord, at Tenant's sole cost. Landlord shall have the right to charge Tenant for restoring any altered doors to their condition prior to the installation of the new or additional locks.

16. ABANDONMENT

16.01 Tenant shall not vacate or abandon the Property, which shall be deemed to occur any time during the Lease Term if Tenant does not conduct business for a period of fifteen (15) consecutive days and/or leaves the Property unoccupied for any period of time. If Tenant abandons, vacates or surrenders the Property, or is dispossessed by process of law, or otherwise, any personal property belonging to Tenant left in or about the Property shall, at the option of Landlord be deemed abandoned and may be disposed of by Landlord in the manner provided for by the lase of the State of Nevada.

17. DESTRUCTION

17.01 In the case of total destruction of the Property, or any portion thereof substantially interfering with Tenant's use of the Property, whether by fire or other casualty, not caused by the fault or negligence of Tenant, its agents, employees, servants, contractors, subtenants, licensees, customers or business invitees, this Lease shall terminate except as herein provided. If Landlord notifies Tenant in writing within forty-five (45) days of such destruction of Landlord's election to repair said damage, and if Landlord proceeds to and does repair such damage with reasonable dispatch, this Lease shall not terminate, but shall continue in full force and effect, except that Tenant shall be entitled to a reduction in the Base Monthly Rent in an amount equal to that proportion of the Base Monthly Rent which the number of square feet of floor space in the unusable portion bears to the total number of square feet of floor space in the Property. Said reduction shall be prorated so that the rent shall only be reduced for those days any given area is actually unusable. In determining what constitutes reasonable dispatch, consideration shall be given to delays caused by labor disputes, civil commotion, war, warlike operations, invasion, rebellion, hostilities, miliary or usurped power, sabotage, governmental regulations or control, fire or other casualty, inability to obtain any materials or services, acts of God and other causes beyond Landlord's control. If this Lease is terminated pursuant to this Section 17 and if Tenant is not in default hereunder, rent shall be prorated as of the date of termination, any security deposited with Landlord shall be returned to Tenant, less any reasonable offsets and all rights and obligations hereunder shall cease and terminate.

17.02. Notwithstanding the foregoing provisions, in the event the Property, or any portion thereof, shall be damaged by fire or other casualty due to the fault or negligence of Tenant, its agents, employees, servants, contractors, subtenants, licencees, customers or business invitees, then, without prejudice to any other rights and remedies of Landlord, this Lessee shall not terminate, the damage shall be repaired at Tenant's cost, and there shall be no apportionment or abatement of any rent.

17.03. The provisions of this Section 17 with respect to Landlord shall be limited to such repair as is necessary to restore the Property to its condition as of the Commencement Date and when placed in such condition the Property shall be deemed restored and rendered tenantable promptly following which time Tenant, at Tenant's expense shall repair and replace any improvements installed in the Property by Tenant after the Commencement Date and Tenant shall also repair or replace its stock in trade, fixtures, furniture, furnishings, floor coverings and equipment, and if Tenant has closed, Tenant shall promptly reopen for business.

17.04. All insurance proceeds payable under any fire, and/or rental insurance covering the Property (and except for any separate insurance maintained by Tenant covering Tenant's personal property) shall be payable solely to Landlord and Tenant shall have no interest therein. Tenant shall in no case be entitled to compensation for damages on account of any annoyance or inconvenience in making repairs under any provision of this Lessee. Except to the extent provided for in this Section 17, neither the rent payable by Tenant nor any of Tenant's other obligations under any provision of this Lease shall be affected by any damage to or destruction of the Property or any portion thereof by any cause whatsoever.

18. ASSIGNMENT, SUBLETTING AND TRANSFERS OF OWNERSHIP

18.01 Tenant shall not, without Landlord's prior written consent, assign, sell, mortgage, encumber, convey or otherwise transfer all or any part of Tenant's leasehold estate, or permit the Property to be occupied by anyone other than Tenant and Tenant's employees or sublet the premises or any portion thereof (collectively called "Transfer"). Tenant shall supply Landlord with any and all documents deemed necessary by Landlord to evaluate any proposed Transfer at least sixty (60) days in advance of Tenant's proposed Transfer date.

18.02 Landlord need not consent to any Transfer for reasons including, but not limited to, whether or not: (a) in the reasonable judgment of Landlord the transferee is of a character or is engaged in a business which is not in keeping with the standards of Landlord for the Project; (b) in the reasonable judgment of Landlord any purpose for which the transferee intends to use the Property is not in keeping with the standards of Landlord for the Project; provided in no event may any purpose for which transferee intends to use the Property be in violation of this Lease; (c) the portion of the Property subject to the transfer is not regular in shape with appropriate means of entering and exiting, including adherence to any local, county or other governmental codes, or is not otherwise suitable for the normal purposes associated with such a Transfer; or (d) Tenant is in default under this Lease or any other Lease with Landlord.

18.03 Any consent to any Transfer which may be given by Landlord, or the acceptance of any rent, charges or other consideration by Landlord from Tenant or any third party, shall not constitute a waiver by Landlord of the provisions of this Lease or a release of Tenant from the full performance by it of the covenants stated herein; and any consent given by Landlord to any Transfer shall not relieve Tenant (or any transferee of Tenant) from the above requirements for obtaining the written consent of Landlord to any subsequent Transfer.

18.04 If a default under this Lease should occur while the Property or any part of the Property are assigned, sublet or otherwise transferred, Landlord, in addition to any other remedies provided for within this Lease or by law, may at its option collect directly from the transferee all rent or other consideration becoming due to Tenant under the Transfer and apply these monies against any sums due to Landlord by Tenant; and Tenant authorizes and directs any transferee to make payments of rent or other consideration direct to Landlord upon receipt of notice from Landlord. No direct collection by Landlord from any transferee should be construed to constitute a novation or a release of Tenant or any guarantor of Tenant from the further performance of its obligations in connection with this Lease.

18.05 If Tenant is a corporation or a partnership, the issuances of any additional stock or equity interest and/or the transfer, assignment or hypothecation of any stock or interest in such corporation or partnership in the aggregate in excess of fifty-one percent (51%) of such interests, as the same may be constituted as of the date of this lease, whether directly or indirectly, shall be deemed to be a Transfer within the meaning of this Section 18, except that the sale or transfer of all or substantially all of the assets or stock of Tenant, or the merger of Tenant with any other entity (whether any such sale, transfer, or merger is accomplished in a single transaction or in a series of related transactions) shall not be deemed to be a Transfer if the transferee or successor entity of Tenant in such case shall have substantially the same amount of total assets as Tenant prior to such transaction or series of related transactions.

19. BREACH BY TENANT

19.01 Tenant shall be in breach of this Lease if at any time during the term of this Lease (and regardless of the pendency of any bankruptcy,

reorganization, receivership, insolvency or other proceedings in law, in equity or before any administrative tribunal which have or might have the effect of preventing Tenant from complying with the terms of this Lease):

A. Tenant fails to make payment of any installment of Base Monthly Rent, Additional Rent, or of any other sum herein specified to be paid by Tenant, when due; or

B. Tenant fails to observe or perform any of its other covenants, agreements or obligations hereunder, and such failure is not cured within ten (10) days after Landlord's written notice to Tenant of such failure; provided, however, that if the nature of Tenant's obligation is such that more than ten (10) days are required for performance, then Tenant shall not be in breach if Tenant commences performance within such 10 day period and thereafter diligently prosecutes the same to completion; or

C. Tenant, Tenant's assignee, subtenant, guarantor, or occupant of the Property becomes insolvent, makes a transfer in fraud of its creditors, makes a transfer for the benefit of its creditors, is the subject of a bankruptcy petition, is adjudged bankrupt or insolvent in proceedings filed against Tenant, a receiver, trustee, or custodian is appointed for all or substantially all of Tenant's assets, fails to pay its debts as they become due, convenes a meeting of all or a portion of its creditors, or performs any acts of bankruptcy or insolvency, including the selling of its assets to pay creditors; or

D. Tenant has abandoned the Property as defined in Section 16 above.

E. Tenant fails to take possession of the Property within thirty (30) days of receiving notice by Landlord that the Property is Ready for Occupancy.

20. REMEDIES OF LANDLORD

20.01 Nothing contained herein shall constitute a waiver of Landlord's right to recover damages by reason of Landlord's efforts to mitigate the damage to it by Tenant's default; nor shall anything in this Section adversely affect Landlord's right, as in this Lease elsewhere provided, to indemnification against liability for injury or damages to persons or property occurring prior to a termination of this Lease.

20.02 All cure periods provided herein shall run concurrently with any periods provided by law.

20.03 In the event of default, as designated herein above, in addition to any other rights or remedies provided for herein or at law or in equity, Landlord, at its sole option, shall have the following rights:

A. The right to declare the term of this Lease ended and reenter the Property and take possession thereof, and to terminate all of the rights of Tenant in and to the Property.

B. The right, without declaring the term of this Lease ended, to reenter the Property and to occupy the same, or any portion thereof, for and on account of the Tenant as hereinafter provided, and Tenant shall be liable for and pay to Landlord on demand all such expenses as Landlord may have paid, assumed or incurred in recovering possession of the Property, including costs, expenses, attorney's fees and expenditures placing the same in good order, or preparing or altering the same for reletting, and all other expenses, commissions and charges paid by the Landlord in connection with reletting the Property. Any such reletting may be for the remainder of the term of this Lease or for a longer or shorter period. Such reletting shall be for such rent and on such other terms and conditions as Landlord, in its sole discretion, deems appropriate. Landlord may execute any lease made pursuant to the terms hereof either in the Landlord's own name or in the name of Tenant or assume Tenant's interest in any existing subleases to any tenant of the Property, as Landlord may see fit, and Tenant shall have no right or authority whatsoever to collect any rent from such tenants, subtenants, of the Property. In any case, and whether or not the Property or any part thereof is relet, Tenant, until the end of the Lease term shall be liable to Landlord for an amount equal to the amount due as Rent hereunder, less net proceeds, if any of any reletting effected for the account of Tenant. Landlord reserves the right to bring such actions for the recovery of any deficits remaining unpaid by the Tenant to the Landlord hereunder as Landlord may deem advisable from time to time without being obligated to await the end of the term of the Lease. Commencement of maintenance of one or more actions by the Landlord in this connection shall not bar the Landlord from bringing any subsequent actions for further accruals. In no event shall Tenant

be entitled to any excess rent received by Landlord over and above that which Tenant is obligated to pay hereunder; or

C. The right, even though it may have relet all or any portion of the Property in accordance with the provisions of subsection B, above, to thereafter at any time elect to terminate this Lease for such previous default on the part of the Tenant, and to terminate all the rights of Tenant in and to the Property.

20.04 Pursuant to the right of re-entry provided above, Landlord may remove all persons from the Property and may, but shall not be obligated to, remove all property therefrom, and may, but shall not be obligated to, enforce any rights Landlord may have against said property or store the same in any public or private warehouse or elsewhere at the cost and for the account of Tenant or the owner or owners thereof. Tenant agrees to hold Landlord free and harmless from any liability whatsoever for the removal and/or storage of any such property, whether of Tenant or any third party whomsoever. Such action by the Landlord shall not be deemed to have terminated this Lease.

20.05 If Tenant breaches this Lease and abandons the Property before the end of the term, or if its right of possession is terminated by Landlord because of Tenant's breach of this Lease, then this Lease may be terminated by Landlord at its option. On such Termination Landlord may recover from Tenant, in addition to the remedies permitted at law:

A. The worth, at the time of the award, of the unpaid Base Monthly Rents and Additional Rents which had been earned at the time this Lease is terminated.

B. The worth, at the time of the award, of the amount by which the unpaid Base Monthly Rents and Additional Rents which would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rents that Tenant proves could be reasonably avoided;

C. The worth, at the time of the award, of the amount by which the unpaid Base Monthly Rents and Additional Rents for the balance of the Lease Term after the time of award exceeds the amount of such rental loss for such period as the Tenant proves could have been reasonably avoided; and

D. Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's breach of its obligations under this Lease, or which in the ordinary course of events would be likely to result therefrom. The detriment proximately caused by Tenant's breach shall include, without limitation, (i) expenses for cleaning, repairing or restoring the Property, (ii) expenses for altering, remodeling or otherwise improving the Property for the purpose of reletting the Property, (iii) brokers' fees and commissions, advertising costs and other expenses of reletting the Property, (iv) costs of carrying the Property such as taxes, insurance premiums, utilities and security precautions, (v) expenses of retaking possession of the Property, (vi) attorney's fees and court costs, (vii) any unearned brokerage commissions paid in connection with this Lease, (viii) reimbursement of any previously waived Base Rent, Additional Rent, free rent or reduced rental rate, and (ix) any concession made or paid by Landlord to the benefit of Tenant in consideration of this Lease including, but not limited to, any moving allowances, contributions or payments by Landlord for tenant improvements or build-out allowances or assumptions by Landlord of any of the Tenant's previous lease obligations.

20.06 In any action brought by the Landlord to enforce any of its rights under or arising from this Lease, Landlord shall be entitled to receive its costs and legal expenses including reasonable attorneys' fees, whether or not such action is prosecuted to judgment.

20.07 The waiver by Landlord of any breach or default of Tenant hereunder shall not be a waiver of any preceding or subsequent breach of the same or any other term. Acceptance of any Rent payment shall not be construed to be a waiver of the Landlord of any preceding breach of the Tenant.

20.08 All past due amounts owed by Tenant under the terms of this Lease shall bear interest at twelve percent (12%) per annum unless otherwise stated.

21. SURRENDER OF LEASE NOT MERGER

21.01 The voluntary or other surrender of this Lease by Tenant, or mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing transfers, or may, at the option of Landlord, operate as an assignment to it of any or all of such transfers.

22. ATTORNEYS FEES/COLLECTION CHARGES

22.01 In the event of any legal action or proceeding between the parties hereto, reasonable attorneys' fees and expenses of the prevailing party in any such action or proceeding shall be added to the judgment therein. Should Landlord be named as defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy hereunder, Tenant shall pay to

Landlord its costs and expenses incurred in such suit, including actual attorney's fees.

22.02 If Landlord utilizes the services of any attorney at law for the purpose of collecting any rent due and unpaid by Tenant after five (5) days written notice to Tenant of such nonpayment of rent or in connection with any other breach of this Lease by Tenant, Tenant agrees to pay Landlord actual attorneys' fees as determined by Landlord for such services, regardless of the fact that no legal action may be commenced or filed by Landlord.

23. CONDEMNATION

23.01 If twenty-five percent (25%) or more of the square footage of the Improvements is taken for any public or quasi-public purpose by any lawful government power or authority, by exercise of the right of appropriation, reverse condemnation, condemnation or eminent domain, or sold to prevent such taking, and if the remaining portion of the Improvements shall not be reasonably adequate for the operation of Tenant's business after Landlord completes such repairs or alterations as Landlord elects to make, either Tenant or Landlord may at its option terminate this Lease by notifying the other party hereto of such election in writing within thirty (30) days after such taking. Tenant shall not because of such taking assert any claim against the Landlord or the taking authority for any compensation because of such taking, and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate of interest of Tenant. If less than twenty-five percent (25%) of the Improvements is taken, Landlord at its option may terminate this Lease. If Landlord does not so elect, Landlord shall promptly proceed to restore the Improvements to substantially their same condition prior to such partial taking, allowing for any reasonable effects of such taking, and a proportionate allowance based on the loss of square footage shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Improvements, which, Tenant is deprived on account of such taking and restoration.

24. RULES AND REGULATIONS; CC&R's

24.01 Tenant shall faithfully observe and comply with any Rules and Regulations promulgated by Landlord for the Project and the CC&R's. Landlord reserves the right to modify and amend such Rules and Regulations as it deems necessary and such CC&R's shall be subject to amendment pursuant to the terms thereof. Landlord shall not be responsible to Tenant for the nonperformance by any other tenant, owner or occupant of the Project of any of said Rules and Regulations or any provisions of any CC&R's.

24.02 In the event that Tenant fails to cure any violations of such Rules and Regulations or CC&R's following ten (10) days written notice by Landlord, such failure to cure shall be deemed a material breach of this Lease by Tenant.

25. ESTOPPEL CERTIFICATE

25.01 Tenant shall execute and deliver to landlord, within ten (10) business days of Landlord's written demand, a statement in writing certifying that this Lease is in full force and effect, and that the Base Monthly Rent and Additional Rent payable hereunder is unmodified and in full force and effect (or, if modified, stating the nature of such modification) and the date to which rent and other charges are paid, if any, and acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder or specifying such defaults if they are claimed and such other matters as Landlord may reasonably request. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Property. Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant that (1) this Lease is in full force and effect, without modification except as may be represented by Landlord; (2) there are no uncured defaults in Landlord's performance and (3) not more than one (1) month's rents has been paid in advance.

26. SALE BY LANDLORD

26.01 In the event of a sale or conveyance by Landlord of the Property the same shall operate to release Landlord from any liability upon any of the covenants or conditions, expressed or implied, herein contained in favor of Tenant, and in such event Tenant agrees to look solely to the responsibility of the successor in interest of Landlord in and to this Lease. Notwithstanding the foregoing, Landlord shall remain responsible for any claims of Tenant first arising prior to the date of such sale or conveyance if such claims are (i) identified by Tenant in the Estoppel Certificate prepared for Landlord's successor in interest, and (ii) proved to be true by Tenant in a court of competent jurisdiction. This Lease shall not be affected by any such sale, and Tenant agrees to attorn to the purchaser or assignee. Landlord shall have the right at any time to sell, transfer, encumber, hypothecate, or otherwise transfer, whether voluntarily or involuntarily, all or any part of the Project (including the Common Area) and the same shall not affect this Lease in any manner.

27. NOTICES

27.01 All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments, or designations under this Lease by either party to the other shall be in writing and shall be considered sufficiently given and served upon the other party if sent by certified or registered mail, return receipt requested, postage prepaid, delivered personally, or by a national overnight delivery service and addressed as indicated in 1.03 and 1.04.

28. WAIVER

28.01 The failure of Landlord to insist in any one or more cases upon the strict performance of any term, covenant or condition of the Lease shall not be construed as a waiver of a subsequent breach of the same or any other covenant, term or condition; nor shall any delay or omission by Landlord to seek a remedy for any breach of this Lease be deemed a waiver by Landlord of its remedies or rights with respect to such a breach.

29. HOLDOVER

29.01 If Tenant remains in the Property after the Lease Term expires, with the consent of Landlord, and provided that Tenant has given prior written notice to Landlord, such continuance of possession by Tenant shall be deemed to be a month-to-month tenancy at the sufferance of Landlord terminable on thirty (30) days notice at any time by either party. All provisions of this Lease (except the duration of the Lease Term) and all rent or other amounts payable by Tenant under this Lease during the Lease Term shall apply to any such month-to-month tenancy, except the Base Monthly Rent payable by Tenant during said month-to-month tenancy shall be equal to the Base Monthly Rent payable for the last full calendar month during the regular Lease Term prior to the commencement of such month-to-month tenancy (the "Comparison Base Monthly Rent"), increased as follows:

A. The term "CPI" as used herein shall mean the Consumer Price Index for the average for "all items" shown on the U.S. City Average for Urban Wage Earners and Clerical Workers (including Single Workers), all items, groups, and special groups of items, as promulgated by the Bureau of Labor Statistics of the U.S. Department of Labor, of such similar or successor index if said index is no longer published. Each twelve (12) month period, or fraction thereof, commencing upon the Commencement Date and ending upon the date of expiration of the Lease Term shall be referred to herein as a "Lease Year." The cumulative percentage change in the CPI from the Commencement Date until the date of expiration of the Lease Term shall be referred to herein as the "CPI Increase" and shall be equal to the cumulative total of the percentage changes in the CPI for each Lease Year during the Lease Term.

B. The Base Monthly Rent payable each month for the first three (3) months following the date of expiration of the Lease Term shall be equal to the Comparison Base Monthly Rent increased by the CPI Increase, except that if the percentage change in the CPI during any Lease Year exceeds four percent (4%), then such percentage change for any such Lease Year shall be capped at four percent (4%) for purposes of calculating the CPI Increase.

C. The Base Monthly Rent payable for each month thereafter, commencing on the fourth (4th) month following the date of expiration of the Lease Term, shall be equal to the Comparison Base Monthly Rent increased by the CPI Increase, without any cap.

D. In no event shall the Base Monthly Rent decrease as a result of any decreases in the CPI from the Commencement Date until the date of expiration of the Lease Term.

23.02 If Tenant remains in the Property after the Lease Term expires without the consent of Landlord, whether or not Tenant has given notice to Landlord, the same shall be deemed to be a material breach and default by Tenant under this Lease. Nothing contained in this Article 29 is intended to waive or limit any rights or remedies of Landlord in such case, and Tenant acknowledges that Landlord may suffer substantial damages if Landlord is unable to timely deliver possession of the Property to a subsequent tenant as a result of such holding over by Tenant. Nothing contained in this Section 29 is intended to nor shall be deemed to create any right or option of Tenant to extend the term of the Lease beyond the Lease Term specified in Section 1.05 above.

30. DEFAULT OF LANDLORD/LIMITATION OF LIABILITY

30.01 In the event of any default by Landlord hereunder, Tenant agrees to give notice of such default, by registered mail, to Landlord at Landlord's Notice Address as stated in 1.04 and to offer Landlord a reasonable opportunity to cure the default. In the event of any actual or alleged failure, breach or default hereunder by Landlord, Tenant's sole and exclusive remedy shall be against Landlord's interest in the Property, and Landlord, its directors, officers, employees and any partner of Landlord shall not be sued, be subject to

service or process, or have a judgement obtained against them in connection with any alleged breach or default, and no writ of execution shall be levied against the assets of any partner, shareholder or officer of Landlord. The covenants and agreements are enforceable by Landlord and also by any partner, shareholder or officer of Landlord.

31. SUBORDINATION

31.01 Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord or any mortgagee with a lien on the Property or any ground lessor with respect to the Property, this Lease shall be subject and subordinate at all times to (a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Property, and (b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Property, ground leases or underlying leases, or Landlord's interest or estate in any of said items is specified as security. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the Tenant of the successor in interest to Landlord, at the option of such successor in interest. Tenant shall execute and deliver to Landlord, upon Landlord's request, such documents and instruments, in a form suitable for recording, as shall reasonably be required to evidence such subordination of this Lease with respect to any such ground lease or underlying leases or the lien of any such mortgage or deed of trust. Tenant hereby irrevocably appoints Landlord as attorney-in-fact of Tenant to execute, deliver and record any such document in the name and on behalf of Tenant.

32. DEPOSIT AGREEMENT - This Section intentionally Deleted.

33. GOVERNING LAW

33.01 This Lease is governed by and construed in accordance with the laws of the State of Nevada, and the exclusive venue of any suit arising under or in connection with this Lease shall be in Washoe County, Nevada.

34. NEGOTIATED TERMS

34.01 This Lease is the result of the negotiations of the parties and has been agreed to by both Landlord and Tenant after prolonged discussion.

35. SEVERABILITY

35.01 If any part of any provision of this Lease is determined by a court of competent jurisdiction to be invalid or unenforceable in accordance with its terms, the invalidity or unenforceability of such part of any such provision shall not invalidate or render unenforceable the remaining parts of any such provision or any other provisions of this Lease and all such other parts of such provisions and all other provisions of this Lease shall remain in full force and effect.

36. BROKERS

36.01 Tenant warrants that it has had no dealings with any broker or agent in connection with this Lease, except Daryl Drake, Hale Day Gallagher Company and covenants to pay, hold harmless and indemnify Landlord from and against any and all cost, expense or liability for any compensation, commissions and charges claimed by any broker or agent, other than any identified above, with respect to this Lease or its negotiation.

37. QUIET POSSESSION

37.01 Tenant, upon paying the rentals and other payments herein required from Tenant, and upon Tenant's performance of all of the terms, covenants and conditions of this Lease on its part to be kept and performed, may quietly have, hold and enjoy the Property during the Lease Term without disturbance from Landlord or from any other person claiming through Landlord.

38. MISCELLANEOUS PROVISIONS

38.01 Whenever the singular number is used in this Lease and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and the word "person" shall include corporation, firm, partnerships, or association. If there is more than one Tenant, the obligations imposed upon Tenant under this Lease shall be joint and several.

38.02 The headings or titles to sections and paragraphs of this Lease are not a part of this Lease and shall have no effect upon the connection or interpretation of any part of this Lease.

38.03 This instrument contains all of the agreements and conditions made

between the parties to this Lease. Tenant acknowledges that neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Property to the conduct of Tenant's business. Any agreements, warranties or representations not expressly contained herein shall in now way bind either Landlord or Tenant, and Landlord and Tenant expressly waive all claims for damages by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Lease.

38.04 Time is of the essence of each term and provision of this Lease. All reference in this Lease to "days" shall refer to calendar days. If any date for the giving of notice set forth in this Lease falls on a Sunday or legal holiday recognized by the United States government or the State of Nevada, then such date for the giving of notice shall be extended until the next following business day.

38.05 Except as otherwise expressly stated, each payment required to be made by Tenant is in addition to and not in substitution for other payments to be made by Tenant.

38.06 Subject to Article 18, the terms and provisions of this Lease are binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns of Landlord and Tenant.

38.07 All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent.

38.08 In consideration of Landlord's covenants and agreements hereunder, Tenant hereby covenants and agrees not to disclose any terms, covenants or conditions of this Lease to any other party without the prior written consent of Landlord.

38.09 Tenant shall provide to Landlord such financial information as Landlord may reasonably request for the purpose of obtaining construction and/or permanent financing for the Property or the Project.

38.10 If Tenant shall request Landlord's consent and Landlord shall fail or refuse to give such consent, Tenant shall not be entitled to any damages for any withholding by Landlord of its consent; Tenant's sole remedy shall be an action for specific performance or injunction, and such remedy shall be available only in those cases where Landlord has expressly agreed in writing not to unreasonably withhold its consent or where as a matter of law Landlord may not unreasonably withhold its consent.

38.11 Whenever a day is appointed herein on which, or a period of time is appointed in which, either party is required to do or complete any act, matter or thing, the time for the doing or completion thereof shall be extended by a period of time equal to the number of days on or during which such party is prevented from, or is reasonably interfered with, the doing or completion of such act, matter or thing because of labor disputes, civil commotion, war, warlike operation, sabotage, governmental regulations or control, fire, or other casualty, inability to obtain materials, or to obtain fuel or energy, weather or other acts of God, or their causes beyond such party's reasonable control (financial inability excepted); provided, however, that nothing contained herein shall excuse Tenant from the prompt payment of any rent or charge required of Tenant hereunder.

38.11 No slot machine or other gambling game or device shall be permitted on the Property without the prior written consent of Landlord.

39. CHANGE ORDERS

39.01 If Tenant requests that Landlord perform any tenant improvements in the Property and thereafter if Tenant approves any changes in the scope the work being provided by or through Landlord Tenant agrees to pay all the direct and indirect costs of additional work at the time it gives such approval. In the event that the aggregate cost of additional work provided under this Lease is ten thousand ($10,000.00) or more, or in excess of two months rent, whichever is less, then Landlord may accept payment of one half of the cost of additional work at the time of approval of said change order by the Tenant, and payment of the balance to be paid at the time the additional work is substantially completed.

40. OPTION TO PURCHASE PROPERTY

Landlord hereby grants to Tenant the right and option (the "Option") to purchase the Property, together with all improvements, upon the following terms and subject to the following conditions:

40.01 Tenant's rights to exercise the Option and Landlord's obligation to sell the Property to Tenant at any time during the Lease Term shall be expressly contingent upon Landlord's ability to consummate a tax-deferred exchange of the Property, pursuant to Section 1031 of the Internal Revenue Code, or any successor provisions of said Code, or to otherwise meet Landlord's tax-planning objectives, in Landlord's sole and absolute discretion

(collectively, "Landlord's Tax Plan"). If Landlord elects to accomplish Landlord's Tax Plan (including without limitation such tax-deferred exchange), Tenant shall cooperate with Landlord in connection therewith provided that Tenant shall not be liable for any cash consideration or expense greater than that which Tenant would have incurred had Tenant purchased the Property as a direct sale from Landlord at the Purchase Price, as defined in Section 40.03 below.

40.02 If, at any time during the Lease Term, Tenant desires to exercise the Option, Tenant shall deliver written notice of such desire (the "Option Notice") to Landlord. Provided that Tenant is not then in default under any terms or provisions of this Lease, Landlord shall reasonably endeavor to accomplish Landlord's Tax Plan, including without limitation a sale, exchange, or other transfer (collectively, "Sale" or "Sell") of the Property to Tenant, but Landlord shall have absolutely no obligation to Sell the Property to Tenant or any other third party unless the same shall accomplish Landlord's Tax Plan. Within sixty (60) days of delivery of the Option Notice, landlord shall deliver written notice to Tenant (the "Sale Notice") of Landlord's determination, in its sole and absolute discretion, of whether or not Landlord's Tax Plan may not be accomplished at such time by the Sale of the Property to Tenant. If Landlord determines that Landlord's Tax Plan may not be accomplished at such time, Landlord shall have no obligation to Sell the Property to Tenant, but Tenant may deliver a new Option Notice to Landlord at any time thereafter.

40.03 If Landlord determines that Landlord's Tax Plan may be accomplished at such time, the Sale Notice shall contain (i) the proposed date of the consummation of the Sale of the Property to Tenant (the "Closing"), which consummation shall be evidenced by the recordation of a grant deed conveying the Property to Tenant, (ii) the Purchase Price of the Property, calculated by Landlord as of the proposed Closing date, and (iii) an Agreement of Purchase and Sale (the "Purchase Contract") setting forth such other terms and conditions for the Sale, as proposed by Landlord. The purchase price of the Property (the "Purchase Price") shall be an amount equal to Six Hundred Fifty thousand Dollars ($650,000) as of the Commencement Date, which amount shall be increased by One Thousand Two Hundred Ninety-Eight and 70/100 dollars ($1,298.70) per month on the last day of each calendar month of the Lease Term following the Commencement Date. For example (for illustrative purposes only), if the Closing date is the first day of the twenty-fifth (25th) month of the Lease Term, then the Purchase Price shall equal $650,000 + ($1,288.70 x 24) = $650,000 + $31,168.80 = $681,168.80. And, if the Closing date is the tenth day of the seventy-eighth (78th) month of the Lease Term, then the Purchase Price shall equal $650,000 + ($1,298.70 x 77) = $650,000 + $99,999.50 = $749,999.50. The Purchase Price shall be payable in all cash, or a cash equivalent acceptable to Landlord in its sole discretion.

40.04 Within fifteen (15) days of delivery of any Sale Notice with such proposed terms of Sale, Tenant shall notify Landlord in writing of either (i) its acceptance of the terms and conditions set forth in the Sale Notice, including without limitation those set forth in the Purchase Contract, (ii) its election not to exercise the Option and therefore not to purchase the Property at such time, or (iii) its acceptance of the terms and conditions set forth in the Sale Notice, subject to Landlord's acceptance of such changes as proposed by Tenant and set forth in said notice. If Tenant accepts the terms and conditions set forth in the Sale Notice, then the parties shall proceed to consummate the Sale pursuant to said terms and conditions. If Tenant accepts the terms and conditions set forth in the Sale Notice, subject to proposed changes, then Landlord and Tenant shall negotiate in good faith in an attempt to agree on all such proposed changes, in their sale and absolute discretion. If such an agreement is reached, then the parties shall proceed to consummate the Sale pursuant to said agreed upon terms and conditions, as put forth in a written document executed by both parties. If the parties are unable to agree on all such proposed changes within sixty (60) days following delivery of the Sale Notice, then the Option Notice shall lapse.

40.06 If the Option Notice shall lapse pursuant to Section 40.04, Tenant shall have the right at any time thereafter to deliver another Option Notice to Landlord. Notwithstanding the Option, Landlord shall have the right at any time to Sell the Property to any third party, subject to Tenant's Right of First Refusal set forth in Section 41 below. Notwithstanding anything set forth in this Lease to the contrary, the Option is personal to Tenant and shall not be assignable to or exercisable (or enforceable) by any consignee, subtenant, transferee or other successor in interest of Tenant. Upon any Transfer described in Section 18 above, the Option shall terminate and be null and void and of no further force or affect.

41. RIGHT OF FIRST REFUSAL

41.01 Except during any period of time that Tenant has delivered an Option Notice and the parties are proceeding under the terms and provisions of Section 40 above, Landlord shall have the right to Sell the Property to any third party, subject to Tenant's prior right (the "Right of First Refusal") to purchase the Property under this Section 41. If Landlord desires to Sell the Property to any third party at any time during the Lease Term, Landlord shall first give written notice thereof to Tenant (the "First Refusal Notice"). Said notice shall set forth the exact and complete terms of the proposed Sale and shall have attached

thereto a photocopy of a bonafide offer (and counteroffer, if any) duly executed by both Landlord and the prospective purchaser.

41.02 For a period of fifteen (15) days after delivery to Tenant of the First Refusal Notice, Tenant shall have the right to give written notice to Landlord of Tenant's election to purchase the Property on the same terms and conditions as set forth therein, except that (i) the purchase price for the Property shall be equal to the lesser of (a) the purchase price set forth in the First Refusal Notice, or (b) the Purchase Price, as delivered in Section 40.03, as of the scheduled closing date of the transaction described in the First Refusal Notice, and (ii) if the proposed Sale includes the Sale of more real property than just the Property, then Tenant shall only be obligated, upon timely exercise of its Right of First Refusal, to purchase just the Property. Notwithstanding anything set forth in the preceding sentence to the contrary, if the proposed Sale includes the Sale of more real property than just the Property, Tenant shall have the right to exercise the Right of First Refusal with respect to the entire real property described in the First Refusal Notice, and the purchase price of such entire real property shall, in such case, be equal to the total purchase price set forth in the First Refusal Notice. If Tenant does not timely deliver to Landlord said notice with said fifteen (15) day period, then Tenant's Right of First Refusal and the Option, as set forth in Section 40, shall lapse, terminate, be null and void and of no further force or effect and Landlord shall have no obligation thereafter to Sell the Property to Tenant under either this Section 41 or Section 40 above. In such case, Landlord shall be free to Sell the Property on the same terms set forth in the First Refusal Notice to the prospective purchaser described therein or to any other third party. Upon the consummation of the Sale proposed therein, the Property shall be transferred subject to this Lease, but expressly excluding any rights of Tenant under Section 40 of this Section 41 of this Lease.

41.03 Notwithstanding anything set forth in section 41.02 to the contrary, if Tenant's Right of First Refusal and the Option lapse and are terminated pursuant to Section 41.02 but the Sale of the Property is not consummated on or before the latter of (i) the closing date set forth in the First Refusal Notice, or (ii) that date which is two hundred seventy (270) days after the date of delivery of the First Refusal Notice, then Tenant's Right of First Refusal and Option shall not lapse and shall apply to said transaction and any other proposed Sale of the Property at all times thereafter. Notwithstanding anything set forth in this Lease to the contrary, the Right of First Refusal is personal to Tenant and shall not be assignable to or exercisable (or enforceable) by any assignee, subtenant, transferee or other successor in interest of Tenant. Upon any Transfer described in Section 18 above, the Right of First Refusal shall terminate and be null and void and of no further force or affect.

42. EXHIBITS

42.01 The following Exhibits are attached to and made a part of this Lease as if set forth herein in full:

Exhibit "A"	Property Site Plan
Exhibit "A-1"	Legal Description of Property
Exhibit "A-2"	Project Site Plan
Exhibit "B"	Commencement Date Certificate
Exhibit "C"	Tenant Questionnaire

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the day and year indicated by Landlord's execution date as written below.

Individuals signing on behalf of a Tenant warrant that they have the authority to bind their principals. In the event that Tenant is a corporation, Tenant shall deliver to Landlord, concurrently with the execution and deliver of this Lease, a certificated copy of corporate resolutions adopted by Tenant authorizing said corporation to enter into and perform the Lease and authorizing the execution and delivery of the Lease on behalf of the corporation by the parties executing and delivering this Lease. THIS LEASE, WHETHER OR NOT EXECUTED BY Tenant, IS SUBJECT TO ACCEPTANCE AND EXECUTION BY Landlord, ACTING ITSELF OR BY ITS AGENT ACTING THROUGH ITS PRESIDENT, VICE PRESIDENT, OR ITS DIRECTOR OF LEASING AND MARKETING.

"Landlord"
Dermody Properties,
a Nevada corporation

Date Executed: 7-21-93

/s/ MICHAEL C. DERMODY

Michael C. Dermody, President

"Tenant"

Pioneer Citizens Bank of Nevada,
a Nevada corporation

Date Executed: 7-13-93

By: /s/ MARK L. CAMPBELL

Name: Mark L. Campbell

Its: Senior Vice President

EXHIBIT "A-1"

All that certain parcel of land situate in the West half of Section 16, T.19 N. R. 20 E., M.D.M., State of Nevada, City of Reno, being a portion of Parcel 4 of Parcel Map Number 1362, recorded in the Official Records of Washoe County, Nevada, and being more particularly described as follows:

Commencing at the Southwesterly corner of said Parcel 4, said point being the True Point of Beginning; thence South 64 degrees 49'04" East, 199.00 feet along the Southerly line of said Parcel 4; thence North 25 degrees 10'56" East, 200.00 feet to a point on the Southerly right of way of Equity Avenue; thence North 64 degrees 49'04" West, 176.50 feet along said Southerly right of way to a point of curvature; thence 48.5 feet along the arc of a curve to the left, having a central angle of 92 degrees 32'14" and a radius of 30.00 feet to a point on the Easterly right of way of Corporate Boulevard; thence South 22 degrees 38'42" West, 168.84 feet along said right of way returning to the True Point of Beginning.

-0-

Exhibit A-1 to lease dated June 1, 1993, by and between Dermody Properties and Pioneer Citizens Bank of Nevada.

/s/ MICHAEL C. DERMODY

Dermody Properties

/s/ MARK L. CAMPBELL

Pioneer Citizens Bank of Nevada

EXHIBIT "B"

COMMENCEMENT DATE CERTIFICATE

THIS COMMENCEMENT DATE CERTIFICATE is made as of the __ day of _____, 199_, by and between DERMODY PROPERTIES (hereinafter called "Landlord") and PIONEER CITIZENS BANK OF NEVADA (hereinafter called "Tenant").

RECITALS:

A. Landlord and Tenant have entered into a Lease Agreement (the "Lease") dated as of June 1, 1993, whereby Landlord leased to Tenant, and Tenant leased from Landlord, certain real property located in the County of Washoe, State of Nevada, which real property is commonly known as 5400 Equity Avenue, Reno, Nevada.

B. In accordance with Section ___ of the Lease, Landlord and Tenant desire to set forth herein the date that the Term of the Lease had commenced (the "Commencement Date"), and the date of expiration of the initial Term of the Lease.

NOW THEREFORE, Landlord and Tenant certify and agree as follows:

1. The Commencement Date of the Lease defined in Section ___ of the Lease is hereby established as _____, 199_.

2. The Initial Term of this Lease shall be years ending upon _____.

3. The rental adjustment date(s) shall be _____, _____, _____, and _____.

IN WITNESS WHEREOF, Landlord and Tenant have caused this Commencement Date Certificate to be executed as of the day and year first above written.

LANDLORD:

DEMODY PROPERTIES

by: Michael C. Dermody

TENANT:

PIONEER CITIZENS BANK OF NEVADA

By:

- ---------- ----------
Signature Signature

- ---------- ----------
Title Title

Exhibit B to lease dated June 1, 1993, by and between Dermody Properties and Pioneer Citizens Bank of Nevada.

/s/ MICHAEL C. DERMODY

Dermody Properties

/s/ MARK L. CAMPBELL

Pioneer Citizens Bank of Nevada

EXHIBIT C
(Tenant Questionnaire)

TENANT QUESTIONNAIRE REGARDING USE OF PROPERTY AT 5400 EQUITY AVENUE, RENO, NEVADA

<TABLE>
<CAPTION>

<S>	Yes <C>	No <C>
1. Will any manufacturing process be done on the subject premises?	[ ]	[X]
2. Do you or your company intend to use any internal combustion engines greater than 50 hp at the subject premises?	[ ]	[X]
3. Do you or your company intend to use processes that involve mixing, blending, or processing any solvents, adhesives, paints or coatings?	[ ]	[X]
4. Will your operation at the premises create any dusts or smoke?	[ ]	[X]
5. At the subject premises, will you or your company refine any liquids or solids? Reclaim any metals?	[ ]	[X]
6. Will your or your company plate or coat anything at the subject premises?	[ ]	[X]
7. Will any process be used on the Property which requires equipment for the heating of materials (i.e., boilers, furnaces, broilers, baking ovens, etc.)?	[ ]	[X]
8. Will you handle or store solvents or motor fuels on the premises?	[ ]	[X]
9. Will you use or store any acids at the premises?	[ ]	[X]
10. Will you or your company use any chemical processes at the premises?	[ ]	[X]
11. Will you or your company use any solvents for clean up?	[ ]	[X]
12. Is your business a dry cleaner, restaurant, body shop, gasoline station, printer or part coater?	[ ]	[X]
13. Will you or your company use any process which requires lead or melting or soldering with lead or lead alloys?	[ ]	[X]
14. Do you or your company have a Hazardous Materials Management plan?	[ ]	[X]

</TABLE>

If you have marked "Yes" to any of the questions as to processes, chemicals, including types and quantities, to be used on the Property, please give a more detailed explanation below and on a second page if necessary. _____
_____
_____
_____

Name of person completing form: MARK L. CAMPBELL /s/ MARK L. CAMPBELL

Company name and address: PIONEER CITIZENS BANK OF NEVADA
10 STATE ST. RENO, NV. 89501

14

ASSIGNMENT AND ASSUMPTION OF LEASE

This Assignment and Assumption of Lease ("Assignment") is made as of the ____ day of _____, 1998, by and between PIONEER CITIZENS BANK OF NEVADA, a Nevada corporation ("Assignor") and COMPUTING RESOURCES, INC., a Nevada corporation ("Assignee").

RECITALS

This Assignment is made with regard to the following facts:

A. Assignor is the tenant under that certain Standard Industrial Lease dated June 1, 1996 (the "Lease") between DERMODY PROPERTIES, a Nevada corporation ("Landlord"), as landlord, and Assignor, as tenant, for approximately 0.928 acres of land and a single story concrete tilt-up building containing approximately 8,560 square feet of space (the "Premises"), located at 5400 Equity Avenue, Reno, Washoe County, Nevada. A copy of the Lease is attached hereto as EXHIBIT "A".

B. Assignor desires to assign its right, title, and interest in, to, and under the Lease and the Premises to Assignee, and Assignee desires to accept that assignment on, and subject to, all of the terms and conditions in this Assignment.

NOW THEREFORE, in consideration of the mutual covenants contained in this Assignment, and for valuable consideration, the receipt and sufficiency of which are acknowledged by the parties, the parties agree as follows:

1. Assignment and Assumption. Assignor assigns to Assignee all of its right, title and interest in, to, and under the Lease and the Premises. Assignee accepts this assignment, assumes all of Assignor's obligations under the Lease, and agrees to be bound by all of the provisions of the Lease and to perform all of the obligations of the tenant under the Lease as a direct obligation to Landlord from and after the effective date of this Assignment. Assignee shall make all payments required under the Lease directly to Landlord. This assignment and assumption is made on, and is subject to, all of the terms, conditions, and covenants of this Assignment.

2. Condition of Premises. The Premises will be delivered by Assignor to Assignee in "as is" condition.

3. Indemnification of Assignor. Assignee shall protect, defend, indemnify and hold Assignor harmless from all costs, expenses, claims, causes of action and damages (including, without limitation, reasonable attorney fees and costs), which arise in connection with the Lease (as the same may be amended from time to time after the date of this Assignment) and the Premises from and after the date of this Assignment.

4. General Provisions.

4.1. Further Assurances. Each party to this Assignment will, at its own cost and expense, execute and deliver such deliver such further documents and instruments and will take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Assignment.

4.2. Enforcement by Landlord. Landlord is a third party beneficiary of this Assignment. As such, the provisions of this Assignment inure to the benefit of, and are enforceable by, Landlord.

4.3. Entire Assignment; Waiver. This Assignment constitutes the final, complete and exclusive statement between the parties to this Assignment pertaining to the terms of Assignor's assignment of the Lease and Premises to Assignee, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and inures to the benefit of their respective heirs, representatives, successors and assigns. Neither party has been induced to enter into this Assignment by, nor is either party relying on, any representation or warranty outside those expressly set forth in this Assignment. Any agreement made after the date of this Assignment is ineffective to modify, waive, or terminate this Assignment, in whole or in part, unless that agreement is in writing, is signed by the parties to this Assignment, and specifically states that agreement modifies this Assignment.

4.4. Attorneys' Fees and Costs. In the event that a dispute arises hereunder, the prevailing party in such dispute shall be entitled to its reasonable attorneys' fees and costs incurred in connection therewith.

4.5. Governing Law. This Assignment will be governed by, and construed in accordance with, Nevada law.

4.6. Captions. Captions to the sections in this Assignment are included for convenience only and do not modify any of the terms of this Assignment.

4.7. Severability. If any term or provision of this Assignment is, to any extent, held to be invalid or unenforceable, the remainder of this Assignment will not be affected, and each term or provision of this Assignment will be valid and be enforced to the fullest extent permitted by law. If the application of any term or provision of this Assignment to any person

or circumstances is held to be invalid or unenforceable, the application of that term or provision to persons or circumstances other than those as to which it is held valid or unenforceable, will not be affected, and each term or provision of this Assignment will be valid and be enforced to the fullest extent permitted by law.

4.8. Consent of Landlord. The Landlord's written consent to this Assignment in accordance with the terms of Section 18 of the Lease is a condition precedent to the validity and effectiveness of this Assignment. If the Landlord's consent is not obtained in space provided below, then this Assignment shall automatically terminate and the parties shall be released from any further obligations hereunder.

4.9. Capitalized Terms. All terms spelled with initial capital letters in this Assignment that are not expressly defined in this Assignment will have the respective meanings given such terms in the Lease.

4.10. Brokers. The parties to this Assignment represent and warrant to each other than neither party dealt with any broker or finder in connection with the consummation of this Assignment and each party agrees to protect, defend, indemnify, and hold the other party harmless from and against any and all claims or liabilities for brokerage commissions or finder's fees arising out of that party's acts in connection with this Assignment. The provisions of this Section 4.10 shall survive the expiration or earlier termination of this Assignment and the Lease.

4.11. Notices. Any notice that may or must be given by either party under this Assignment will be delivered (i) personally, (ii) by certified mail, return receipt requested, or (iii) by a nationally recognized overnight courier, addressed to the party to whom it is intended. Any notice given to Assignor or Assignee shall be sent to the respective address set forth on the signature page below, or to such other address as that party may designate for service of notice by a notice given in accordance with the provisions of this Section 4.11. A notice sent pursuant to the terms of this Section 4.11 shall be deemed delivered (a) when delivery is made, if delivered personally, (b) three (3) business days after deposit into the United States mail, or (c) the day following deposit with a nationally recognized overnight courier.

4.12. Word Usage. Unless the context clearly requires otherwise, (a) the plural and singular numbers will each be deemed to include the other; (b) the masculine, feminine, and neuter genders will each be deemed to include the others; (c) "shall", "will", "must", "agrees", and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

4.13. COMMENCEMENT OF OBLIGATIONS. NOTWITHSTANDING THE DATE ON WHICH THIS ASSIGNMENT MAY BE EXECUTED, ASSIGNEE'S OBLIGATIONS HEREUNDER SHALL NOT COMMENCE UNTIL POSSESSION OF THE PREMISES IS DELIVERED BY ASSIGNOR TO ASSIGNEE. THE PARTIES EXPECT POSSESSION TO BE DELIVERED ON JUNE 10, 1998, BUT THE ACTUAL POSSESSION DATE SHALL CONTROL.

Assignor and Assignee have executed this Assignment as of the above date.

ASSIGNOR:

PIONEER CITIZENS BANK OF NEVADA,
A NEVADA CORPORATION,

BY: [SIGNATURE ILLEGIBLE]

ITS: C.F.O.

Address of Assignor: 1 West Liberty
Reno, NV. 89502

ASSIGNEE:

COMPUTING RESOURCES, INC.,
A NEVADA CORPORATION,

BY:

RANSON W. WEBSTER
ITS: SECRETARY/TREASURER

Address of Assignee:

Assignor and Assignee have executed this Assignment as of the above date.

ASSIGNOR:

PIONEER CITIZENS BANK OF NEVADA,
A NEVADA CORPORATION,

BY:

ITS:

Address of Assignor:

ASSIGNEE:

COMPUTING RESOURCES, INC.,
A NEVADA CORPORATION,

BY: /s/ RANSON W. WEBSTER

RANSON W. WEBSTER
ITS: SECRETARY/TREASURER

Address of Assignee:

LANDLORD'S CONSENT

Pursuant to Section 18 of the Lease, the undersigned Landlord hereby acknowledges and consents to the terms of the foregoing Assignment and Assumption of Lease.

Dated: This ____ day of _____, 1998.

DERMODY PROPERTIES,
A NEVADA CORPORATION,

BY: _____

ITS: _____

LANDLORD'S CONSENT

Pursuant to Section 18 of the Lease, the undersigned Landlord hereby acknowledges and consents to the terms of the foregoing Assignment and Assumption of Lease.

Dated: This ____ day of _____, 1998.

DERMODY PROPERTIES,
A NEVADA CORPORATION,

BY: /s/ MICHAEL D. DERMODY
_____

ITS: President
_____

ADDENDUM TO ASSIGNMENT AND ASSUMPTION OF LEASE

This Addendum to Assignment and Assumption of Lease ("Addendum") is made effective as of the 1st day of July, 1999, regardless of the date of signature of the parties hereto, by and between Pioneer Citizens Bank of Nevada, a Nevada corporation ("Assignor"), Computing Resources, Inc., a Nevada corporation ("Assignee"), and DP Operating Partnership, L.P., a Delaware limited partnership, successor in interest to Dermody Properties, a Nevada corporation ("Landlord"). This Addendum is made with regard to the following facts:

A. Assignor was the tenant under that certain standard industrial lease dated June 1, 1993 (the "Lease"), between Landlord as landlord and Assignor as tenant of the premises commonly known as 5400 Equity Avenue, Reno, Washoe County, Nevada.

B. Assignor heretofore, with the written consent of Landlord, assigned all of Assignor's right, title and interest in to and under the Lease to Assignee pursuant to a written Assignment and Assumption of Lease which provides, among other things, that Assignee may not modify or amend the Lease after the date of the assignment without first obtaining Assignor's written consent.

C. The Lease provides in paragraph 1.05 that the Tenant's permitted use is "Bank Office Operations", but Assignee is not a bank and the parties desire to amend the Lease so that Assignee's business is a permitted use thereunder.

NOW THEREFORE, in consideration of the mutual covenants contained in the aforesaid Assignment and Assumption of Lease and in this Addendum thereto, the parties agree as follows:

1. So long as Assignee occupies the premises under the Lease assigned to Assignee, paragraph 1.05 of the Lease is modified to read as follows:

"1.05. Tenant's Permitted Use: Payroll, tax and related business services."

2. Except as modified in paragraph 1 above, the Lease and the

Assignment and Assumption of Lease and the Landlord's consent thereto shall remain in full force and effect.

"ASSIGNOR"
PIONEER CITIZENS BANK OF NEVADA,
a Nevada corporation

By: CHRIS SWENSEID
(Signature)

Its: SVP/CONTROLLER
(Title)

"ASSIGNEE"
COMPUTING RESOURCES, INC.,
a Nevada corporation

By: RANSON WEBSTER
(Signature)

Its: CHAIRMAN & C.E.O.
(Title)

"LANDLORD"
DP OPERATING PARTNERSHIP, L.P. a
Delaware limited partnership, by:
DERMODY PROPERTIES, a Nevada
corporation

By: MICHAEL C. DERMODY
(Signature)

Its: PRESIDENT
(Title)

EXHIBIT 10.34

COMMERCIAL LEASE

THIS AGREEMENT of Lease is made as of the 1st day of January, 1996, by and between 565 Rio Vista Drive, Inc., a Nevada corporation ("Landlord") and Computing Resources, Inc., a Nevada corporation ("Tenant")

WITNESSETH:

A. PREMISES. In consideration of the rent hereinafter reserved and of the covenants hereinafter contained, Landlord does hereby lease to Tenant, and Tenant hereby leases from Landlord the land and approximately 13,000 square foot building located at 565 Rio Vista Drive, Fallon, Nevada (hereinafter referred to as the Premises). The parties acknowledge that the personal property (furnishings, fixtures and equipment) located in the Premises listed on Exhibit "A" hereto is owned by Tenant and is not leased hereunder.

B. TERM. The term of this Lease shall commence on the 1st day of January, 1996, and shall terminate at 12:00 o'clock, midnight, on the last day of the calendar month that completes 10 full years of tenancy hereunder.

If delivery of possession of the Premises shall be delayed beyond the date specified above for the commencement of the term of this Lease through no fault of the Landlord, the latter shall not be liable to the Tenant for any damage resulting from such delay and the Tenant's obligation to pay rent shall be suspended and abated until possession of the Premises is delivered. In the event of such a delay it is understood and agreed that the commencement of the term of this Lease shall also be postponed until delivery of possession and that the termination date of the term shall be correspondingly extended.

C. RENT. In consideration of the leasing of the aforesaid Premises, Tenant does hereby covenant and agree with Landlord to pay rental in the sum of Thirty Nine Thousand and 00/100 Dollars ($39,000.00) per annum in lawful currency of the United States of America. Said rental shall be payable monthly in advance at the rate of Three Thousand Two Hundred Fifty and 00/100 Dollars ($3,250.00) per month, commencing on the first day of the first month of the term of this Lease. Said rental is based on $0.25 per square foot.

The annual rental herein provided to be paid by Tenant to Landlord shall be subject to increase in accordance with the provisions of this paragraph. In computing said increase, it is agreed that, beginning one year after the term of this Lease commences and each one year thereafter, the index number hereinafter designated will be compared with its position as of the first day of the month in which the term of the Lease commences. The difference between the index number for the month this Lease term commences and for the month in which the next one-year period begins shall be converted to a percentage of the index number for the month this lease term commences. Said percentage shall be the percentage by which the annual rental initially reserved herein of Thirty Nine Thousand and 00/100 ($39,000.00) shall be increased and shall continue in such increased amount for each such succeeding year thereafter until the next one-year index figure computation is made as hereinabove provided.

If the said computation would result in a decrease in annual rental, then the annual rental for the succeeding year shall be the same annual rental for the immediately past year.

The index number to be used is the "Consumer's Price Index, U.S. City Average, All Items (1982-84 = 100)," published by the U.S. Department of Labor, Bureau of Labor Statistics. If the aforementioned index becomes unavailable, the index to be used is the "Consumer's Price Index" issued by the U.S. Department of Labor for San Francisco-Oakland-San Jose. If neither of the foregoing indexes are issued, Landlord and Tenant shall agree upon a substitute index to be employed in the computation of rent increases.

It is agreed that the price index shall be the index as of the first day of the month in which the term of this Lease commences, and, in the event no figures are issued for such month for the index being used, then the first figures of said index issued immediately after such date shall be considered the base index number as though it had been issued on the first day of the month in which the term of this Lease commences, provided, however, that the rent herein required to be paid by Tenant to Landlord shall not be less than Thirty Nine Thousand and 00/100 Dollars ($39,000.00) per annum during the term of this Lease or any extension or renewal thereof. It is understood that the cost-of-living increase shall not be applied to anything except the Thirty Nine Thousand and 00/100 Dollars ($39,000.00) annual rental reserved in this paragraph.

D. NET LEASE. It is the understanding and agreement of the parties hereto that this is a clear "net" lease obligation, Tenant to bear all expenses and make all payments consistent with the principle of the "net" Lease; and Tenant

hereby assumes and agrees to perform all duties and obligations with relation to the Premises, the improvements thereon, and the appurtenances thereto, as well as the use, operation, and maintenance thereof, including being responsible for and making at Tenant's own expenses, all repairs to the roof and structural portions of the improvements unless same is necessitated by the negligence of Landlord, even though such duties and obligations would otherwise be construed to be those of Landlord. Provided, however, that Tenant shall not be required to pay any prior existing mortgages or any future mortgages that are placed on the property by Landlord and provided further, however, that Tenant shall not be responsible for the cost of any repairs to the improvements to be constructed upon the demised land resulting from damages caused by material defects in the structures or equipment supplied by Landlord therein and it shall be Landlord's responsibility to make any structural changes that may be required by any governmental agency having jurisdiction over the Premises. In connection with this paragraph D., Tenant shall have the same right as Landlord under all guaranties and warranties of the building contractors and suppliers of materials and equipment installed in the building by Landlord or building contractor.

E. PAYMENT OF REAL ESTATE TAXES AND ASSESSMENTS. The parties hereto agree that, as part of the consideration for the Lease and in addition to the rent hereinbefore provided, Tenant shall, after the commencement of the term of this Lease, and during the remainder of the term of this Lease and any renewal or extension thereof, pay to the public officers charged with the collection thereof, promptly as the same become due, all taxes, levies, licenses, excises, franchises, imposts, penalties, and charges, general and special, ordinary and extraordinary, of

whatever name, nature, and kind, which are not or may hereafter be levied, assessed, charged, or imposed, which are or may become a lien (whether federal, state, city, county, or other public authority) upon this Lease, the above-described Premises, the use or occupancy thereof, the buildings and improvements now or hereafter situated thereon, or upon the occupants in respect thereof. It is agreed that the above taxes shall not be in any way construed to include any federal or state income taxes assessed against either Landlord or Tenant.

In the event Tenant should fail to pay the taxes or assessments herein required to be paid by Tenant, prior to the date when a delinquent rate would be imposed, then Landlord may, at its option, pay such taxes to the public officers charged with the collection thereof, and the amount or amounts of money so paid by Landlord, together with interest on all such amounts at the rate of 2 percent per annum over the then existing prime rate charged by the Bank of America, shall be repaid by Tenant to Landlord upon demand, and the payment thereof may be collected or enforced by Landlord in the same manner as though said amounts were an installment of rent specifically required by the terms of the Lease Agreement to be paid by Tenant to Landlord upon the date when Landlord demands repayment thereof; the election of Landlord to pay such taxes shall not waive the default thus committed by Tenant.

In the event that the financing institution where Landlord has financing on the Premises shall require Landlord to prepay the real estate taxes in monthly installments of one-twelfth of the annual real estate taxes, then Landlord may elect to require the payment of the real estate taxes by Tenant to be made in monthly installments of one-twelfth of the annual real estate taxes, and Tenant agrees that it will make to Landlord monthly payments of such real estate taxes in an amount equal to one-twelfth of said taxes.

Even though this paragraph E. obligates Tenant to pay the costs of special tax assessments assessed against the Premises, the parties hereto agree that in the event of the installation by any legal taxing authority of any improvements that shall not be for the specific benefit and use of Tenant (including, but not limited to, sidewalks and storm and sanitary drains), and said improvements may reasonably be expected to survive this Lease, then Tenant shall only be required to pay a pro rata share of such assessments based upon the useful life of the improvement and the balance of the term hereunder.

If Tenant shall, in good faith, desire to contest the validity of such taxes, or other charges covered by this paragraph E., it shall have the right to do so, provided: (1) Tenant shall promptly notify Landlord of its intention to institute such legal proceedings as are appropriate, which proceedings shall be promptly instituted and conducted in good faith and with due diligence; (2) such proceedings shall suspend the collection of such taxes or other charges from Landlord, Tenant, and the Premises; (3) neither the Premises nor any part thereof nor interest therein shall be in danger of being sold, forfeited, terminated, cancelled, or lost; and (4) Tenant shall, if taxes become delinquent thereby, deposit with Landlord or the appropriate governmental authority such security for payment of the contested tax charge with interest and penalties as Landlord or the governmental authority shall reasonably require. Upon the conclusion of such contest of the validity of taxes by Tenant, Landlord shall return to Tenant the sum hereinabove required to be deposited by Tenant with Landlord during the period of such contest by Tenant,

provided, however, that Tenant shall, prior to being entitled to a return of such monies, exhibit evidence of the payment of such contested taxes.

F. OTHER TAXES. Tenant agrees that during the term of this Lease or any extension or renewal thereof, it will pay to the public officers charged with the collection thereof any use tax or sales tax that might be imposed by any governmental body against either Landlord or Tenant by reason of the occupancy of the Premises and payment of rental therefor by Tenant; and Tenant further covenants and agrees to pay such tax or taxes prior to the same becoming delinquent and to furnish unto Landlord evidence of such payment. In the event Tenant should fail to pay such use or sales tax, then Landlord, at its sole option, may pay said tax or taxes, and the amount so paid by Landlord shall be added to and become additional rental to be paid by Tenant to Landlord. Tenant shall have the option of paying any such use or sales tax directly to the governmental body assessing the same or to Landlord. In the event the same are paid to Landlord, it shall be Landlord's obligation to pay the same to such governmental body.

G. INSURANCE. At its cost, Tenant agrees to obtain, concurrent with the taking of occupancy of the Premises, and to maintain at all times during the term of this Lease, with insurance companies qualified to do business in the State of Nevada and having a general policyholder's rating of A+ and a financial rating of AAAAA as established by A.M. Best Company, fire and extended coverage insurance upon the Premises in the amount equal to the replacement cost of the improvements thereon, excluding, however, cost of foundation, underground pipes, wiring and outside paving. Such policy or policies of insurance shall have endorsed thereon "Inflation Guard Endorsement" to cover cost-of-living increases so that the insurance coverage herein required shall be automatically increased as the cost of living increases. In lieu of such "Inflation Guard Endorsement," Tenant shall automatically increase the amount of coverage annually to cover the replacement cost of the improvements (less the cost of foundation, underground pipes, wiring, and outside paving), as the cost of living increases. Such policy or policies of insurance shall be so drawn and shall contain such provisions as will protect both Landlord and Tenant as their respective interests appear. All policies of insurance or certificates thereof as provided for in this paragraph G. and in paragraphs H. and I. below shall be delivered to Landlord and shall be renewed from time to time by Tenant so that at all times the insurance protection herein provided shall continuously exist, and evidence of each renewal shall be submitted to Landlord at least 15 days prior to the expiration date of each policy. Tenant may maintain the insurance coverage through Tenant's blanket policy or policies and in such event, Tenant shall deliver to Landlord certificates of insurance and Tenant shall retain the original policies thereof.

In the event of the destruction of the improvements located on the demised land so as to render the Premises or a portion thereof untenantable by Tenant, it shall be the obligation of Landlord, as hereinafter provided for, to promptly repair or rebuild the building and improvements as well as possible to their original condition, and the proceeds collected from the insurance policy or policies herein described shall be made available to Landlord for the purposes of effecting such repair or restoration, and the parties hereto agree that such insurance proceeds shall be first applied to the cost of any repairs and restoration before using any portion thereof for any other purposes.

In the event that there shall remain any portion of the proceeds of such insurance policy or policies after the repair and reconstruction of any building or improvements to a condition equal to the former condition thereof, and provided no condition of default exists on the part of Tenant herein under the terms of this Lease, then any such excess shall be paid to Tenant herein. Tenant shall be entitled to all insurance proceeds representing the value of the leasehold improvements being paid for by Tenant (together with all replacements thereof and additions thereto).

Tenant covenants and agrees with Landlord that Tenant will pay the premiums for all of the insurance policies that Tenant is obligated to carry under the terms of this Lease and that Tenant will deliver to Landlord evidence of such payment before the payment of any such premiums becomes in default; and Tenant will cause renewals of expiring policies to be written and the policies or copies thereof, as Landlord may require, to be delivered to Landlord at least 15 days before the expiration date of such expiring policies. If obtainable, such policy or policies of insurance shall provide that the same may not be cancelled without the giving of at least 15 days notice to Landlord of intent to cancel.

Anything to the contrary herein notwithstanding, the parties hereto agree that the provisions of this Paragraph G. shall be subject to the requirements of any institutional first mortgagee now or at any time hereafter holding a first mortgage upon the Premises, including without limitation thereto the types and amounts of coverage, the named insureds, the insurers, and the right of the mortgagee to apply any insurance on account of the debt.

The right of a mortgagee to require payment of insurance proceeds on

account of a mortgage debt shall extend only to an institutional first mortgagee, and in the event that insurance proceeds are taken by such a mortgagee, if the Premises are to be reconstructed in accordance with paragraph U. hereof, Landlord shall immediately obtain refinancing or otherwise shall immediately pay to an escrow agent approved by both Landlord and Tenant the amount taken by such mortgagee, and the escrow agent shall hold and disburse the funds for the reconstruction and repair of the Premises.

H. RENT INSURANCE. In order to insure the payment of rent during the period during which the Premises shall be untenantable by reason of damage by fire, wind or other casualty, Tenant agrees to secure "rent insurance" so that the rent will be paid to Landlord during such period that such building is untenantable, and such "rent insurance" shall provide for 60 percent of the annual rent payable by Tenant to Landlord provided for herein.

I. PUBLIC LIABILITY INSURANCE. Tenant covenants and agrees with Landlord that during the entire term of this Lease, Tenant will indemnify and save harmless Landlord against any and all claims, debts, demands, or obligations that may be made against Landlord or against Landlord's title in the Premises arising by reason of any negligent acts or omissions of Tenant, its officers, agents, or employees in occupying the Premises; and not any acts or omissions of Landlord, its officers, agents or employees; and if it becomes necessary for Landlord to defend any action seeking to impose any such liability, Tenant will pay Landlord all costs of court and reasonable attorney and expert witness fees incurred by Landlord in such defense, in addition

to any other sums that said Landlord may be called upon to pay by reason of the entry of a judgment or decree against Landlord in the litigation in which such claim is asserted. To this end, Tenant further contracts and agrees to procure and carry at its own expense insurance for bodily injury and property damage including personal injury not less than One Million Dollars and No/100 ($1,000,000.00) per occurrence and Two Million and No/100 Dollars ($2,000,000.00) aggregate, and an umbrella/excess liability policy of not less than Five Million and No/100 Dollars ($5,000,000.00). Tenant shall cause said insurance policy or policies to specifically name Landlord as an insured and furnish Landlord with a certificate of said policy or policies. Tenant shall not do or permit any act or thing that shall render such policy invalid or that shall affect the validity thereof. If Tenant fails or neglects to carry such insurance as herein provided and to pay all insurance premiums thereof, or if said policy of insurance shall be cancelled for any cause whatsoever and Tenant does not promptly obtain other insurance prior to or simultaneously with such cancellation, Landlord may effect such insurance in its own name to the extent herein provided and pay the premium therefor, and any sums paid by Landlord for said premiums shall be deemed additional rent hereby reserved and shall be payable by Tenant on demand of Landlord, together with interest at the rate of 10 percent per annum.

Landlord and Tenant each waive any claim against the other for any damage to property covered by insurance. Each party agrees to obtain a waiver of subrogation from its insurance carrier permitting this waiver.

J. UTILITY CHARGES. Tenant agrees and covenants to pay all utility charges, including, but not limited to, water, gas, electricity, sewage, and removal of waste materials used on or arising from use of the Premises and to pay the same monthly or as they shall become due. Landlord hereby represents and warrants that, at the time of commencement of this Lease, sufficient water, electricity, telephone, sewage facilities, and garbage removal will be available to Tenant for Tenant's intended use of the Premises.

K. AIR-CONDITIONING AND HEATING. Prior to taking possession of the Premises, Tenant shall take whatever steps it deems necessary to satisfy itself that the air-conditioning, heating equipment, cooling systems, and mechanical equipment as installed by Landlord are in accordance with the plans and specifications, and that such installation is satisfactory and acceptable to Tenant. Upon occupancy of the Premises and acceptance of the air-conditioning, heating and cooling systems, and installations, Tenant shall assume full and complete responsibility for their operation, maintenance, repair, and replacement. Landlord shall not be liable to Tenant for the failure or discontinuance of the air-conditioning, heating, and cooling systems, or for the provision of any other utility service to the Premises. Landlord shall assign to Tenant any and all warranties obtained by Landlord regarding such air-conditioning and heating systems, at the time of commencement of this Lease.

L. FIXTURES AND PERSONAL PROPERTY. It is agreed between the parties hereto that Tenant may install any trade fixtures, equipment, and other personal property on the Premises of a temporary or permanent nature, and Landlord agrees that Tenant shall have the right at any time, provided Tenant is not in default of any of the terms of this Lease, to remove any and all such trade fixtures, equipment, and other personal property that it may have stored or installed

in the Premises; provided further, however, that in such event Tenant shall restore the Premises substantially to the same condition, except for ordinary

wear and tear, in which they were at the time Tenant took possession. Tenant shall not be obligated to restore the Premises substantially to the same condition in which they were at the time Tenant took possession in the event of changes and alterations made upon the written approval of Landlord or in the event the Premises are surrendered because of default on the part of Landlord.

The provisions hereof shall not be construed to prevent Tenant from financing or refinancing the purchase of equipment or machinery, and Landlord shall execute such reasonable documents in favor of any financial institution holding security thereon, subordinating rights of Landlord thereof; nor shall there be a lien on any work in process of Tenant.

M. TENANT FORBIDDEN TO ENCUMBER LANDLORD'S INTEREST. It is expressly agreed and understood between the parties hereto that nothing in this Lease shall ever be construed as empowering Tenant to encumber or cause to be encumbered the title or interest of Landlord in the Premises in any manner whatsoever. In the event that, regardless of this prohibition, any person furnishing or claiming to have furnished labor or material at the request of Tenant or of any person claiming by, through, or under Tenant shall file a lien against Landlord's interest therein, Tenant, within 30 days after being notified thereof, shall cause said lien to be satisfied of record or the Premises released therefrom by the posting of a bond or other security as prescribed by law, or shall cause same to be discharged as a lien against Landlord's interest in the Premises by an order of a court having jurisdiction to discharge such lien.

N. LAWFUL USE OF PREMISES. Tenant further covenants and agrees that said demised land and all buildings and improvements thereon during the term of this Lease shall be used only and exclusively for lawful purposes; and that said Tenant shall not knowingly use or suffer anyone to use said Premises or building for any purpose in violation of the laws of the United States, the State of Nevada, the County of , City of Fallon, or any other governmental unit wherein the Premises may be located.

O. COMPLIANCE WITH REGULATIONS OF PUBLIC BODIES. Tenant covenants and agrees that it will, at its own cost, make such improvements on the Premises and perform such acts and do such things as may be lawfully required by any public body having jurisdiction over said property in order to comply with such sanitary, zoning, setback, and other similar requirements designed to protect the public, applicable only to the manner of Tenant's use and occupancy of the Premises. Tenant also agrees to comply with all deed restrictions.

The undertakings in this paragraph O. are conditioned upon Landlord delivering the Premises to Tenant with the improvements constructed thereon complying with all zoning ordinances, setback requirements, sanitary requirements, and other similar requirements in effect at the time of the commencement of the term of this Lease, and Tenant shall not be required to make any structural changes to meet such requirements as they from time to time may exist.

P. SIGNS. During the term of this Lease, Tenant may install such signs on the Premises as may be reasonable, provided, however, that such signs shall be first approved by

Landlord, which approval shall not be unreasonably withheld. Such signs may be attached to said building in such manner as may be necessary, provided that upon the termination of this Lease or any renewal or extension thereof, the same shall be removed by Tenant and that such part of the property at which said sign may have been attached shall be restored, at the expense of Tenant, to the same condition as prior to the placing of said sign.

Q. ATTORNEY'S FEES. In the event of a dispute because of which either party to this Lease employs counsel to pursue or protect any of the rights afforded that party by the terms hereof, or the terms of any related agreement, or to defend against the claims of the other party hereto, in or out of court, in bankruptcy or arbitration proceedings or otherwise, the non-prevailing party agrees to pay the attorneys' fees, expert witness' fees and costs incurred by the prevailing party in such dispute.

R. LANDLORD'S RIGHT TO INSPECT PREMISES. Tenant agrees and covenants that Landlord or its agents, for the purpose of examining or inspecting the condition of the Premises, shall have access to the said Premises upon the giving of 3 days' notice by Landlord to Tenant of Landlord's intent to examine or inspect the Premises. Notwithstanding the foregoing, Landlord, in the event of any emergency such as, but not limited to, a fire, flood, or severe windstorm, shall have free access to said Premises for the purposes of examining or inspecting damage done to the Premises.

Landlord shall have the right to show the Premises during the 90 days prior to termination to prospective tenants, at reasonable times during normal business hours. Landlord further reserves the right to show the Premises to

prospective purchasers. Except in the event of an emergency, Landlord shall not have entrance to the Premises without the accompaniment of an employee of Tenant.

S. ASSIGNMENT OR SUBLETTING. Tenant may, with the consent of Landlord, which consent shall not be unreasonably withheld, assign this Lease or sublet in whole or in part the Premises provided that Tenant herein shall continue to remain liable and responsible for the payment of rental due hereunder. For the purpose of this clause, a merger or consolidation of Tenant with another corporation or an assignment to a wholly owned subsidiary, shall not constitute an assignment requiring the consent of Landlord. Landlord shall have the right to sell, transfer or assign the leased Premises without consent of Tenant, and Tenant agrees to attorn to landlord's purchaser, transferee or assignee. Such sale, transfer or assignment by Landlord shall relieve Landlord of its obligations hereunder if the purchaser, transferee or assignee assumes in writing Landlord's obligations hereunder.

T. REPAIRS. Tenant, after the commencement of the term of this Lease, shall, at its own expense, maintain the Premises in as good condition and repair as the Premises were upon the commencement of this term, except for reasonable wear and use during the term of this Lease, or any extension thereof, structural repairs or repairs made necessary by reason of fire or other casualty, and negligent acts or omissions by Landlord or its agents or as otherwise specifically provided for in this Lease.

U. DESTRUCTION OR DAMAGE BY FIRE OR OTHER HAZARDS. The parties hereto agree that if the improvements erected or to be erected upon the Premises are partially or totally destroyed by fire or other hazard then Landlord shall promptly repair and restore such improvements as soon as it is reasonably practical to restore them so that they are restored substantially to the prior existing condition, subject to such changes as Tenant may reasonably require, and provided, however, that such changes will not increase the cost of restoration unless Tenant agrees to pay for such increased cost. Due allowance, however, shall be made for reasonable time necessary for Landlord to adjust the loss with the insurance companies insuring the Premises at the time of the happening of the fire or the casualty, but in no event shall such adjustment result in Landlord not being obligated to make such restoration, and in any event the restoration must commence within 45 days after the happening of such fire or other casualty, and the completion thereof must be pursued diligently after such fire, casualty, or disaster with reasonable allowance made for delay occasioned by strike, lockouts, or conditions beyond the control of Landlord, but in any event, said restoration must be completed on or before one year after the happening of such fire or other casualty. If such restoration is not completed within said one-year period, then Tenant, at its option, may cancel this Lease with abatement of rent as of the date of the loss, provided, however, that Landlord shall be entitled to retain the proceeds of any rent insurance as provided for in paragraph H. hereof. However, failure of the insurance company to authorize such restoration work will be considered a reasonable delay.

In the event that there is total destruction of the Premises and Landlord fails to completely restore and rebuild the same within nine months after such fire, casualty, or other disaster, then, in that event Tenant may, at its option, elect to terminate and cancel this Lease, in which event this Lease shall be terminated upon written notice by Tenant to Landlord and neither party shall thereafter have any further obligation with respect to the other.

Should the Premises or any portion thereof be rendered untenantable by reason of the damage or destruction thereto caused by fire, casualty, or disaster during the term of this Lease as provided for in this paragraph, rent shall be abated in proportion to the areas of the Premises rendered untenantable from the date of the happening of the fire or other casualty or disaster up to the date of restoration of the Premises, except any rent that may be received from rent insurance procured pursuant to this Lease. However, no rent shall accrue for any portion of the Premises unless Tenant is able to conduct its usual business on that portion of the Premises that remains untenantable. If, after the date of the happening of the fire or other casualty or disaster, Tenant shall have paid any rents for a period beyond such date, Tenant shall be entitled to a proportionate refund.

In the event of a complete or total destruction of the improvements or destruction to such an extent that the Premises are rendered untenantable by Tenant, Landlord shall not be required to restore or rebuild the improvements in the event there are less than five years remaining of the term of this Lease, unless the parties hereto agree to extend the term of this Lease for not less than five years from the date of completion by Landlord of such restoration.

In the event that the Lease is cancelled as provided for in this paragraph U., Tenant shall be entitled to all insurance proceeds representing the value of leasehold

improvements paid for or agreed to be paid for by Tenant together with all replacements thereof and additions thereto, and all proceeds representing the value of property of Tenant that is damaged or destroyed, provided that Landlord first receives the proceeds covering the replacement value of Landlord's building from all undesignated proceeds.

V. DEFAULT BY TENANT. Each of the following shall be deemed a default by Tenant and a breach of this Lease:

1. The filing of a petition by or against Tenant for adjudication as a bankrupt under the U.S. Bankruptcy Code, as now or hereafter amended or supplemented, or for reorganization under Chapter 11 of said Bankruptcy Code, or the filing of any petition by or against Tenant under any further bankruptcy act for the same or similar relief. Also constituting default is the dissolution or the commencement of any action or proceeding for the dissolution or liquidation of Tenant, whether instituted by or against Tenant or for the appointment of a receiver or trustee of the property of Tenant.

2. The taking possession of the Premises or property of Tenant upon the Premises by any governmental officer or agency pursuant to statutory authority for the dissolution, rehabilitation, reorganization, or liquidation of Tenant.

3. The making by Tenant of any "assignment for the benefit of creditors."

If any event of default described in subparagraph (1), (2) or (3) above shall be involuntary on the part of Tenant, there shall be no default within the meaning of this Lease, if such event is dismissed or vacated by Tenant within 60 days from the occurrence of such event; otherwise such event shall constitute a default hereunder.

4. A failure to pay the rent herein reserved, or additional rent, or any part thereof, for a period of 5 days after receipt of written notice.

5. Failure in the performance of any other covenant or condition of this Lease on the part of Tenant to be performed, for a period of 30 days after receipt of written notice.

a. For the purposes of subparagraph (5) of this paragraph V., no failure on the part of Tenant in the performance of work required to be performed or acts to be done or conditions to be modified shall be deemed to exist if steps shall have, in good faith, been commenced promptly by Tenant to rectify the same and shall be prosecuted to completion with diligence and continuity. If the matter in question shall involve building construction and if Tenant shall be subject to unavoidable delay, either by reason of governmental regulations restricting the availability of labor or materials, or by strikes or other labor troubles, or by reason of conditions beyond the control of Tenant, Tenant's time to perform under said subparagraph (5) of this paragraph V. shall be extended for a period commensurate with such delay.

b. In the event of any such default of Tenant, Landlord may serve a

written notice upon Tenant that Landlord elects to terminate this Lease upon a specified date not less than 30 days after the date of the serving of such notice, in the case of a default under paragraph (4) above for nonpayment of rent, in which event such date shall not be less than [???] after the notice given under said subparagraph (4), and if the default remains uncured or [??] period is not extended as herein provided, this Lease shall then expire on the date so [??] as if that date had been originally fixed as the expiration date of the term herein specified.

c. In the event this Lease shall be terminated hereinbefore provided, by summary proceedings or otherwise, or in the event the Premises or any part thereof shall be abandoned by Tenant, Landlord, or its agents, servants, or representatives may immediately [???] any time thereafter, reenter and resume possession of said Premises or such part thereof, [??] remove all persons and property therefrom, either by summary dispossession proceedings [??] suitable action or proceeding at law, without being liable for any damages therefor. [??] out of the Premises or leaving the premises vacant shall be deemed an abandonment [??] Premises, provided that Tenant continues to pay the rent as and when due. Reentry by Landlord shall not be deemed an acceptance of a surrender of this Lease.

In the event that this lease is terminated by summary proceedings, or otherwise as provided herein, or if the Premises shall have been abandoned and whether or not the Premises shall be relet, the entire amount of rent that would be paid to the expiration date of this Lease shall become due and payable. In the event of such termination or abandonment, Landlord shall be obligated to use its best efforts to mitigate any damages it may have against Tenant. In the event the Premises are relet by Landlord, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, in addition to any other damages becoming due thereunder, an amount equal to the amount of all rents and

additional rent reserved under this Lease less the net rent, if any, collected by Landlord on reletting the Premises, which shall be deemed payable by Tenant to Landlord on the several days on which the rent and additional rent [??] in this Lease would have become due and payable; that is to say, upon each of such days Tenant shall pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord shall be computed by deducting from the gross rents collected reasonable expenses incurred by Landlord in connection with the reletting of the Premises [??] part thereof, including broker's commissions and the cost of repairing, renovating, or [??]eling said Premises; however, the expenses to be deducted in computing the net rent incurred on reletting shall not include the cost of performing any covenant contained herein [??] to be performed by Tenant.

The obligation of Landlord to use its best efforts to mitigate any damages it may have against Tenant shall not preclude the right of Landlord to obtain by judicial process a judgment for the entire amount of rent that would be paid to the expiration date of this Lease, if said Lease is terminated by summary proceedings or otherwise as provided herein. In the event Landlord obtains a judgment in such manner, Landlord shall be obligated to use its best efforts to mitigate any damages it may have recovered in accordance with the provisions of this paragraph.

W. SUBORDINATION. This Lease, its terms, condition, and all leasehold interests and rights hereunder, are expressly made, given, and granted subject and subordinate to the lien of any bona fide first mortgage that Landlord may secure from any bank, life insurance company, savings and loan association, or other recognized lending institution; and Tenant agrees to execute any instrument or instruments required by the mortgagee to subordinate the terms of this Lease to any such first mortgage that may be placed upon the Premises by Landlord; provided, however, that:

1. Said mortgagee enters into a nondisturbance agreement with Tenant obligating any party acquiring title or right of possession under or by virtue of such mortgage to be bound by this Lease and by all of Tenant's rights hereunder, provided that Tenant is not then in continued default after notice in the payment of rent or otherwise under the terms of this Lease as hereafter modified.

2. Tenant is not required to become responsible or liable for the payment of any sum or sums secured by such first mortgage, and further provided that such first mortgage contains provisions, or that the mortgage will agree by separate instrument, to notify Tenant of any default on the part of Landlord in payment or default under any other terms and conditions of the mortgage. Should Tenant elect to exercise its right to take payment to a mortgage in order to cure a default on the part of Landlord-Mortgagor, Tenant may deduct any sums so paid to cure such a default from the next ensuing payment or payments or rental as is in this Lease provided.

3. Tenant agrees to notify mortgagee of any default on the part of Landlord under any of the terms and conditions of this Lease, said notice being only for the purpose of informing mortgagee of Landlord's default. Said notice shall not be construed as placing any obligations on mortgagor beyond those obligations specified in the mortgage between mortgagee and Landlord hereunder. Tenant's obligation to notify a mortgagee shall only extend to those mortgagees for which Tenant has received from Landlord a copy of the mortgage and notice of mortgagee's address.

4. Notwithstanding anything at law or in this Lease to the contrary, the nondisturbance provision as provided for in subparagraph (1) hereof shall not apply to a construction loan lender prior to such time as Tenant occupies the Premises, and Tenant agrees to execute a separate subordination agreement in favor of a construction loan lender, which agreement will provide that the nondisturbance provision will not affect said construction loan lender prior to such time as Tenant occupies the Premises.

X. OPTION TO RENEW. Provided Tenant is not in default under the terms of this Lease at the time of the exercise of the herein contained option and at the commencement of any option period, Landlord grants to Tenant the option to renew this Lease for three additional terms of five years each under the same terms and conditions as contained herein including the amount of rent being increased at one-year intervals as is set forth in paragraph D. hereof.

In the event Tenant should elect to exercise its option to renew, Tenant shall

deliver to Landlord notice of its intent to renew this Lease, such notice to be delivered in writing to Landlord at least six months prior to the expiration of this Lease or any renewal thereof.

Y. CONDEMNATION. It is further understood and agreed that if, at any time during the continuance of this Lease, the legal title to the demised land or the improvement located thereon or any portion thereof be taken, appropriated, or condemned by reason of eminent domain, there shall be such division of the proceeds of award in such condemnation proceedings and such abatement of rent and other adjustments made as shall be just and equitable under the circumstances. If Landlord and Tenant are unable to agree upon what division, abatement of rent, or other adjustments are just and equitable within 60 days after such award shall have been made, then the matters in dispute shall be submitted to arbitration in accordance with the then-existing commercial arbitration rules of the American Arbitration Association, and this Lease shall be specifically enforceable under the prevailing arbitration law, and judgment upon the award rendered may be entered in the court of the State of Nevada having jurisdiction.

Notwithstanding anything to the contrary herein contained, any proceeds of award in such condemnation proceedings shall be paid in favor of the party for whom said award is specifically granted. That is to say, that in the event Tenant is not specifically awarded proceeds from said proceedings, Tenant shall not receive any such proceeds.

If this Lease is terminated in any manner herein provided in this paragraph Y., rent for the last month of Tenant's occupancy shall be prorated, and Landlord agrees to refund to Tenant any rents paid in advance.

If the legal title to the entire Premises is wholly taken by condemnation proceedings, this Lease shall be automatically cancelled. If legal title to a portion of the Premises is taken and the parties hereto agree that such taking renders the remainder of the Premises unfit for its intended use, Tenant, at its sole option, may elect to terminate this Lease. In the event the parties cannot agree upon what partial taking renders the remainder of the Premises unfit for its intended use, then the matter shall be submitted to arbitration in the manner provided above. In general, it is the intent of this paragraph Y. that upon condemnation the parties hereto shall share in the award to the extent that their respective interests are destroyed, damaged, or depreciated by the exercise of the right of eminent domain.

Z. NOTICES. All notices required by the law and this Lease to be given by one party to the other shall be in writing, and the same shall be served by delivery in person or by certified mail, return receipt requested, in postage prepaid envelopes addressed to the following addresses or such other addresses as may be by one party to the other designated in writing:

AS TO LANDLORD: Ranson W. Webster, President
565 Rio Vista Drive, Inc.
c/o Computing Resources, Inc.
1285 Financial Boulevard
Reno, Nevada 89502

AS TO TENANT: Harry D. Hart, President
Computing Resources, Inc.
1285 Financial Boulevard
Reno, Nevada 89502

AA. Miscellaneous. The covenants and agreements contained herein shall bind and the benefits and advantages shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

Whenever used, the singular number shall include the plural, and the plural number shall include the singular; the use of any gender shall be applicable to all genders.

All covenants, agreements, and undertakings shall be joint and several.

The parties agree that either may record a Memorandum of this Lease in the Official Records of Clark County, State of Nevada, and that this Lease shall be governed by and construed in accordance with the laws of the State of Nevada.

No modifications or changes shall be made to this Lease unless the same are made in writing and signed by the party against whom enforcement is sought.

IN WITNESS WHEREOF, this agreement has been executed as of the day and year first above written.

LANDLORD:

By: ILLEGIBLE

Its: President

TENANT:

By: ILLEGIBLE

Its: CEO

EXHIBIT 10.35

OFFICE SPACE LEASE

between

STARWOOD/SVP L.L.C.
LANDLORD

and

COMPUTING RESOURCES INC.
TENANT

DATED AS OF MAY 5, 1999

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OFFICE SPACE LEASE

This Office Space Lease is dated this 5th day of May, 1999, by and between STARWOOD/SVP L.L.C., an Arizona limited liability company ("Landlord"), and COMPUTING RESOURCES INC., a Nevada corporation ("Tenant").

BASIC LEASE PROVISIONS

The following provisions shall be referred to in this Lease as the "Basic Lease Provisions." The terms set forth in the Basic Lease Provisions shall be defined terms and shall have a meaning consistent with the Basic Lease Provisions when used in this Lease consisting of the Basic Lease Provisions, the Standard Lease Provisions and the Exhibits and/or Addenda attached hereto.

a. Tenant: Computing Resources Inc., a Nevada corporation

b. Building: Torrance Center North
21061 S. Western Avenue
Torrance, California 90501

Building Rentable Area: 141,918 square feet of office space.

c. Premises:

(1) Floor: First (1st) floor.

(2) Suite: 100.

(3) Rentable Area: Approximately 10,071 rentable square feet.

d. Basic Rent:

(1) Annual Basic Rent: $16.80 per rentable square foot of the Premises ($169,192.80) per year.

(2) Monthly Basic Rent: $1.40 per rentable square foot of the Premises ($14,099.40) per month.

e. Tenant's Building Expense Percentage:

(1) Prior to the addition of the Must Take Space (as hereinafter defined): 7.10%.

(2) After the addition of the Must Take Space: 8.31%.

f. Tenant's Expense Stop Base or Base Year: 1999

g. Term:

(1) Length of Term: Five (5) years and two (2) months, with one (1), five (5) year option to extend.

(2) Estimated Commencement Date: July 1, 1999.

h. Option to Extend: One (1), five (5) year option to extend, as set forth in Section 2.6 of this Lease.

i. Prepaid Rent: Tenant shall deliver to Landlord the first installment

of Monthly Basic Rent Upon execution of this Lease.

j. Security Deposit: An amount equal to the first installment of Monthly Basic Rent due under this Lease.

k. Tenant Improvements: Landlord shall pay the cost to construct the Tenant Improvements described in the Work Letter Agreement attached as Exhibit "B" to this Lease using Building Standard materials.

l. Moving Allowance: $10,000.00 to be delivered by Landlord to Tenant on the Commencement Date.

m. Broker: The Seeley Company.

n. Guarantor: None.

o. Permitted Use: General office use consistent with the use of comparable tenants in comparable office buildings.

p. Parking Spaces:

(1) On-site: Landlord shall provide Tenant with thirty-five (35) unreserved parking spaces and one (1) "loading only" parking space free of charge during the Term.

(2) Off-site: N/A

q. Signage: Tenant shall be entitled to suite signage at the primary entrance to the Premises and one slot on the Building monument sign on Western Avenue, as designated by Landlord. Tenant shall be required to pay for all costs and expenses of the above-mentioned suite and monument signage.

r. Addresses for Payments and Notice:

(1) If to Landlord:

Starwood/SVP L.L.C.
c/o Trammell Crow Company
Torrance Center North
21081 S. Western Avenue
Torrance, California 90501

(2) If to Tenant:

To the Premises

With a copy to:

Corporate Controller
Computing Resources, Inc.
1285 Financial Boulevard
Reno, Nevada 89502-7103

and at such other address as is provided to Landlord in writing.

OFFICE SPACE LEASE
STANDARD LEASE PROVISIONS

ARTICLE 1. PREMISES.

Landlord leases to Tenant, and Tenant leases from Landlord the Premises, shown in the drawing attached to this Lease as Exhibit "A" and by this reference incorporated herein, in the Building, which Building together with the underlying land, landscaping, plaza area, parking facilities and other improvements are referred to in this Lease as the "Project". This Lease is subject to all of the terms, covenants and conditions set forth in the Basic Lease Provisions, the Standard Lease Provisions, and the Exhibits and/or addenda attached to this Lease.

The square footage of rentable area ("Rentable Area") of the Premises has been determined by Landlord's architect or space planner in accordance with the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 ("BOMA"), as modified for the Project pursuant to Landlord's standard rentable area measurements for the Project, to include, among other calculations, a portion of the common areas and service areas of the Building.

ARTICLE II. TERM.

2.1 COMMENCEMENT Date. The term shall commence on the earliest of the following three dates, which earliest date shall be referred to in this Lease as the "Commencement Date";

(a) The seventh day following the Beneficial Occupancy Date (as defined in Section 2.4 below);

(b) The date when Tenant enters or occupies the Premises for any use other than for purposes of construction of improvements or inspection of the Premises under construction, or

(c) The date upon which the parties agree as the Commencement Date.

When the Commencement Date is ascertained as above, the term shall commence and upon request of Landlord, Tenant shall execute a certificate or memorandum confirming the Commencement Date and the Expiration Date. Upon termination of this Lease, whether upon expiration of the entire term of this Lease or otherwise, Tenant agrees to execute and deliver to Landlord within ten (10) days after written request therefor any documents reasonably required by Landlord to confirm or evidence the termination of this Lease.

2.2 MEASUREMENT OF LEASE TERM AND EXPIRATION DATE. The Lease term shall be for the number of years and/or months set forth in the Basic Lease Provisions measured from the Commencement Date if such date is the first day of a calendar month or otherwise measured from the first day of the calendar month beginning after the Commencement Date, which date shall be the "Measurement Date" of this Lease. The Lease term shall include any period of less than one (1) month from the Commencement Date to the first day of the next calendar month. The "Expiration Date" shall be the last day of the last calendar month occurring upon lapse of the number of years and/or months stated in the Basic Lease Provisions as Length of Term measured from the Measurement Date. The period from the Commencement Date through and including the Expiration Date shall be referred to in this Lease as the "Term".

2.3 ESTIMATED COMMENCEMENT DATE. The Basic Lease Provisions contain an Estimated Commencement Date stating the date on which Landlord reasonably believes the Premises will be available for beneficial occupancy by Tenant. Landlord shall use all reasonable efforts to make the Premises available on the Estimated Commencement

Date; provided, however, that Landlord and Tenant acknowledge that delays or time savings which are beyond the control of Landlord may cause the Commencement Date to occur on a date other than the Estimated Commencement Date. Accordingly, failure of the Commencement Date to occur on the Estimated Commencement Date shall not affect the terms, conditions, validity or commencement of this Lease, and Landlord shall have no liability to Tenant for any loss, cost, expense or liability arising out of or related to failure of this Lease to commence on the Estimated Commencement Date; provided, however, if Landlord is unable to make the Premises available within ninety (90) days after the Estimated Commencement Date, subject to extension for force majeure delay and delays caused by Tenant (for the purposes of this Lease, "force majeure delay" means any delay caused by events beyond Landlord's control including, but not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, and government regulation or restriction), Tenant shall have the right to terminate this Lease upon written notice to Landlord delivered within ten (10) days after such ninety (90) day period.

2.4 BENEFICIAL OCCUPANCY DATE. The Premises shall be deemed available for beneficial occupancy when all of the following conditions have been satisfied:

(a) Landlord has placed in good operating condition the plumbing, heating, air conditioning and electrical systems serving the Premises which systems shall have adequate capacity for standard general office use as reasonably determined by Landlord;

(b) Landlord shall have substantially completed all of the work, if any, required to be performed by Landlord pursuant to any Work Letter Agreement attached to this Lease as an exhibit; provided, however, that the date of such substantial completion shall be advanced by any period of delay which Landlord reasonably determines has been caused by Tenant (including any delay referred to in the Work Letter Agreement as Tenant Delay). If no Work Letter Agreement is attached to this Lease, then this condition shall be deemed satisfied; and

(c) Any previous tenant or occupants of the Premises shall have vacated the Premises.

The date when the Premises are available for beneficial occupancy shall be the "Beneficial Occupancy Date."

2.5 FIXTURIZATION PERIOD. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to early occupancy of the Premises fourteen (14) days prior to the Estimated Commencement Date (subject to force majeure delay and any other delay beyond the reasonable control of Landlord), solely for the purpose of installing Tenant's furniture, fixtures and equipment

in the Premises and otherwise preparing the Premises for Tenant's occupancy, and Tenant shall not pay Basic Rent or any other charges specified in this Lease during such fourteen (14) day period (the "Fixturization Period"); provided that (i) Tenant's early occupancy shall not interfere with Landlord's completion of the Tenant Improvements described in the Work Letter Agreement attached to this Lease as Exhibit "B", and (ii) prior to the commencement of the Fixturization Period, Tenant shall provide Landlord with evidence of liability insurance coverage pursuant to Article 16 hereof.

2.6 EXTENSION OPTION. Landlord hereby grants to Tenant one (1) option to extend the Term for a period of five (5) years (the "Extension Term"), commencing upon the expiration of the Term. Provided that (i) Tenant has paid its rent in a timely fashion as required hereunder, and (ii) Tenant is not then in material default under this Lease beyond the applicable notice and cure periods, Tenant may exercise such option by written notice to Landlord at least one hundred eighty (180) days prior to the expiration of the Term.

If the Term is extended in accordance with the foregoing, all of the terms and conditions of this Lease shall continue in full force and effect to the end of the Extension Term, except that Annual Basic Rent shall be adjusted as provided in Section 4.2 of this Lease.

ARTICLE III. TENANT IMPROVEMENTS AND ACCEPTANCE OF PREMISES.

Landlord's sole obligation with respect to Tenant Improvements shall be to perform the work set forth in any Work Letter Agreement attached to this Lease as Exhibit "B". If a Work Letter Agreement is not attached to this Lease, then Landlord shall have no obligation to construct leasehold improvements for Tenant or to repair or refurbish the Premises whatsoever. By taking possession of the Premises, Tenant shall have acknowledged that (i) it has inspected the Premises, (ii) it accepts the Premises in their then current, AS-IS condition, (iii) the Premises are in good and sanitary order, and (iv) all work to be performed by Landlord has been satisfactorily completed except for those minor items which Landlord and Tenant shall agree require further completion and which items shall be incorporated into a written punch list executed by Landlord and Tenant prior to the Beneficial Occupancy Date and shall be completed within ten (10) days after delivery to Landlord of such written punch list. Landlord shall use all reasonable efforts to cause the items listed on the punch list to be completed within a reasonable time. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any promise, representation or warranty with respect to the Premises, the Building or the Project, or with respect to the suitability of any part thereof for the conduct of Tenant's business unless otherwise expressly set forth in this Lease or its exhibits.

ARTICLE IV. RENT.

4.1 BASIC RENT. Tenant shall pay to Landlord the Annual Basic Rent for the Premises set forth in the Basic Lease Provisions, as the same may be increased pursuant to this Lease. Tenant's obligation to pay rent shall begin on the date (the "Rent Commencement Date") that is sixty (60) days after the Commencement Date and shall continue until all rent due for the Term has been paid. The Monthly Basic Rent is an amount equal to one-twelfth of the Annual Basic Rent, as adjusted. The Monthly Basic Rent shall be paid in advance on or before the first day of each and every calendar month during the Term commencing on the Rent Commencement Date. If the Rent Commencement Date occurs on a day other than the first day of a calendar month, then the rent payable by Tenant to Landlord for the period from the Rent Commencement Date to the first day of the calendar month beginning after the Rent Commencement Date shall be prorated and the rent for the partial month following the Rent Commencement Date shall be payable on the Rent Commencement Date. Any rent due for a period other than a full month will be pro rated on a daily basis using a 30 day month. The rent payable for the first full calendar month of the Term shall be payable upon execution of this Lease by Tenant. Rent shall be payable without notice, demand, reduction or setoff in lawful money of the United States of America to Landlord or its agent at the address set forth in the Basic Lease Provisions, or to such other person or such other places Landlord may from time to time designate in writing. If (a) any check submitted by Tenant in payment of rent or any other charge due under this Lease shall be returned for insufficient funds more than once in any twelve (12) month period, or (b) Tenant shall fall to pay when due its rent or any other charge due under this Lease for two (2) consecutive months or three (3) times in any twelve (12) month period, then in addition to any other rights and remedies of Landlord, Landlord may require that Tenant thereafter pay its basic rent and other charges by cashiers' check and/or pay its basic rent and other charges in quarterly payments covering three (3) months each, instead of monthly.

4.2 EXTENSION TERM RENT. Provided Tenant exercises its option to extend the Term in accordance with Section 2.5 of this Lease, commencing on the first (1st) day of the Extension Term, Annual Basic Rent will be adjusted to "Fair Market Rent" determined in the manner set forth below. As used herein, "Fair Market Rent" shall mean the rental

rate based upon leases to non-renewal tenants of space of comparable size, location and quality in comparable buildings in the Torrance marketplace.

No later than thirty (30) days after Landlord's receipt of notice of Tenant's exercise of its option to extend the Term pursuant to Section 2.6 of this Lease, Landlord shall deliver to Tenant a statement ("Landlord's Statement") setting forth the Fair Market Rent for the Premises as of the first date of the Extension Term, as determined by Landlord. Within thirty (30) days after receipt of Landlord's Statement, Tenant may elect to either: (i) accept in writing the Fair Market Rent, as set forth in Landlord's Statement; or (ii) give written notice ("Appraisal Notice") to Landlord that Tenant desire to have the Fair Market Rent determined by appraisal pursuant to the procedures set forth herein. If Tenant does not deliver an Appraisal Notice to Landlord within thirty (30) days after Landlord's delivery of Landlord's Statement to Tenant, Tenant shall be deemed to have accepted Landlord's Statement of the Fair Market Rent. Within fifteen (15) days after Landlord's receipt of the Appraisal Notice in accordance with this Section, Landlord, by giving written notice to Tenant, shall appoint an independent, unaffiliated real estate appraiser with a membership in the American Appraisal Institute, or its successor organization ("MAI Appraiser") and at least five (5) years' full-time experience appraising commercial office properties in Los Angeles County, to appraise and determine the Fair Market Rent. The MAI Appraiser shall be selected from a list of five (5) qualified appraisers independently selected and submitted by the MAI or other mutually satisfactory organization. Within ten (10) days after submittal of the list of appraisers, Tenant and Landlord shall meet and each shall have the right to disqualify two (2) of the appraisers by alternating their respective rights of disqualification until only one (1) of the appraisers has not been disqualified by either Landlord or Tenant. Within thirty (30) days after the appointment of the MAI Appraiser, the parties shall negotiate in good faith to determine the Fair Market Rent and the MAI Appraiser shall independently determine the Fair Market Rent with such thirty (30) day period. If the parties are unable to agree upon the Fair Market Rent, the parties shall each submit their determination of the Fair Market Rent to the MAI Appraiser. The Fair Market Rent shall equal the Fair Market Rent submitted by Landlord or Tenant that is closest to the Fair Market Rent determined by the MAI Appraiser. The MAI Appraiser shall not divulge to Landlord or Tenant the Fair Market Rent determined by the MAI Appraiser until both parties instruct it to do so in writing. If the parties fail to select a qualified MAI Appraiser, an MAI Appraiser shall be selected by the then-Presiding Judge of the Superior Court of the State of California of the County in which the Premises is located, acting in his individual judicial capacity. Each party shall pay one-half of the MAI Appraiser's fee and costs.

During the period requiring the adjustment of Annual Basic Rent to Fair Market Rent, Tenant shall pay, as Annual Basic Rent pending such determination, the Annual Basic Rent in effect for the Premises immediately prior to such adjustment; provided, however, that upon the determination of the applicable Fair Market Rent, Tenant shall pay Landlord the difference between the amount of Annual Basic Rent Tenant actually paid and the Fair Market Rent immediately upon the determination of Fair Market Rent. Any amount of Annual Basic Rent Tenant has actually paid to Landlord which exceeds the Fair Market Rent shall be credited against Tenant's future Annual Basic Rent obligations.

4.3 LATE CHARGES. If Tenant fails to pay any installment of rent within five (5) days of the date due or if Tenant fails to make any other payment due under this Lease within five (5) days of the date due, more than once in any twelve (12) month period after written notice from Landlord, then Tenant shall pay to Landlord a late charge equal to the greater of five percent (5%) of the amount due or $100 to compensate Landlord for the extra cost incurred as a result of such late payment.

ARTICLE V. ADDITIONAL RENT.

5.1 OBLIGATIONS TO PAY ADDITIONAL RENT. In addition to the Annual Basic Rent and other sums to be paid by Tenant to Landlord, commencing on the first anniversary

of the Commencement Date and continuing throughout the Term including any Extension Term, Tenant shall pay to Landlord as additional rent the amount by which Tenant's share of Operating Expenses (defined below) for any calendar year or part thereof during the Term exceeds Tenant's Expense Stop Base. If the Basic Lease Provisions state the Tenant's Expense Stop Base in terms of a Base Year, then the Tenant's Expense Stop Base shall be equal to the Tenant's share of Operating Expenses for such Base Year. Tenant's share of Operating Expenses shall be an amount equal to the product of the Operating Expenses times Tenant's Building Expense Percentage. If any part of the Term begins or ends on any day other than the first or last day of a calendar year respectively, then the

annual Operating Expense and Tenant's Expense Stop Base shall be prorated for such partial year on a daily basis using a 30 day month and 360 day year to determine the amount of additional rent due to Landlord,

5.2 ESTIMATED OPERATING EXPENSES. Landlord shall be entitled to make a reasonable estimate of Operating Expenses projected for each calendar year. Landlord shall be entitled to revise such estimates at any time and from time to time during the calendar year to increase or decrease the estimate of Operating Expenses. If Landlord notifies Tenant that Landlord's estimate (or any revised estimate) of Operating Expenses would result in an obligation of Tenant to pay additional rent, then upon request by Landlord, Tenant shall pay one-twelfth (1/12) of such estimated additional rent on the first day of each month in advance together with the Monthly Basic Rent. If Landlord shall so notify Tenant after the commencement of a calendar year, then with the next payment of Monthly Basic Rent due, Tenant shall also pay to Landlord one-twelfth (1/12) of such estimated additional rent for each month of such calendar year which has already elapsed.

5.3 ANNUAL STATEMENT. Landlord shall provide Tenant with an annual statement showing Tenant's share of the annual Operating Expenses over Tenant's Expense Stop Base, if any, for the prior calendar year, together with any proration. Landlord shall use all reasonable efforts to deliver the annual statement within ninety (90) days after the end of the calendar year; provided, however, that failure of Landlord to deliver the annual statement within such period shall not impair or constitute waiver of Tenant's obligations to pay additional rent or cause Landlord to incur any obligation for damages. If the amount of the additional rent due for the calendar year exceeds any amounts paid by Tenant as estimated additional rent for such calendar year, then Tenant shall pay such excess to Landlord within ten (10) business days of receipt of the Landlord's statement. If the amounts paid as estimated additional rent for a calendar year exceed the amount of Tenant's obligation shown on the annual statement, then Tenant shall be entitled to a credit against monthly installments of Basic Rent or estimated additional rent due for the then current year. If no further sums of additional rent are or will become due against which the excess can be credited, then, subject to offset at Landlord's election against other sums owed by Tenant, Landlord shall pay such excess to Tenant within thirty (30) days after delivery of the annual statement. If Landlord has not required Tenant to pay installments of estimated additional rent, then Tenant shall pay Landlord any sum of additional rent due within thirty (30) days of any statement by Landlord reflecting the amount of overall additional rent. All obligations to pay additional rent and/or the obligation of Landlord to credit or reimburse Tenant for any excess payment of estimated additional rent shall survive expiration of the Term or earlier termination of this Lease.

Tenant shall have a period of ninety (90) days after delivery of the annual statement of Operating Expenses to question or challenge the amount shown thereon as being the annual Operating Expenses or Tenant's share thereof by giving written notice to Landlord specifying the items which are challenged. Tenant waives and relinquishes the right to challenge or object to the amounts shown at any time after expiration of such ninety (90) day period. If Tenant timely challenges any item shown on the annual statement, Tenant shall then have a period of sixty (60) days in which to inspect during business hours upon reasonable written notice to Landlord at Landlord's office Landlord's records relating to the challenged item or items. Tenant shall give

written notice to Landlord prior to expiration of such sixty (60) day of whether Tenant continues to challenge any of the items originally objected to, in which case an independent certified public accountant (which accountant is a member of a nationally recognized accounting firm), designated by Tenant and approved by Landlord (which approval shall not be unreasonably withheld) (the "Independent CPA") shall inspect Landlord's records at Landlord's offices at Tenant's expense; provided, however, that if the actual amount of Operating Expenses set forth in the Statement is less than 95% of the amount set forth in the Statement, then Landlord shall pay the costs associated with such inspection. If the Independent CPA determines an error was made in the calculation of Operating Expenses from the Statement, the parties shall make such appropriate payments or reimbursements, as the case may be, to each other as are determined to be owing. Any reimbursement amounts determined to be owing by Landlord to Tenant or by Tenant to Landlord shall be (i) in the case of amounts owing from Tenant to Landlord paid within thirty (30) days following such determination, and (ii) in the case of amounts owing from Landlord to Tenant, credited against the next payment of Basic Rent due Landlord under the terms of this Lease, or if the Lease Term has expired, within thirty (30) days of such determination. If Tenant fails to review the records or fails to give ninety written notice to Landlord that it continues to object, then Tenant shall be deemed to have waived its objection and shall have no further right to challenge or object thereto. Notwithstanding any objection or challenge of Tenant, Tenant shall pay the amount claimed by Landlord to be due as and when provided for herein, pending the resolution of Tenant's objection.

5.4 OPERATING EXPENSES. "Operating Expenses" of the Building and the

Project shall mean any and all costs and expenses of ownership, operation, management, maintenance and repair of the Project and Building, including the parking facilities and Common Areas. Operating Expenses include but are not limited to each of the following costs and expenses:

(a) All costs and expenses of utilities furnished to the Building and the Project, at Landlord's actual cost, including, without limitation, all costs and expenses attributable to supply of electrical service, water and sewage service, natural gas, cable television or other electronic or microwave signal reception, telephone service or other communication, steam, heat, cooling, or any other service which is now or in the future considered a Utility furnished to the Building and/or the Project.

(b) All real property taxes which shall include (i) any form of tax or assessment, license fee, license tax, tax or excise on rent or any other levy, charge, expense or imposition made or required by any federal, state, county, city, district or other political subdivision on any interest of Landlord and/or Tenant in the Premises, the Building, or the remainder of the Project, including without limitation, the underlying real property and appurtenances; (ii) any fee for services charged by any governmental agency or quasi-governmental agency for any services such as fire protection, street, sidewalk and road maintenance, refuse collection, school systems, or other services provided or formerly provided to property owners and residents within the general area of the Project at no cost or minimal cost; (iii) any governmental impositions allocable to or measured by the area of the Premises or the amount of any rent payable under this Lease, including, without limitation, any tax on gross receipts or any excise tax or other charges levied by any federal, state, county, city, district or other governmental agency or political subdivision with respect to rent or upon or with respect to the possession, leasing, operation, maintenance, alteration, repair, use or occupancy of the Premises or any portion thereof; (iv) any impositions by any governmental agency on this Lease transaction or charge with respect to any document to which Tenant is a party creating or transferring an interest or an estate in the Premises; and (v) any increase in any of the foregoing based upon construction of improvements on the Project or changes in ownership (as defined in the California Revenue and Taxation Code) of the Property. Real property taxes shall not include taxes on the Landlord's net income including state franchise taxes or any inheritance, estate or gift taxes. Unless otherwise required under the terms of any financing of the Building or Project, Landlord shall pay all real property

taxes in the greatest number of installments permitted and over the longest period of time permitted by the applicable taxing authorities without incurring any penalties or interest.

(c) The reasonable sum of building operating costs and common facilities costs which shall include all costs of managing, operating and maintaining and repairing the Project including all Common Areas and facilities of the Project. Such costs shall include, without limitation, all expenses for insurance obtained by Landlord (including, without limitation, public liability, contractual liability, property damage, fire and extended coverage, sprinkler damage, theft, malicious mischief and vandalism, flood, rental loss, rent continuation, boiler and machinery, business interruption, earthquake,' all risk coverage, and other coverages in such amounts as Landlord reasonably determines appropriate to carry in connection with ownership and operation of a first class building in Los Angeles County, California, or such other insurance as may be required by any present of future lender on loans secured by the Project), labor and supplies, license, permit and inspection fees, all assessments and special assessments due to deed restrictions, declarations and/or owners associations which accrue against the Project, the cost of compensation (including employment taxes, similar governmental charges, and fringe benefits) with respect to all persons who perform duties in connection with landscaping, janitorial, painting, window washing and general cleaning services, security services and any other services related to the operation, maintenance or repair of the Project (as well as the cost of all personal property equipment used in conjunction therewith), costs of clean-up and removal of Hazardous Materials (as hereafter defined) and any fines and penalties imposed by reason of the existence of Hazardous Materials on, in or about the Project, the fair market rental value of the Project management office, management fees, legal expenses and accounting expenses. Notwithstanding the foregoing, Operating Expenses shall not, however, include (1) costs incurred by Landlord to rectify or correct construction defects in the initial construction of Building, or (2) costs incurred which are considered capital improvements or replacements under generally accepted accounting principles, consistently applied, provided, that Operating Expenses shall include (A) capital expenditures reasonably intended to reduce Operating Expenses (but only to the extent of such reduction), and (B) capital expenditures incurred to comply with laws, rules or regulations not enacted, promulgated, imposed or enforced as of the Commencement Date; (3) leasing commissions; (4) any ground lease rental; (5) costs incurred by Landlord for the repair of damage to the Building or the Project, to the extent that Landlord is reimbursed by insurance proceeds; (6) expenses in connection with services or

other benefits which are not offered to Tenant; (7) overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for services in the Building to the extent the same exceeds the costs of such services rendered by other first class unaffiliated third parties on a competitive basis; (8) interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the Building, the Project or the real property upon which the Building and the Project are located, (9) Landlord's general corporate overhead and general and administrative expenses other than on-site administrative costs and management fees, (10) all items and services for which Tenant or any other tenant in the Project reimburses Landlord or which Landlord provides exclusively to one tenant (other than Tenant) without reimbursement; (11) advertising and promotional expenditures in connection with leasing the Building or other buildings in the Project; (12) electric power costs for which any tenant directly contracts with the local public service company; (12) costs arising from the presence of Hazardous Materials in or about the Building or Project not placed in or brought onto the Premises, Building or Project by Tenant or Tenant's agents or employees; (13) costs incurred as a result of Landlord's negligence, inability or Unwillingness to make payments of, and/or to file any tax or informational returns with respect to, any taxes, when due; and (14) earthquake or any other type of insurance, unless such type of insurance coverage was carried during the Base Year or, in the alternative, the Base Year Operating Expenses have been "grossed-up" to include what such insurance coverage would have cost had it been carried during the Base Year. There shall not be any duplication in the charging of different items of Operating Expenses.

(d) If the Building is not at least 95% occupied during all or a portion of any calendar year (including the Base Year), then Landlord shall make an appropriate adjustment of the Operating Expenses for such calendar year to determine what the Operating Expenses would have been for such year if the Building had been 95% occupied and the amount so determined shall be deemed to be the amount of the Operating Expenses for the year. Such adjustment shall be made by Landlord increasing those costs included in Operating Expenses which in Landlord's judgment vary based upon the level of occupancy of the Building to the amount of cost which in Landlord's judgment would have been incurred if the Building had been 95% occupied for the entire calendar year.

(e) Operating Expenses shall not include depreciation of or capital expenditures made in connection with the Project or any equipment therein or thereon, payments of principal and interest on any loans secured by the Project, commissions paid for leasing, building construction permits and fees, or costs of alteration of the Project; provided, however, that Operating Expenses shall include the costs of any capital improvements made to the Project for the purposes of reducing Operating Expenses (but only to the extent of such reduction) or pursuant to the requirements of any governmental entity in order to comply with laws, rules or regulations not enacted, promulgated, imposed or enforced as of the Commencement Date, such costs to be amortized over a reasonable period as Landlord shall determine, together with interest on the unamortized balance at the rate of interest which would be payable on sums due under this Lease at the time such capital improvements are performed.

(f) Charges for any services, goods or materials furnished by Landlord at Tenant's request and charges for services, goods and materials furnished by Landlord as a result Of uses or demands by Tenant in excess of those charges which are normally furnished to other tenants in the Building with general office usage, and all other sums payable by Tenant under this Lease shall not be included in Operating Expenses but shall be payable by Tenant pursuant to this Lease (or if not provided for in this Lease, within ten (10) days after Landlord delivers a statement for such services, goods or materials to Tenant). If any other tenant of the Project either pays sums directly to third parties or specifically reimburses Landlord sums which otherwise would be included in Operating Expenses, such payments or reimbursements shall not be included in Operating Expenses for the purpose of determining the amount of Operating Expenses allocable to Tenant.

5.5 DEFINITION OF RENT. All amounts Tenant is required to pay to Landlord under this Lease shall be treated as "rent," and shall be paid when due as provided herein.

ARTICLE VI. SECURITY DEPOSIT.

Tenant has deposited with Landlord the Security Deposit in the amount set forth in the Basic Lease Provisions. The Security Deposit shall be held by Landlord as security for the performance and observance by Tenant of all Tenant's obligations hereunder. If the Annual Basic Rent is increased during the Term, then, within fifteen (15) days of notification by Landlord of the increased Annual Basic Rent, without further notice, Tenant shall pay to Landlord an additional amount to be held as part of the Security Deposit so that the total Security Deposit held by Landlord is in the same proportion to the increased Annual Basic Rent as the original Security Deposit bore to the original Annual Basic Rent. No interest shall accrue with respect to the

Security Deposit. If Tenant performs and observes all of the terms, covenants and conditions of this Lease which are required to be performed and observed by it and pays all sums due Landlord, then Landlord shall return the Security Deposit, or balance thereof then held by Landlord, without interest, to Tenant within two weeks after Landlord recovers and accepts possession of the Premises. If Tenant defaults, Landlord may, at its option and without notice, apply all or any part of the Security Deposit in payment of rent or to cure any other default. If Landlord does so, then Tenant shall, upon notice of such application, deposit with the Landlord the amount so applied so that Landlord will have

on hand at all times during the Term the full amount of the Security Deposit. Landlord shall not be required to hold the Security Deposit as a separate account, but may commingle it with Landlord's other funds. In the event of a sale or other disposition of the Premises, Landlord shall have the right to transfer the Security Deposit to the new owner and deliver to Tenant the notice required by Section 1950.7 of the Civil Code of California. Thereafter, Landlord shall be released by Tenant from all responsibility for the return of such Security Deposit, and Tenant shall look solely to the new owner for the return Of Such Security Deposit. If Tenant assigns this Lease, Tenant's rights in the Security Deposit shall be deemed to be assigned to the assignee, such Security Deposit shall be held by Landlord as a Security Deposit made by the assignee and Landlord shall have no further responsibility for the return of the Security Deposit to Tenant.

ARTICLE VII. USE.

7.1 USE IN GENERAL. Tenant shall use the Premises for the use set forth in the Basic Lease Provisions and shall not use or permit the Premises to be used for any other purpose without the prior written consent of Landlord, which may be withheld by Landlord in its sole and absolute discretion. Nothing contained herein shall be deemed to give Tenant any exclusive right to such use in the Building. Tenant shall not use or occupy the Premises in violation of law, any permit or the certificate of occupancy issued for the Building or the Premises. Upon written notice from Landlord, Tenant shall discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law, any permit or any certificate of occupancy. Tenant shall comply with any direction of any governmental authority, having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord respecting the Premises or use or occupation thereof. Tenant shall not do or permit to be done anything which will invalidate or increase the cost of any fire, extended coverage or any other insurance policy covering the Project and/or property located therein and shall comply with all rules, orders, regulations and requirements of any fire rating bureau or any other organization performing a similar function. If Landlord shall request Tenant to designate a fire warden or other responsible person from among the persons regularly located at the Premises, Tenant shall make Such person available at reasonable times for training, briefing and drills. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Article, it being understood that, for the purposes hereof, no additional premiums shall be deemed attributable to general office use. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Notwithstanding anything to the contrary contained in this Lease, it shall be the responsibility of Landlord to cause the Premises to comply with applicable laws, codes and regulations, except to the extent non-compliance occurs as a result of Tenant's specific use or improvement of the Premises.

7.2 HAZARDOUS MATERIAL. Tenant shall not bring, place, hold or dispose of any Hazardous Material (defined hereafter) on, under or at the Premises, the Building or the Project. Tenant shall not cause or allow any material with asbestos, polychlorinated biphenyls (PCBS) or formaldehyde or other Hazardous Materials to be incorporated into any improvements or alterations which it makes or causes to be made to the Premises. Tenant shall comply with the requirements of Section 25359.7(b) of the California Health and Safety Code to provide Landlord with notice that any Hazardous Material has come to be located on the Premises, the Building or the Project if Tenant discovers or suspects the presence of such materials. Tenant shall not take any remedial action related to Hazardous Materials located in or about the Premises, the Building or the Project and shall not enter into a settlement, consent decree or compromise in response to any claim related to Hazardous Materials without first notifying Landlord in writing of

Tenant's proposed action and affording Landlord a reasonable opportunity to appear, intervene, or otherwise participate in any discussion or proceeding for the purposes of protecting Landlord's interest in the Premises, the Building and the Project. Tenant shall immediately notify Landlord in writing of (i) any enforcement, clean-up, removal or other governmental action instituted, completed or threatened with regard to Hazardous Materials involving the Premises, the Building or the Project, (ii) any claim made or threatened by any person against Tenant, Landlord, the Premises, the Building or the Project related to damage, contribution, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Materials and (iii) any reports made to any environmental agency arising out of or in connection with any Hazardous Materials at or removed from the Premises, the Building or the Project, including any complaints, notices, warnings or assertions of any violation in connection therewith.

In addition to any other indemnity contained in this Lease, except to the extent caused by Landlord's negligence or wilful misconduct, Tenant shall hereby defend, indemnify and hold Landlord harmless from and against any and all losses, liabilities, general, special, consequential and/or incidental damages, injuries, costs, expenses, claims of any and every kind whatsoever (including without limitation, court costs, attorney's fees, damages to any person, the Premises, the Building, the Project or any other property or loss of rents) which at any time or from time to time may be paid, incurred or suffered by or asserted against Landlord or, with respect to, or as a result of breach by Tenant of any of the covenants set forth in this Article, or to the extent caused by Tenant, or any agent, employee, contractor, invitee or licensee of Tenant, the presence on, under or the escape, seepage, leakage, spillage, discharge, emission, release from, onto or into the Premises, the Building, the Project, any land, the atmosphere, or any watercourse, body of water or ground water of any Hazardous Material (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under the Comprehensive Environmental Response, Compensation and Liability Act, as amended, any so-called "Superfund" or "Superlien" law, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, or any other federal, state, local or other statute, law, ordinance, code, rule, regulation, permit, order or decree regulating, relating to or imposing liability or standards of conduct of Hazardous Material). The provisions of an undertaking and indemnification set forth in this Paragraph shall survive the termination of this Lease and shall continue to be the personal liability and obligation of Tenant, binding upon Tenant forever.

Landlord represents and warrants to Tenant that to Landlord's actual knowledge no Hazardous Material currently exists at the Building in violation of laws relating to Hazardous Materials. As used herein, the phrase "Landlord's actual knowledge," shall mean the actual knowledge of Ms. Karinna Cassidy, the person at Trammell Crow Company, the property manager of the Building, having primary management responsibility for the Building, without duty of inquiry.

"Hazardous Material" means any hazardous, harmful, odorous, radioactive, toxic or dangerous waste, substance or material, including, without limitation, any hazardous substance or any pollutant or contaminant defined as such (or for purposes of) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, or any "Superfund" or "Superlien" law, the Toxic Substances Control Act, the Resource Conservation and Recovery Act, as amended, the Clean Water Act, as amended, or any other federal, state or local statute, law, ordinance, code, rule, regulation, permit, order or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic or dangerous waste, substance or material as is now or at any time hereafter may be, in effect. Tenant's liability under this Section shall extend to any and all such Hazardous Materials whether or not such substance was defined, recognized or known or suspected of being toxic, dangerous or wasteful, at the time of any act or emission giving rise to Tenant's liability. If Tenant or its agents, employees or contractors cause any Hazardous Materials to be located on or about the Premises, the Building or the Project, then Tenant shall obtain insurance or other means of financial

capability satisfactory to Landlord to assure compliance with the obligations of Tenant related to Hazardous Materials set forth in this Lease or otherwise now or in the future required by law. Such assurance shall be on forms, in amounts and with persons as from time to time reasonably requested by Landlord.

ARTICLE VIII. TAXES ON TENANT'S PROPERTY.

8.1 PAYMENT BY TENANT. Tenant shall be liable for and shall pay, at least ten (10) days before delinquency, all taxes levied against any personal property or trade fixtures located in or about the Premises. If any taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises, the Building or the Project is increased by the inclusion of the value of personal property or trade fixtures located at the Premises in the assessed value of Landlord's property, then Tenant shall pay to Landlord the amount of taxes reasonably determined by Landlord as levied on Landlord's property or attributable to any increased

assessment within ten (10) days after delivery of notice of such amount by Landlord.

8.2 EXCESS TAXES ON TENANT IMPROVEMENTS. If the Tenant Improvements in the Premises, whether installed, and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which Tenant Improvements conforming to Landlord's building standard for the Building are assessed, then the real property taxes and assessments levied against the Building by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 8.1 above. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether such Tenant Improvements are assessed at a higher valuation than Landlord's building standard, such records shall be binding on both the Landlord and the Tenant. If the records of the County Assessor are not available or not sufficiently detailed to serve as a basis for making said determination, then Landlord shall determine the real property or other taxes allocable to Tenant based on Landlord's good faith estimate of the taxes attributable to the excess of the actual cost of construction of the Tenant Improvements over Landlord's estimate of the cost to construct Tenant Improvements according to building standard.

ARTICLE IX. CONDITION OF PREMISES.

9.1 TENANT'S OBLIGATIONS TO MAINTAIN. Tenant shall, at Tenant's sole cost and expense, keep the Premises in good, clean and sanitary order. Tenant shall use all electrical, gas and plumbing fixtures properly and keep them in a good, clean and sanitary condition. Neither Tenant nor any subtenant, agent, employee or contractor of Tenant shall destroy, deface, damage, impair or remove any part of the Premises, the Building or the Project or the facilities, equipment or appurtenances of the Premises, the Building or the Project. Tenant shall not place any object or series of objects on the floors of the Premises in such a manner as to exceed the load capacity of the floors on a per square inch basis as reasonably determined by any architect, engineer or other consultant of Landlord, or as otherwise limited by any law, code, regulation, permit or certificate of any governmental authority. Tenant shall, at its sole cost and expense, make all repairs to the Premises which are required to correct any damage or deficiency caused by failure of Tenant to keep the Premises in the condition required by this Section. Tenant shall reimburse Landlord for the reasonable cost of any repair to the Premises, the Building or the Project required as a result of any misuse or neglect committed or permitted by Tenant or by any subtenant, agent, employee or contractor of Tenant, except to the that extent Landlord is reimbursed for such costs by insurance proceeds. Tenant shall, at its sole cost and expense, repair or reimburse Landlord for any damage to the Premises, the Building or the Project caused by any person who has entered the Premises as a result of the express or implied invitation or permission of Tenant. If Tenant does not make repairs promptly and adequately or fails to maintain the Premises as required by this Section within fifteen (15) days after delivery of written

notice of any deficiency by Landlord (or if such deficiency cannot be reasonably corrected within fifteen (15) days and Tenant shall not commence to correct such deficiency within such fifteen (15) day period and diligently pursue completion of such correction, then Landlord may, but shall not be required to, perform such repairs, maintenance and/or correction to the Premises and any amounts expended by Landlord to prosecute correction shall be reimbursed by Tenant to Landlord together with a 10% overhead charge upon demand; provided, however, that if in Landlord's judgment, there is an emergency, Landlord may perform the repairs prior to delivery of notice to Tenant or expiration of Tenant's cure period. If Landlord performs such repairs, maintenance and/or corrections on behalf of Tenant, Landlord shall not be liable to Tenant for any loss or damage that may accrue to Tenant's personal property, trade fixtures and/or records and data occasioned or resulting from such repair, maintenance and/or correction by Landlord. Entry by Landlord to pursue repair, maintenance and/or correction shall not be deemed an actual or constructive eviction and shall not entitle Tenant to any abatement or reduction of rent. Tenant shall notify Landlord in writing promptly upon discovery of any damage, defect or malfunction of any structural or mechanical portions of the Building which Landlord is required to repair and maintain pursuant to Article 10 below. Landlord agrees to use commercially reasonable efforts to minimize interference with Tenant's use of the Premises in connection with the right of entry provided for under this Section.

9.2 CONDITION UPON SURRENDER. Upon expiration or earlier termination of this Lease, Tenant shall remove from the Premises all movable furniture and movable personal property, and shall promptly repair any damage to the Premises or the Building caused by such removal. All removal and repair shall be at Tenant's sole cost and expense. Tenant shall not remove any wall covering, floor covering, shelving, cabinet units (whether for storage, for library purposes or for any other purpose), or other improvements affixed to the Premises unless requested to do so by Landlord. At any time within fifteen (15) days prior to

the expiration of the scheduled Term, or within a reasonable time promptly after any other termination of this Lease, Landlord may demand that Tenant remove from the Premises any alterations, additions, improvements (excluding the initial Tenant Improvements to the Premises), fixtures, equipment, shelving, cabinet units or other personal property (collectively, "Alterations") designated by Landlord to be removed, together with any disapproved or unapproved Alterations; provided, that If, at the time Tenant requests Landlord's consent to any Alterations, Tenant requests that Landlord do so, Landlord shall indicate whether or not Landlord will demand the removal of such Alterations in connection with the expiration or earlier termination of the Term. Subject to the foregoing, in the event Landlord demands such removal, Tenant shall complete such removal (including the repair of any damage caused by such removal) entirely at its own expense and within fifteen (15) days of Landlord's demand. All repairs required by Tenant in this Section shall be performed in a manner reasonably satisfactory to Landlord, and shall include, without limitation, the following: cap all plumbing, cap all electrical wiring, repair all holes in walls, restore damage to the floors and/or ceiling, repair any other cosmetic damage, and clean the Premises. If Tenant fails to remove from the Premises all of its personal property (together with any other items requested by Landlord to be removed in accordance with this Section) prior to the expiration or earlier termination of this Lease, then Landlord may, at its sole option, handle the items as provided in Section 19.2(b) of this Lease.

Unless Landlord demands otherwise pursuant to this Article, Tenant shall, upon expiration or earlier termination of this Lease, surrender to Landlord the Premises in the same condition as the Premises were upon delivery of possession to Tenant, broom clean, reasonable wear and tear excepted, shall surrender all keys to the Landlord at the place then fixed for the payment of rent, and shall inform the Landlord of all combinations of locks, safes and vaults, if any, on the Premises. Promptly upon request by Landlord following expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord a factually correct instrument in recordable form releasing, remising and quitclaiming to Landlord all right, title and interest of Tenant in the Premises by reason of this Lease or otherwise.

ARTICLE X. MAINTENANCE AND REPAIRS BY LANDLORD.

Landlord shall repair and maintain the structural and mechanical portions of the Building, including basic plumbing, heating, ventilating, air conditioning and electrical systems installed or furnished by Landlord in good order, condition and repair, and Landlord shall keep all Common Areas in good, clean and sanitary order; provided, however, that if maintenance and repairs are caused in part or in whole by the act, neglect, or omission of any duty by Tenant, its agents, servants, employees or invitees, then Tenant shall pay to Landlord, as additional rent, the reasonable cost of such maintenance and repairs (to the extent Landlord is not reimbursed by insurance proceeds). Except to the extent caused by Landlord's negligence or wilful misconduct, Landlord shall not be liable for any failure to make any such repairs or to perform any maintenance, and Tenant shall not be entitled to any abatement or reduction in rent by reason of such failure, no actual or constructive eviction of Tenant shall result from such failure, Tenant shall not have the right to terminate this Lease, and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease because of such failure. Except as provided in Article 17 hereof, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Premises or in or to fixtures, appurtenances and equipment therein. Tenant hereby waives the provisions of Section 1932, 1933(4) and 1942 of the Civil Code of California or any similar or successor statutes to the fullest extent permitted by law and Tenant acknowledges that Tenant shall not be entitled to terminate this Lease, withhold rent or make any repair and deduct the cost of repair from rent payable under this Lease in the event Landlord fails to make a repair or perform maintenance. Tenant acknowledges that Tenant's sole remedy for breach of this Article by Landlord shall be an action for damages.

ARTICLE XI. ALTERATIONS.

Tenant shall make no alterations, additions or improvements in or to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. If Tenant shall request Landlord's consent for any alterations, additions or improvements, then Tenant shall submit detailed plans, specifications and an itemized budget for making such alterations, additions or improvements. Tenant shall pay to Landlord all costs incurred by Landlord for any architectural, engineering, supervisory or legal services in connection with making a determination concerning consent for any alteration, addition or improvement requested by Tenant or in connection with making any correction to any work or improvement performed by or at the request of Tenant. Landlord may impose any conditions and the requirements to any consent as Landlord shall in its discretion deem to be necessary or advisable, including without limitation the hours when work may be performed. Any approved alteration, addition or

improvement shall be made only by contractors or mechanics reasonably approved by Landlord. The review, approval, inspection or examination by Landlord or any of its agents of any plans, specifications, contractors or any other items shall be solely for Landlord's benefit and to protect its interests, and neither Landlord nor its agents shall be deemed to have assumed any responsibility for the quality of work of any contractor or the accuracy, sufficiency, quality or suitability of such plans, specifications or other items. Tenant agrees that there shall be no construction of partitions or other obstructions which might interfere with Landlord's free access to mechanical installations or service facilities of the Building or interfere with the moving of Landlord's equipment to or from the enclosures containing said installations or facilities. Tenant covenants and agrees that all work done by Tenant shall be performed in full compliance with all laws, rules, orders, ordinances, regulations, permits and requirements of any insurance rating bureau used by insurers selected to carry Landlord's insurance, and of any similar body. Before commencing any work, Tenant shall give Landlord at least ten (10) days written notice of the proposed commencement of such work and shall, if required by Landlord, secure at Tenant's own cost and expense, comprehensive general public liability insurance, builders risk insurance, and other such insurance coverages so as to protect the insurable interests

of Landlord, Tenant, contractors and subcontractors in amounts and on forms as may be reasonably requested by Landlord. Tenant further covenants and agrees that any mechanic's lien filed against the Premises or against the Building for work claimed to have been done, or materials claimed to have been furnished, will be discharged by Tenant, by bond or otherwise, within fifteen (15) days after the filing thereof, at the sole cost and expense of Tenant. All alterations, additions or improvements upon the Premises made by either party, including without limitation, all wall coverings, floor coverings, built-in cabinet work, paneling and the like, shall, unless Landlord elects otherwise, become the property of Landlord, and shall remain upon, and be surrendered with the Premises, as a part thereof, at the end of the Term or upon earlier termination; provided, however, that, subject to the provisions of Section 9.2 above, Landlord may, by written notice to Tenant, require Tenant to remove all improvements, alterations and additions made by Tenant, and Tenant shall repair all damage resulting from such removal or, at Landlord's option, shall pay to Landlord all costs arising from such removal.

ARTICLE XII. LIENS.

Tenant shall keep the Premises, the Building and the Project and all underlying realty and appurtenances free from any mechanic's or materialmen's liens and any other liens of a similar nature placed upon the Premises or any realty of the Project by any reason of or in connection with any repairs, additions, alterations or improvements contracted for or initiated by Tenant. Tenant shall be solely responsible for making payment for such work and discharging liens for such work. Tenant indemnifies Landlord fully with respect to all liability for such liens, claims and demands, together with reasonable attorneys fees and all costs and expenses in connection therewith. Landlord shall have the right at all times to post on the Premises notices of nonresponsibility (and to record verified copies thereof) in order to place contractors and materialmen on notice that Landlord is not to be held financially responsible for such work. Tenant shall, at the request of Landlord, provide Landlord with executed and acknowledged full and unconditional lien releases in recordable form and paid receipts from any general contractor, subcontractor, materialman or other person furnishing labor and/or materials in connection with any work connected with the Premises, as well as any other evidence required by Landlord to demonstrate that there are no liens affecting Landlord or any property of Landlord by reason of such work. Any amount paid by Landlord to discharge or bond around any liens shall be payable by Tenant to Landlord upon demand. Tenant shall be permitted to contest the validity of any such lien, claim or demand provided Tenant acquires and records a bond in an amount, in a form and from a surety reasonably satisfactory to Landlord and Tenant shall, at its sole cost and expense, defend itself and Landlord with counsel reasonably satisfactory to Landlord. Tenant shall pay and satisfy any adverse judgment that may be rendered prior to any action taken to enforce such judgment against Landlord or the Project.

ARTICLE XIII. ENTRY BY LANDLORD.

Landlord reserves and shall at any and all times have the right to enter the Premises upon prior reasonable notice (except in the case of emergency), to inspect the same, to supply janitorial service and any other service to be provided by Landlord to Tenant hereunder, to show the Premises to prospective purchasers or tenants (during the last twelve (12) months of the Term only), to post notices of non-responsibility, to alter, improve or repair the Premises or any other portion of the Building, all without such entry constituting any actual or constructive eviction of Tenant and without abatement of rent. Landlord may, in order to carry out such purposes, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that Landlord shall use reasonable efforts to minimize interference with the business of Tenant. Tenant hereby waives any claim for

damages, for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon and about the Premises. Landlord shall at all times have and retain a key with which to unlock all doors in the

Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof, and any damages caused on account thereof shall be paid by Tenant. No provision of this Article shall be construed as obligating Landlord to perform any repairs, alterations or decorations except as otherwise expressly agreed herein by Landlord.

ARTICLE XIV. UTILITIES AND SERVICES; COMPUTER ROOM SUPPORT EQUIPMENT.

14.1 UTILITIES AND SERVICES. Provided that Tenant is not in default under this Lease, Landlord agrees to furnish or cause to be furnished to the Premises the utilities and services described in the Standards for Utilities and Services, attached hereto as Exhibit "C". Tenant agrees to perform and be bound by all of the provisions of Exhibit "C". Interruption of utilities or services or Landlord's failure to furnish any of such utilities or services when such Interruption or failure is caused by (i) accident, breakage, or repairs, (ii) strikes, lockouts or other labor disturbance or labor dispute of any character, (iii) governmental regulation, moratorium or other governmental action, (iv) inability despite the exercise of reasonable diligence to obtain electricity, gas, water or fuel, (v) limitation, rationing, curtailment or restriction on the use of water, electricity, gas, heating, cooling or other forms of service or utility provided to the Premises or the Building, or (vi) any other cause beyond Landlord's reasonable control, shall not give rise to a claim for damages against Landlord or otherwise result in any liability to Landlord. In addition, Tenant shall not be entitled to any offset, abatement or reduction of rent by reason of such failure, no actual or constructive eviction of Tenant shall result from such failure and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease, because of such failure. In the event of any failure, stoppage or interruption thereof, Landlord shall diligently attempt to resume service promptly.

14.2 COMPUTER ROOM SUPPORT EQUIPMENT AND GENERATOR. Landlord and Tenant acknowledge that as of the date hereof there is certain equipment at the Premises including but not limited to, UPS equipment and an HVAC unit, which equipment is exclusively used to service and support the computer room located within the Premises (collectively, the "Computer Room Support Equipment"). Tenant shall have the right to use the Computer Room Support Equipment during the Term; provided, that Tenant accepts the Computer Room Support Equipment in its "as is" condition without representation or warranty by Landlord of any kind. Any use, maintenance, repairs or replacement of the Computer Room Support Equipment during the Term shall be at Tenant's sole cost and expense and Tenant shall contract directly with all service providers for such use, maintenance, repair and servicing thereof but any work done on the Computer Room Support Equipment shall be subject to the provisions of Article XI of this Lease. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to remove or restore the Computer Room Equipment at the expiration of the Term.

Landlord and Tenant acknowledge that as of the date hereof there is a backup generator at the Building (the "Generator"). Tenant shall have a non-exclusive right to have the Computer Room Support Equipment connected to the Generator for back up power during the Term. Landlord shall maintain the Generator in good operating condition and, as necessary, repair and service the Generator during the Term, at Landlord's sole cost and expense (but subject to reimbursement in accordance with Article V above), except to the extent that such costs arise out of damage to the Generator caused by Tenant, in which event the repair costs shall be paid by Tenant; provided, that the agreement of Landlord to permit such use by Tenant and to undertake such maintenance obligations shall not constitute a representation or warranty that the

Generator will operate effectively or that Tenant's power will in no event be interrupted.

ARTICLE XV. BANKRUPTCY.

If Tenant shall file a petition in bankruptcy under any provision of the Bankruptcy Code as then in effect, or if Tenant shall be adjudicated a bankrupt in involuntary bankruptcy proceeding and such adjudication shall not have been vacated within sixty (60) days from the date thereof, or if a receiver,

disbursing agent or trustee shall be appointed for Tenant's property and the order appointing such receiver, disbursing agent or trustee shall not be set aside or vacated within sixty (60) days after the entry thereof, or if Tenant shall be adjudicated a bankrupt in any involuntary bankruptcy proceeding and such adjudication shall not have been vacated within sixty (60) days from the date thereof, or if a receiver, disbursing agent or trustee shall be appointed for Tenant's property and the order appointing such receiver, disbursing agent or trustee shall not be set aside or vacated within sixty (60) days after the entry thereof, or if Tenant shall assign its estate or effects for the benefit of creditors, or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant, then Landlord may elect to terminate this Lease, with or without notice of such election and with or without entry or action by Landlord. In the event of such termination, notwithstanding any other provisions of this Lease, Landlord, in addition to any and all rights and remedies allowed by law or equity, shall, upon such termination, be entitled to recover damages in the amount provided in Section 19.2(a) hereof. In the event of such termination, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or order of any court shall be entitled to possession of the Premises but shall surrender the Premises to Landlord. Nothing contained herein shall limit or prejudice the right of Landlord to recover damages by reason of any such termination equal to the maximum amount allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved, whether or not such amount is greater, equal to, or less than the amount of damages recoverable under the provisions of this Article.

ARTICLE XVI. INDEMNITY AND INSURANCE.

16.1 TENANT'S INDEMNITY. Tenant shall protect, defend, indemnify and hold Landlord, its partners, shareholders, officers, directors, trustees, employees, agents, authorized representatives and contractors (collectively, "Landlord's Affiliates") harmless from and against any and all claims, demands, judgments, loss, cost, expense, liability, damage or injury to property or persons, resulting from or occurring by reason of: (a) the use, occupancy or non-occupancy of the Premises or by the actions or inactions, whether or not negligent of Tenant and/or any subtenant, and their agents, officers, employees, contractors, customers, invitees, or licensees whether the active or passive negligence of Landlord was or is a contributing factor; (b) any default or breach of this Lease by Tenant; and (c) the failure of Tenant or any subtenant or assignee of Tenant to surrender possession of the Premises upon the expiration or earlier termination of this Lease in accordance with the provisions of this Lease, either due to failure of Tenant to timely perform its obligations for removal and repair of personal property or any other reason, which indemnity shall include without limitation any claims made by any succeeding Tenant founded upon such delay; provided, however, that Tenant shall not be obligated to so indemnify Landlord or any of Landlord's Affiliates from matters arising from or caused by the sole willful misconduct or negligence of Landlord or any of Landlord's Affiliates each acting within the scope of their authority on behalf of Landlord. Payment of any sum by Landlord shall not be a condition precedent to Tenant's obligations hereunder. If Tenant is required to defend Landlord, then Landlord shall be entitled to select its own defense counsel and Tenant shall pay on behalf of, or to, Landlord all defense expenses incurred by, Landlord including, without limitation, reasonable attorneys fees and expenses, fees of experts and accountants and court costs.

16.2 LANDLORD'S INDEMNITY. Except to the extent arising out of Tenant's negligence and/or breach of this Lease, Landlord shall indemnify, defend and hold harmless Tenant from and against any and all claims, damages, costs, liens, judgments, expenses and/or liabilities, including reasonable attorneys' fees arising out of any negligence or wilful misconduct of Landlord.

16.3 TENANT'S INSURANCE. Tenant shall carry at its own expense throughout the Term of this Lease, commercial general liability insurance covering the Premises and, appurtenant areas, and Tenant's use thereof, and, covering Tenant's contractual liability under this Lease in the amount of $2,000,000 in combined single limit and general aggregate coverage for bodily injury or death, personal injury and property damage, subject to adjustment to conform to then current standard business practices for comparable business operations in the event Landlord agrees to permit any use in addition to or other than ordinary office use, but in no case less than $2,000,000 in combined single limit and general aggregate coverage for bodily injury or death, personal injury and property damage. Tenant shall keep in full force and effect a policy or policies of Worker's Compensation insurance as required by law and with employer's liability coverage of not less than $500,000 per employee and per occurrence. In the event Landlord agrees to permit any use in addition to or other than ordinary office use, the amounts of general liability and employer's liability insurance shall be increased to an amount reasonably determined by Landlord as may be required, given Tenant's use and the then Current economic conditions and the size of damage awards generally. Tenant shall forward a copy of each insurance policy to Landlord within ten (10) days after Landlord's request therefor. A binder or certificate of insurance shall be sufficient evidence of

insurance pending issuance of a policy; provided, however, that Tenant shall forward a copy of each policy to Landlord when issued. Such insurance policies shall be on forms reasonably acceptable to Landlord and such policies shall be on an occurrence basis. Such insurance shall name Landlord and any management agent from time to time designated by Landlord and any lender of Landlord as additional insureds, and shall provide that coverage of additional insureds shall be primary and that any insurance maintained by Landlord shall be excess only. Such insurance shall provide that the interests of Landlord, Tenant and other insureds shall be severable such that the act or omission of one insured shall not avoid or reduce the coverage of other insureds. Such insurance shall contain endorsements (i) stating that the insurer agrees to notify Landlord not less than thirty (30) days in advance of modification or cancellation thereof, (ii) deleting any employee exclusion on personal injury coverage, (iii) including employees as additional insureds, (iv) deleting any exclusion from liability caused by serving alcoholic beverages incidental to Tenant's business, and (v) providing for coverage for employer's non-owned automobile liability. Failure of Tenant to maintain insurance coverages required by this Lease for any time period during the Term or failure of Tenant to deliver evidence of insurance or copies of policies shall be material defaults under this Lease.

16.4 TENANT'S PROPERTY. Tenant agrees that all personal property of whatever kind, including, without limitation, inventory and/or goods stored at or about the Premises, Tenant's trade fixtures and Tenant's interest in tenant improvements which may be at any time located in, on or about the Premises, the Building, whether owned by Tenant or third parties shall be at Tenant's sole risk or at the risk of those claiming through Tenant, and that Landlord shall not be liable for any damage to or loss of such property except for loss or damage arising from or caused by the sole gross negligence of Landlord or any of Landlord's officers, employees, agents or authorized representatives each acting within the scope of their authority. Tenant shall obtain and maintain policies of fire and extended coverage and sprinkler damage insurance covering the full replacement cost of all such property.

16.5 LANDLORD'S INSURANCE. Landlord shall insure the Project (excluding, however, Tenant's furniture, equipment and other personal property) during the Term against loss or damage due to fire and other casualties covered within the classification of Special Form (All Risks) property insurance. Such coverage shall be in commercially

reasonable amounts and with such commercially reasonable deductibles consistent with insurance customarily carried by landlords of comparable projects in the vicinity of the Project. Additionally, at the option of Landlord, such insurance coverage may include the risks of earthquakes and/or flood damage and additional hazards, a rental loss endorsement and one or more loss payee endorsements in favor of the holders of any mortgages or deeds of trust encumbering the interest of Landlord in the Building or the ground or underlying lessors of the Building, or any portion thereof. At Landlord's option, all such insurance may be carried under any blanket or umbrella policies which Landlord has in force for other buildings and projects. If Tenant's conduct or use of the Premises other than for normal general office purposes causes any increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such increase.

16.6 FORM OF INSURANCE POLICIES. All insurance policies required of Tenant by this Lease shall be obtained from insurers doing business in California having a rating of A VIII or better in the Current issue of "Best's Insurance Guide". All loss payable clauses shall name Landlord as a loss payee and/or conform to the requirements of any mortgage lenders. Tenant's insurance may, provided Tenant obtains the prior written approval of Landlord (which approval shall not be unreasonably withheld), provide for deductibles in reasonable amounts. If Tenant requests approval of a deductible, Tenant shall provide evidence of financial responsibility reasonably satisfactory to Landlord to pay the deductible amount in the event of a loss. Any policy of insurance required to be maintained by Tenant Under this Lease may be maintained under a policy commonly referred to as a "blanket policy" insuring other parties and/or other locations; provided however, that the amount of insurance and the scope and type of coverage shall conform to the requirements contained in this Lease. Notwithstanding anything to the contrary contained in this Article 16, Tenant shall be allowed to self-insure against the types of losses required Linder this Article, provided that Tenant maintains a net worth of not less than One Hundred Million Dollars ($100,000,000). As a condition to Tenant's right to self-insure, Tenant shall provide Landlord with its most recent annual and/or quarterly report(s) showing that Tenant satisfies the financial threshold. All such quarterly report(s) shall have been certified Tenant's chief financial officer (or other officer with equivalent knowledge and authority) to be a materially accurate reflection of Tenant's net worth and financial condition as of the date of presentation of such report(s) to Landlord.

16.7 EXEMPTION OF LANDLORD FROM LIABILITY. Except in the event of Landlord's negligence or willful misconduct, Tenant hereby agrees that Landlord (including Landlord's officers, trustees, partners, affiliates, directors, agents, management contractors and representatives (collectively referred to as "Landlord's Affiliates") shall not be liable for injury to Tenant's business or

loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees, Customers, or any other person in or about the Premises. Tenant further agrees that Landlord and Landlord's Affiliates shall not be liable for injury to the person of Tenant, Tenant's employees, agents or contractors or to Tenant's property, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, heating, ventilation, air conditioning, or lighting fixtures, or from any other cause, whether damage or injury results from conditions arising upon the Premises or upon other portions of the Building or the Project, or from other sources or places appurtenant to the Premises and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Tenant. Landlord and Landlord's Affiliates shall not be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building or the Project.

16.8 WAIVER OF SUBROGATION. Landlord and Tenant hereby release each other from any and all liability for any loss, damage or injury to person or property occurring in, on or about or to the Premises, improvements to the Building, or person or property in, on or about or to the Premises, improvements to the Building or personal property within the Building by reason of fire or other casualty which is required: to be insured

against, as stipulated in this Lease under a standard fire and extended coverage insurance policy, regardless of cause, including the negligence of Landlord or Tenant. Each party shall notify their insurance carrier of this waiver of subrogation. If Tenant's insurer fails to obtain a waiver of subrogation against Landlord, then Landlord's obligation to obtain a waiver of subrogation shall cease and terminate.

16.9 WAIVER OF DAMAGES. Tenant hereby acknowledges that the City may from time to time impose certain restrictions which will affect Tenant, its employees and visitors during such times as it may chose to schedule/sponsor/cooperate with various municipal and or private party events. Such restrictions may provide for limited vehicular and pedestrian access to the Building, its parking facilities, and the public streets, sidewalks and rights-of-way surrounding them. Such restrictions may apply from before the commencement until after the conclusion of each event. Tenant acknowledges that such restrictions will interfere with vehicular and pedestrian access to the Building and its parking facilities. Tenant hereby waives all claims against Landlord for damages, losses and expenses of any kind whatsoever arising from or related to the imposition of such restrictions.

ARTICLE XVII. DAMAGE OR DESTRUCTION.

If either the Building, the Project or the Premises should be partially or wholly destroyed or damaged by fire or other casualty and such damage or destruction cannot in Landlord's judgment be repaired or substantially restored within 180 days of the date of such damage or destruction, then Landlord shall so notify Tenant and either party hereto may, at its option, terminate this Lease by giving written notice thereof to the other party within 30 days after the date of such casualty. In such event, rent shall be apportioned to and shall cease as of the date of such casualty. If neither party exercises this option, then the Premises shall be reconstructed and restored, at Landlord's expense, to substantially the same condition as they were prior to the casualty, provided that, if Tenant has made any alterations, additions or improvements pursuant to Article 11 or if tenant improvements have been constructed at a cost in excess of costs paid or reimbursed by Landlord, then Tenant shall reimburse Landlord for the reasonable excess cost of reconstructing the same whether or not the cost of restoration exceeds the cost of initial construction. In the event of such reconstruction, rent shall be abated in proportion to the area of the Premises not capable of use by Tenant from the date of the casualty until substantial completion of the reconstruction repairs and this Lease shall continue in full force and effect for the balance of the Term.

If the Project, the Building or the Premises should be damaged by fire or other casualty and, in Landlord's judgment, the Premises can be substantially restored within 180 days of the date of such damage, then such damaged part of the Premises shall be reconstructed and restored, at Landlord's expense, to substantially the same condition as they were prior to the casualty, provided that if Tenant has made any alterations, additions or improvements or if tenant improvements have been constructed for a cost in excess of amounts paid by Landlord, then Tenant shall reimburse Landlord for the excess cost of reconstructing the same whether or not the cost of reconstruction exceeds cost of initial construction. Rent shall be abated in the proportion which the approximate area of the damaged and destroyed portion of the Premises bears to the total area in the Premises from the date of the casualty until substantial completion of the reconstruction repairs; and this Lease shall continue in full force and effect for the balance of the Term. Landlord shall use reasonable diligence in completing such reconstruction repairs.

Notwithstanding anything else to the contrary contained in this Article 17, Landlord shall have no obligation to pay for the repair or restoration of damage or destruction to the Premises caused by fire or other casualty more than the amount of the insurance proceeds payable for the benefit of Landlord by reason of such damage or destruction, plus any amounts actually paid by Tenant for the excess of the cost of reconstructing

tenant improvements over the original cost of such tenant improvements paid initially by Landlord.

ARTICLE XVIII. EMINENT DOMAIN.

If the whole or any part of the Premises or appurtenant areas shall be taken for public or quasi-public use by a governmental or other authority having the power of eminent domain or shall be conveyed to such authority in lieu of such taking, and if such taking or conveyance shall cause the remaining part of the Premises or appurtenant areas not so taken to be untenantable and inadequate for use by Tenant, then this Lease shall terminate as of the date of such taking. If a part of the Premises and/or appurtenant areas shall be taken or conveyed but the portion, remaining after restoration can be made usable for Tenant's purposes, then this Lease shall not be terminated as provided for in this Article 18, but this Lease shall be terminated only as to the portion of the Premises (without consideration of appurtenant areas) taken or conveyed as of the date Tenant surrenders possession of such portion of the Premises, and Landlord shall make such repairs, alterations and improvements as may be necessary to render any part not taken or conveyed tenantable; provided, however, Landlord shall have no obligation to pay for such repairs, alterations and improvements more than the amount of such award payable for the benefit of Landlord for such taking, and the rent shall be reduced proportionately to the amount (based on square footage) of the Premises taken. All compensation awarded for such taking or conveyance shall be the property of Landlord without any deduction therefrom for any present or future estate of Tenant, and Tenant hereby assigns to Landlord all of its right, title and interest in and to any such award. Tenant shall have no claim against Landlord or against the condemnor for the value of any unexpired portion of the term of this Lease or otherwise, and Tenant shall not be entitled to any part of any award that may be made for such taking. However, Tenant shall have the right to recover from such authority, but not from Landlord, such compensation as may be awarded to Tenant on account of moving and, relocation expenses and depreciation to and removal of Tenant's trade fixtures and personal property. It is further understood and agreed that neither the Tenant nor the Landlord shall have any rights in any award made to the other by any condemnation authority.

ARTICLE XIX. DEFAULTS AND REMEDIES.

19.1 TENANT'S DEFAULT. The occurrence of any one or more of the following events shall be a default and breach of this Lease by Tenant:

(a) Tenant fails to pay any rent payment or other sum due under this Lease within five (5) days after written notice from Landlord that the same is past due and payable.

(b) Tenant fails to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days (or such shorter time provided herein) after notice thereof from Landlord; provided, however, that if the term, condition, covenant or obligation to be performed by Tenant is of such nature that the same cannot reasonably be cured within thirty (30) days and if Tenant commences such performance within said thirty-day (30) period and thereafter diligently undertakes to complete the same, then such failure shall not be a default hereunder if it is cured within sixty (60) days following Landlord's notice.

(c) Tenant vacates or abandons, or fails to occupy the Premises, or any substantial portion thereof, for a period of thirty (30) days.

(d) A trustee, disbursing agent, or receiver is appointed to take possession of all or substantially all of Tenant's assets in, on or about the Premises or of Tenant's interest in this Lease (and Tenant or any guarantor of Tenant's obligations under this Lease does not regain possession within sixty (60) days after such appointment); Tenant makes an assignment for the benefit of creditors; or all or

substantially all of Tenant's assets in, on or about the Premises or Tenant's interest in this Lease are attached or levied upon under execution (and Tenant does not discharge the same within sixty (60) days thereafter).

(e) A petition in bankruptcy, insolvency, or for reorganization or arrangement is filed by or against Tenant or any guarantor of Tenant's obligations under this Lease pursuant to any federal or state statute,

and, with respect to any such petition filed against it, Tenant or such guarantor fails to secure a stay or discharge thereof within sixty (60) days after the filing of the same.

(f) Immediately, in the event of any assignment, subletting or other transfer for which the prior written consent of the Landlord has not been obtained.

(g) Immediately, in the event of discovery of any materially false or misleading statement concerning financial information submitted by Tenant to Landlord in connection with obtaining this Lease or any other consent or agreement by Landlord.

19.2 LANDLORD'S REMEDIES. Upon the occurrence of any event of default, Landlord shall have the following rights and remedies, in addition to those allowed by law or in equity, any one or more of which may be exercised or not exercised without precluding the Landlord from exercising any other remedy provided in this Lease or otherwise allowed by law or in equity:

(a) Landlord may terminate this Lease and Tenant's right to possession of the Premises. If Tenant has abandoned and vacated the Premises, the mere entry of the Premises by Landlord in order to perform acts of maintenance, cure defaults, preserve the Premises, or to attempt to relet the Premises, or the appointment of a receiver in order to protect the Landlord's interest under this Lease, shall not be deemed a termination of Tenant's right to possession or a termination of this Lease unless Landlord has notified Tenant in writing that this Lease is terminated. Notification of any default in Section 19.1 of this Lease shall be in lieu of, and not in addition to, any notice required under Section 1161, et seq., of the California Code of Civil Procedure. If Landlord terminates this Lease and Tenant's right to possession of the Premises pursuant to this Subsection 19.2(a), then Landlord may recover from Tenant:

(i) The worth at the time of the award of unpaid rent which had been earned at the time of termination; plus

(ii) The worth at the time of the award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) The worth at the time of the award of the amount by which the unpaid rent for the balance of the term after the time of the award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(iv) Any other amounts necessary to compensate the Landlord for all of the detriment proximately caused by Tenant's failure to perform its obligations under this Lease which in the ordinary course of things would be likely to result therefrom, including, without limitation, any reasonable legal expenses, brokers commissions or finders fees (in connection with reletting the Premises and the pro rata portion of any leasing commission paid by Landlord in connection with this Lease which is applicable to the portion of the Term, including option periods, which is unexpired as of the date on which this Lease terminated), the costs of repairs, cleanup, refurbishing, removal and storage or disposal of Tenant's personal property, equipment, fixtures and anything else that Tenant is required under this Lease to remove but does not remove (including those alterations which Tenant is required to remove pursuant to an election by Landlord and Landlord actually removes whether or not notice to remove shall be

delivered to Tenant), and any costs for alterations, additions and renovations incurred by Landlord in regaining possession of and reletting (or attempting to relet) the Premises.

All computations of the "worth at the time of the award" of amounts recoverable by Landlord under Subsections (i) and (ii) hereof shall be computed by allowing interest at the maximum lawful contract rate per annum. The "worth at the time of the award" recoverable by Landlord under Subsection (iii) and the discount rate for purposes of determining any amounts recoverable under Subsection (iv), if applicable, shall be computed by discounting the amount recoverable by Landlord at the discount rate of the Federal Reserve Bank of California San Francisco at the time of the award plus one percent (1%). If Tenant tenders to Landlord sums in an offer of settlement of payment of any sums due under this Subsection 19.2(a) after Landlord has notified Tenant of exercise of the remedies under this Subsection 19.2(a), then the "worth at the time of the award" shall be determined at the time a lawful tender of payment of the entire amount of such sums by Tenant.

(b) Upon termination of this Lease, whether by lapse of time or otherwise, Tenant shall immediately vacate the Premises and deliver possession to Landlord. If Tenant has vacated the Premises and Landlord or any of its agents have reason to believe that Tenant does not intend to reoccupy the

Premises, and current or past rent has been due or unpaid for at least fourteen (14) consecutive days, then Landlord shall have the right to send Tenant a notice of belief of abandonment pursuant to Section 1951.3 of the California Civil Code. The Premises will be deemed abandoned, and the Tenant's right to possession of the Premises will terminate on the date set forth in such notice, unless Landlord receives (at its address for notices set forth in this Lease) before such date a notice from Tenant stating (i) Tenant's intent not to abandon the Premises, and (ii) an address at which Tenant may be served in any action for unlawful detainer of the Premises and/or damages and other relief available at law or in equity. If the Premises are deemed abandoned (either through the aforementioned procedure or due to any statement by Tenant to that effect) or if Landlord or any of its agents acts pursuant to a court order, then Landlord or any of its agents shall have the right, without terminating this Lease, to re-enter the Premises and remove all persons therefrom and any or all of Tenant's fixtures, equipment, furniture and other personal property (herein collectively referred to as "Property") from the Premises, without being deemed in any manner liable for trespass, eviction, or forcible entry or detainer, or conversion of Property, and without relinquishing any right given to Landlord under this Lease or by operation of law. If Landlord re-enters the Premises in such situation, all Property removed from the Premises by Landlord or any of its agents and not claimed by the owner may be handled, removed, or stored, in a commercial warehouse or otherwise by Landlord at Tenant's risk and expense, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof. Before retaking of any such Property from storage, Tenant shall pay to Landlord, upon demand, all reasonable expenses incurred in such removal and all storage charges against such Property. Any such Property of Tenant not so retaken from storage by Tenant within thirty (30) days after such Property is removed from the Premises shall be deemed abandoned and may be either disposed of by Landlord pursuant to Section 1988 of the California Civil Code or retained by Landlord as its own property.

(c) Notwithstanding Landlord's right to terminate this Lease pursuant to Section 19.2(a), Landlord may, at its option, even though Tenant has breached this Lease and abandoned the Premises, continue this Lease in full force and effect and not terminate Tenant's right to possession, and enforce all of Landlord's rights and remedies under this Lease, including the right to recover rent as it becomes due under this Lease pursuant to Section 1951.4 of the California Civil Code. In such event Landlord shall be entitled to recover from Tenant all reasonable costs of maintenance and preservation of the Premises, and all costs, including attorneys fees and receivers fees, incurred in connection with appointment of and performance by a receiver to protect the Premises and Landlord's interest under this Lease. No reentry or taking possession of the Premises by Landlord pursuant to this Section 19.2(c) shall be construed as an election

to terminate this Lease unless a written notice (signed by a duly authorized representative of Landlord) of intention to terminate this Lease is given to Tenant. Landlord may at any time after default by Tenant elect to terminate this Lease pursuant to Section 19.2(a), notwithstanding Landlord's prior continuance of this Lease in effect for any period of time, and upon and after Tenant's default under this Lease, Landlord may, but need not, relet the Premises or any part thereof for the account of Tenant to any person, firm, partnership, corporation or other business entity for such rent, for such time and upon such terms as Landlord, in its sole discretion, shall determine. Subject to the provisions of this Lease regarding assignment and subletting in Article 20, Landlord shall not be required to accept any substitute tenant offered by Tenant or to observe any instructions given by Tenant regarding such reletting. Landlord may remove (and repair any damage caused by such removal) and store (or dispose of) any of Tenant's personal property, equipment, fixtures, and anything else Tenant is required (under this Lease at the election of Landlord or otherwise) to remove but does not remove, and Landlord may also make repairs, renovations, alterations and/or additions to the Premises to the extent deemed by Landlord necessary or desirable in connection with any attempt to relet the Premises. Tenant shall upon demand pay the cost of such repairs, alterations, additions, removal, storage and renovations, together with any reasonable legal expenses, brokers commissions or finders fees and any other expenses incurred by Landlord in connection with entry of the Premises and attempting to relet the Premises. If Landlord is able to relet the Premises for Tenant's account during the remaining portion of the Term and the consideration collected by Landlord from any reletting is not sufficient to pay monthly the full amount of rent and additional rent payable by Tenant under this Lease, together with any reasonable legal expenses, brokers commissions or finders fees, any cost for repairs, alterations, additions and renovations, and any other cost and expense incurred by Landlord in re-entering the Premises and reletting the Premises, then Tenant shall pay to Landlord the amount of each monthly deficiency upon demand. Any rentals received by Landlord from any such reletting shall be applied as follows:

(i) First, to the payment of any indebtedness other than rent due hereunder from Tenant to Landlord;

(ii) Second, to the payment of any costs of reentry and reletting the Premises;

(iii) Third, to the payment of costs of any such alterations, repairs, additions, removal, storage and renovations to the Premises;

(iv) Fourth, to the payment of rent due and unpaid under this Lease; and

(v) The residue, if any, shall be held by Landlord and applied as payment of future rent as the same may become due and payable under this Lease.

(d) No act or omission by Landlord or its agents during the Term shall be an acceptance of a surrender of the Premises and no agreement to accept a surrender of the Premises shall be valid unless made in writing and signed by a duly authorized representative of Landlord. Neither any remedy set forth in this Lease nor pursuit of any particular remedy shall preclude Landlord from any other remedy set forth in this Lease or otherwise available at law or in equity. Landlord shall be entitled to a restraining order or injunction to prevent Tenant from breaching or defaulting under any of its obligations under this Lease other than the payment of rent or other sums due hereunder.

(e) Neither the termination of this Lease nor the exercise of any remedy under this Lease or otherwise available at law or in equity shall affect the right of Landlord to any right of indemnification set forth in this Lease or otherwise available at law or in equity for any act or omission of Tenant, and all rights to indemnification or

other obligations of Tenant are intended to be performed after termination of this Lease shall survive termination of this Lease and termination of Tenant's right to possession under this Lease.

19.3 DEFAULT BY LANDLORD AND REMEDIES OF TENANT. It shall be a default and breach of this Lease by Landlord if it shall fail to perform or observe any term, condition, covenant or obligation required to be performed or observed by it under this Lease for a period of thirty (30) days after notice thereof from Tenant (except in the case of emergency repairs to the Premises, in which case such repairs should be performed as soon as reasonably practicable); provided, however, that if the term, condition, covenant or obligation to be performed by Landlord is of such nature that the same cannot reasonably be performed within such thirty (30) day period, such default shall be deemed to have been cured if Landlord commences such performance within said thirty (30) day period and thereafter diligently undertakes to complete the same.

Tenant shall not have the right based upon a default of Landlord to terminate this Lease or to withhold, offset or abate rent, Tenant's sole recourse for Landlord's default being an action for damages against Landlord for damages proximately caused by Landlord's default. Tenant shall not have the right to terminate this Lease or to withhold, offset or abate the payment of rent based upon the unreasonable or arbitrary withholding by Landlord of its consent or approval of any matter requiring Landlord's consent or approval, including but not limited to any proposed assignment or subletting, Tenant's remedies in such instance being limited to a declaratory relief action, specific performance, injunctive relief or an action of actual damages. Tenant shall not in any case be entitled to any consequential or punitive damages based upon any Landlord default or withholding of consent or approval. Notwithstanding anything to the contrary contained in this Lease, Tenant agrees and understands that Tenant shall look solely to the estate and property of Landlord in the Building of which the Premises are a part for the enforcement of any judgment (or other judicial decree) requiring the payment of money by Landlord to Tenant by reason of any default or breach by Landlord in the performance of its obligations under this Lease, it being intended hereby that no other assets of Landlord or any of Landlord's Affiliates shall be subject to levy, execution, attachment or any other legal process for the enforcement or satisfaction of the remedies pursued by Tenant in the event of such default or breach.

In the event of a sale or transfer of the Premises by Landlord, the Landlord named herein, or, in the case of a subsequent transfer, the transferor, shall, after the date of such transfer, be automatically released from all personal liability for the performance or observance of any term, condition, covenant or obligation required to be performed or observed by Landlord hereunder; and the transferee shall be deemed to have assumed all of such terms, conditions, covenants and obligations, it being intended hereby that such terms, conditions, covenants and obligations shall be binding upon Landlord, its successors and assigns only during and in respect of their successive periods of ownership during the Term.

19.4 NON-WAIVER OF DEFAULT. The failure or delay by either party hereto to enforce or exercise at any time any of the rights or remedies or other provisions of this Lease shall not be construed to be a waiver thereof, nor affect the validity of any part of this Lease or the right of either party thereafter to enforce each and every such right or remedy or other provision. No waiver of any default or breach of this Lease shall be held to be a waiver of

any other or subsequent default or breach. The receipt by Landlord of less than the full rent due shall not be construed to be other than a payment on account of rent then due, no statement on Tenant's check or any letter accompanying Tenant's check be deemed an accord and satisfaction, and Landlord may accept any payment without prejudice to Landlord's right to recover the balance of the rent due or to pursue any other remedies provided in this Lease or available at law or in equity.

ARTICLE XX. ASSIGNMENT AND SUBLETTING.

Tenant covenants and agrees that neither all nor any part of Tenant's interest under this Lease shall be assigned, sublet, mortgaged, pledged or otherwise transferred (whether voluntarily, involuntary or by operation of law, or otherwise), without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Tenant agrees that it shall not be unreasonable for Landlord to withhold its consent for any of the following reasons which are not exclusive:

(a) The proposed assignee or sublessee is not a reputable party or does not have reasonable financial worth and/or financial stability in view of the responsibilities involved;

(b) In the reasonable judgment of Landlord, the proposed assignee or sublessee is of a character or engaged in a business which is not in keeping with the standards of Landlord in the Project;

(c) The proposed assignee or sublessee is a governmental authority (or a subdivision or agency thereof);

(d) The terms of the proposed assignment or sublease will allow the assignee or sublessee to exercise a right of renewal or extension, right of expansion, right of first offer or other similar right held by Tenant; or

(e) The proposed assignee or sublessee or any of its affiliates occupies space in the Project at the time of the request for consent.

Landlord's consent may be made or withheld subject to such reasonable terms and conditions as Landlord considers necessary in order to protect its interest in the Premises, the Building and the Project, including but not limited to the following: that the proposed transferee shall execute, acknowledge and deliver to Landlord an agreement in form and substance reasonably satisfactory to Landlord whereby such transferee shall assume and agree to perform and to be personally bound by and upon all the covenants, agreements, terms and conditions of this Lease on the part of Tenant to be performed and whereby such transferee shall expressly agree that the provisions of this Article, notwithstanding such assignment and transfer, shall continue to be binding upon it with respect to future assignments, subleases, and/or other transfers; and that Tenant shall continue to be liable to Landlord under this Lease for the terms, covenants, and conditions to be complied with by Tenant whether this Lease is assigned or sublet.

If at any time Tenant desires to enter into an assignment or subletting, Tenant shall submit to Landlord in writing (i) the name of the proposed assignee or sublessee, (ii) such information as to such assignee's or sublessee's financial responsibility and standing as Landlord may reasonably require, and (iii) the proposed sublease or instrument of assignment containing all of the terms and conditions of the proposed assignment or sublease. At any time within thirty (30) days after Landlord's receipt of Tenant's full submission (including any additional information Landlord may request), Landlord may by written notice to Tenant elect either to: (a) consent to the proposed sublease or assignment; or (b) withhold its consent to the proposed sublease or assignment.

If Tenant shall assign this Lease or sublet any portion of the Premises, Tenant shall pay to Landlord as additional rent as and when received by Tenant:

(a) In the case of an assignment, an amount equal to 50% of all consideration paid to Tenant by the assignee for or by reason of the assignment (less any reasonable improvement allowance and customary brokers' commissions actually paid by Tenant in connection with such assignment), whether paid in a lump sum or over time, including but not limited to any sums paid for personal property or services in

excess of the fair market value thereof and sums paid for tenant improvements or fixtures;

(b) In the case of a sublease, an amount equal to 50% of the amount by which the sublease rent and any other consideration paid to Tenant (less any reasonable improvement allowance and customary brokers' commissions actually paid by Tenant in connection with such sublease), whether paid in a lump sum or over time, including but not limited to any sums paid for personal

property or services in excess of the fair market value thereof and sums paid for tenant improvements or fixtures, exceeds the rents payable which are proportionately allocable to the subleased premises based on the ratio of the area of the subleased premises to the area of the entire Premises.

Tenant shall be deemed to have assigned its interest hereunder within the meaning of this Article if legal or beneficial interests representing 51% or more of the interests in either voting power, capital, or profits in any corporation, partnership, joint venture, or other entity comprising Tenant are transferred by any means.

Notwithstanding anything to the contrary contained herein an assignment or subletting of all or a portion of the Premises to an affiliate (an "AFFILIATE") of Tenant (an entity which is controlled by, controls, or is under common control with, Tenant) or to Intuit Inc., shall not be deemed an assignment or sublease under this Lease, provided that Tenant notifies Landlord of any such assignment or sublease, and further provided that such assignment or sublease is not a subterfuge by Tenant to avoid its obligations under this Lease. No assignment or subletting permitted under this Section shall release Tenant or change Tenant's primary liability to pay Rent and to perform all other obligations of Tenant under this Lease. "CONTROL," as used in this paragraph, shall mean the ownership, directly or indirectly, of at least fifty-one percent (51%) of the voting securities of, or possession of the right to vote, in the ordinary direction of its affairs, of at least fifty-one percent (51%) of the voting interest in, any person or entity.

If this Lease is assigned, or if the Premises or any part thereof are sublet or occupied by anyone other than Tenant, without first obtaining Landlord's consent and complying with all conditions to such consent, then Tenant shall be in default under this Lease and Landlord may collect rent from the assignee, subtenant or occupant, and apply the net amount collected to the rent herein reserved but no such assignment, subletting, occupancy or collection shall be deemed a waiver by Landlord of any default by Tenant or of the obligation of Tenant to perform all covenants and comply with all conditions contained in this Lease or a release of Tenant from the performance by Tenant of the covenants on the part of Tenant contained in this Lease.

Tenant shall reimburse Landlord for any reasonable costs and expenses, including but not limited to legal expenses, incurred by Landlord in connection with its review of any proposed assignment or subletting, whether or not Landlord gives its consent.

Landlord shall have the right to sell, transfer, or assign its interest hereunder, or any part thereof, without the prior consent of Tenant. After such sale, transfer, or assignment, Tenant shall attorn to such purchaser, transferee, or assignee.

ARTICLE XXI. SUBORDINATION AND ESTOPPEL.

Landlord shall use commercially reasonable best efforts to obtain and deliver to Tenant as soon as reasonably practicable after execution of this Lease, a commercially reasonable non-disturbance agreement from Chase Manhattan Bank ("Chase"), Landlord's current mortgage holder, for the benefit of Tenant on the form provided by Chase, with such changes as are agreed to by Tenant and Chase. Subject to delivery of a non-disturbance agreement as provided in the next sentence, at the election of Landlord, or the holder of any mortgage or deed of trust affecting real property of which the Premises are a part, this Lease and all of the rights of Tenant hereunder shall be subject and subordinate at all times to all deeds of trust or mortgages which may now

or hereafter affect the real property of which the Premises are a part, and to all renewals, modifications, consolidations, replacements and extensions thereof. At the request of Landlord or the holder of such mortgage or deed of trust, Tenant shall execute, acknowledge and deliver promptly in recordable form any commercially reasonable instrument or subordination agreement that Landlord or such holder may request; provided, however, that such instrument shall include a provision requiring the purchaser at any foreclosure sale or other execution sale to continue this Lease in full force and effect in the same manner as if such purchaser were the Landlord so long as Tenant is not otherwise in default beyond any applicable cure periods and requiring Tenant to attorn to such purchaser. If Tenant fails to execute such instrument within ten (10) business days after a request to do so, such failure shall be a material default under this Lease.

Within ten (10) business days after request therefor by Landlord, Tenant agrees to execute and deliver in recordable form an estoppel certificate to any holder of a mortgage or proposed mortgage or proposed purchaser or to Landlord certifying (if such is the case) that this Lease is unmodified and in full force and effect (and if there has been any modification, that the same is in full force and effect as modified and stating the modifications); that there are no uncured defaults by Landlord; that there are no defenses or offsets against the enforcement thereof or stating those claimed by Tenant; stating the date to which rent and other sums due hereunder are paid; and containing such other

statements regarding this Lease, the Premises or Tenant as Landlord, the proposed mortgagee or purchaser shall reasonably require. Such certificate shall also include such other information and agreements by Tenant to protect the security interest of any lender as may be required or requested by such lender. The failure by Tenant to deliver any such certificate within ten (10) business days after request therefor shall be deemed to constitute the certification by Tenant that this Lease is in full force and effect and has not been modified except as may be represented by Landlord, that no rent or other payment has been paid more than one month in advance, and that there are no uncured defaults by Landlord and there are no defenses or offsets against the enforcement thereof.

ARTICLE XXII. NOTICES.

Any and all notices, approvals or demands required or permitted under this Lease shall be in writing and shall be served either personally or by United States Certified Mail, postage prepaid, return receipt requested. If served personally service shall be deemed conclusively to occur at the time of service. If served by Certified Mail, service shall be deemed conclusively to occur on the third business day after the postmark, postage meter date, or the date stamped by the United States Postal Service on a certified mail receipt provided such item of mail reflects the correct postage and the latest known address of the party to whom such notice or demand is to be given. Such item of mail shall be presumed to have the correct postage the latest known address of the addressee and to have been mailed on the date asserted by the party giving notice. The burden of proving improper postage and/or address and/or date shall be on the party seeking to prove improper notice. Any notice or demand to each respective party shall be sent to their addresses as set forth in the Basic Lease Provisions, or to such other address (or additional recipients) of which such party shall advise the other in writing in the manner provided in this Article; provided, however, that any notice or demand made upon Tenant may be made and shall be complete if delivered to the Premises. All notices to Landlord shall be deemed incomplete and not made unless delivered to each of the addresses set forth in the Basic Lease Provisions and/or such other address or addresses as Landlord shall advise Tenant by delivery of written notice to Tenant in accordance with this Section.

ARTICLE XXIII. BROKERS.

Landlord and Tenant warrant to each other that neither party has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease,

except the broker listed in the Basic Lease Provisions whose commission shall be payable by Landlord, and neither party knows of any other real estate broker or agent who is or might be entitled to a commission in connection with this Lease. If Landlord or Tenant has dealt with any other person or real estate broker with respect to leasing or renting space in the Building, the party who dealt with such other person or broker shall be solely responsible for the payment of any fee due such person or broker and such person shall hold the other party to this Lease free and harmless, against any liability in respect thereto, including attorneys fees and costs.

ARTICLE XXIV. HOLDING OVER.

If Tenant holds over after the expiration or earlier termination of the term of this Lease without the express written consent of Landlord, Tenant shall become a Tenant at sufferance only, at a rental rate equal to one hundred fifty percent (150%) of the rent in effect upon the date of such expiration (subject to adjustment as provided in Section 4.2 hereof and prorated on a daily basis), and otherwise subject to the terms, covenants and conditions specified in this Lease, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not result in a renewal of this Lease or waiver of any default or circumstances of termination. The foregoing provisions of this Article are in addition to and do not affect Landlord's right of re-entry or any rights of Landlord otherwise provided in this Lease or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss, cost, expense or liability, including without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender and any reasonable attorneys' fees and other costs of legal proceedings.

ARTICLE XXV. MISCELLANEOUS.

25.1 RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the "Rules and Regulations," a copy of which is attached hereto and marked Exhibit "D", and all reasonable and non-discriminatory modifications thereof and additions thereto from time to time put into effect by Landlord. Landlord shall not be responsible to Tenant for the violation or non-performance by any other tenant or occupant of the Building of any of the Rules and Regulations.

25.2 INTERPRETATION. This Lease shall be construed fairly as to all

parties and not in favor of or against any party regardless of which party prepared this Lease. This Lease and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of California and any issue or proceeding arising out of this Lease shall be determined by a court of competent jurisdiction in the County of Los Angeles, California.

25.3 SUCCESSORS AND ASSIGNS. This Lease and the respective rights and obligations of the parties hereto shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto as well as the parties themselves; provided, however, that Landlord, its successors and assigns shall be obligated to perform Landlord's covenants under this Lease only during and in respect of their successive periods of ownership during the term of this Lease.

25.4 SURRENDER OF PREMISES. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies.

25.5 ATTORNEYS' FEES.

(a) If Landlord should bring suit for possession of the Premises, for the recovery of any sum due under this Lease, or because of the breach of any provisions of this Lease, or for any other relief against Tenant hereunder, or in the event of any

other litigation between the parties with respect to this Lease, then all costs and expenses, including reasonable attorneys fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. Furthermore, if Tenant defaults beyond the applicable cure period under Article XIX above and Landlord serves Tenant with any notice to "pay rent or quit" or "cure a covenant or quit" or any similar notice pursuant to California law, then Tenant shall immediately reimburse Landlord for its reasonable attorneys' fees and costs in connection therewith whether or not any action is filed with respect thereto. The "prevailing party" in any action involving recovery of possession of the Premises shall be the Landlord if it recovers the right to possession, shall be the Landlord if it does not recover the right to possession but does obtain an award of damages against Tenant and shall be Tenant if Tenant retains the right to possession and does not suffer an award of damage against itself.

(b) If Landlord is named as a defendant in any suit brought against Tenant in connection with or arising out of Tenant's occupancy hereunder and not due to Landlord's default, Tenant shall pay to Landlord its costs and, expenses incurred in such suit, including reasonable attorneys' fees.

25.6 PERFORMANCE BY TENANT. All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of rent. If Tenant shall fail to pay any sum of money owed to any party other than Landlord, for which it is liable hereunder, or if Tenant shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) business days after notice thereof by Landlord, Landlord may, without the obligation to do so and/or waiving or releasing Tenant from its obligations, make any such payment or perform any such other act to be made or performed by Tenant. All sums so paid by Landlord and all necessary incidental costs together with interest thereon at twelve percent (12%) per annum, from the date of such payment by Landlord, shall be payable by Tenant to Landlord on demand. Tenant covenants to pay any such sums, and Landlord shall have (in addition to any other right or remedy of Landlord) all rights and remedies in the event of the non-payment thereof by Tenant as are set forth in Article 19 hereof.

25.7 MORTGAGEE PROTECTION. In the event of any default on the part of Landlord, Tenant shall notify, by registered or on certified mail, any beneficiary of a deed of trust or mortgage covering the Premises whose address shall have been furnished to Tenant prior to such default, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default (not to exceed sixty (60) days), including time to obtain possession of the Premises by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure.

25.8 WAIVER. The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with said terms. The subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such

rent.

25.9 IDENTIFICATION OF TENANT. If more than one person executes this Lease as Tenant:

(a) Each of them is jointly and severally liable for the keeping, observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be kept, observed and performed by Tenant, and

(b) The term "Tenant" as used in this Lease shall mean and include each of them jointly and severally. The act of or notice from, or notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, including, but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant and binding upon any guarantor with the same force and effect as if each and all of them had so acted or so given or received such notice or refund or so signed or consented.

25.10 PARKING. Tenant shall be entitled to the number of unreserved parking spaces set forth in the Basic Lease Provisions. Such parking spaces shall be provided to Tenant during the Term free of charge. The use by Tenant, its employees and invitees of the parking facilities of the Project shall be subject to such reasonable rules and regulations as from time to time are established by Landlord or Landlord's parking operator. The number of parking spaces shall be subject to reasonable adjustment by Landlord if such adjustment is required by any governmental authority in connection with any traffic or pollution or other control program of such governmental authority.

25.11 SIGN AND DIRECTORY BOARD. Tenant shall be entitled to one (1) slot on the Building monument sign, as designated by Landlord. Such sign shall conform to sign plans approved by Landlord, and comply with all applicable laws, statutes, regulations, ordinances and restrictions, including but not limited to, any permit requirements. Tenant shall install and maintain said sign in good condition and repair at its sole cost and expense during the entire Term, as the same may be extended for any Extension Term in accordance herewith. Additionally, Tenant shall be entitled to one (1) directory strip on the Building directory board. Except as hereinabove mentioned, Tenant shall not place, erect or maintain or cause to be placed, erected or maintained on or to the roof or any exterior door, wall or window or the roof of the Premises or the Building, or on or to the glass of any window or door of the Premises, or on or to any sidewalk or other location outside the Premises, or within any entrance to the Premises, any sign, decal, banner, placard, or any other advertising matter of any kind or description. Tenant shall repair, at its sole cost and expense, any damage to the Building and Premises caused by the erection, maintenance or removal of any sign or other attachment.

25.12 CAPTIONS, NUMBER, GENDER, AND JOINT AND SEVERAL LIABILITY. The article, title or section headings of the various provisions of this Lease are intended solely for convenience of reference and shall not in any manner amplify, limit or modify or otherwise be used in the interpretation of any of such provisions. As used in this Lease, the masculine, feminine, or neuter gender and the singular or plural number shall be deemed to include the other whether the context so indicates or requires. If Tenant consists of more than one person or entity, they and each of them shall be bound jointly and severally by the terms, covenants and conditions of this Lease. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party drafting a document.

25.13 LEASE EXAMINATION. Submission of this instrument for examination or signature by Tenant does not constitute an offer or option to lease, and it shall not be effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

25.14 TIME IS OF THE ESSENCE. Time is of the essence of this Lease in all circumstances where time is an element.

25.15 ENTIRE AGREEMENT. This Lease, together with its exhibits and attachments referenced herein, which are incorporated herein by such reference and shall constitute a part of this Lease, constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof, and the final, complete and exclusive expression of the terms and conditions of this Lease, all prior agreements, promises, representations, negotiations, and understandings of the parties hereto, oral or written, express or implied, are hereby superseded and merged herein, except for representations of financial condition of Tenant delivered to Landlord upon which Landlord has relied in connection with leasing of the Premises or consent to any matter.

25.16 SEVERABILITY. If any provision of this Lease, as applied to any party or to any circumstance, shall be adjudged by a court of competent jurisdiction to be void or unenforceable for any reason, the same shall not

affect (to the maximum extent permissible by law) any other provision of this Lease, the application of such provision under circumstances different from those adjudged by the court, or the validity or enforceability of this Lease as whole.

25.17 RECORDING. Neither Landlord nor Tenant shall attempt to record this Lease or any memorandum or short form of this Lease.

25.18 MODIFICATIONS FOR LENDER. If, in connection with obtaining construction, interim or permanent financing for the Building or the Project any lender or proposed lender shall request reasonable modifications in this Lease as a condition to such financing, then Tenant shall not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder or materially, adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

25.19 PAYMENTS TO AFFILIATES. Nothing in this Lease shall be construed to prevent Landlord from paying for services rendered or materials delivered with respect to the Building, the Project or to the Premises (including, without limitation, management services and contracting out capital improvements or other capital repairs or construction items) by affiliates of Landlord or its beneficiary, provided that the fees or costs of such services and materials are at market rates in the metropolitan area of which the Project is a part. All such fees or costs paid by Landlord to such affiliates shall be deemed to constitute expenses of maintenance and repair on the same terms and conditions as if such fees and costs were paid to non-affiliates of Landlord or its beneficiaries.

25.20 INABILITY TO PERFORM. Neither party shall be in default hereunder if such party is unable to fulfill any of its obligations under this Lease, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease, provided the obligated party is prevented or delayed from so doing by any accident, breakage, repair, alteration, improvement, strike or labor troubles, moratorium, war, civil unrest, act of God, or any outside cause whatsoever beyond the reasonable control of the obligated party, including, but not limited to, energy shortages or governmental preemption in connection with a national emergency, or by reason of law or any rule, order or regulation of any department or subdivision thereof of any governmental agency, or by reason of the conditions of supply and demand which have been or are affected by war, hostilities, or other emergency. The performance by each party of its covenants contained in this Lease shall be independent of the other party's covenants contained in this Lease. The failure of Landlord to perform its covenants under this Lease shall not relieve Tenant of its covenants to pay rent and perform under this Lease or entitle Tenant to any offset or abatement of rent, and Tenant waives the benefit of any statute or rule of law now or hereafter in effect to the contrary. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be liable under any circumstances for any consequential damages, including without limitation, lost profits.

25.21 INTEREST. Any sum due from Tenant to Landlord not paid when due shall bear interest from the date due until the date paid at the annual rate of twelve percent (12%); provided, however, that such rate shall not exceed the maximum contract rate permitted by law. The payment of such amount shall not excuse or cure any default of Tenant under this Lease except as to the non-payment of such amount.

25.22 THE COMMON AREAS. The term "Common Areas" refers to the areas of the Building and the realty in the Project which are designed for use in common by all tenants of the Building and the Project and their respective employees, agents, customers, invitees and others, and includes, by way of illustration and not limitation, entrances and exits, hallways, stairwells, elevators, restrooms, sidewalks, driveways, parking areas (subject to the right of Landlord or its parking operator to control access thereto, charge for its use), landscaped areas and other areas as may be designated as part of the Common Areas. The Premises shall include the non-exclusive right to use the Common Areas in common with and subject to the rights of other tenants in the Building and the Project and the rules and regulations established by Landlord.

25.23 AUTHORIZED SIGNATORY. If either party signs as a corporation, each person executing this Lease on behalf such party does hereby covenant and warrant that the corporation is a duly authorized and existing corporation, that the corporation has and is qualified to do business in California, that the corporation has full right and authority to enter into this Lease, that each person executing this Lease on behalf of the corporation is authorized to do so, and that such execution is fully binding on the corporation. If either party signs as a partnership, joint venture, or sole proprietorship (each being herein called "Entity") each person executing on behalf of such Entity does hereby covenant and warrant that the Entity is a duly authorized and existing Entity, that the Entity has full right and authority to enter into this Lease, that each person executing this Lease on behalf of the Entity is authorized to do so, and that such execution is fully binding on the Entity and its partners, joint venturers, or principal, as the case may be.

25.24 COVENANTS AND CONDITIONS. Each provision of this Lease required to be performed by Tenant and Landlord shall be deemed both a covenant and a condition.

25.25 RESERVATIONS OF LANDLORD. Landlord shall have the right to change the name, number or designation of the Building or the Project without notice or liability to Tenant. In addition, Tenant shall not, without Landlord's prior written consent, use the name of the Building or the Project for any purpose other than as the address of the business to be conducted by Tenant and the Premises, and in no event shall Tenant acquire any rights in or to such names. Landlord shall have the right at any time to change the arrangement and/or location of entrances or passageways, doors and doorways, corridors, elevators, stairs, toilets or other parts of the Common Area in the Building or the Project, and Landlord reserves the right at any time to make alterations or additions to the Building and to build adjoining the same, provided such alterations or additions do not materially adversely interfere with Tenant's occupancy of the Premises. Landlord reserves the right to construct other buildings or improvements in the vicinity of the Building from time to time, to make alterations thereof or additions thereto, and to build additional stories on any such buildings and to build adjoining the same, provided such alterations or additions do not materially adversely interfere with Tenant's occupancy of the Premises. Landlord further reserves the exclusive right to the roof of the Building. No easement for light, air or view is included in the leasing of the Premises to Tenant. Accordingly, any diminution or shutting off of light, air or view by any structure which may be erected in the vicinity of the Building shall in no way affect this Lease or impose any liability upon Landlord.

25.26 QUIET ENJOYMENT. Subject to payment of all rents and other sums required of Tenant under this Lease and observance and performance of all of the covenants, terms and conditions required to be performed on the Tenant's part and subject to the rights of any mortgagee or ground lessor having priority over this Lease,

Tenant shall peaceably hold the Premises for the Term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under the Landlord, subject, nevertheless, to the terms and conditions of this Lease.

25.27 AMENDMENT. No amendment or addition, modification of or alteration of any provision contained in this Lease shall be effective unless fully set forth in writing and executed by Landlord and Tenant.

25.28 CUMULATIVE RIGHTS. All rights, elections and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law or equity, whether or not stated in this Lease.

25.29 FINANCIAL STATEMENTS. Tenant represents and warrants that all financial statements and financial information provided to Landlord prior to execution of this Lease or in connection with obtaining any consent are true and correct and accurately reflect the financial condition of the person or entity covered by such statements as of the date of such statements and that no material adverse change has occurred since such date. Tenant further agrees to provide additional financial statements certified to be true and correct and accurately presenting Tenant's financial condition as of Tenant's last annual and quarterly accounting periods as from time to time requested by Landlord in connection with any proposed sale or financing of the Project within fifteen (15) days after such request.

25.30 WAIVER of RIGHT TO TRIAL BY JURY. Tenant waives the right to trial by jury.

25.31 CONFIDENTIALITY. Tenant acknowledges that the terms and provisions of this Lease and any related documents and all other matters relating hereto or thereto are confidential information. Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal, and space planning consultants.

25.32 BUILDING ACCESS. Tenant shall have access to the Premises and the Building twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year.

ARTICLE XXVI. MUST TAKE SPACE.

Tenant hereby agrees to add to the Premises approximately 1,718 additional rentable square feet of space located on the first (1st) floor of the Building, commonly known as Suite 105, which space is contiguous to the original Premises ("Must Take Space"). The effective date of Tenant's lease of the Must Take Space shall be the date Landlord delivers the Must Take Space (the "Must Take Space Commencement Date) to Tenant which date is anticipated to be February 1, 2000,

or, if the tenant currently occupying the Must Take Space exercises one or both of its options to extend its lease of the Must Take Space, then either May 1, 2000 or August 1, 2000, as applicable. Tenant's lease of the Must Take Space shall be on the same terms and conditions as in effect with respect to the original Premises throughout the Term, including, without limitations the same Annual Basic Rent rate (per rentable square foot) as then applies to the original Premises. On the Must Take Space Commencement Date Tenant's Building Expenses Percentage shall be increased to the percentage set forth in item e(2) of the Basic Lease Provisions to take into account the additional number of rentable square feet of the Must Take Space. The Lease Term for the Must Take Space and Tenant's obligation to pay rent with respect to the Must Take Space shall commence upon the Must Take Space Commencement Date and shall expire coterminously with the Term for the original Premises, as the same may be extended in accordance with

Section 2.6 of this Lease. Any improvements to the Must Take Space desired by Tenant shall be made by Landlord at Landlord's cost and expense subject to the terms and provisions of the Work Letter Agreement attached hereto as Exhibit "B"; provided that such improvements are included in the Plans (as defined in the Work Letter Agreement) for the Tenant Improvements for the original Premises. Landlord shall not be liable to Tenant or otherwise be in default hereunder in the event that Landlord is unable to deliver the Must Take Space to Tenant on the projected delivery date thereof due to any force majeure event or other reason beyond the reasonable control of Landlord, including without limitation, the failure of any other tenant to timely vacate and surrender to Landlord such Must Take Space, or any portion thereof; provided, however, Landlord agrees to use its commercially reasonable efforts to enforce its right to possession of such Must Take Space against such other tenant. Promptly after Landlord's delivery of the Must Take Notice to Tenant, Landlord and Tenant shall execute an amendment to this Lease adding the Must Take Space to the Premises upon the terms and conditions set forth in this Article 27. Notwithstanding the foregoing, if Landlord is unable to tender possession of the Must Take Space to Tenant by August 1, 2000, subject to extension for delays caused by force majeure (for the purposes of this Lease, "delays caused by force majeure" means delays caused by events beyond Lessor's control including, but not limited to, acts of God, war, civil commotion, labor disputes, strikes, fire, flood or other casualty, shortages of labor or material, government regulation or restriction and weather conditions), Tenant's obligation to lease the Must Take Space shall, at Tenant's election, terminate upon written notice to Landlord given prior to August 10, 2000; provided, that if such Must Take Space is not tendered to Tenant at least twenty-four months prior to the expiration of the initial Term, then Tenant shall not be required to take the Must Take Space. If Tenant elects to terminate Tenant's obligation to lease the Must Take Space in accordance herewith, then this Article XXVI shall be of no further force or effect without any action on the part of either party and without any liability of either party. If Tenant does not send such notice of election to terminate Tenant's obligation to lease the Must Take Space by August 10, 2000, Landlord shall continue to use commercially reasonable efforts to cause the existing tenant to vacate the Must Take Space as soon as possible and upon such existing tenant's vacation Landlord shall tender possession of the Must Take Space to Tenant and Tenant shall accept possession of the same at such time.

ARTICLE XXVII. RIGHT OF FIRST OFFER.

Subject to any rights granted to tenants occupying the Project prior to Tenant, and provided that Tenant is not in default under the terms of this Lease, beyond the applicable notice and cure periods, Tenant shall have a one-time right ("First Offer Right") to lease approximately 3,514 rentable square feet of space located on the first (1st) floor of the Building, commonly known as Suite 130, which space is contiguous to the Premises (the "First Right Space") if the First Right Space comes available for lease during the term of this Lease, as the same may be extended. Landlord shall give Tenant a one-time written notice ("Offer Notice") of the availability of the First Right Space, which Offer Notice shall include a summary of the economic terms for which Landlord is willing to enter into a lease of the First Right Space. The parties agree that for the purposes of the foregoing, "economic terms" means all terms relating to rent, additional rent (including all triple net charges), tenant improvements and any other term or provision relating to the total cost to Landlord and charges to Tenant for the First Right Space. The parties acknowledge and agree that except with respect to such economic terms, all of the terms and provisions of this Lease shall apply to any lease by Tenant of the First Offer Space. Tenant shall have seven (7) days after receipt of the Offer Notice to exercise its First Offer Right and expand the Premises to include the First Right Space referred to in the Offer Notice by giving Landlord written notice of Tenant's election to exercise its First Offer Right. Upon receipt by Tenant of the Offer Notice, if Tenant desires to lease the First Right Space but objects to the economic terms set forth in the Offer Notice, Landlord and Tenant shall negotiate in good faith in an attempt to reach an agreement with respect to the terms for Tenant's lease of the First Right Space. If Landlord and Tenant are unable to agree on the basic terms of a lease of the

First Right Space within seven (7) days after Landlord's delivery of the Offer Notice, Landlord shall thereafter be free to lease such space to any third party on such terms and conditions that Landlord deems appropriate in its sole and absolute discretion; provided, however, such terms and conditions shall not (without first offering the same to Tenant with an opportunity to accept the same within five (5) days following such offer) include economic terms and conditions which equate to less than eighty-five percent (85%) in terms of quantifiable value to that which was offered to Tenant. If Landlord and Tenant are able to agree on the basic terms of a lease of the First Right Space within the prescribed time periods, Landlord and Tenant shall thereafter, within a reasonable period of time not to exceed fourteen (14) days, execute an amendment to this Lease memorializing such agreed upon terms and adding the First Offer Space to the Premises.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

LANDLORD:	TENANT:
STARWOOD/SVP L.L.C., an Arizona limited liability company	COMPUTING RESOURCES INC., a Nevada corporation
By: SVP V L.L.C., an Arizona limited liability company, Administrative Member	By: /s/ [Signature Illegible] Its: C.E.O.
By: /s/ MARK A. SCHLOSSBERG Mark A. Schlossberg Authorized Agent	By: /s/ [Signature Illegible] Its: President

EXHIBIT "A"

DESCRIPTION OF PREMISES

[FLOORPLAN]

EXHIBIT "B"

WORK LETTER AGREEMENT

This Work Letter Agreement is an Exhibit to the Lease between Landlord and Tenant to which this Work Letter Agreement is attached as Exhibit "B".

1. SPACE PLANNING. On or before May 5, 1999, Tenant shall provide sufficient information to Landlord and to the space planner designated by Landlord to enable such space planner to prepare architectural plans, drawings and specifications (the "Plans") for the Tenant Improvements to be initially installed in the Premises and the Must Take Space by Landlord pursuant to this Work Letter Agreement. Landlord shall submit the Plans to Tenant for Tenant's initial approval within five (5) business days after receipt from the space planner. Tenant agrees that the Plans shall be the complete and final layout, plans and specifications for the Premises and the Must Take Space showing all doors, light fixtures, electrical outlets, telephone outlets, wall coverings, plumbing improvements (if any), data systems wiring, floor coverings, wall coverings, painting and other improvements to the Premises and the Must Take Space beyond the shell and core improvements provided by Landlord. Tenant

further acknowledges and agrees that the improvements shown in the Plans shall (i) be compatible with the shell and core improvements and the design, construction, the equipment of the Building and the Landlord's building standards established from time to time, (ii) comply with all applicable laws, rules, regulations, codes and ordinances, and (iii) be subject to the approval of Landlord which approval shall not be unreasonably withheld.

2. APPROVAL OF Plans.

(a) LANDLORD'S COST ESTIMATE. As soon as practicable after receipt, but in any event within seven (7) days, of Tenant's initial approval Landlord shall submit to Tenant a written non-binding itemized estimate of the costs of all improvements shown in the Plans. If Landlord disapproves any portion of the work to be performed in accordance with the Plans, Landlord and Tenant shall promptly take all such action as may be reasonably required to modify any aspect of the Plans so as to be reasonably satisfactory to Landlord and Tenant and in accordance with the standards in Paragraph 1 of this Work Letter Agreement.

(b) FINAL APPROVAL BY TENANT. Within five (5) business days after receipt of Landlord's written non-binding cost estimate and description of any Tenant Delay, Tenant may modify or revise the Plans in any manner desired by Tenant to decrease the Cost of the Tenant Improvements or minimize the amount of the Tenant Delay. Such modifications and revisions shall be subject to Landlord's reasonable approval and shall be in accordance with the standards set forth in Paragraph 1 of this Work Letter Agreement. Within ten (10) business days after receipt of Landlord's written cost estimate and description of Tenant Delay, Tenant shall give its final approval of the Plans to Landlord which shall constitute authorization to commence the construction of the Tenant Improvements in accordance with the Plans, as modified or revised. Tenant shall signify its final approval by signing a copy of each sheet or page of the Plans and delivering such signed copy to Landlord. If Tenant does not approve the Plans and authorize Landlord to proceed with the construction of the Tenant Improvements within the period of time specified in this Paragraph, any delay in completion of the construction of Tenant Improvements as a result thereof shall be deemed a Tenant Delay and notwithstanding anything to the contrary

set forth in the Lease or this Work Letter Agreement and regardless of the actual date of the substantial completion of the Tenant Improvements, the Commencement Date shall be advanced by the number of days of any such Tenant Delay. If Tenant delays final approval and authorization to commence with construction of Tenant Improvements for a period of thirty (30) days beyond the period of time specified in this Paragraph, then such delays shall be an event of default by Tenant under the Lease and Landlord may, in addition to all of the other remedies which it may have under the Lease, terminate the Lease.

3. COMPLETION OF CONSTRUCTION OF TENANT IMPROVEMENTS. As soon as practicable following receipt of Tenant's final approval of the Plans and authorization to proceed with construction, Landlord shall submit the Plans to the appropriate governmental agency for issuance of a building permit or other required governmental approval prerequisite to construction. Following approval of the Plans by governmental authorities and receipt of all required permits, Landlord shall select a contractor to commence construction of Tenant Improvements and proceed to complete such construction in a workmanlike manner; provided, however, that Landlord shall not commence any Tenant Improvements to the Must Take Space until the current tenant occupying the Must Take Space vacates the Must Take Space and surrenders the Must Take Space to Landlord. In connection with completion of construction of the Tenant Improvements, Landlord shall remove and relocate any equipment or personal property left on the Premises by the previous tenant, including without limitation, the previous tenant's telephone equipment located in the phone closet at the Premises.

4. TENANT Delay. "Tenant Delay" shall include without limitation, any delay in the completion of construction of Tenant Improvements resulting from (i) Tenant's failure to comply with the provisions of this Work Letter Agreement, (ii) any additional time as reasonably determined by Landlord

required for ordering, receiving, fabricating and/or installing items of materials or other components of the construction of Tenant Improvements, including, without limitation, mill work, which are not used in the construction of Tenant Improvements in accordance with Landlord's building standards and which causes a delay in the substantial completion of the Tenant Improvements beyond the time when such improvements would otherwise be completed if constructed in accordance with the standards used in the remainder of the Building (iii) delay in work caused by submission by Tenant of a request for any Change Order following Tenant's approval of the Plans, or (iv) any additional time, as reasonably determined by Landlord, required for implementation of any Change Order with respect to the Tenant Improvements.

5. COST OF WORK.

(a) TENANT IMPROVEMENT ALLOWANCE. Landlord shall pay the cost of work to construct all Tenant Improvements in accordance with the approved plans. The cost of permits and services of engineers, architects, space planners and other consultants and the fees paid to the contractor shall be included in the cost of work.

(b) COSTS OF TENANT DELAY. Tenant shall bear the net increase in the cost of work for the construction of Tenant Improvements incurred by reason of any Tenant Delay or any Change Order requested by Tenant.

(C) PAYMENTS TO LANDLORD. Tenant shall pay any sums due to Landlord under this Paragraph within twenty (20) days of demand and receipt of reasonable documentation.

6. CHANGE ORDERS. Tenant may request a change, addition or alteration in the Tenant Improvements as shown by the Plans after its final approval of such Plans (a "Change Order") by delivery of a written request to Landlord. Landlord's space planner

shall complete all working drawings necessary to show the change, addition or alteration. Landlord shall promptly give Tenant a written description of the changes requested by Tenant incorporated in a Change Order for approval by Tenant together with an estimate of the Tenant Delay caused by such Change Order and an estimate of the cost of work to implement the Change Order. Following the receipt of the description of the Change Order and the estimates, Tenant shall deliver to Landlord Tenant's written approval of the Change Order and authorization to proceed with the work as shown by the Change Order. Landlord may, but shall not be obligated to, order the contractor to stop work until after approval of the Change Order by Tenant if Landlord reasonably determines that such delay is necessary or desirable to incorporate the Change Order. Any delay caused by such work stoppage shall constitute Tenant Delay.

7. SUBSTANTIAL COMPLETION AND PUNCH LIST ITEMS.

(a) DATE OF SUBSTANTIAL COMPLETION. Substantial completion of construction of Tenant Improvements shall be defined as the later of (i) the date of issuance of a certificate of occupancy or other approval of occupancy of the Premises by the appropriate governmental authority if any, and (ii) date upon which Landlord's space planner or other consultant furnishes Landlord and Tenant with a certificate stating that the Tenant Improvements have been substantially completed in accordance with the Plans, except for such items that constitute minor defects or adjustments which can be completed after occupancy without causing any material interference with Tenant's use of the Premises (so called "Punch List" items).

(b) COMPLETION OF PUNCH LIST ITEMS. Within fifteen (15) days after receipt of the certificate of substantial completion, Tenant shall supply to Landlord a written Punch List setting forth all corrective work to the Tenant Improvements which Tenant believes is required to be performed. Landlord shall perform all such corrective work to the extent necessary to complete construction of the Tenant Improvements in accordance with the Plans as determined by Landlord's space planner or other consultant as soon as practical after receipt of the Punch List. If Tenant does not deliver a Punch List within such fifteen (15) day period, Tenant shall be deemed to have accepted the Premises in their entirety, and Landlord shall have no further obligation with respect to completion of any construction of Tenant Improvements or any other alteration, modification or change of the Premises after certification by Landlord's space planner or other consultant that items set forth in the Punch List have been completed.

8. WARRANTIES. Following completion of the Tenant Improvements and Tenant's occupancy of the Premises, Landlord shall assign to Tenant all warranties and rights with respect to the repair and replacement of defective Tenant Improvements which it holds against the contractor or other parties and shall thereafter cooperate with Tenant in enforcing the same; provided, that notwithstanding anything to the contrary contained herein, for a period of one (1) year after the Commencement Date, Landlord shall repair or replace, as

necessary, any latent defect in the Tenant Improvements not arising out of Tenant's acts or misuse. Upon expiration or early termination of this Lease, all such warranties and rights shall automatically revert to Landlord and Tenant shall execute and deliver to Landlord all such documents reasonably requested by Landlord to document such reversion.

EXHIBIT "C"

STANDARDS FOR UTILITIES AND SERVICES

This Exhibit "C", Standards for Utilities and Services, supplements the Lease between Landlord and Tenant to which this Exhibit is attached.

Landlord shall provide the utilities and services set forth in this Exhibit at all times during the Term of the Lease subject to the provisions of the Lease concerning Landlord's inability to supply such utilities and services due to causes beyond Landlord's control. Landlord reserves the right to adopt such reasonable non-discriminatory modifications and additions to the following standards as it deems necessary and appropriate from time to time, provided, that such modifications and additions do not materially decrease the quality of service provided by Landlord or materially increase Tenant's obligations under the Lease. Landlord shall not be obligated to supply any utilities or services to Tenant at any time during which Tenant is in default under the terms of the Lease beyond any applicable notice and cure periods.

1. Landlord shall provide automatic elevator services on Monday through Friday from 7:00 a.m. to 7:00 p.m.; provided, however, that Landlord shall not be obligated to provide such elevator services on any day which is designated as a federal holiday or on any Saturday which precedes or follows any federal holiday (such times referred to in this Exhibit as "Business Hours"). At all other times Landlord shall provide at least one elevator operated by security personnel or by an automatic security access system.

2. Landlord shall provide to the Premises, during Business Hours (and at other times for an additional charge to be fixed by Landlord), heating, ventilation, and air conditioning ("HVAC") when and to the extent in the judgment of Landlord any such sources may be required for the comfortable occupancy of the Premises for general office purposes. Landlord shall not be responsible for room temperatures and conditions in the Premises if the lighting or receptacle load for Tenant's equipment and fixtures exceed those listed in Paragraph 3 of this Exhibit, if the Premises are used for other than general office purposes or if the building standard blinds and curtains in the Premises are not used and/or closed to screen the rays of direct sunlight.

3. Landlord shall furnish to the Premises during Business Hours electric current with adequate power for routine lighting and operation of general office machines such as typewriters, dictating equipment, desk model adding machines, and similar devices which operate on 110 volt alternating current electrical power with demands, wattages and ampere draws which do not exceed the reasonable capacity of building standard office lighting and receptacles and are not in excess of limits imposed or recommended by governmental authorities. Landlord shall replace bulbs and/or ballasts in building standard florescent lighting fixtures within the Premises. Tenant shall be responsible for replacing all other non-building standard items (non-standard bulbs, ballasts, ceiling tiles, etc.). Landlord shall furnish to the lavatories within the Premises or within the Common Areas water for normal lavatory and drinking purposes.

4. No data processing equipment, photocopying machines or other special electrical equipment, air conditioning systems, heating systems, or space heaters shall be installed nor shall any changes be made to the HVAC, electrical or plumbing systems in the Building without the prior written approval of Landlord in accordance with the provisions of the Lease governing alterations requested by Tenant. Tenant shall not without the prior written consent of Landlord, which consent shall not be unreasonably withheld, use any apparatus, machines or devices in the Premises including without limitation photocopier or duplicating machines, computers, printers, vending machines, or other equipment which uses current in excess of 110 volts AC or which has a demand, wattage or ampere draw which exceeds the electrical systems installed in the

Building or in any way which will increase the amount of electricity or water usually supplied for the use of the Premises for general office purposes.

5. Landlord may impose reasonable conditions upon any consent for use of any apparatus, machine or device which exceeds the limitations set forth in this Exhibit. Tenant agrees to cooperate fully with Landlord at all times to abide by all regulations and requirements which Landlord may prescribe for proper functioning and protection of the Building HVAC, electrical and plumbing systems. Tenant shall comply with all laws, statutes, ordinances and governmental rules and regulations now in force or which may be enacted or

promulgated in connection with building services furnished to the Premises, including, without limitation, any governmental rule or regulation relating to the heating or cooling of the Building.

6. Landlord shall provide janitorial services to the Premises comparable to janitorial services customarily provided by comparable landlords in comparable buildings on each day Monday through Friday (except federal holidays) provided the Premises are used exclusively for the uses permitted by the Lease and are kept in reasonable order by Tenant. Tenant shall pay to Landlord any extra cost for cleaning or removal of any rubbish or garbage to the extent the nature or amount of such cleaning, refuse or garbage exceeds, in Landlord's reasonable judgment, the amount which is generally produced by use of the Premises for general office purposes.

EXHIBIT "D"

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the non-performance of any of the Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project.

1. Tenant shall not alter any lock or install any new or additional locks or bolts on any doors or windows of the Premises without obtaining Landlord's prior written consent. Tenant shall bear the cost of any lock changes or repairs required by Tenant. Two keys will be furnished by Landlord for the Premises, and any additional keys required by Tenant must be obtained from Landlord at a reasonable cost to be established by Landlord. Upon termination of the Lease, all keys to the Building and the Premises shall be surrendered to Landlord.

2. All doors opening to public corridors shall be kept closed at all times except for normal ingress and egress to the Premises.

3. Tenant shall have access to the Premises and the Building twenty-four (24) hours per day, seven (7) days per week, fifty-two (52) weeks per year. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during such hours as are customary for comparable buildings in the greater Los Angeles area. Tenant, its employees and agents must be sure that the doors to the Building are securely closed and locked when leaving the Premises if it is after the normal hours of business for the Building. Any tenant, its employees, agents or any other persons entering or leaving the Building at any time when it is so locked, or any time when it is considered to be after normal business hours for the Building, may be required to sign the Building Register when so doing. Access to the Building may be refused unless the person seeking access has proper identification or has a previously arranged a pass for access to the Building. The Landlord and Landlord's Affiliates shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob riot, public excitement, or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of same by any means it deems appropriate for the safety and protection of life and property. Landlord acknowledges that Tenant shall have the right to install its own key lock system, card key system and/or other security system in the Premises, at Tenant's sole cost and expense, and subject to the provisions of Article XI of the Lease, including but not limited to submission to Landlord of detailed plans and specifications, if any (or, if installed in connection with the initial Tenant Improvements, the provisions of the Work Letter Agreement attached to the Lease as Exhibit B), and Landlord shall cooperate with Tenant in connection with Tenant's installation thereof.

4. No furniture, freight or equipment (excluding reasonable quantities of ordinary office supplies) of any kind shall be brought into the Building without prior notice to Landlord. All moving of the same into or out of the Building shall be scheduled with Landlord and done only at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy property brought into the Building and also the times and manner of moving the same in and out of the Building. Safes and other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property in any case. All damage done to any part of the Building, its contents, occupants or visitors by moving or maintaining any such safe or other property shall be the sole responsibility of Tenant and any expense of said damage or injury shall be borne by Tenant.

5. Intentionally deleted.

6. Landlord shall have the right to control and operate the public portions of the Project, the public facilities, the heating and air conditioning, and any other facilities furnished for the common use of Tenants, in such manner as is customary for comparable buildings and projects in the greater Los Angeles area.

7. The requirements of Tenant will be attended to only upon application at the Office of the Building or at such office location designated by Landlord. Employees of Landlord shall not perform any work or do anything outside their regular duties unless under special instructions from Landlord.

8. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate with Landlord or agent of Landlord to prevent same.

9. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or agents, shall have caused it.

10. Tenant shall not overload the floor of the Premises, nor mark, drive nails or screws, or drill into the partitions, woodwork or plaster or in any way deface the Premises or any part thereof without Landlord's consent first had and obtained.

11. No vending machine or machines of any description other than fractional horsepower office machines shall be installed, maintained or operated upon the Premises without the written consent of Landlord.

12. Tenant shall not use or keep in or on the Premises of the Building any kerosene, gasoline or other inflammable or combustible fluid or material.

13. Tenant shall not use any method of heating or air conditioning other than that which may be supplied by Landlord, without the prior written consent from Landlord.

14. Tenant shall not use, keep or permit to be used or kept, any foul or noxious gas or substance in or on the Premises, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors, or vibrations, or interfere in any way with other Tenants or those having business therein.

15. Tenant shall not bring into or keep within the Building or the Premises any animals, birds, bicycles or other vehicles.

16. No cooking shall be done or permitted by any Tenant on the Premises (except for warming food and beverages in a microwave oven), nor shall the Premises be used for the storage of merchandise, for lodging, or for any improper, objectionable or immoral purposes. Notwithstanding the foregoing, Underwriters' laboratory-approved equipment may be used in the Premises for brewing coffee, tea, hot chocolate and similar beverages, provided that such use is in accordance with all applicable Federal, state and city laws, codes, ordinances, rules and regulations.

17. Landlord will approve where and how telephone and telegraph wires are to be introduced to the Premises, such approval not to be unreasonably withheld or delayed. No boring or cutting for wires shall be allowed without the consent of Landlord. The location of telephone, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord, such approval not to be unreasonably withheld or delayed.

18. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of these Rules and Regulations.

19. Tenant, its employees and agents shall not loiter in the entrances or corridors, nor in any way obstruct the sidewalks, lobby, halls, stairways or elevators, and shall use the same only as a means of ingress and egress for the Premises.

20. In all carpeted areas where desks and chairs are utilized, Landlord shall require Tenant, at Tenant's own cost, to place mats under each and every chair in order to protect said carpeting from unnecessary wear and tear.

21. Tenant shall not waste electricity, water or air conditioning

and agrees to cooperate fully with Landlord to ensure the most effective operation of the Building's heating and air conditioning system, and shall refrain from attempting to adjust any controls.

22. Tenant shall store all its trash and garbage within the interior of the Premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the area without violation of any law or ordinance governing such disposal. All trash, garbage and refuse disposal shall be made only through entry-ways and elevators provided for such purposes at such times as Landlord shall designate.

23. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

24. Tenant shall assume any and all responsibility for protecting the Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed.

25. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant or tenants, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building.

26. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises without the prior written consent of Landlord. All electrical ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent and/or of a quality, type, design and bulb color approved by Landlord.

27. The sashes, sash doors, skylights, windows, and doors that reflect or admit light and air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant, nor shall any bottles, parcels or other articles be placed on the windowsills.

28. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises and Building, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord shall not be responsible to Tenant or to any other person for the non-observance of the Rules and Regulations by another tenant or other person.

Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises.

29. No sign, placard, picture, name, advertisement or notice visible from the exterior or the Premises shall be inscribed, painted, affixed or otherwise displayed by Tenant on any part of the Building without the prior written consent of Landlord. Landlord will adopt and furnish to Tenant guidelines relating to signs inside the Building on the office floors. Tenant agrees to conform to such guidelines, but may request approval of Landlord for modifications, which approval will not be unreasonably withheld. All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of Tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.

EXHIBIT 10.36

STANDARD INDUSTRIAL/COMMERCIAL MULTI-TENANT LEASE -- GROSS
AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION
[LOGO]

1. BASIC PROVISIONS ("BASIC PROVISIONS").

1.1 PARTIES: This Lease ("LEASE"), dated for reference purposes only, February 5, 1999, is made by and between Powell Electronics, Inc. ("LESSOR") and Computing Resources, Inc. ("LESSEE"), (collectively the "PARTIES," or individually a "PARTY").

1.2(a) PREMISES: That certain portion of the Building, including all improvements therein or to be provided by Lessor under the terms of this Lease, commonly known by the street address of 2240 Lundy Avenue, located in the City of San Jose, County of Santa Clara, State of California, with zip code 95131, as outlined on Exhibit B attached hereto ("PREMISES"). The "BUILDING" is that certain building containing the Premises and generally described as (describe briefly the nature of the Building): An industrial building of approximately 38,000 square feet containing the premises of approximately 10.336 square feet of office/warehouse space. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, exterior walls or utility raceways of the Building or to any other buildings in the Industrial Center. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "INDUSTRIAL CENTER." (Also see Paragraph 2.)

1.2(b) PARKING: 41 unreserved vehicle parking spaces ("UNRESERVED PARKING SPACES"); and None reserved vehicle parking spaces ("RESERVED PARKING SPACES"). (Also see Paragraph 2.6.)

1.3 TERM: 5 years and 0 months ("ORIGINAL TERM") commencing (See paragraph 52) ("COMMENCEMENT DATE") and ending (See paragraph 52) ("EXPIRATION DATE"). (Also see Paragraph 3.)

1.4 EARLY POSSESSION: (See paragraph 53) ("EARLY POSSESSION DATE"). (Also see Paragraphs 3.2 and 3.3.)

1.5 BASE RENT: $15,504.00 per month ("BASE RENT"), payable on the first day of each month commencing April 1, 1999 (Also see Paragraph 4.)

[ ] If this box is checked, this Lease provides for the Base Rent to be adjusted per Addendum _____, attached hereto.

1.6(a) BASE RENT PAID UPON EXECUTION: $15,504.00 as Base Rent for the period 4/1/99 - 4/30/99.

1.7 SECURITY DEPOSIT: $15,504.00 ("SECURITY DEPOSIT"). (Also see Paragraph 5.)

1.8 PERMITTED USE: Payroll services and other legal related uses ("PERMITTED USE") (Also see Paragraph 6.)

1.9 INSURING PARTY. Lessor is the "INSURING PARTY." (Also see Paragraph 8.)

1.10(a) REAL ESTATE BROKERS. The following real estate broker(s) (collectively, the "BROKERS") and brokerage relationships exist in this transaction and are consented to by the Parties (check applicable boxes):

[ ] _____ represents Lessor exclusively ("LESSOR'S BROKER");

[ ] _____ represents Lessee exclusively ("LESSEE'S BROKER"); or

[X] Cornish & Carey Commercial represents both Lessor and Lessee ("DUAL AGENCY"). (Also see Paragraph 15.)

1.10(b) PAYMENT TO BROKERS. Upon the execution of this Lease by both Parties, Lessor shall pay to said Broker(s) jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate written agreement between Lessor and said Broker(s).

1.11 GUARANTOR. The obligations of the Lessee under this Lease are to be guaranteed by N/A ("GUARANTOR"). (Also see Paragraph 37.)

1.12 ADDENDA AND EXHIBITS. Attached hereto is an Addendum or Addenda consisting of Paragraphs N/A through N/A, and Exhibits A through C, all of which constitute a part of this Lease.

2. PREMISES, PARKING AND COMMON AREAS.

2.1 LETTING. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of square footage set forth in this Lease, or that may have been used in calculating rental and/or Common Area Operating Expenses, is an approximation which Lessor and Lessee agree is reasonable and the rental and Lessee's Share (as defined in Paragraph 1.6(b)) based thereon is not subject to revision whether or not the actual square footage is more or less.

2.2 CONDITION. Lessor shall deliver the Premises to Lessee clean and free of debris on the Commencement Date and warrants to Lessee that the existing plumbing, electrical systems, fire sprinkler system, lighting, air conditioning and heating systems, and loading doors, if any, in the Premises, other than those constructed by Lessee, shall be in good operating condition on the Commencement Date. If a non-compliance with said warranty exists as of the Commencement Date, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within thirty (30) days after the Commencement Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense.

2.3 COMPLIANCE WITH COVENANTS, RESTRICTIONS AND BUILDING CODE. Lessor warrants that any improvements (other than those constructed by Lessee or at Lessee's direction) on or in the Premises which have been constructed or installed by Lessor or with Lessor's consent or at Lessor's direction shall comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the Commencement Date. Lessor further warrants to Lessee that Lessor has no knowledge of any claim having been made by any governmental agency that a violation or violations of applicable building codes, regulations, or ordinances exist with regard to the Premises as of the Commencement Date. Said warranties shall not apply to any Alterations or Utility Installations (defined in Paragraph 7.3(a)) made or to be made by Lessee. If the Premises do not comply with said warranties, Lessor shall, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee given within six (6) months following the Commencement Date and setting forth with specificity the nature and extent of such non-compliance, take such action, at Lessor's expense, as may be

reasonable or appropriate to rectify the non-compliance. Lessor makes no warranty that the Permitted Use in Paragraph 1.8 is permitted for the Premises under Applicable Laws (as defined in Paragraph 2.4).

2.4 ACCEPTANCE OF PREMISES. Lessee hereby acknowledges: (a) that it has been advised by the Broker(s) to satisfy itself with respect to the condition of the Premises (including, but not limited to, the electrical and fire sprinkler systems, security, environmental aspects, seismic and earthquake requirements, and compliance with the Americans with Disabilities Act and applicable zoning, municipal, county, state and federal laws, ordinances and regulations, and any covenants or restrictions of record (collectively, "APPLICABLE LAWS") and the present and future suitability of the Premises for Lessee's intended use; (b) that Lessee has made such investigation as it deems necessary with reference to such matters, is satisfied with reference thereto, and assumes all responsibility therefore as the same relate to Lessee's occupancy of the Premises and/or the terms of this Lease; and (c) that neither Lessor, nor any of Lessor's agents, has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease.

2.5 LESSEE AS PRIOR OWNER/OCCUPANT. The warranties made by Lessor in this Paragraph 2 shall be of no force or effect if immediately prior to the date set forth in Paragraph 1.1 Lessee was the owner or occupant of the Premises. In such event, Lessee shall, at Lessee's sole cost and expense, correct any non-compliance of the Premises with said warranties.

2.6 VEHICLE PARKING. Lessee shall be entitled to use the number of Unreserved Parking Spaces and Reserved Parking Spaces specified in Paragraph 1.2(b) on those portions of the Common Areas designated from time to time by Lessor for parking. Lessee shall not use more parking spaces than said number. Said parking spaces shall be used for parking by vehicles no larger than full-size passenger automobiles or pick-up trucks, herein called "PERMITTED SIZE VEHICLES." Vehicles other than Permitted Size Vehicles shall be parked and loaded or unloaded as directed by Lessor in the Rules and Regulations (as defined in Paragraph 40) issued by Lessor. (Also see Paragraph 2.9.)

(a) Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, contractors or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.

(b) If Lessee permits or allows any of the prohibited activities described in this Paragraph 2.6, then Lessor shall have the right, without

notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

(c) Lessor shall at the Commencement Date of this Lease, provide the parking facilities required by Applicable Law.

2.7 COMMON AREAS -- DEFINITION. The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Industrial Center and interior utility raceways within the Premises that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and other lessees of the Industrial Center and their respective employees, suppliers, shippers, customers, contractors and invitees, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways and landscaped areas.

2.8 COMMON AREAS -- LESSEE'S RIGHTS. Lessor hereby grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Industrial Center. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 COMMON AREAS -- RULES AND REGULATIONS. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to establish, modify, amend and enforce reasonable Rules and Regulations with respect thereto in accordance with Paragraph 40. Lessee agrees to abide by and conform to all such Rules and Regulations, and to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees of the Industrial Center.

2.10 COMMON AREAS -- CHANGES. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Industrial Center to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Industrial Center, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Industrial Center as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. TERM.

3.1 TERM. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 EARLY POSSESSION. If an Early Possession Date is specified in Paragraph 1.4 and if Lessee totally or partially occupies the Premises after the Early Possession Date but prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early occupancy. All other terms of this Lease, however, (including, but not limited to, the obligations to pay Lessee's Share of Common Area Operating Expenses and to carry the insurance required by Paragraph 8) shall be in effect during such period. Any such early possession shall not affect nor advance the Expiration Date of the Original Term.

3.3 DELAY IN POSSESSION. If for any reason Lessor cannot deliver possession of the Premises to Lessee by the Early Possession Date, if one is specified in Paragraph 1.4, or if no Early Possession Date is specified, by the Commencement

Date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease, or the obligations of Lessee hereunder, or extend the term hereof, but in such case, Lessee shall not, except as otherwise provided herein, be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease until Lessor delivers possession of the Premises to Lessee. If possession of the Premises is not delivered to Lessee within thirty (30) days after the Commencement Date, Lessee may, at its option, by notice in writing to Lessor within ten (10) days after the end of said thirty (30) day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder; provided further, however, that if such written notice of Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect. Except as may be otherwise provided, and regardless of when the Original Term actually commences, if possession is not tendered to Lessee when required by this Lease and Lessee does not terminate this Lease, as aforesaid, the period free of the obligation to pay Base Rent, if any, that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to the period during which the Lessee would have otherwise enjoyed under the terms hereof, but minus any days of delay caused by the acts, changes or omissions of Lessee.

4. RENT.

4.1 BASE RENT. Lessee shall pay Base Rent and other rent or charges, as the same may be adjusted from time to time, to Lessor in lawful money of the United States, without offset or deduction, on or before the day on which it is due under the terms of this Lease. Base Rent and all other rent and charges for any period during the term hereof which is for less than one full month shall be prorated based upon the actual number of days of the month involved. Payment of Base Rent and other charges shall be made to Lessor at its address stated herein or to such other persons or at such other addresses as Lessor may from time to time designate in writing to Lessee.

4.2 COMMON AREA OPERATING EXPENSES. Lessor shall be responsible for Common Area Operating Expenses, which is included in the Base Rent:

(a) "COMMON AREA OPERATING EXPENSES" are defined, for purposes of this Lease, as all costs incurred by Lessor relating to the ownership and operation of the Industrial Center, including, but not limited to, the following:

(i) The operation, repair and maintenance, in neat, clean, good order and condition, of the following:

(aa) The Common Areas, including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, fences and gates, elevators and roof.

(cc) Fire detection and sprinkler systems.

(ii) The cost of water, gas, electricity and telephone to service the Common Areas.

(iii) Trash disposal, property management and the costs of any environmental inspections.

(iv) Reserves set aside for maintenance and repair of Common Areas.

(vii) The cost of insurance carried by Lessor with respect to the Common Areas.

(viii) Any deductible portion of an insured loss concerning the Building or the Common Areas.

(ix) Any other services to be provided by Lessor that are stated elsewhere in this Lease to be a Common Area Operating Expense.

(b) Any Common Area Operating Expenses and Real Property Taxes that are specifically attributable to the Building or to any other building in the Industrial Center or to the operation, repair and maintenance thereof, shall be allocated entirely to the Building or to such other building. However, any Common Area Operating Expenses and Real Property Taxes that are not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Industrial Center.

(c) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(a) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Industrial Center already has the same, Lessor already

provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

5. SECURITY DEPOSIT. Lessee shall deposit with Lessor upon Lessee's execution hereof the Security Deposit set forth in Paragraph 1.7 as security for Lessee's faithful performance of Lessee's obligations under this Lease. If Lessee fails to pay Base Rent or other rent or charges due hereunder, or otherwise Defaults under this Lease (as defined in Paragraph 13.1), Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, cost, expense, loss or damage (including attorneys' fees) which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of said Security Deposit, Lessee shall within ten (10) days after written request therefore deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. Any time the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor as an addition to the Security Deposit so that the total amount of the Security Deposit shall at all times bear the same proportion to the then current Base Rent as the initial Security Deposit bears to the initial Base Rent set forth in Paragraph 1.5. Lessor shall not be required to keep all or any part of the Security Deposit separate from its general accounts. Lessor shall, at the expiration or earlier termination of the term hereof and after Lessee has vacated the Premises, return to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest herein), that portion of the Security Deposit not used or applied by Lessor. Unless otherwise expressly agreed in writing by Lessor, no part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any monies to be paid by Lessee under this Lease.

6. USE.

6.1 PERMITTED USE.

(a) Lessee shall use and occupy the Premises only for the Permitted Use set forth in Paragraph 1.8, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to the Premises or neighboring premises or properties.

(b) Lessor hereby agrees to not unreasonably withhold or delay its consent to any written request by Lessee, Lessee's assignees or subtenants, and by prospective assignees and subtenants of Lessee, its assignees and subtenants, for a modification of said Permitted Use, so long as the same will not impair the structural integrity of the improvements on the Premises or in the Building or the mechanical or electrical systems therein, does not conflict with uses by other lessees, is not significantly more burdensome to the Premises or the Building and the improvements thereon, and is otherwise permissible pursuant to this Paragraph 6. If Lessor elects to withhold such consent, Lessor shall within five (5) business days after such request give a written notification of same, which notice shall include an explanation of Lessor's reasonable objections to the change in use.

6.2 HAZARDOUS SUBSTANCES.

(a) REPORTABLE USES REQUIRE CONSENT. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, chemical, material or waste whose presence, nature, quantity and/or intensity of existence, use, manufacture, disposal, transportation, spill, release or effect, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment, or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substance shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil or any products or by-products thereof. Lessee shall not engage in any activity in or about the Premises which constitutes a Reportable Use (as hereinafter defined) of Hazardous Substances without the express prior written consent of Lessor and compliance in a timely manner (at Lessee's sole cost and expense) with all Applicable Requirements (as defined in Paragraph 6.3). "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank; (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority; and (iii) the presence in, on or about the Premises of a Hazardous Substance with respect to which any Applicable Laws require that a notice be given to persons entering or occupying the Premises, or neighboring properties. Notwithstanding the foregoing, Lessee may, without Lessor's prior consent, but upon notice to Lessor and in compliance with all Applicable Requirements, use any ordinary and customary materials reasonably required to be used by Lessee in the normal course of the Permitted Use, so long as such use is not a Reportable Use and does not expose the Premises, or neighboring properties to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may (but without any obligation to do so) condition its consent

to any Reportable Use of any Hazardous Substance by Lessee upon Lessee's giving Lessor such additional assurances as Lessor, in its reasonable discretion, deems necessary to protect itself, the public, the Premises and the environment against damage, contamination or injury and/or liability therefor, including, but not limited to, the installation (and, at Lessor's option, removal on or before Lease expiration or earlier termination) of reasonably necessary protective modifications to the Premises (such as concrete encasements) and/or the deposit of an additional Security Deposit under Paragraph 5 hereof.

(b) DUTY TO INFORM LESSOR. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises or the Building, other than as previously consented to by Lessor, Lessee shall immediately give Lessor written notice thereof, together with a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party concerning the presence, spill, release, discharge of, or exposure to, such Hazardous Substance including, but not limited to, all such documents as may be involved in any Reportable Use involving the Premises. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under or about the Premises (including, without limitation, through the plumbing or sanitary sewer system).

(c) INDEMNIFICATION. Lessee shall indemnify, protect, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, and the Premises, harmless from and against any and all damages, liabilities, judgments, costs, claims, liens, expenses, penalties, loss of permits and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee or by anyone under Lessee's control. Lessee's obligations under this Paragraph 6.2(c) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

6.3 LESSEE'S COMPLIANCE WITH REQUIREMENTS. Lessee shall, at Lessee's sole cost and expense, fully, diligently and in a timely manner, comply

with all "APPLICABLE REQUIREMENTS," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, covenants, easements and restrictions of record, permits, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants, relating in any manner to the Premises (including, but not limited to, matters pertaining to (i) industrial hygiene; (ii) environmental conditions on, in, under or about the Premises, including soil and groundwater conditions; and (iii) the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Substance), now in effect or which may hereafter come into effect. Lessee shall, within five (5) days after receipt of Lessor's written request, provide Lessor with copies of all documents and information, including, but not limited to, permits, registrations, manifests, applications, reports and certificates, evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Lessee or the Premises to comply with any Applicable Requirements.

6.4 INSPECTION; COMPLIANCE WITH LAW. Lessor, Lessor's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("LENDERS") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease and all Applicable Requirements (as defined in Paragraph 6.3), and Lessor shall be entitled to employ experts and/or consultants in connection therewith to advise Lessor with respect to Lessee's activities, including, but not limited to, Lessee's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a Default or Breach of this Lease by Lessee or a violation of Applicable Requirements or a contamination, caused or materially contributed to by Lessee, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Lessee shall upon request reimburse Lessor or Lessor's Lender, as the case may be, for the costs and expenses of such inspections.

7. MAINTENANCE, REPAIRS, UTILITY INSTALLATIONS, TRADE FIXTURES AND

ALTERATIONS.

7.1 LESSEE'S OBLIGATIONS.

(a) Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole cost and expense and at all times, keep the Premises and every part thereof in good order, condition and repair (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, without limiting the generality of the foregoing, all equipment or facilities specifically serving the Premises, such as plumbing, ventilating, electrical, lighting facilities, boilers, fired or unfired pressure vessels, fire hose connections if within the Premises, fixtures, interior walls, interior surfaces of exterior walls, ceilings, floors, windows, doors, plate glass, and skylights, but excluding any items which are the responsibility of Lessor pursuant to Paragraph 7.2 below. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(c) If Lessee fails to perform Lessee's obligations under this Paragraph 7.1, Lessor may enter upon the Premises after ten (10) days' prior written notice to Lessee (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Lessee's behalf, and put the Premises in good order, condition and repair, in accordance with Paragraph 13.2 below.

7.2 LESSOR'S OBLIGATIONS. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance with Covenants, Restrictions and Building Code), 4.2 (Common Area Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler and/or standpipe and hose (if located in the Common Areas) or other automatic fire extinguishing system including fire alarm and/or smoke detection systems and equipment, fire hydrants, parking lots, walkways, parkways, driveways, heating, air conditioning, landscaping, fences, signs and utility systems serving the Common Areas and all parts thereof, as well as providing the services for which there is a Common Area Operating Expense pursuant to Paragraph 4.2. Lessor shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Lessor be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Lessee expressly waives the benefit of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Building, Industrial Center or Common Areas in good order, condition and repair.

7.3 UTILITY INSTALLATIONS, TRADE FIXTURES, ALTERATIONS.

(a) DEFINITIONS; CONSENT REQUIRED. The term "UTILITY INSTALLATIONS" is used in this Lease to refer to all air lines, power panels, electrical distribution, security, fire protection systems, communications systems, lighting fixtures, heating, ventilating and air conditioning equipment, plumbing, and fencing in, on or about the Premises. The term "TRADE FIXTURES" shall mean Lessee's machinery and equipment which can be removed without doing material damage to the Premises. The term "ALTERATIONS" shall mean any modification of the improvements on the Premises which are provided by Lessor under the terms of this Lease, other than Utility Installations or Trade Fixtures. ["LESSEE-OWNED ALTERATIONS AND/OR UTILITY INSTALLATIONS"] are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a). Lessee shall not make nor cause to be made any Alterations or Utility Installations in, on, under or about the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the interior of the Premises (excluding the roof) without Lessor's consent but upon notice to Lessor, so long as they are not visible from the outside of the Premises, do not involve puncturing, relocating or removing the roof or any existing walls, or changing or interfering with the fire sprinkler or fire detection systems and the cumulative cost thereof during the term of this Lease as extended does not exceed $2,500.00.

(b) CONSENT. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. All consents given by Lessor, whether by virtue of Paragraph 7.3(a) or by subsequent specific consent, shall be deemed conditioned upon: (i) Lessee's acquiring all applicable permits required by governmental authorities; (ii) the furnishing of copies of such permits together with a copy of the plans and specifications for the Alteration or Utility Installation to Lessor prior to commencement of the work thereon; and (iii) the compliance by Lessee with all conditions of said permits in a prompt

and expeditious manner. Any Alterations or Utility Installations by Lessee during the term of this Lease shall be done in a good and workmanlike manner, with good and sufficient materials, and be in compliance with all Applicable Requirements. Lessee shall promptly upon completion thereof furnish Lessor with as-built plans and specifications therefor. Lessor may (but without obligation to do so) condition its consent to any requested Alteration or Utility Installation that costs $2,500.00 or more upon Lessee's providing Lessor with a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation.

(c) LIEN PROTECTION. Lessee shall pay when due all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on, or about the Premises, and Lessor shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense, defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises. If Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor, in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Lessor against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's attorneys' fees and costs in participating in such action if Lessor shall decide it is to its best interest to do so.

7.4 OWNERSHIP, REMOVAL, SURRENDER, AND RESTORATION.

(a) OWNERSHIP. Subject to Lessor's right to require their removal and to cause Lessee to become the owner thereof as hereinafter provided in this Paragraph 7.4, all Alterations and Utility Installations made to the Premises by Lessee shall be the property of and owned by Lessee, but considered a part of the Premises. Lessor may, at any time and at its option, elect in writing to Lessee to be the owner of all or any specified part of the Lessee-Owned Alterations and Utility Installations. Unless otherwise instructed per Subparagraph 7.4(b) hereof, all Lessee-Owned Alterations and Utility Installations shall, at the expiration or earlier termination of this Lease, become the property of Lessor and remain upon the Premises and be surrendered with the Premises by Lessee.

(b) REMOVAL. Unless otherwise agreed in writing, Lessor may require that any or all Lessee-Owned Alterations or Utility Installations be

removed by the expiration or earlier termination of this Lease, notwithstanding that their installation may have been consented to by Lessor. Lessor may require the removal at any time of all or any part of any Alterations or Utility Installations made without the required consent of Lessor.

(c) SURRENDER/RESTORATION. Lessee shall surrender the Premises by the end of the last day of the Lease term or any earlier termination date, clean and free of debris and in good operating order, condition and state of repair, ordinary wear and tear excepted. Ordinary wear and tear shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Lessee performing all of its obligations under this Lease. Except as otherwise agreed or specified herein, the Premises, as surrendered, shall include the Alterations and Utility Installations. The obligation of Lessee shall include the repair of any damage occasioned by the installation, maintenance or removal of Lessee's Trade Fixtures, furnishings, equipment, and Lessee-Owned Alterations and Utility Installations, as well as the removal of any storage tank installed by or for Lessee, and the removal, replacement, or remediation of any soil, material or ground water contaminated by Lessee, all as may then be required by Applicable Requirements and/or good practice. Lessee's Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee subject to its obligation to repair and restore the Premises per this Lease.

8. INSURANCE; INDEMNITY.

8.1 PAYMENT OF PREMIUM INCREASES.

(a) As used herein, the term "Insurance Cost Increase" is defined as any increase in the actual cost of the insurance applicable to the Building and required to be carried by Lessor pursuant to Paragraphs 8.2(b), 8.3(a) and 8.3(b), ("Required Insurance"), over and above the Base Premium, as hereinafter defined, calculated on an annual basis. "Insurance Cost Increase" shall include, but not be limited to, requirements of the holder of a mortgage or deed or trust covering the Premises, increased valuation of the Premises, and/or a general premium rate increase. The term "Insurance Cost Increase" shall not, however, include any premium increases resulting from the nature of the occupancy of any

other lessee of the Building. If the Parties insert a dollar amount in Paragraph 1.9, such amount shall be considered the "Base Premium." If a dollar amount has not been inserted in Paragraph 1.9 and if the Building has been previously occupied during the twelve (12) month period immediately preceding the Commencement Date, the "Base Premium" shall be the annual premium applicable to such twelve (12) month period. If the Building was not fully occupied during such twelve (12) month period, the "Base Premium" shall be the lowest annual premium reasonably obtainable for the Required Insurance as of the Commencement Date, assuming the most nominal use possible of the Building. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of $1,000,000 procured under Paragraph 8.2(b).

(b) Lessee shall pay any Insurance Cost Increase to Lessor pursuant to Paragraph 51.4.3. Premiums for policy periods commencing prior to, or extending beyond, the term of this Lease shall be prorated to coincide with the corresponding Commencement Date or Expiration Date.

8.2 LIABILITY INSURANCE.

(a) CARRIED BY LESSEE. Lessee shall obtain and keep in force during the term of this Lease a Commercial General Liability policy of insurance protecting Lessee, Lessor and any Lender(s) whose names have been provided to Lessee in writing (as additional insureds) against claims for bodily injury, personal injury and property damage based upon, involving or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $1,000,000 per occurrence with an "Additional Insured-Managers or Lessors of Premises" endorsement and contain the "Amendment of the Pollution Exclusion" endorsement for damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "INSURED CONTRACT" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance required by this Lease or as carried by Lessee shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance to be carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) CARRIED BY LESSOR. Lessor shall also maintain liability insurance described in Paragraph 8.2(a) above, in addition to and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 PROPERTY INSURANCE - BUILDING, IMPROVEMENTS AND RENTAL VALUE.

(a) BUILDING AND IMPROVEMENTS. Lessor shall obtain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and to any Lender(s), insuring against loss or damage to the Premises. Such insurance shall be for full replacement cost, as the same shall exist from time to time, or the amount required by any Lender(s), but in no event more than the commercially reasonable and available insurable value thereof if, by reason of the unique nature or age of the improvements involved, such latter amount is less than full replacement cost. Lessee-Owned Alterations and Utility Installations, Trade Fixtures and Lessee's personal property shall be insured by Lessee pursuant to Paragraph 8.4. If the coverage is available and commercially appropriate, Lessor's policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender or included in the Base Premium), including coverage for any additional costs resulting from debris removal and reasonable amounts of coverage for the enforcement of any ordinance or law regulating the reconstruction or replacement of any undamaged sections of the Building required to be demolished or removed by reason of the enforcement of any building, zoning, safety or land use laws as the result of a covered loss, but not including plate glass insurance. Said policy or policies shall also contain an agreed valuation provision in lieu of any co-insurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located.

(b) RENTAL VALUE. Lessor shall also obtain and keep in force during the term of this Lease a policy or policies in the name of Lessor, with loss payable to Lessor and any Lender(s), insuring the loss of the full rental and other charges payable by all lessees of the Building to Lessor for one year (including all Real Property Taxes, insurance costs, all Common Area Operating Expenses and any scheduled rental increases). Said insurance may provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of rental revenues from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any co-insurance clause, and the amount of coverage shall be adjusted annually to reflect the projected rental income, Real Property Taxes, insurance premium costs and other expenses, if any,

otherwise payable, for the next 12-month period. Common Area Operating Expenses shall include any deductible amount in the event of such loss.

(c) ADJACENT PREMISES. Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Industrial Center if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) LESSEE'S IMPROVEMENTS. Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee-Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 LESSEE'S PROPERTY INSURANCE. Subject to the requirements of Paragraph 8.5, Lessee at its cost shall either by separate policy or, at Lessor's option, by endorsement to a policy already carried, maintain insurance coverage on all of Lessee's personal property, Trade Fixtures and Lessee-Owned Alterations and Utility Installations in, on, or about the Premises similar in coverage to that carried by Lessor as the Insuring Party under Paragraph 8.3(a). Such insurance shall be full replacement cost coverage with a deductible not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property and the restoration of Trade Fixtures and Lessee-Owned Alterations and Utility Installations. Upon request from Lessor, Lessee shall provide Lessor with written evidence that such insurance is in force.

8.5 INSURANCE POLICIES. Insurance required hereunder shall be in companies duly licensed to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, or such other rating as may be required by a Lender, as set forth in the most current issue of "Best's Insurance Guide." Lessee shall not do or permit to be done anything which shall invalidate the insurance policies referred to in this Paragraph 8. Lessee shall cause to be delivered to Lessor, within seven (7) days after the earlier of the Early Possession Date or the Commencement Date, certified copies of, or certificates evidencing the existence and amounts of, the insurance required under Paragraph 8.2(a) and 8.4. No such policy shall be cancelable or subject to modification except after thirty (30) days' prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand.

8.6 WAIVER OF SUBROGATION. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to their property arising out of or incident to the perils required to be insured against under Paragraph 8. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto. Lessor and Lessee agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 INDEMNITY. Except for Lessor's negligence and/or breach of express warranties, Lessee shall indemnify, protect, defend and hold harmless the

Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, loss of permits, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the occupancy of the Premises by Lessee, the conduct of Lessee's business, any act, omission or neglect of Lessee, its agents, contractors, employees or invitees, and out of any Default or Breach by Lessee in the performance in a timely manner of any obligation on Lessee's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not (in the case of claims made against Lessor) litigated and/or reduced to judgment. In case any action or proceeding be brought against Lessor by reason of any of the foregoing matters, Lessee, upon notice from Lessor, shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified.

8.8 EXEMPTION OF LESSOR FROM LIABILITY. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said injury or damage results from conditions arising upon the

Premises or upon other portions of the Building of which the Premises are a part, from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is accessible or not. Lessor shall not be liable for any damages arising from any act or neglect of any other lessee of Lessor nor from the failure by Lessor to enforce the provisions of any other lease in the Industrial Center. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. DAMAGE OR DESTRUCTION.

9.1 DEFINITIONS.

(a) "PREMISES PARTIAL DAMAGE" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is less than fifty percent (50%) of the then Replacement Cost (as defined in Paragraph 9.1(d)) of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction.

(b) "PREMISES TOTAL DESTRUCTION" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations, the repair cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost of the Premises (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures) immediately prior to such damage or destruction. In addition, damage or destruction to the Building, other than Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any lessees of the Building, the cost of which damage or destruction is fifty percent (50%) or more of the then Replacement Cost (excluding Lessee-Owned Alterations and Utility Installations and Trade Fixtures of any lessees of the Building) of the Building shall, at the option of Lessor, be deemed to be Premises Total Destruction.

(c) "INSURED LOSS" shall mean damage or destruction to the Premises, other than Lessee-Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a) irrespective of any deductible amounts or coverage limits involved.

(d) "REPLACEMENT COST" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of applicable building codes, ordinances or laws, and without deduction for depreciation.

(e) "HAZARDOUS SUBSTANCE CONDITION" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

9.2 PREMISES PARTIAL DAMAGE -- INSURED LOSS. If Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee-Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect. In the event, however, that there is a shortage of insurance proceeds and such shortage is due to the fact that, by reason of the unique nature of the improvements in the Premises, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, Lessor shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within said period, Lessor may nevertheless elect by written notice to Lessee within ten (10) days thereafter to make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect. If Lessor does not receive such funds or assurance within such ten (10) day period, and if Lessor does not so elect to restore and repair, then this Lease shall terminate sixty (60) days following the occurrence of the damage or destruction. Unless otherwise agreed, Lessee shall in no event have any right to reimbursement from Lessor for any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3 rather than Paragraph 9.2, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 PARTIAL DAMAGE -- UNINSURED LOSS. If Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense and this Lease shall continue in full force and effect), Lessor may, at Lessor's option, either (i) repair such damage as soon as reasonably possible at Lessor's

expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage totally at Lessee's expense and without reimbursement from Lessor. Lessee shall provide Lessor with the required funds or satisfactory assurance thereof within thirty (30) days following such commitment from Lessee. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the funds or assurance thereof within the times specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.4 TOTAL DESTRUCTION. Notwithstanding any other provision hereof, if Premises Total Destruction occurs (including any destruction required by any authorized public authority), this Lease shall terminate sixty (60) days following the date of such Premises Total Destruction, whether or not the damage or destruction is an Insured Loss or was caused by a negligent or willful act of Lessee. In the event, however, that the damage or destruction was caused by Lessee, Lessor shall have the right to recover Lessor's damages from Lessee except as released and waived in Paragraph 9.7.

9.5 DAMAGE NEAR END OF TERM. If at any time during the last six (6) months of the term of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may, at Lessor's option, terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within thirty (30) days after the date of occurrence of such damage. Provided, however, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by (a) exercising such option, and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten (10) days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate as of the date set forth in the first sentence of this Paragraph 9.5.

9.6 ABATEMENT OF RENT; LESSEE'S REMEDIES.

(a) In the event of (i) Premises Partial Damage or (ii) Hazardous Substance Condition for which Lessee is not legally responsible, the Base Rent, Common Area Operating Expenses and other charges, if any, payable by Lessee hereunder for the period during which such damage or condition, its repair, remediation or restoration continues, shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not in excess of proceeds from insurance required to be carried under Paragraph 8.3(b). Except for abatement of Base Rent, Common Area Operating Expenses and other charges, if any, as aforesaid, all other obligations of Lessee hereunder shall be performed by Lessee, and Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair, remediation or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises under the provisions of this Paragraph 9 and shall not commence, in a substantial and meaningful way, the repair or restoration of the Premises within ninety (90) days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice of Lessee's

election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice to Lessor and such Lenders and such repair or restoration is not commenced within thirty (30) days after receipt of such notice, this Lease shall terminate as of the date specified in said notice. If Lessor or a Lender commences the repair or restoration of the Premises within thirty (30) days after the receipt of such notice, this Lease shall continue in full force and effect. "COMMENCE" as used in this Paragraph 9.6 shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever occurs first.

9.7 HAZARDOUS SUBSTANCE CONDITIONS. If a Hazardous Substance Condition occurs, unless Lessee is legally responsible therefor (in which case Lessee

shall make the investigation and remediation thereof required by Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(c) and Paragraph 13), Lessor may at Lessor's option either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to investigate and remediate such condition exceeds twelve (12) times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give such notice of Lessor's intention to terminate this Lease, Lessee shall have the right within ten (10) days after the receipt of such notice to give written notice to Lessor of Lessee's commitment to pay for the excess costs of (a) investigation and remediation of such Hazardous Substance Condition to the extent required by Applicable Requirements, over (b) an amount equal to twelve (12) times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with the funds required of Lessee or satisfactory assurance thereof within thirty (30) days following said commitment by Lessee. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such investigation and remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time period specified above, this Lease shall terminate as of the date specified in Lessor's notice of termination.

9.8 TERMINATION - ADVANCE PAYMENTS. Upon termination of this Lease pursuant to this Paragraph 9, Lessor shall return to Lessee any advance payment made by Lessee to Lessor and so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor under the terms of this Lease.

9.9 WAIVER OF STATUTES. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises and the Building with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent it is inconsistent herewith.

10. REAL PROPERTY TAXES.

10.1 PAYMENT OF TAXES. Lessor shall pay the Real Property Taxes, as defined in Paragraph 10.2(a), applicable to the Industrial Center, and except as otherwise provided in Paragraph 10.3, any increases in such amounts over the Base Real Property Taxes shall be paid by Lessee in accordance with the provisions of Paragraph 51.

10.2 REAL PROPERTY TAX DEFINITIONS.

(a) As used herein, the term "REAL PROPERTY TAXES" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed upon the Industrial Center by any authority having the direct or indirect power to tax, including any city, state or federal government, or any school, agricultural, sanitary, fire, street, drainage, or other improvement district thereof, levied against any legal or equitable interest of Lessor in the Industrial Center or any portion thereof, Lessor's right to rent or other income therefrom, and/or Lessor's business of leasing the Premises. The term "REAL PROPERTY TAXES" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring, or changes in Applicable Law taking effect, during the term of this Lease, including but not limited to a change in the ownership of the Industrial Center or in the improvements thereon, the execution of this Lease, or any modification, amendment or transfer thereof, and whether or not contemplated by the Parties.

(b) As used herein, the term "BASE REAL PROPERTY TAXES" shall be the amount of Real Property Taxes which are assessed against the Premises, Building or Common Area in the calendar year during which the Lease is executed. In calculating Real Property Taxes for any calendar year, the Real Property Taxes for any real estate tax year shall be included in the calculation of Real Property Taxes for such calendar year based upon the number of days which such calendar year and tax year have in common.

10.3 ADDITIONAL IMPROVEMENTS. Common Area Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Industrial Center by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.1 hereof, Lessee shall, however, pay to Lessor at the time periods payable under Paragraph 51(b), the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request.

10.4 JOINT ASSESSMENT. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the

Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 LESSEE'S PROPERTY TAXES. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises or stored within the Industrial Center. When possible, Lessee shall cause its Lessee-Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. UTILITIES. Lessee shall pay directly for all utilities and services supplied to the Premises, including, but not limited to, electricity, telephone, security, gas and cleaning of the Premises, together with any taxes thereon. If any such utilities or services are not separately metered to the Premises or separately billed to the Premises, Lessee shall pay to Lessor a reasonable proportion to be determined by Lessor of all such charges jointly metered or billed with other premises in the Building, in the manner and within the time periods set forth in Paragraph 51.

12. ASSIGNMENT AND SUBLETTING.

12.1 LESSOR'S CONSENT REQUIRED.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or otherwise transfer or encumber (collectively, "assign") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent given under and subject to the terms of Paragraph 36.

(b) A change in the control of Lessee shall constitute an assignment requiring Lessor's consent. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, refinancing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee, as hereinafter defined, by an amount equal to or greater than twenty-five percent (25%) of such Net Worth of Lessee as it was represented to Lessor at the time of full execution and delivery of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, at whichever time said Net Worth of Lessee was or is greater, shall be considered an assignment of this Lease by Lessee to which Lessor may reasonably withhold its consent. "NET WORTH OF LESSEE" for purposes of this Lease shall be the net worth of Lessee (excluding any Guarantors) established under generally accepted accounting principles consistently applied.

(d) An assignment or subletting of Lessee's interest in this Lease without Lessor's specific prior written consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1, or a non-curable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unconsented to assignment or subletting as a non-curable Breach, Lessor shall have the right to either: (i) terminate this Lease, or (ii) upon thirty (30) days' written notice ("LESSOR'S NOTICE"), increase the monthly Base Rent for the Premises to the greater of the then fair market rental value of the Premises, as reasonably determined by Lessor, or one hundred ten percent (110%) of the Base Rent then in effect. Pending determination of the new fair market rental value, if disputed by Lessee, Lessee shall pay the amount set forth in Lessor's Notice, with any overpayment credited against the next installment(s) of Base Rent coming due, and any underpayment for the period retroactively to the effective date of the adjustment being due and payable immediately upon the determination thereof. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by

Lessee shall be subject to similar adjustment to the then fair market value as reasonably determined by Lessor (without the Lease being considered an encumbrance or any deduction for depreciation or obsolescence, and considering the Premises at its highest and best use and in good condition) or one hundred ten percent (110%) of the price previously in effect, (ii) any index-oriented rental or price adjustment formulas contained in this Lease shall be adjusted to require that the base index be determined with reference to the index applicable to the time of such adjustment, and (iii) any fixed rental adjustments scheduled

during the remainder of the Lease term shall be increased in the same ratio as the new rental bears to the Base Rent in effect immediately prior the adjustment specified in Lessor's Notice.

(e) Lessee's remedy for any breach of this Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 TERMS AND CONDITIONS APPLICABLE TO ASSIGNMENT AND SUBLETTING.

(a) Regardless of Lessor's consent, any assignment or subletting shall not (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, nor (iii) alter the primary liability of Lessee for the payment of Base Rent and other sums due Lessor hereunder or for the performance of any other obligations to be performed by Lessee under this Lease.

(b) Lessor may accept any rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of any rent for performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the Default or Breach by Lessee of any of the terms, covenants or conditions of this Lease.

(c) The consent of Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the assignee or sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable under this Lease or the sublease and without obtaining their consent, and such action shall not relieve such persons from liability under this Lease or the sublease.

(d) In the event of any Default or Breach of Lessee's obligation under this Lease, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of the Lessee's obligations under this Lease, including any sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including, but not limited to, the intended use and/or required modification of the Premises, if any, together with a non-refundable deposit of $1,000 or ten percent (10%) of the monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater, as reasonable consideration for Lessor's considering and processing the request for consent. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested by Lessor.

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented in writing.

(g) The occurrence of a transaction described in Paragraph 12.2(c) shall give Lessor the right (but not the obligation) to require that the Security Deposit be increased by an amount equal to six (6) times the then monthly Base Rent, and Lessor may make the actual receipt by Lessor of the Security Deposit increase a condition to Lessor's consent to such transaction.

(h) Lessor, as a condition to giving its consent to any assignment or subletting, may require that the amount and adjustment schedule of the rent payable under this Lease be adjusted to what is then the market value and/or adjustment schedule for property similar to the Premises as then constituted, as determined by Lessor.

12.3 ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO SUBLETTING. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease of all or a portion of the Premises heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease, provided, however, that until a Breach (as defined in Paragraph 13.1) shall occur in the performance of Lessee's obligations under this Lease, Lessee may, except as otherwise provided in this Lease, receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of the foregoing

provision or any other assignment of such sublease to Lessor, nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such Sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents and other charges due and to become due under the sublease. Sublessee shall rely upon any such statement and request from Lessor and shall pay such rents and other charges to Lessor without any obligation or right to inquire as to whether such Breach exists and notwithstanding any notice from or claim from Lessee to the contrary. Lessee shall have no right or claim against such sublessee, or, until the Breach has been cured, against Lessor, for any such rents and other charges so paid by said sublessee to Lessor.

(b) In the event of a Breach by Lessee in the performance of its obligations under this Lease, Lessor, at its option and without any obligation to do so, may require any sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any other prior defaults or breaches of such sublessor under such sublease.

(c) Any matter or thing requiring the consent of the sublessor under a sublease shall also require the consent of Lessor herein.

(d) No sublessee under a sublease approved by Lessor shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. DEFAULT; BREACH; REMEDIES.

13.1 DEFAULT; BREACH. Lessor and Lessee agree that if an attorney is consulted by Lessor in connection with a Lessee Default or Breach (as hereinafter defined), $350.00 is a reasonable minimum sum per such occurrence for legal services and costs in the preparation and service of a notice of Default, and that Lessor may include the cost of such services and costs in said notice as rent due and payable to cure said default. A "DEFAULT" by Lessee is defined as a failure by Lessee to observe, comply with or perform any of the terms, covenants, conditions or rules applicable to Lessee under this Lease. A "BREACH" by Lessee is defined as the occurrence of any one or more of the following Defaults, and, where a grace period for cure after notice is specified herein, the failure by Lessee to cure such Default prior to the expiration of the applicable grace period, and shall entitle Lessor to pursue the remedies set forth in Paragraphs 13.2 and/or 13.3:

(a) The vacating of the Premises without the intention to reoccupy same, or the abandonment of the Premises.

(b) Except as expressly otherwise provided in this Lease, the failure by Lessee to make any payment of Base Rent, Lessee's Share of Common Area Operating Expenses, or any other monetary payment required to be made by Lessee hereunder as and when due, the failure by Lessee to provide Lessor with reasonable evidence of insurance or surety bond required under this Lease, or the failure of Lessee to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) days following written notice thereof by or on behalf of Lessor to Lessee.

(c) Except as expressly otherwise provided in this Lease, the failure by Lessee to provide Lessor with reasonable written evidence (in duly executed original form, if applicable) of (i) compliance with Applicable Requirements per Paragraph 6.3, (ii) the inspection, maintenance and service contracts required under Paragraph 7.1(b), (iii) the rescission of an unauthorized assignment or subletting per Paragraph 12.1, (iv) a Tenancy Statement per Paragraphs 16 or 37, (v) the subordination or non-subordination of this Lease per Paragraph 30, (vi) the guaranty of the performance of Lessee's obligations under this Lease if required under Paragraphs 1.11 and 37, (vii) the execution of any document requested under Paragraph 42 (easements), or (viii) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Lessor to Lessee.

(d) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof that are to be observed, complied with or performed by Lessee, other than those described in Subparagraphs 13.1(a), (b) or (c), above, where such Default

continues for a period of thirty (30) days after written notice thereof by or on behalf of Lessor to Lessee; provided, however, that if the nature of Lessee's

Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach of this Lease by Lessee if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making by Lessee of any general arrangement or assignment for the benefit of creditors; (ii) Lessee's becoming a "debtor" as defined in 11 U.S. Code Section 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this Subparagraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect, and shall not affect the validity of the remaining provisions.

(f) The discovery by Lessor that any financial statement of Lessee or of any Guarantor, given to Lessor by Lessee or any Guarantor, was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory breach basis, and Lessee's failure, within sixty (60) days following written notice by or on behalf of Lessor to Lessee of any such event, to provide Lessor with written alternative assurances of security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 REMEDIES. If Lessee fails to perform any affirmative duty or obligation of Lessee under this Lease, within ten (10) days after written notice to Lessee (or in case of an emergency, without notice), Lessor may, at its option (but without obligation to do so), perform such duty or obligation on Lessee's behalf, including, but not limited to, the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee to Lessor upon invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, at its own option, may require all future payments to be made under this Lease by Lessee to be made only by cashier's check. In the event of a Breach of this Lease by Lessee (as defined in Paragraph 13.1), with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach, Lessor may:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco or the Federal Reserve Bank District in which the Premises are located at the time of award plus one percent (1%). Efforts by Lessor to mitigate damages caused by Lessee's Default or Breach of this Lease shall not waive Lessor's right to recover damages under this Paragraph 13.2. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such

proceeding the unpaid rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Subparagraphs 13.1(b), (c) or (d) was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Lessee under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Subparagraph 13.1(b), (c) or (d). In such case, the applicable grace period under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Lessee to cure the Default within the greater of the two (2) such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession in effect (in California under California Civil Code Section 1951.4) after Lessee's Breach and recover the rent as it becomes due, provided Lessee has the right to sublet or assign, subject only to reasonable limitations. Lessor and Lessee agree that the limitations on assignment and subletting in this Lease are reasonable. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect the Lessor's interest under this Lease, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located.

(d) The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 INDUCEMENT RECAPTURE IN EVENT OF BREACH. Any agreement by Lessor for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "INDUCEMENT PROVISIONS" shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease to be performed or observed by Lessee during the term hereof as the same may be extended. Upon the occurrence of a Breach (as defined in Paragraph 13.1) of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, and recoverable by Lessor, as additional rent due under this Lease, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this Paragraph 13.3 shall not be deemed a waiver by Lessor of the provisions of this Paragraph 13.3 unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 LATE CHARGES. Lessee hereby acknowledges that late payment by Lessee to Lessor of rent and other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by the terms of any ground lease, mortgage or deed of trust covering the Premises. Accordingly, if any installment of rent or other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to six percent (6%) of such overdue amount. The Parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding Paragraph 4.1 or any other provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 BREACH BY LESSOR. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph 13.5, a reasonable time shall in no event be less than thirty (30) days after receipt by Lessor, and by any Lender(s) whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days after such notice are reasonably required for its performance, then Lessor shall not be in breach of this Lease if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

14. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas designated for Lessee's parking, is taken by condemnation, Lessee may, at Lessee's option, to be exercised in writing within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be

reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of Base Rent shall occur if the condemnation does not apply to any portion of the Premises. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution of value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Lessee shall be entitled to any compensation, separately awarded to Lessee for Lessee's relocation expenses and/or loss of Lessee's Trade Fixtures. In the event that this Lease is not terminated by reason of such condemnation, Lessor shall to the extent of its net severance damages received, over and above Lessee's share of the legal and other expenses incurred by Lessor in the condemnation matter, repair any damage to the Premises caused by such condemnation authority. Lessee shall be responsible for the payment of any amount in excess of such net severance damages required to complete such repair.

15. BROKERS' FEES

15.1 PROCURING CAUSE. The Broker(s) named in Paragraph 1.10 is/are the procuring cause of this Lease.

15.2 ADDITIONAL TERMS. Unless Lessor and Broker(s) have otherwise agreed in writing, Lessor agrees that: (a) if Lessee exercises any Option (as defined in Paragraph 39.1) granted under this Lease or any Option subsequently granted, or (b) if Lessee acquires any rights to the Premises or other premises in which Lessor has an interest, or (c) if Lessee remains in possession of the Premises with the consent of Lessor after the expiration of the term of this Lease after having failed to exercise an Option, or (d) if said Brokers are the procuring cause of any other lease or sale entered into between the Parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, or (e) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then as to any of said transactions, Lessor shall pay said Broker(s) a fee in accordance with the schedule of said Broker(s) in effect at the time of the execution of this Lease.

15.3 ASSUMPTION OF OBLIGATIONS. Any buyer or transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor's obligation under this Paragraph 15. Each Broker shall be an intended third party beneficiary of the provisions of Paragraph 1.10 and of this Paragraph 15 to the extent of its interest in any commission arising from this Lease and may enforce that right directly against Lessor and its successors.

15.4 REPRESENTATIONS AND WARRANTIES. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder other than as named in Paragraph 1.10(a) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and that no broker or other person, firm or entity other than said named Broker(s) is entitled to any commission or finder's fee in connection with said transaction. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, and/or attorneys' fees reasonably incurred with respect thereto.

16. TENANCY AND FINANCIAL STATEMENTS.

16.1 TENANCY STATEMENT. Each Party (as "RESPONDING PARTY") shall within ten (10) days after written notice from the other Party (the "REQUESTING PARTY") execute, acknowledge and deliver to the Requesting Party a statement in writing in a form similar to the then most current "TENANCY STATEMENT" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

16.2 FINANCIAL STATEMENT. If Lessor desires to finance, refinance, or sell the Premises or the Building, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements of Lessee and such Guarantors as may be reasonably required by such lender or purchaser, including, but not limited to, Lessee's financial statements for the past three (3) years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. LESSOR'S LIABILITY. The term "LESSOR" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises. In the event of a transfer of Lessor's title or interest in the Premises or in this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor at the time of such transfer or assignment. Except as provided in Paragraph 15.3, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. SEVERABILITY. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. INTEREST ON PAST-DUE OBLIGATIONS. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor within ten (10) days following the date on which it was due, shall bear interest from the date due at the prime rate charged by the largest state chartered bank in the state in which the Premises are located plus four percent (4%) per annum, but not exceeding the maximum rate allowed by law, in addition to the potential late charge provided for in Paragraph 13.4.

20. TIME OF ESSENCE. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

21. RENT DEFINED. All monetary obligations of Lessee to Lessor under the terms of this Lease are deemed to be rent.

22. NO PRIOR OR OTHER AGREEMENTS; BROKER DISCLAIMER. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. Each Broker shall be an intended third party beneficiary of the provisions of this Paragraph 22.

23. NOTICES.

23.1 NOTICE REQUIREMENTS. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by messenger or courier service) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission during normal business hours, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notice purposes. Either Party may by written notice to the other specify a different address for notice purposes, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for the purpose of mailing or delivering notices to Lessee. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by written notice to Lessee.

23.2 DATE OF NOTICE. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail, the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the United States Postal Service or courier. If any notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone or facsimile confirmation of receipt of the transmission thereof, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday or a Sunday or a legal holiday, it shall be deemed received on the next business day.

24. WAIVERS. No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee

of the same or any other term, covenant or condition hereof. Lessor's consent to, or approval of, any such act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. Regardless of Lessor's knowledge of a Default or Breach at the time of accepting rent, the acceptance of rent by Lessor shall not be a waiver of any Default or Breach by Lessee of any provision hereof. Any payment given Lessor by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. RECORDING. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees or taxes applicable thereto.

26. NO RIGHT TO HOLDOVER. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or earlier termination of this Lease. In the event that Lessee holds over in violation of this Paragraph 26 then the Base Rent payable from and after the time of the expiration or earlier termination of this Lease shall be increased to two hundred percent (200%) of the Base Rent applicable during the month immediately preceding such expiration or earlier termination. Nothing contained herein shall be construed as a consent by Lessor to any holding over by Lessee.

27. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. COVENANTS AND CONDITIONS. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions.

29. BINDING EFFECT; CHOICE OF LAW. This Lease shall be binding upon the Parties, their personal representatives, successors and assigns and be governed by the laws of the state in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. SUBORDINATION; ATTORNMENT; NON-DISTURBANCE.

30.1 SUBORDINATION. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "SECURITY DEVICE"), now or hereafter placed by Lessor upon the real property of which the Premises are a part, to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Lessee agrees that the Lenders holding any such Security Device shall have no duty, liability or obligation to perform any of the obligations of Lessor under this Lease, but that in the event of Lessor's default with respect to any such obligation, Lessee will give any Lender whose name and address have been furnished Lessee in writing for such purpose notice of Lessor's default pursuant to Paragraph 13.5. If any Lender shall elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 ATTORNMENT. Subject to the non-disturbance provisions of Paragraph 30.3, Lessee agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new owner shall not: (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership, (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor, or (iii) be bound by prepayment of more than one (1) month's rent.

30.3 NON-DISTURBANCE. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving assurance (a "non-disturbance agreement") from the Lender that Lessee's possession and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises.

30.4 SELF-EXECUTING. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any such

subordination or non-subordination, attornment and/or non-disturbance agreement as is provided for herein.

31. ATTORNEYS' FEES. If any Party or Broker brings an action or proceeding to enforce the terms hereof or declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "PREVAILING PARTY" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. Lessor shall be entitled to attorneys' fees, costs and expenses incurred in preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach. Broker(s) shall be intended third party beneficiaries of this Paragraph 31.

32. LESSOR'S ACCESS; SHOWING PREMISES; REPAIRS. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the Building, as Lessor may reasonably deem necessary. Lessor may at any time place on or about the Premises or Building any ordinary "For Sale" signs and Lessor may at any time during the last one hundred eighty (180) days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All such activities of Lessor shall be without abatement of Rent or liability to Lessee.

33. AUCTIONS. Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

34. SIGNS. Lessee shall not place any sign upon the exterior of the Premises or the Building, except that Lessee may, with Lessor's prior written consent, install (but not on the roof) such signs as are reasonably required to advertise Lessee's own business so long as such signs are in a location designated by Lessor and comply with Applicable Requirements and the signage criteria established for the Industrial Center by Lessor. The installation of any sign on the Premises by or for Lessee shall be subject to the provisions of Paragraph 7 (Maintenance, Repairs, Utility Installations, Trade Fixtures and Alterations). Unless otherwise expressly agreed herein, Lessor reserves all rights to the use of the roof of the Building, and the right to install advertising signs on the Building, including the roof, which do not unreasonably interfere with the conduct of Lessee's business; Lessor shall be entitled to all revenues from such advertising signs.

35. TERMINATION; MERGER. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, Lessor shall, in the event of any such surrender, termination or cancellation, have the option to continue any one or all of any existing subtenancies. Lessor's failure within ten (10) days following any such event to make a written election to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. CONSENTS.

(a) Except for Paragraph 33 hereof (Auctions) or as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including, but not limited to, architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent pertaining to this Lease or the Premises, including, but not limited to, consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee to Lessor upon receipt of an invoice and supporting documentation therefor. In addition to the deposit described in Paragraph 12.2(e), Lessor may, as a condition to considering any such request by Lessee, require that Lessee deposit with Lessor an amount of money (in addition to the Security Deposit held under Paragraph 5) reasonably calculated by Lessor to represent the cost Lessor will incur in considering and responding to Lessee's request. Any unused portion of said deposit shall be refunded to Lessee without interest. Lessor's consent to any act, assignment of this Lease or subletting of the Premises by Lessee shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent.

(b) All conditions to Lessor's consent authorized by this Lease are acknowledged by Lessee as being reasonable. The failure to specify herein any particular condition to Lessor's consent shall not preclude the impositions by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given.

37. GUARANTOR.

37.1 FORM OF GUARANTY. If there are to be any Guarantors of this Lease per Paragraph 1.11, the form of the guaranty to be executed by each such Guarantor shall be in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease, including, but not limited to, the obligation to provide the Tenancy Statement and information required in Paragraph 16.

37.2 ADDITIONAL OBLIGATIONS OF GUARANTOR. It shall constitute a Default of the Lessee under this Lease if any such Guarantor fails or refuses, upon reasonable request by Lessor to give: (a) evidence of the due execution of the guaranty called for by this Lease, including the authority of the Guarantor (and of the party signing on Guarantor's behalf) to obligate such Guarantor on said guaranty, and resolution of its board of directors authorizing the making of such guaranty, together with a certificate of incumbency showing the signatures of the persons authorized to sign on its behalf, (b) current financial statements of Guarantor as may from time to time be requested by Lessor, (c) a Tenancy Statement, or (d) written confirmation that the guaranty is still in effect.

38. QUIET POSSESSION. Upon payment by Lessee of the Rent for the Premises and the performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

39. OPTIONS.

39.1 DEFINITION. As used in this Lease, the word "OPTION" has the following meaning: (a) the right to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal to lease the Premises or the right of first offer

to lease the Premises or the right of first refusal to lease other property of Lessor or the right of first offer to lease other property of Lessor; (c) the right to purchase the Premises, or the right of first refusal to purchase the Premises, or the right of first offer to purchase the Premises, or the right to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor, or the right of first offer to purchase other property of Lessor.

39.2 OPTIONS PERSONAL TO ORIGINAL LESSEE. Each Option granted to Lessee in this Lease is personal to the original Lessee named in Paragraph 1.1 hereof, and cannot be voluntarily or involuntarily assigned or exercised by any person or entity other than said original Lessee while the original Lessee is in full and actual possession of the Premises and without the intention of thereafter assigning or subletting. The Options, if any, herein granted to Lessee are not assignable, either as a part of an assignment of this Lease or separately or apart therefrom, and no Option may be separated from this Lease in any manner, by reservation or otherwise.

39.3 MULTIPLE OPTIONS. In the event that Lessee has any multiple Options to extend or renew this Lease, a later option cannot be exercised unless the prior Options to extend or renew this Lease have been validly exercised.

39.4 EFFECT OF DEFAULT ON OPTIONS.

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary: (i) during the period commencing with the giving of any notice of Default under Paragraph 13.1 and continuing until the noticed Default is cured, or (ii) during the period of time any monetary obligation due Lessor from Lessee is unpaid (without regard to whether notice thereof is given Lessee), or (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessor has given to Lessee three (3) or more notices of separate Default under Paragraph 13.1 during the twelve (12) month period immediately preceding the exercise of the Option, whether or not the Defaults are cured.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an

Option because of the provisions of Paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessor gives to Lessee three (3) or more notices of separate Defaults under Paragraph 13.1 during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if Lessee commits a Breach of this Lease.

40. RULES AND REGULATIONS. Lessee agrees that it will abide by, and keep and observe all reasonable rules and regulations ("RULES AND REGULATIONS") which Lessor may make from time to time for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Industrial Center and their invitees.

41. SECURITY MEASURES. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. RESERVATIONS. Lessor reserves the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights of way, utility raceways, and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights of way, utility raceways, dedications, maps and restrictions do not reasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. PERFORMANCE UNDER PROTEST. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

44. AUTHORITY. If either Party hereto is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after request by Lessor, deliver to Lessor evidence satisfactory to Lessor of such authority.

45. CONFLICT. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. OFFER. Preparation of this Lease by either Lessor or Lessee or Lessor's agent or Lessee's agent and submission of same to Lessee or Lessor shall not be deemed an offer to lease. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. AMENDMENTS. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. The Parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by an institutional insurance company or pension plan Lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part.

48. MULTIPLE PARTIES. Except as otherwise expressly provided herein, if more than one person or entity is named herein as either Lessor or Lessee, the obligations of such multiple parties shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee.

49. OPTION TO EXTEND.

(a) Lessor hereby grants Lessee one (1) option ("Option") to extend the term of this Lease for a period of five (5) years. The Option must be exercised, if at all, by written notice ("Option Notice") delivered by Lessee to Lessor not later than one hundred twenty (120) days prior to the end of the then current term. Further, the Option shall not be deemed to be properly exercised if, as of the date of the Option Notice or at the end of the then current term, Lessee is in default of the Lease. In the event the Lease Term is timely and properly

extended, then all of the terms, covenants and conditions of the Lease shall remain unmodified in full force and effect, excepting Annual Basic Rent, which shall be adjusted to one hundred percent of the then prevailing "Fair Market Rental Value" less for the Premises for the Option period.

(b) As used herein, the term "Fair Market Rental Value" shall mean the then prevailing rental rate for similar space, improved or presumed with tenant improvements of substantially similar age, quality and layout as improvements then existing in the Premises and located within a three (3) mile radius of the Building. In the event Lessor and Lessee are unable to agree on the "Fair Market Rental Value", after good-faith deliberations, by that date which is thirty (30) days after Landlord receives the Option Notice, (the "Specified Date"), then such figures shall be calculated as follows:

(i) Lessor and Lessee shall each appoint an individual who shall by profession be a Real Estate Appraiser who shall have been active over the five (5) year period ending on the date of such appointment in the appraisal of commercial properties located in Santa Clara County. The determination of the Appraisers shall be limited solely to the issue of whether Lessor's or Lessee's submitted figure for "Fair Market Rental Value" is closest to the actual value as determined by the Appraisers, taking into account requirements of this subparagraph 72(b). Each such Appraiser shall be appointed within fifteen (15) days after the specified date.

(ii) The two (2) as appointed, shall, within ten (10) days of the appointment, agree upon and appoint a third (3rd) Appraiser who shall be qualified under the same criteria set forth in the above, for qualifications of the initial two (2) Appraisers.

(iii) The three (3) Appraisers shall within twenty (20) days of the appointment of the third (3rd) Appraiser, reach a decision as to whether the Parties shall use Lessor's or Lessee's submitted values and shall notify Lessor and Lessee thereof.

(iv) The decision of the majority of the three (3) Appraisers shall be binding upon Lessor and Lessee.

(v) If either Lessor or Lessee fails to appoint an Appraiser within the time period specified herein and above, the Appraiser appointed by one of them shall reach a decision, notify Lessor and Lessee thereof, and such Appraisers decision shall be binding upon Lessor and Lessee.

(vi) If the two (2) Appraisers fail to agree upon and appoint a third (3rd) Appraiser, both Appraisers shall be dismissed and the matter to be decided shall be forthwith submitted to arbitration in accordance with the procedure described in the second of (i) pursuant to the rules promulgated by the American Arbitration Association.

(vii) Lessor and Lessee shall mutually bear the cost of the Appraisers. The cost of arbitration, if necessary, shall be borne by Lessor and Lessee equally.

(c) In no event shall the annual basic rent during any Option Term fall below the annual basic rent in effect for the year preceding the effective date of the option term.

50. Tenant improvements. Lessor shall provide at their sole cost and expense the Tenant Improvements as illustrated and described on the attached Exhibit "A." Any and all additional improvements shall be at Lessee's sole cost and expense.

51. (a) Taxes and Insurance Increase: Lessor shall pay their prorata share (27.2%) of any increase above the base real property taxes (as defined in paragraph 10.2(b) and "Insurance Cost Increase" (as defined in paragraph 8.1). The Lessee's share is the percentage obtained by dividing Lessee's gross leasable area by the building's gross leasable area.

(b) Lessee's share of any increase shall be payable within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. Lessee's share of annual increases shall be payable monthly or quarterly as Lessor shall designate, during each 18-month period of the Lease Term, on the same day as the Base Rent is due hereunder. At Lessee's request by written notice, within fifteen (15) days of the expiration date of any calendar year, Lessor shall deliver to Lessee within sixty (60) days after the expiration of said calendar year a reasonably detailed statement showing Lessee's share of the taxes and insurance increase incurred during the preceding year.

52. Commencement Date: The Lease shall commence upon the earlier of:

(a) Substantial completion of the Tenant improvements described in Exhibit A and the tender of possession of the Premises to Lessee; or

(b) The date that Lessee opened for business in the Premises, and ending on the last day of the 60th month in the term of this Lease, unless such term shall be sooner terminated. As soon as the commencement date is determined, the parties shall enter into an amendment of this lease setting forth the precise commencement and termination dates of this Lease. Failure to enter into such an amendment, however, shall not affect Lessee's liability hereunder. Reference in this Lease to a "Lease Year" shall mean [ILLEGIBLE] twelve (12) month period commencing with the commencement date.

Lessor and Lessee estimate that the commencement date shall be April 1, 1999.

53. Early Access: Lessee shall be granted access to the Premises to work in parallel with the Lessor and Lessor's contractors during the Tenant Improvements process to install futurizations necessary for the operation of Lessee's business (voice and data cabling, phone systems, cubicles/partitions and furniture). The installation of futurizations or any other improvements not specified in Exhibit "A" shall be at Lessee's sole cost and expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN, IT HAS BEEN PREPARED FOR YOUR ATTORNEY'S REVIEW AND APPROVAL. FURTHER, EXPERTS SHOULD BE CONSULTED TO EVALUATE THE CONDITION OF THE PROPERTY FOR THE POSSIBLE PRESENCE OF ASBESTOS, UNDERGROUND STORAGE TANKS OR HAZARDOUS SUBSTANCES. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKERS OR THEIR CONTRACTORS, AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE. IF THE SUBJECT PROPERTY IS IN A STATE OTHER THAN CALIFORNIA, AN ATTORNEY FROM THE STATE WHERE THE PROPERTY IS LOCATED SHOULD BE CONSULTED.

The Parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____	Executed at: _____
on: _____	on: _____
BY LESSOR:	BY LESSEE:
Powell Electronics, Inc.	Computing Resources, Inc.
- _____	_____
- _____	_____
By: _____	By: /s/ DANSON WEBSTER
Name Printed: _____	Name Printed: Danson Webster
Title: _____	Title: Chairman & C.E.O.
By: _____	By: _____
Name Printed: _____	Name Printed: _____
Title: _____	Title: _____
Address: _____	Address: _____
- _____	_____
Telephone: ( ) _____	Telephone: ( ) _____
Facsimile: ( ) _____	Facsimile: ( ) _____
BROKER:	BROKER:
Executed at: _____	Executed at: _____
on: _____	on: _____
By: _____	By: _____
Name Printed: Cornish & Carey	Name Printed: Cornish & Carey

Commercial	Commercial
Title:	Title:
Address: 5201 Great America Parkway #120,	Address: 5201 Great America Parkway #120,
Santa Clara, CA 95054	Santa Clara, CA 95054
Telephone: (408) 727-9600	Telephone: (408) 727-9600
Facsimile: (408) 988-6340	Facsimile: (408) 988-6340

NOTE: These forms are often modified to meet changing requirements of law and needs of the industry. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 South Flower Street, Suite 600, Los Angeles, California 90017. (213) 687-8777.

EXHIBIT A

TENANT IMPROVEMENTS

1. Demolition of walls and doors.

2. Repair and replace ceiling grid/tiles, where walls were removed.

3. Add door.

4. Install window.

5. Add double doors.

6. Construct wall to create secured warehouse area.

7. Construct wall.

8. Install VCT floor covering.

9. Remove power poles in open area.

10. New carpet throughout premises.

11. new paint on all interior walls.

12. New floorcoverings in restrooms.

13. Replace and repair lights or burned out bulbs.

[DIAGRAM OF BUILDING]

EXHIBIT B

PREMISES

Approximately 10,336 square feet of office/warehouse space located at 2240 Lundy Avenue, San Jose, California.

[DIAGRAM OF BUILDING]

EXHIBIT C

Rules and Regulations

This Exhibit is attached to and made part of the lease dated February 5, 1999.

By and between Powell Electronics, Inc. as ("Landlord") and Computing Resources, Inc. as ("Tenant"), for the Premises known as 2240 Lundy Avenue, San Jose, California.

1. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises.

2. The walls, walkways, sidewalks, entrance passages, courts and vestibules shall not be obstructed or used for any purpose other than ingress and egress of pedestrian travel to and from the Premises, and shall not be used for loitering or gathering, or to display, store or place any merchandise, equipment or devices, or for any other purpose. The walkways, entrance passageways, courts, vestibules and roof are not for the use of the general public and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence in the judgment of the Landlord shall be prejudicial to the safety, character, reputation and interests of the building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom Tenant normally deals in the ordinary course of Tenant's business unless such persons are engaged in illegal activities. No tenant or employee or invitee of any tenant shall be permitted upon the roof of the Building.

3. No awnings or other projection shall be attached to the outside walls of the Building. No security bars or gates, curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises without prior written consent of Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without the express written consent of Landlord.

4. Tenant shall not in any way deface any part of the Premises or the Building. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except as approved by Landlord in writing. The expense of repairing any damage resulting from a violation of this rule or removal of any floor covering shall be borne by Tenant.

5. The toilet rooms, urinals, wash bowls and other plumbing apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the Tenant.

7. The Premises shall not be used for manufacturing, offices or the storage of merchandise except as the same may be incidental to the permitted use of the Premises. No exterior storage shall be allowed at any time without the prior written approval of Landlord. The Premises shall not be used for cooking or washing clothes without the prior written consent of Landlord, or for lodging or sleeping or for any immoral or illegal purposes.

8. Tenant shall not make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with occupants of this or neighboring buildings or premises or those having business with them, whether by the use of any musical instrument, radio, phonograph, machinery, or otherwise. Tenant shall not use, keep or permit to be used, or kept, any foul or obnoxious gas or substance in the Premises or permit or suffer the Premises to be used or occupied in any manner offensive or objectionable to Landlord or other occupants of this or neighboring buildings or premises by reason of any odors, fumes or gases.

9. Neither Tenant nor any of Tenant's Agents shall at any time bring or keep upon the Premises any toxic, hazardous, inflammable, combustible or explosive fluid, chemicals or substances without the prior written consent of Landlord.

10. No animals shall be permitted at any time within the Premises.

11. Tenant shall not use the name of the Building or the Project in connection with or in promoting or advertising the business of Tenant, except as Tenant's address, without the prior written consent of Landlord. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's reasonable opinion, tends to impair the reputation of the Project or its desirability for its intended uses, and upon written notice from Landlord Tenant shall refrain from or discontinue such advertising.

12. Canvassing, soliciting, peddling, parading, picketing, demonstrating or otherwise engaging in any conduct that unreasonably impairs the value or use of the Premises or the Project are prohibited and Tenant shall cooperate to prevent the same.

13. All equipment of any electrical or mechanical nature shall be placed by Tenant on the Premises, in settings approved by Landlord in writing, in such a way as to best minimize, absorb and prevent any vibration, noise or annoyance. No equipment of any type shall be placed on the Premises which in Landlord's

opinion exceeds the load limits of the floor or otherwise threatens the soundness of the structure or improvements of the Building.

14. All furniture, equipment and freight shall be moved in and out of the Building only at hours and in accordance with rules established by Landlord, and shall not impair vehicular and pedestrian circulation in the Common Area. Landlord will not be responsible for loss or damage to any furniture, equipment, or other personal property of Tenant from any cause.

15. No air conditioning unit or other similar apparatus shall be installed or used by Tenant without the prior written consent of Landlord.

16. No aerial antenna shall be erected on the roof or exterior walls of the Premises, or on the grounds, without in each instance the prior written consent of Landlord. Any aerial or antenna so installed by or on behalf of Tenant without such written consent shall be subject to removal by Landlord at any time without prior notice at the expense of Tenant, and Tenant shall upon Landlord's demand pay a removal free to Landlord of not less than $200.00.

17. The entire Premises, including vestibules, entrances, doors, fixtures, windows and plate glass, shall at all times be maintained in safe, neat and clean condition by Tenant. All trash, refuse and waste materials shall be regularly removed from the Premises by Tenant and placed in the containers at the locations designated by Landlord for refuse collection. All cardboard boxes must be "broken down" prior to being placed in the trash containers. All styrofoam chips must be bagged or otherwise contained prior to placement in the trash containers, so as not to constitute a nuisance. Pellets may not be disposed of in the trash containers or enclosures. The burning of trash, refuse or waste materials is prohibited.

18. Tenant shall use at Tenant's cost such pest extermination contractor as Landlord may direct and at such intervals as Landlord may require.

20. No person shall enter or remain within the Project while intoxicated or under the influence of liquor or drugs. Landlord shall have the right to exclude or expel from the Project any person who, in the absolute discretion of Landlord, is under the influence of liquor or drugs.

Tenant agrees to comply with all such Rules and Regulations. Should Tenant not abide by these Rules and Regulations, Landlord or any "Operator," "Association" or "Declarant" under any Restrictions may serve a three (3) day notice to correct the deficiencies. If Tenant has not corrected the deficiencies by the end of the notice period, Tenant will be in default of the Lease, and Landlord and/or its designee shall have the right, without further notice, to cure the violation at Tenant's expense.

Landlord reserves the right to amend or supplement the foregoing Rules and Regulations and to adopt and promulgate additional rules and regulations applicable to the Premises. Notice of such rules and regulations and amendments and supplements thereto, if any, shall be given to the Tenant.

Neither Landlord nor Landlord's agents or any other person or entity shall be responsible to Tenant or to any other person for the ignorance or violation of these Rules and Regulations by any other tenant or other person. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition precedent, waivable only by Landlord, to Tenant's occupancy of the Premises.

21. Notice of Inspection. In the event the Landlord needs access to the premises for reasons such as HVAC inspection and repair, sprinkler standpipe inspection (if applicable), etc., the Landlord must contact the CRI Branch Manager 24 hours in advance and schedule a time in which the service can be escorted through the premises.

EXHIBIT 10.37

OFFICE BUILDING SUBLEASE

THIS OFFICE BUILDING SUBLEASE (this "SUBLEASE") is dated effective as of November 18, 1994, and is executed by ORYX ENERGY COMPANY, a Delaware corporation ("SUBLESSOR"), and LACERTE SOFTWARE CORPORATION, a California corporation ("SUBLESSEE").

1. RECITALS.

1.1. Three Galleria Tower Venture, a Texas general partnership ("MASTER LESSOR"), as landlord, and Sublessor, as tenant, entered into a certain First Amended and Restated Lease Agreement dated as of July 6, 1989 (the "MASTER Lease").

1.2. The premises covered by the Master Lease are more fully identified in the Master Lease and consist of certain space located in the office building commonly known as Oryx Energy Center, 13155 Noel Road, Dallas, Texas (the "BUILDING"), which is located on the real property more particularly described on EXHIBIT "A-1" attached to the Master Lease.

1.3. Sublessor desires to sublease to Sublessee, and Sublessee desires to sublease from Sublessor, the premises identified in Paragraph 2.1, which constitutes a portion of the "LEASED PREMISES" (as defined in the Master Lease) covered by the Master Lease, all in accordance with the provisions of this Sublease.

2. DEMISE; NET RENTABLE AREA; QUIET ENJOYMENT.

2.1. Demise. Sublessor subleases to Sublessee, and Sublessee subleases from Sublessor, in accordance with the provisions of this Sublease, that portion of the Leased Premises comprised of the entire 18th, 19th, 20th, 21st and 22nd floors of the Building and being stipulated to be 110,161 square feet of "NET RENTABLE AREA" (as defined in the Master Lease) (the "SUBLEASED PREMISES"), which Subleased Premises are more particularly described on the floor plan attached hereto as EXHIBIT "A". (The Net Rentable Area of square feet on each floor of the Subleased Premises is stipulated to be as follows: 18th, 22,051; 19th, 22,230; 20th, 22,230; 21st, 21,918; and 22nd, 21,732.)

2.2. Net Rentable Area. Sublessor and Sublessee agree that the actual number of square feet of Net Rentable Area in the Subleased Premises may be more or less than the 110,161; however, for all purposes of this Sublease, 110,161 shall be conclusively deemed to be the Net Rentable Area of the Subleased Premises.

2.3. Quiet Enjoyment. Sublessor covenants that Sublessee shall, and may peacefully have, hold and enjoy the Subleased Premises against any person whomsoever lawfully claiming the same or any part thereof by, through, or under Sublessor, but not otherwise, subject to the other provisions hereof, provided that Sublessee pays the Rent (as hereinafter defined) and other sums

herein recited to be paid by Sublessee and performs all of Sublessee's covenants and agreements herein contained.

3. TERM.

3.1. Term. Sublessee will occupy the Subleased Premises in two phases. The 18th and 19th floors of the Building (the "PHASE I PREMISES") will be occupied by April 1, 1995; and the 20th, 21st and 22nd floors of the Building ("PHASE II PREMISES") will be occupied by July 1, 1995. Although Rent will commence in phases, as described in Paragraph 3.3 below, the term of this Sublease for the entire Subleased Premises shall begin on the Commencement Date (as defined below), and end at midnight on October 31, 2001 (the "EXPIRATION Date"). The "COMMENCEMENT DATE" shall be the earlier of the date upon which Sublessee first occupies for business purposes any portion of the Phase I Premises or April 1, 1995. Immediately after occupying each phase of the Subleased Premises, Sublessee shall execute and deliver to Sublessor a statement prepared by Sublessor confirming the Commencement Date, the Rent commencement date with respect to such phase, and the Expiration Date.

3.2. Delivery of Phase I and Phase II Premises. Sublessee acknowledges that Sublessor presently occupies the Subleased Premises. Sublessor will vacate the Phase I Premises by or before February 1, 1995 (the "PHASE I DELIVERY DATE"), and Sublessor will vacate the Phase II Premises by or before April 1, 1995 (the "PHASE II DELIVERY DATE"). Sublessee shall have the right to obtain possession of the Phase I and Phase II Premises for purposes of designing and constructing the Leasehold Improvements (as defined in EXHIBIT "C") as of the

Phase I and Phase II Delivery Dates, respectively.

3.3. Commencement of Rent Obligations. Rent for the Phase I Premises and the Existing Furniture (as defined in Paragraph 22) located in the Phase I Premises ("PHASE I FURNITURE") shall commence on the Commencement Date; and Rent for the Phase II Premises and the Existing Furniture located in the Phase II Premises ("PHASE II FURNITURE") shall commence on the earlier of the date upon which Sublessee first occupies for business purposes any portion of the Phase II Premises or July 1, 1995.

4. BASE RENT; SECURITY DEPOSIT.

4.1. Base Rent. During each year of the term of this Sublease, Sublessee shall pay to Sublessor annual base rent equal to the product of the number of square feet of Net Rentable Area in the Subleased Premises times $13.35 (the "BASE RENT").

4.2. Payment of Base Rent. The annual Base Rent shall be payable in equal monthly installments equal to 1/12th of the Base Rent. Each installment of Base Rent shall be due on or before the first day of each month during the term of this Sublease and shall

be paid to Sublessor at its address as set forth in Paragraph 24.4 (or as later changed pursuant thereto) without notice, demand, abatement, deduction, diminution, or offset. Monthly installments of Base Rent shall be prorated for any period during the term hereof which is less than a full calendar month. The initial installment of Base Rent shall be paid upon the Commencement Date.

4.3. Security Deposit. Upon the execution of this Sublease, Sublessee shall deposit with Sublessor a security deposit in the amount of $367,662.00 (the "SECURITY DEPOSIT") as security for the performance of the terms and provisions hereof by Sublessee. Sublessor will deposit the Security Deposit in one or more federally insured interest bearing accounts established solely for the purpose of holding the Security Deposit. The name of any such account shall be the "Oryx/Lacerte Security Deposit Trust Account", or a name similar thereto, and Sublessor will not commingle the Security Deposit with Sublessor's other funds. The term of any such interest bearing account deposit shall be approximately as long as the term of this Sublease. Provided Sublessee is not then in default under this Sublease, interest from time to time paid to Sublessor on account of the Security Deposit shall be disbursed to Sublessee within 30 days after Sublessor's receipt of the same; provided, however, Sublessor may reserve from such interest payments such amounts as may be reasonably required to pay any early withdrawal penalty that might be required during the term of this Sublease. The Security Deposit or any portion thereof may be applied to the curing of any default by Sublessee under this Sublease, without prejudice to any other remedy or remedies which Sublessor may have on account thereof, and upon such application Sublessee shall pay Sublessor on demand the amount so applied which shall be added to the Security Deposit. Provided Sublessee is not then in default under this Sublease, any remaining balance of the Security Deposit will be returned to Sublessee within 30 days after the expiration of the term of this Sublease; provided, however, Sublessor shall have the right to retain and expend all or any portion of the Security Deposit for cleaning and repairing the Subleased Premises to the extent Sublessee fails to deliver the Subleased Premises at the termination of this Sublease in a neat and clean condition and in as good a condition as existed at the date of possession of same by Sublessee, except for ordinary wear and tear. If Sublessor assigns its interest in the Subleased Premises during the term hereof, Sublessor may assign the Security Deposit to the assignee, and thereafter Sublessor shall have no further liability for the return of the Security Deposit, or any interest thereon, and Sublessee agrees to look solely to the new sublessor for the return of the Security Deposit, and any interest thereon.

5. ADDITIONAL RENT.

5.1. Certain Definitions. For purposes hereof: "BASE YEAR" means the calendar year 1995; "SUBLESSEE'S PERCENTAGE SHARE" means the proportion which the Net Rentable Area in the Subleased

Premises, from time to time, bears to the total Net Rentable Area in the Leased Premises, from time to time; "TENANT'S PERCENTAGE SHARE OF OPERATING EXPENSES" has the same meaning given to such term in the Master Lease; "SUBLESSEE'S PERCENTAGE SHARE OF OPERATING EXPENSES" means an amount equal to Tenant's Percentage Share of Operating Expenses attributable to the Subleased Premises during any calendar year of the term of this Sublease; "SUBLESSEE'S PERCENTAGE SHARE OF EXCESS 0PERATING EXPENSES" means the difference in any calendar year after the Base Year between Sublessee's Percentage Share of Operating Expenses in that year and Sublessee's Percentage Share of Operating Expenses in the Base

Year.

5.2. Additional Rent. In addition to Base Rent, Sublessee shall also pay to Sublessor, during the term of this Sublease, at the same time as Base Rent is due, an amount equal to Sublessee's Percentage Share of Excess Operating Expenses. The parties acknowledge that the Master Lease requires Sublessor to pay on a monthly basis certain estimated costs in order to reimburse Master Lessor, over the course of each year of the term of the Master Lease, for Sublessor's share of "OPERATING EXPENSES" (as defined in the Master Lease) incurred by Master Lessor in owning and operating the "PROJECT" (as defined in the Master Lease). Sublessee agrees to pay on a monthly basis those estimated Operating Expenses attributable to Sublessee's Percentage Share of Excess operating Expenses. Following the end of each calendar year, a reconciliation is made against the actual Operating Costs incurred. Sublessee's obligation to pay Sublessee's Percentage Share of Excess Operating Expenses, as set forth above in this Paragraph 5.2, shall be governed by the estimated amounts and shall be subject to any reconciliation against actual amounts, of such costs and expenses. Sublessor shall promptly deliver to Sublessee copies of all statements and notices Sublessor receives from Master Lessor regarding such Operating Expenses. Items that are specially billed by Master Lessor to Sublessor or Sublessee, rather than charged generally to office tenants by Master Lessor, shall be paid by the party requesting the specially billed item in the manner required by the Master Lease. (The Base Rent, the Furniture Rent [as defined in Paragraph 22], and Sublessee's Percentage Share of Excess Operating Expenses are hereinafter collectively referred to as "RENT").

6. SERVICES; REPAIRS.

6.1. Provisions of Services. Notwithstanding any other provisions of this Sublease (including, without limitation, the quiet enjoyment covenant of Paragraph 2.3), the only facilities, utilities or services (collectively "SERVICES") to which Sublessee is entitled hereunder are those to which Sublessor is entitled under the Master Lease. Sublessee shall look solely to Master Lessor under the Master Lease for all such services, including, without limitation, the services to be provided by Master Lessor under Section 3.1 of the Master Lease. Notwithstanding the foregoing, Sublessor does hereby assign, transfer and set over to

Sublessee any and all rights it has or might have against the Master Lessor under the Master Lease for all such services, including, without limitation, the services to be provided by Master Lessor under Section 3.1 of the Master Lease, to the extent that such services involved are applicable to the Subleased Premises. Sublessee shall pursue any such rights and remedies by virtue of such assignment at its own cost and expense and shall indemnify and hold harmless Sublessor from any loss, cost, claim, damages, expense, causes of action or liability (including, without limitation, attorneys' fees and costs) asserted against Sublessor by Master Lessor by reason of Sublessee's pursuit of such rights and remedies. This assignment will terminate contemporaneously with the termination of this Sublease.

6.2. No Abatement or Termination.

(a) If Master Lessor shall fail to perform its covenants or furnish any of the services set forth in the Master Lease (including, without limitation, the covenants and services set forth in Section 3.1 of the Master Lease), then Sublessee shall immediately give written notice to Sublessor and to Master Lessor, specifying in as much detail as possible such failure.

(b) Failure by Master Lessor to perform any covenant or furnish any of the utilities or services set forth in the Master Lease (including, without limitation, the failure to furnish any of the services specified in Section 3.1 of the Master Lease) shall not render Sublessor liable in any respect for damages to either person or property, nor be construed as an eviction by Sublessor, nor entitle Sublessee to an abatement of Rent (except that Sublessee may abate Rent and receive reimbursement of out-of-pocket expenses incurred in temporarily relocating from the Subleased Premises to the extent that Sublessor would have been entitled under Section 3.1 of the Master Lease to rental abatement and reimbursement of out-of-pocket relocation expenses on account of a services interruption to the Subleased Premises had Sublessor occupied the Subleased Premises at the time of the services interruption), nor entitle Sublessee to terminate this Sublease in whole or in part (except that Sublessee may terminate this Sublease if [i] Sublessor has the right to terminate the Master Lease on account of the services interruption to the Subleased Premises, but fails to do so, or [ii] a Basic Services Failure [as defined in the Master Lease] which is not the result of an Unavoidable Interruption [as defined in the Master Lease] continues for 180 consecutive days or more, and such Basic Services Failure affects 25% or more of the Subleased Premises and it becomes reasonably impracticable for Sublessee to operate in the Subleased Premises such that Sublessee must relocate to other premises), nor relieve Sublessee from fulfillment of any covenant or agreement hereunder, and Sublessee shall have no claim of set-off or rebate of Rent (except as expressly

provided in this Paragraph 6.2) or damages on account of any interruption in services occasioned thereby or resulting therefrom.

6.3. Repairs. Sublessee shall maintain the Subleased Premises in the same or better condition than the condition in which the Subleased Premises existed on the Commencement Date (reasonable wear and tear excluded). Notwithstanding any other provisions of this Sublease (including, without limitation, the quiet enjoyment covenant of Paragraph 2.3), the only repairs and maintenance to which Sublessee is entitled hereunder are those to which Sublessor is entitled under the Master Lease. Sublessee shall look solely to Master Lessor under the Master Lease for all such repairs and maintenance, including, without limitation, the repairs and maintenance to be provided by Master Lessor under Section 5.4 of the Master Lease. Sublessor shall have no obligation to perform or make any such repairs or maintenance with respect to the Subleased Premises. Sublessee agrees, at its sole cost and expense, to perform all repairs to and maintenance of the Subleased Premises required by Sublessor as tenant under the Master Lease, including, without limitation, those described in Section 5.5 of the Master Lease. Notwithstanding the foregoing, Sublessor does hereby assign, transfer and set over to Sublessee any and all rights it has or might have against the Master Lessor under the Master Lease for all repairs and maintenance to be provided by Master Lessor under Section 5.4 of the Master Lease, to the extent that such repairs involved are applicable to the Subleased Premises. Sublessee shall pursue any such rights and remedies by virtue of such assignment at its own cost and expense and shall indemnify and hold harmless Sublessor from any loss, cost, claim, damages, expense, cause of action or liability (including, without limitation, attorneys, fees and costs) asserted against Sublessor by Master Lessor by reason of Sublessee's pursuit of such rights and remedies. This assignment will terminate contemporaneously with the termination of this Sublease.

7. USE OF SUBLEASED PREMISES.

The Subleased Premises shall be used by Sublessee solely as business offices and the incidental uses of preparing and serving meals for Sublessee's employees and invitees, subject, however, to Legal Requirements (as defined in the Master Lease) and Sublessor's approval, which approval shall not be unreasonably withheld, as to (A) the condition of any lunchroom equipment, (B) the visibility of such equipment from outside the Subleased Premises, and (C) the location, layout, design, visibility and venting of such equipment.

8. INCORPORATION OF MASTER LEASE.

8.1. Compliance with Master Lease. Except (i) to the extent that the provisions of the Master Lease are in clear conflict with the terms and provisions of this Sublease, and (ii) as expressly otherwise provided in this Sublease (including, without limitation, Paragraph 17 hereof), Sublessee shall comply with all of the provisions of the Master Lease that are to be observed or performed during the term hereof by Sublessor as tenant thereunder with respect to the Subleased Premises. Notwithstanding any other

provision of this Sublease, Sublessee shall not, by any act or omission, cause Sublessor to be in violation of or in default under the Master Lease.

8.2. Incorporation of Master Lease.

(a) Insofar as the provisions of the Master Lease pertaining to the Subleased Premises do not conflict with specific provisions hereof or are not specifically excluded by Paragraph 17 hereof, such provisions are incorporated by this reference into this Sublease as fully as if completely restated herein. Subject to the preceding sentence, Sublessee shall be bound by all the provisions of the Master Lease pertaining to the Subleased Premises and shall perform all of the obligations and responsibilities that Sublessor is obligated to perform pursuant to the Master Lease pertaining to the Subleased Premises. Therefore, for the purposes of this Sublease, wherever in the Master Lease the word "LANDLORD" is used, it shall mean Sublessor and wherever in the Master Lease the word "TENANT" is used, it shall mean Sublessee and wherever in the Master Lease the word "LEASED PREMISES" or similar words are used, they shall mean the Subleased Premises; all terms not specifically defined herein shall have the same meanings designated thereto in the Master Lease provided that the same is not in conflict with the terms and provisions of this Sublease.

(b) Notwithstanding Paragraph 8.2(a), this Sublease shall not and does not create any rights in Master Lessor or any third parties.

8.3. Subleased Premises. The parties acknowledge and agree that

Sublessee's rights and obligations hereunder relate to only those portions of the Leased Premises covered by the Master Lease that are a part of, or are related or appurtenant to, the Subleased Premises.

8.4. Subject to Master Lease. This Sublease is expressly subject to and inferior to the Master Lease, and no provision of this Sublease shall be construed in a manner that would violate the terms of the Master Lease. Sublessor may from time to time hereafter amend the Master Lease, in which case the term "MASTER LEASE", as used herein, shall include any and all amendments to the First Amended and Restated Lease Agreement dated as of July 6, 1989; provided, however, Sublessor agrees that no amendments, changes or modifications shall be made to the Master Lease which affect Sublessee's Rent obligation under this Sublease, the term of this Sublease, the amount of space in the Subleased Premises or otherwise materially adversely affect Sublessee's rights or obligations hereunder.

8.5. Approval of Master Lease. Sublessee represents that it has read, is familiar with and approves all of the provisions of the Master Lease to the extent that such provisions relate to the Subleased Premises.

8. 6. Notice of Default from Master Lessor. If during the term of this Sublease Sublessor receives written notice from Master Lessor stating that an Event of Default (as defined in the Master Lease) by Sublessor has occurred and is continuing under the Master Lease, Sublessor will endeavor to promptly advise Sublessee of the receipt of such notice and the nature of the Event of Default.

9. LIMITATION OF LIABILITY AND INDEMNITY.

9.1. Condition of Property. Notwithstanding any provision of this Sublease or the Master Lease to the contrary, Sublessor shall not be liable to Sublessee or any of its officers, directors, shareholders, agents, employees, servants, or invitees for any death or injury to any person or persons or for damage to property due to the conduct of Sublessee's business in the Subleased Premises, the condition or design of or any defect in the Subleased Premises, the Building, the Project, or any part or component thereof (including, without limitation, any mechanical, electrical, plumbing, heating, air conditioning or other systems or equipment), which may exist or subsequently occur, except to the extent of Sublessor's own gross negligence or willful misconduct but such exception shall be subject to the waiver of liability provisions and waiver of subrogation provisions of Sections 6.6 and 6.7 of the Master Lease, which are incorporated herein pursuant to Paragraph 8 hereof.

9.2. Acts of Sublessee. Without limiting Sublessee's other obligations under this Sublease (including, without limitation, the indemnification obligations set forth in Paragraphs 6.1, 6.3, 12.1, 20, 21, 23 and 24.15), Sublessee agrees that it will indemnify, defend and hold Sublessor harmless from and against any and all liability, loss, cost, damage or expense (including, without limitation, attorneys' fees and costs and any liability Sublessor may have to Master Lessor) arising out of or related to any act or omission of Sublessee, or any of Sublessee's officers, shareholders, directors, agents, employees, servants or invitees arising from Sublessee's use of the Subleased Premises or from any activity, work or other thing done, permitted or suffered by Sublessee or any of Sublessee's officers, shareholders, directors, agents, employees, servants or invitees on or about the Complex (as defined in the Master Lease), and Sublessee shall further indemnify and hold harmless Sublessor from and against any and all claims arising from any breach or default in the performance of any obligation on Sublessee's part to be performed under the terms of this Sublease.

9.3. Default by Master Lessor. Sublessor shall not be responsible or liable for any violation or default by Master Lessor under the Master Lease (including, without limitation, the failure to provide services or repairs) or for the acts or omissions of any tenant of the Building, the Project, or any other third party.

10. CONDEMNATION; CASUALTY.

10.1. Condemnation. The provisions of Section 6.1 of the Master Lease (regarding condemnation) are hereby modified only in that (i) Sublessor shall have no obligation whatsoever to restore the Subleased Premises and no liability in connection therewith, and (ii) Sublessor shall be entitled to all condemnation proceeds except that Sublessee shall be entitled to receive any condemnation proceeds to the extent expressly and directly awarded to Sublessee by the condemning authority.

10.2. Casualty.

(a) In the event of a fire or other casualty in the Subleased Premises, Sublessee shall immediately give written notice thereof to Sublessor and to Master Lessor.

(b) If the Subleased Premises shall be partially destroyed by fire or other casualty not caused by Sublessee or its agents, employees or invitees so as to render the Subleased Premises untenantable, in whole or in part, and if the Master Lease is not terminated as therein provided, then the Rent shall abate thereafter as to the portion of the Subleased Premises rendered untenantable to the extent that the rent payable under the Master Lease is abated as a result of such casualty, until such time as Master Lessor has restored the Subleased Premises to permit Sublessee's re-occupancy of the Subleased Premises. Sublessee shall pay all costs with respect to any such restoration of the Subleased Premises that are required to be paid by Sublessor to Master Lessor under the Master Lease.

(c) In the event of damage or destruction to the Subleased Premises, the Leased Premises, the Building or the Project, or any portions thereof, and the Master Lease is terminated as therein provided, then all accrued and unpaid Rent for the period prior to such destruction shall be paid by Sublessee and thenceforth this Sublease and the obligations of the parties hereunder shall cease and come to an end, except for any continuing obligations the parties may have to each other (including, without limitation, liability under any indemnities provided for in this Sublease).

(d) The parties acknowledge and agree that Sublessor shall have no obligation or liability in connection with any such damage or any reconstruction of the Subleased Premises.

11. CURRENT LEASEHOLD IMPROVEMENTS; "AS-IS, WHERE-IS" CONDITION.

Subject to such items as are specified in any punch-list prepared pursuant to the Construction Agreement set forth in EXHIBIt "C", Sublessee accepts the Subleased Premises in their "AS-IS, WHERE-IS" condition. The taking possession of the Subleased Premises by Sublessee shall be conclusive evidence as against Sublessee that the Subleased Premises were in the condition agreed upon between Sublessor and Sublessee. Sublessor and Sublessee

expressly agree that there are and shall be no implied or express warranties of merchantability, habitability, suitability, fitness for a particular purpose or any other kind arising out of this Sublease, and there are no warranties, whether written, oral, express or implied, which extend beyond those expressly set forth in this Sublease.

12. ALTERATIONS, ADDITIONS AND IMPROVEMENTS.

12.1. Consent. Sublessee shall not make any alterations, additions or improvements to the Subleased Premises without first obtaining the written consent of Sublessor (which consent shall not be unreasonably withheld) and the consent of Master Lessor. Any alterations, additions and improvements will be of a quality substantially equivalent to or better than the quality of improvements within the Subleased Premises as of the Commencement Date; provided, however, any alterations, additions and improvements to the 22nd floor may or may not be of the same quality as the existing improvements in the 22nd floor, but they will be of a quality substantially equivalent to or better than the quality of improvements within the remainder of Subleased Premises as of the Commencement Date. Sublessee shall procure any and all insurance required by Sublessor and Master Lessor to be maintained during the construction of the alterations, additions and improvements. Construction of any alterations, additions or improvements shall be performed by a general construction contractor approved by Master Lessor and Sublessor. Sublessee hereby assumes any and all liability for any and all injuries to or death of, any and all persons (including, without limitation, Sublessee's contractors and subcontractors and employees), and any liability for any and all damage to property caused by, or resulting from, or arising out of any act or omission of Sublessee, Sublessee's contractors and their subcontractors or employees in the performance of the alterations, additions and improvements. Sublessee further agrees to defend, indemnify and save harmless Sublessor and Master Lessor from and against all damages, costs, liability, losses and expenses (including legal fees and expenses) that Sublessor or Master Lessor may incur, suffer or pay as a result of claims or lawsuits due to, because of, or arising out of any and all such injuries, death and/or damage.

12.2. Sublessor's Property. All such alterations, additions, improvements shall be made at Sublessee's expense and shall become Sublessor's property, and shall remain on and be surrendered with the Subleased Premises at the termination of this Sublease without disturbance, molestation, or injury. All such work shall comply with all legal requirements and with the terms and provisions of the Master Lease. Nothing contained in this Sublease shall prevent

Sublessee from removing all furniture, furnishings and trade fixtures owned by Sublessee and used in its business, provided they can be removed without damage to the Subleased Premises. Sublessee shall repair any damage to the Subleased Premises and the Building caused by such removal.

13. INSURANCE.

Sublessor shall not be obligated to obtain or maintain any insurance with respect to the Subleased Premises. Sublessee shall obtain and maintain in force all insurance required under the Master Lease pertaining to the Subleased Premises including, but not limited to, broad form commercial or comprehensive general liability insurance including a cross-liability provision with limits, as of the date of this Sublease, of not less than $3,000,000.00 for bodily injury or damage to or destruction of property for any one occurrence (it being acknowledged that the insurance limits are subject to change in accordance with Section 6.5 of the Master Lease) with an insurance company or companies authorized to do business in the State of Texas and with and A.M. Best Company, Inc. rating of B+ or better. If such insurance is written on a claims-made form, it must provide for (i) a retroactive date prior to, or coincident with, the date of this Sublease, and (ii) a minimum extended claims reporting period of one year. In addition, Sublessee shall name Sublessor and Master Lessor as additional insured under any such insurance policy. Sublessee shall cause all insurance policies to contain waiver of subrogation provisions acceptable to Sublessor and Master Lessor. Sublessee agrees that certificates of insurance or certified copies of such insurance policies will be delivered to Sublessor and Master Lessor within ten days following the execution of this Sublease. All policies shall contain an endorsement requiring 30 days prior written notice from any insurer to Sublessor and Master Lessor before any change, cancellation, termination, or reduction in or of such policies. All policies shall acknowledge that they provide primary coverage with respect to the additional insureds thereunder and that such policies as are separately maintained by the additional insureds shall be excess insurance.

14. NO ASSIGNMENT OR SUB-SUBLEASE WITHOUT CONSENT.

14.1. Sublessee may not sell, assign, transfer, convey, or encumber this Sublease or any part thereof or any interest therein or relet the Subleased Premises, in whole or in part (hereinafter referred to as a "TRANSFER"), without first obtaining the written consent of Sublessor. Any attempted Transfer in violation hereof shall be null and void. Any Transfer by Sublessee shall not relieve Sublessee from any liability or obligation created by this Sublease.

14.2. If Sublessee desires to effect a Transfer, Sublessee shall give Sublessor written notice thereof and furnish Sublessor the following information with such notice: (a) name and address of proposed transferee; (b) terms and conditions of the proposed transfer; (c) nature and character of proposed transferee's business and proposed use of the Subleased Premises; (d) current financial information on the proposed transferee; and (e) any other relevant information as Sublessor may reasonably request with respect to the proposed Transfer.

14.3. Sublessor shall deliver written notice of approval or disapproval of such proposed Transfer within ten business days after receipt of Sublessee's notice containing the information required by this Paragraph 14. If Sublessor fails to deliver such written notice within such ten-business day period, Sublessor shall be deemed to have refused to consent to such Transfer. Sublessor's consent to the proposed Transfer shall not be unreasonably withheld provided that: (a) the transferee proposes to use the Subleased Premises for a use permitted by Paragraph 7 hereof and otherwise in keeping with the character and nature of the other tenancies and subtenancies in the Building and without violating any restrictive uses; (b) the transferee is a reputable party (as determined in the sole discretion of Sublessor); (c) the transferee is not a state or federal governmental agency; (d) the transferee is not a competitor of another occupant of office space in the Building; (e) the transferee is not a tenant or subtenant or a prospective tenant or subtenant of any office space in the Complex (as defined in the Master Lease) at the time of the proposed subletting; and (f) no Event of Default exists either at the time of Sublessee's written notice to Sublessor or on the effective date of the proposed Transfer. Notwithstanding any Transfer, Sublessee may not convey to any transferee the right of first opportunity set forth in EXHIBIT "D". Sublessee shall deliver to Sublessor a copy of any final sublease or assignment agreement promptly after its execution.

14.4. If Sublessor elects to consent to a Transfer, and if the Rent due and payable by a transferee under any such permitted Transfer (or a combination

of the Rent payable thereunder plus any bonus or other consideration therefor or incident thereto) in respect of the interval in question exceeds the Rent due under this Sublease allocable to the portion of the Subleased Premises covered thereby for the same interval, such excess shall belong to Sublessor. Sublessee shall hold all amounts it receives which are payable to Sublessor in trust and shall deliver such amounts to Sublessor within ten days after Sublessee's receipt thereof.

14.5. Notwithstanding anything contained in this Paragraph 14 to the contrary, Sublessee may, without the consent of Sublessor, sublease up to one floor of the Subleased Premises to, or permit the use or occupancy of up to one floor of the Subleased Premises by, Lacerte Financial, Ltd. provided that and for so long as the Lacerte Financial Ltd. continues to be substantially owned by the shareholders of Sublessee. If, at any time during this Sublease, the shareholders of Sublessee own less than 90% of the partnership interests in Lacerte Financial, Ltd., then Lacerte Financial, Ltd. shall no longer be a permitted subtenant pursuant to this Paragraph 14.5, and Sublessee shall thereafter be required to obtain Sublessor's consent to such a sublease in the manner provided above for all other Transfers.

15. DEFAULT.

15.1. Default by Sublessee. (i) If default shall be made in the payment of any sum of Rent, or of any sum other than Rent, to be paid by Sublessee under this Sublease (including, without limitation, any amounts owing by Sublessee pursuant to the Construction Agreement attached hereto as EXHIBIT "C"); or (ii) if default shall be made in the performance of any of the other covenants and conditions which Sublessee is required to observe and perform under this Sublease; or (iii) if the interest of Sublessee under this Sublease shall be levied on under execution or other legal process; or (iv) if any petition shall be filed by or against Sublessee to declare Sublessee a bankrupt or to delay, reduce or modify Sublessee's debts or obligations; or (v) if Sublessee is declared insolvent according to law or if any assignment of Sublessee's property shall be made for the benefit of creditors or if a receiver or trustee is appointed for Sublessee or its property; or (vi) if Sublessee shall vacate or abandon the Subleased Premises during the term of this Sublease; or (vii) if Sublessee shall default under any of the terms and provisions of the Master Lease which, by the terms of this Sublease, are applicable hereto; then Sublessor may treat the occurrence of any one or more of the foregoing events as a breach of this Sublease and thereupon, at Sublessor's option, Sublessor shall have any one or more of the following described remedies, in addition to all other rights and remedies provided at law or in equity:

(a) Sublessor may terminate this Sublease and repossess the Subleased Premises and be entitled to recover as damages a sum of money equal to the total of (i) the cost of recovering the Subleased Premises, (ii) the accrued and unpaid Rent at the time of termination, plus interest thereon at the maximum lawful per annum rate under the laws of the State of Texas from the due date, (iii) the present value [discounted at the rate of eight percent per annum] of the balance of all Rent for the remainder of the Sublease term less the present value (discounted at the same rate) of the fair market rental value of the Subleased Premises for the same period (but only to the extent the remainder is a positive number) and (iv) any other sum of money and damages including any attorney's fees and court costs owed by Sublessee to Sublessor.

(b) Sublessor may terminate Sublessee's right of possession (but not this Sublease) and may repossess the Subleased Premises by forcible entry or detainer suit or otherwise, without demand or notice of any kind to Sublessee and without terminating this Sublease, in which event Sublessor may, but shall be under no obligation to do so, relet the Subleased Premises for the account of Sublessee for such Rent and upon such terms as shall be satisfactory to Sublessor. For the purpose of such reletting, Sublessor is authorized to decorate and/or to make any repairs, changes, alterations and/or additions in or to the Subleased Premises that may be reasonably necessary to restore the Subleased Premises to a "BUILDING STANDARD" (as defined in the Master

Lease) condition. In addition, (i) if Sublessor shall fail to relet the Subleased Premises, then Sublessee shall pay to Sublessor as damages a sum equal to the amount of all accrued and unpaid Rent and other accrued and unpaid sums provided for in this Sublease; or (ii) if the Subleased Premises are relet and a sufficient sum shall not be realized from such reletting after paying the accrued and unpaid Rent and other accrued and unpaid sums due hereunder at the time of reletting, the cost of recovering possession and of collecting rent accruing under such subletting, and all of the costs and expenses reasonably incurred in making such decorations, repairs, changes, alterations and/or additions

necessary to relet the Subleased Premises (plus interest on all of the same at the maximum lawful contract rate), then Sublessee shall satisfy and pay any such deficiency upon demand therefor from time to time. Sublessee agrees that Sublessor may file suit to recover any sums falling due under the terms of this Paragraph 15.1(b) from time to time, and that no delivery to or recovery by Sublessor of any sum due Sublessor hereunder shall be any defense in any action to recover any amount of money not theretofore reduced to judgment in favor of Sublessor, nor shall such reletting be construed as an election on the part of Sublessor to terminate this Sublease unless a written notice of such intention is given to Sublessee by Sublessor. Notwithstanding any such reletting without termination, Sublessor may at any time thereafter elect to terminate this Sublease for such previous breach.

(c) Sublessor may enter the Subleased Premises and cure at Sublessee's expense any default.

(d) Sublessor may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any other amount which Sublessor may spend or become obligated to spend by reason of Sublessee's default, or to compensate Sublessor for any other loss or damage which Sublessor may suffer by reason of Sublessee's default, including, without limitation, costs and attorneys' fees incurred by Sublessor to recover possession of the Subleased Premises. If any portion of the Security Deposit is so used or applied, Sublessee shall, upon demand, deposit cash with Sublessor in an amount sufficient to restore the Security Deposit to its original amount, and Sublessee's failure to do so shall constitute a default hereunder by Sublessee.

15.2. No Duty to Mitigate. Sublessor shall have no duty whatsoever to mitigate its damages following an Event of Default by Sublessee, and Sublessor will not be liable in any way whatsoever for Sublessor's failure or refusal to relet the Subleased Premises or any portion thereof, or if the Subleased Premises or any portion thereof are relet, for Sublessor's failure to collect rental under such reletting, and no such refusal or failure to relet or failure

to collect rental will release or affect Sublessee's liability under this Sublease.

15.3. Default by Sublessor. Except where the provisions of this Sublease grant Sublessee an express, exclusive remedy, or deny Sublessee a remedy, if Sublessor should fail to perform or observe any covenant, term, provision or condition of this Sublease and such default should continue beyond a period of 30 days (or such longer period as is reasonably necessary to remedy such default, provided Sublessor shall continuously and diligently pursue such remedy at all times until such default is cured) following notice thereof by Sublessee to Sublessor, then Sublessee shall have as its sole and exclusive remedy the right to commence such actions at law or in equity to which Sublessee may be entitled, including without limitation any action for specific performance or damages but expressly excluding an action to declare a termination of this Sublease. The rights of Sublessee pursuant to this Paragraph 15.2 shall be subject to any express provisions of this Sublease providing for remedies different from, or in exclusion of, the remedies above-described. In no event shall Sublessor be liable to Sublessee for consequential or special damages by reason of a failure to perform (or default) by Sublessor or Master Lessor hereunder or otherwise.

15.4. Non-Waiver. Failure of either party to declare any default immediately upon occurrence thereof, or delay in taking any action in connection therewith, shall not waive such default or right to take such action, but such party shall have the right to declare any such default or take such action at any time. Sublessor's acceptance of partial payment of any sum owing hereunder shall not constitute a waiver of or be deemed to constitute a waiver or estoppel by Sublessor of the right to collect the full amount of any sum owing hereunder.

15.5. Cumulative Remedies. All rights and remedies of Sublessor enumerated in this Sublease (including, without limitation, indemnification rights) shall be cumulative and shall not exclude any other right or remedy allowed by law. These rights and remedies may be exercised or enforced concurrently and as often as necessary.

16. EXCULPATION.

Sublessee shall maintain the Subleased Premises in the same or better condition than the condition in which the Subleased Premises existed on the Commencement Date (reasonable wear and tear excluded). Sublessee acknowledges and agrees that Sublessor shall not be responsible for any maintenance, services, or repairs to the Subleased Premises, to the Building, the Project, or any part thereof, nor shall Sublessor be liable for any interruption in utilities or services to the Subleased Premises, nor for loss or damage to any

person or any property of Sublessee or its employees or invitees by theft or otherwise, nor shall Sublessor be liable

for any damage or disturbance caused by other tenants of the Building or the Project. Any and all covenants, undertakings and agreements herein made on the part of Sublessor are made and intended not as personal covenants, understandings and agreements for the purpose of binding Sublessor personally or the assets of Sublessor, except only Sublessor's interest in the leasehold under the Master Lease; and Sublessee specifically agrees to look solely to Sublessor's (or its successors') leasehold interest under the Master Lease for the recovery of any judgment from Sublessor (or its successors) relating to this Sublease, it being agreed that Sublessor and its successors (and their directors, officers, employees and agents) shall never be personally liable for any such judgment.

17. INAPPLICABILITY OF CERTAIN PROVISIONS OF MASTER LEASE.

The Master Lease contains certain provisions that are not applicable to this Sublease. The parties agree that the following sections of the Master Lease are not incorporated herein and do not form a part of this Sublease:

Any provisions that are superseded by or in direct conflict with the provisions hereof; any provisions relating to Master Lessor's or Sublessor's obligations regarding the initial construction of the Building, the Project, or the Leased Premises by Master Lessor, including any rights of Sublessor to approve matters in connection therewith, the intent of this provision being to acknowledge that construction of the Building, the Project and the Leased Premises covered by the Master Lease are complete; Section 1.1 (Leased Premises); Section 1.2 (Term); Section 1.3 (Base Building Design); section 1.4 (Use); Section 2.1 (Rental Payments) Section 2.2 (Base Rental); Section 2.5 (Cash Inducements); Section 2.6 (Refurbishment Allowance); Section 2.7 (Additional Inducements); Section 2.8 (Agreements Inducement); the provisions of Section 3.1 (Services) that would otherwise require Sublessor to provide services as stated therein (it being acknowledged that Sublessee agrees to look solely to Master Lessor for any such services in accordance with Paragraph 6 hereof); the provisions of Section 3.2 (Keys and Locks) that would require Sublessor to pay for any keys and/or access cards for Sublessee; Section 3.3 (Graphics and Building Directory); Section 3.4 (Parking) (it being acknowledged that the parking provision set forth in Paragraph 19 hereof shall govern this Sublease); Section 3.5 (Building Identity and Signs); Section 3.6 (Communications Equipment); the provisions of Section 4.4 (Laws and Regulations; Rules of Building) that would otherwise require Sublessor to act on behalf of the Master Lessor; Section 5.1 (Base Building Improvements); Section 5.2 (Leasehold Improvements); Section 5.3 (Holdover and Related Costs); the provisions of Section 5.4 (Repairs by Landlord) that would otherwise require Sublessor to make any repairs or perform any maintenance, repair, refurbishing or

replacement (it being acknowledged that Sublessee agrees to look solely to Master Lessor for any such items in accordance with Paragraph 6 hereof); the provisions of Section 5.7 (Management) that would otherwise give Sublessee the right to approve or select the Project manager; the provisions of Sections 6.1, 6.3, 6.4, and 6.5 (Condemnation, Casualty Clause, Casualty Insurance, and Liability Insurance) that would otherwise require Sublessor to provide and maintain insurance on the Subleased Premises or to repair or restore the Subleased Premises in the event of a casualty or a condemnation (it being acknowledged that Sublessee agrees to look solely to Master Lessor for such items in accordance with Paragraph 10 hereof); Section 6.6 (Hold Harmless and Indemnity) (it being acknowledged that the indemnity provisions set forth in Paragraph 9 hereof shall govern this Sublease); Section 7.1 (Default and Remedies) (it being acknowledged that the default provisions set forth in Paragraph 15 hereof shall govern this Sublease); Section 7.3 (Negation of Lien for Rent); Section 7.7 (Holding Over); the provisions of Section 7.8 (Subordination) that would otherwise require Sublessor to act on behalf of the Master Lessor with respect to any mortgage or deed of trust placed on the Project; Section 7.10 (Vacating the Leased Premises); Section 7.11 (Tenant Net Worth); Section 8.1 (Sublease or Assignment by Tenant); Section 8.2 (Assignment by Landlord) (it being acknowledged that Sublessor has unrestricted rights to assign its interest in this Sublease); Section 8.5 (Memorandum of Lease); Section 8.6 (Consents); Section 8.7 (Publicity); Article IX (Options); Section 10.2 (Fair Market Rental); Section 11.1 (Notices) (it being acknowledged that notices required under this Sublease shall be delivered as set forth in Paragraph 24.4 hereof); Section 11.2

(Brokers); the defined terms in Section 11.4 (Other Definitions) to the extent they do not relate to Master Lease provisions which are incorporated herein by reference; Section 11.8 (Extension of Lease I); the exhibits attached to the Master Lease to the extent they do not relate to Master Lease provisions which are incorporated herein by reference. Except as provided in the following sentence, Section 2.3 of the Master Lease is incorporated herein by reference for all purposes except for determining (i) the Base Year, and (ii) the fraction used for calculating Sublessee's Percentage Share of operating Expenses, both of which shall be governed by Paragraph 5 of this Sublease. For purposes of determining Sublessee's Percentage Share of Operating Expenses, Sublessor shall be entitled to rely upon any and all statements and certifications furnished to Sublessor by Master Lessor and Master Lessor's accountants and representatives, and Sublessor shall not be liable to Sublessee for any errors or inconsistencies contained in any such statements or certifications.

Sublessee's obligations under Paragraph 8 hereof and elsewhere to comply with or conform to the provisions of the Master Lease do not extend to any provisions of the Master Lease that are not incorporated herein and do not form a part of this Sublease as stated in this Paragraph 17, but nevertheless Sublessee shall not by any act or failure to act cause any default to exist under the Master Lease.

18. ACCEPTANCE OF BUILDING AND SUBLEASED PREMISES.

Subject to such items as are specified in any punch-list prepared pursuant to the Construction Agreement set forth in EXHIBIT "C", Sublessee, by taking possession of the Subleased Premises, acknowledges and agrees that it: (a) accepts the Subleased Premises as suitable for the purposes for which they are leased; (b) accepts the Subleased Premises as being in a good and satisfactory condition; (c) accepts the Subleased Premises subject to the Master Lease and all applicable laws, agreements, covenants, restrictions and matters of record; and (d) waives any defects in the Subleased Premises.

19. PARKING.

During the term of this Sublease, Sublessee shall have the right to use 330 parking spaces in the "PARKING FACILITY" (as defined in the Master Lease). Sublessee's parking spaces shall be located in areas of the Parking Facility designated by Sublessor, with 13 of the parking spaces being underground reserved spaces; 117 of the parking spaces being general unreserved spaces; and 200 of the parking spaces being unreserved spaces located on the top two parking levels of the Parking Facility. The parking spaces shall be provided to Sublessee at no charge. Sublessor, at Sublessor's sole cost and expense, shall obtain from Master Lessor access cards for the Parking Facility in an amount reasonably requested by Sublessee for use by its then current employees maintaining offices in the Subleased Premises, but in no event more than 330. All such access cards shall remain the property of Master Lessor. Upon termination of this Sublease, Sublessee shall surrender to Master Lessor all such access cards. Sublessee's use of the spaces in the Parking Facility are subject to all restrictions in the Master Lease. Sublessee shall have no parking rights under this Sublease or the Master Lease, except as expressly set forth herein.

20. HAZARDOUS MATERIALS.

Sublessee shall not cause or permit any Hazardous Materials (as such term is defined in the Master Lease) to be used, stored, generated, released or disposed of on or in the Subleased Premises, Building or Project by Sublessee, Sublessee's agents, employees, contractors, or invitees except to the extent consistent with customary and reasonable office business practices and provided (a) such Hazardous Materials do not endanger the health of any person

on or about the Subleased Premises or the Project, and (b) Sublessee complies with all Legal Requirements applicable to such Hazardous Materials. In the event of a release of any Hazardous Material, Sublessee, in addition to complying with all applicable law concerning such release, shall notify Sublessor immediately upon becoming aware of the same and take such measures as required under all applicable law and consistent with such law, including, for example, the removal or causing the removal and appropriate disposition of such Hazardous Materials, all at Sublessee's expense. If Sublessee breaches or violates any provision in this Paragraph 20, or if the Subleased Premises, Building or Project becomes contaminated in any manner by reason of the fault of Sublessee, its agents, employees, contractors or invitees, Sublessee shall indemnify, defend and hold

Sublessor harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses arising as a result thereof.

21. AMERICANS WITH DISABILITIES ACT.

Sublessee, at its sole expense, will be responsible for causing the design and construction of the Leasehold Improvements to be in compliance with the Americans with Disabilities Act of 1990 (the "ADA") . Furthermore, Sublessee covenants and agrees that the design and construction of all alterations to the Subleased Premises will comply with the requirements of the ADA. Sublessee agrees to indemnify and hold harmless Sublessor for the above described obligations to cause compliance with the ADA.

22. LEASE OF EXISTING FURNITURE.

22.1. Terms of Furniture Lease. In addition to the Subleased Premises, Sublessor also hereby leases to Sublessee, and Sublessee hereby leases from Sublessor, all of the furniture presently situated in the Subleased Premises (the "EXISTING FURNITURE"). The Existing Furniture is hereby leased on the same terms and conditions as provided in this Sublease for the subleasing of the Subleased Premises, except that: (a) the term of the lease for the Existing Furniture shall begin on the Commencement Date and end at midnight on the Furniture Lease Expiration Date (hereinafter defined), upon which date Sublessee shall return the Existing Furniture to Sublessor in the same or better condition than the condition in which the Existing Furniture existed on the Phase I and Phase II Delivery Dates, respectively, normal wear and tear excepted; and (b) the monthly rental for the Existing Furniture shall be 1/12th of the product of the number of square feet of Net Rentable Area in the Subleased Premises times $1.00 (i.e., $9,180.08) (the "FURNITURE RENT").

22.2. Furniture Lease Expiration Date. On or before September 1, 2000, Sublessor will advise Sublessee of the Furniture Lease Expiration Date. The "FURNITURE LEASE EXPIRATION DATE" shall be either (a) December 31, 2000, or (b) if Sublessor obtains the right to possess the Existing Furniture beyond December 31, 2000,

the earlier of (i) the Expiration Date, or (ii) the date on which Sublessor's right to possess the Existing Furniture expires.

22.3. Payment of Furniture Rent. Each installment of Furniture Rent shall be due on or before the first day of each month during the term of the lease of the Existing Furniture and shall be paid to Sublessor at its address as set forth in Paragraph 24.4 (or as later changed pursuant thereto) without notice, demand, abatement, deduction, diminution, or offset. Monthly installments of Furniture Rent shall be prorated for any period during the term hereof which is less than a full calendar month. The initial installment of Furniture Rent shall be paid upon the Commencement Date.

22.4. Furniture Inventory. On or before the Phase I Delivery Date, with respect to the Phase I Furniture, and on or before the Phase II Delivery Date, with respect to the Phase II Furniture, Sublessor and Sublessee will prepare an inventory confirming the type, amount and condition of the Existing Furniture. Sublessee acknowledges that it will have thoroughly inspected the Phase I and Phase II Furniture, respectively, as of the Phase I and Phase II Delivery Dates, respectively, and that except as agreed by Sublessor and Sublessee in writing as an attachment to the Existing Furniture inventory, the Existing Furniture will be deemed to have been delivered in a first-class condition as of such dates.

23. SATELLITE DISHES.

Provided that Sublessee complies with the terms of this Paragraph 23, Sublessee may, at its risk and expense, install two satellite dishes and related wiring (collectively, the "SATELLITE DISHES") on a roof or roofs within the Complex at a location or locations acceptable to Sublessor and Master Lessor. Master Lessor currently charges Sublessor $150 per month for each Satellite Dish located in the Complex. Sublessee agrees to pay to Sublessor monthly, along with the payment of Rent, such amount (or additional amounts if such amount is increased) and any additional charges incurred by Sublessor related to the Satellite Dishes. Before installing the Satellite Dishes, Sublessee shall submit to Sublessor and Master Lessor for their approval plans and specifications which (i) specify in detail the design, location, size, and frequency of the Satellite Dishes and (ii) are sufficiently detailed to allow for the installation of the Satellite Dishes in a good and workmanlike manner and in accordance with all laws. Sublessee shall install (in a good and workmanlike manner), maintain and use the Satellite Dishes in accordance with all laws, rules and regulations and shall obtain all permits required for the installation and operation thereof; copies of all such permits must be submitted to Sublessor and Master Lessor before Sublessee begins to install the Satellite Dishes. Sublessee thereafter shall maintain all permits necessary for the maintenance and operation of the Satellite Dishes while they are on a roof within the Complex, and shall operate and maintain the Satellite

Dishes in such a manner so as not to unreasonably interfere with any other satellite dish, antennae, or other transmission facility in the Complex. Sublessee shall, at its risk and expense, remove the Satellite Dishes within five days after the occurrence of any of the following events: (i) the termination of Sublessee's right to possess the Subleased Premises; (ii) the termination of this Sublease; (iii) the expiration of the term of this Sublease; or (iv) Sublessee's vacating the Subleased Premises. If Sublessee fails to do so, Sublessor may remove the Satellite Dishes and store or dispose of it in any manner Sublessor deems appropriate without liability to Sublessee; Sublessee shall reimburse Sublessor for all costs incurred by Sublessor in connection therewith within ten days after Sublessor's request therefor. Sublessee shall repair any damage to the Complex caused by or relating to the Satellite Dishes, including that which is caused by its installation, maintenance, use, or removal. All work relating to the Satellite Dishes shall be coordinated with Master Lessor' s roofing contractor and building manager. Sublessee shall indemnify, defend, and hold harmless Sublessor against all liabilities, losses, damages, and costs arising from the installation, maintenance, use, or removal of the Satellite Dishes, INCLUDING THAT CAUSED BY SUBLESSOR'S NEGLIGENCE (unless the same was caused by Sublessor's gross negligence or wilful misconduct).

24. MISCELLANEOUS PROVISIONS.

24.1. Attorneys' Fees. If any action at law, in equity or in arbitration, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Sublease, the prevailing party shall be entitled to recover attorneys' fees and court (or arbitration) costs from the other party.

24.2. Applicable Law. This Sublease shall be construed, enforced and governed by the laws of the State of Texas. Venue for any action involving this Sublease shall be in Dallas County, Texas.

24.3. Surrender of Premises and Keys. Sublessee shall, at the expiration of this Sublease, quietly and peaceably surrender the Subleased Premises without the requirement of notice to Sublessee, and Sublessee will deliver to Sublessor all keys to the Subleased Premises. At the time of such surrender, the Subleased Premises shall be in the same or better condition than the condition in which the Subleased Premises existed on the Commencement Date (reasonable wear and tear excluded).

24.4. Notices. Any notices, requests, instructions or other communications to Sublessor or Sublessee required or permitted to be given under this Sublease must be in writing and shall be deemed given if (a) personally delivered to the address for Sublessor or Sublessee stated below, (b) sent by United States Mail, prepaid, certified or registered, return receipt requested, to such address, or (c) delivered by overnight express delivery service to such

address. Any notice which is delivered personally or sent by overnight express in the manner provided herein shall be deemed to have been duly given to the party to whom it is directed upon actual receipt by such party. Any notice addressed and mailed in the manner herein provided shall be deemed to have been given to the party to whom it is addressed at the close of business, local time, of the recipient on the third regular business day following the date of deposit of such item in a depository of the United States Postal Service.

The address for Sublessor shall be:

Oryx Energy Company
13155 Noel Road
Post Office Box 2880
Dallas, Texas 75221-2880
Attention: Manager, Real Estate

The address for Sublessee prior to the Commencement Date shall be:

Lacerte Software Corporation
4835 LBJ Freeway, Suite 1000
Dallas, Texas 75244-6098
Attention: Randall C. Zeller, Chief Operating Officer

The address for Sublessee after the Commencement Date shall be:

Lacerte Software Corporation
13155 Noel Road
Suite 1800
Dallas, Texas 75221

Attention: Randall C. Zeller, Chief operating officer

Either party shall have the right to change its address to which notices shall be sent by giving the other notice thereof as required by this Paragraph 24.4.

24.5. Rules and Regulations. Sublessee shall comply with all rules and regulations now or hereafter promulgated by Master Lessor and/or Sublessor pertaining to the Subleased Premises, the Building, the Project or the Parking Facility. Attached hereto as EXHIBIT "B" are the current Building rules and regulations promulgated by Sublessor. As used in EXHIBIT "B", the term "Lessor" shall mean and refer to Master Lessor and/or Sublessor, and the term "Tenant" shall mean and refer to Sublessee.

24.6. Sublease Guaranty. In consideration for, and as an inducement to Sublessor to enter into this Sublease, Sublessee has agreed to cause Lawrence Lacerte to execute and deliver to Sublessor the Guaranty in exactly the form attached hereto as EXHIBIT "E".

24.7. Authority. Sublessee hereby represents to Sublessor that the person signing on behalf of Sublessee has the power and authority to bind Sublessee to this Sublease; and Sublessor hereby represents to Sublessee that the person signing on behalf of Sublessor has the power and authority to bind Sublessor to this Sublease.

24.8. Paragraph Headings, Gender, etc. The paragraph headings in this Sublease are not intended to be used in construing the substance of this Sublease. Unless the context of this Sublease otherwise requires (a) words of any gender are deemed to include the other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms "hereof", "herein", "hereby", "hereto", and derivative or similar words refer to this entire Sublease, (d) the term "Section" or "Article" refers to the specified section or article of the Master Lease, (e) the term "Paragraph" refers to the specified Paragraph of this Sublease, and (f) all references to "dollars" or "$" refer to currency of the United States of America.

24.9. Late Charge. If any installment of Rent or any other sum which becomes owing by Sublessee to Sublessor under the provisions hereof is not received by Sublessor within five days after the due date therefor, Sublessee, to the extent permitted by law, agrees to pay, in addition to such installment of Rent or such other sum owed, interest on such installment of Rent or such other sums owed at the rate of five percentage points over the Prime Rate (as defined in the Master Lease) or the highest rate permitted by applicable law, whichever is lower, until paid; provided, however, if Sublessee is late in making any such payment once in any twelve (12) month period, then from and after the first late payment any sums due hereunder which are not received by Sublessor by the due date therefor shall, to the extent permitted by law, bear interest at the rate of five percentage points over the Prime Rate or the highest rate permitted by applicable law, whichever is lower, until paid. It is understood that the late payment charge shall be for the purpose of reimbursing Sublessor for the additional costs and expenses which Sublessor presently expects to incur in connection with the handling and processing of late installment payments of Rent and other sums owed. Any amounts paid by Sublessor to cure any defaults of Sublessee hereunder, which Sublessor shall have the right but not the obligation to so cure, shall, if not repaid by Sublessee within five days of demand by Sublessor, thereafter bear interest at the rate of five percentage points over the Prime Rate or the highest rate permitted by applicable usury law, whichever is lower, until paid.

24.10. Consent of Master Lessor. If Sublessor determines that the consent of Master Lessor is required for this Sublease, then this Sublease shall not be effective unless and until such consent is obtained.

24.11. Obligations of Sublessor. It is understood and agreed that any and all covenants or obligations of Sublessor contained in this Sublease shall be binding upon Sublessor and its successors and assigns only with respect to breaches occurring or accruing during its and their respective ownership of the Sublessor's interest hereunder.

24.12. Rules of Construction. The terms and provisions of this Sublease shall not be construed against or in favor of a party hereto merely because such party is the "Sublessor" or the "Sublessee" hereunder or such party or its counsel is the draftsman of this Sublease.

24.13. Confidentiality of Master Lease. Sublessee acknowledges and

agrees that the terms and provisions of the Master Lease are confidential, and Sublessee agrees to not disclose the terms and provisions of the Master Lease to any person other than Sublessee's affiliates, employees, partners, attorneys, architects, or other consultants (and only to the foregoing persons on a "need to know" basis).

24.14. Holding Over. If Sublessee should remain in possession of the Subleased Premises after the expiration or termination of this Sublease, without the execution by Sublessor and Sublessee of a new sublease, then Sublessee shall be deemed to be occupying the Subleased Premises as a tenant-at-sufferance subject to all the covenants and obligations of this Sublease, and Sublessee shall pay as Rent per month for the entire holdover period twice the Rent payable hereunder for the month preceding the commencement of such holding over, calculated on a daily basis. No holding over by Sublessee after the term of this Sublease, either with or without the consent and acquiescence of Sublessor, shall operate to extend the Sublease for a longer period than one month, and any holding over with the consent of Sublessor in writing shall thereafter constitute this Sublease a sublease from month to month at a Rent rate as agreed to in writing by Sublessor and Sublessee.

24.15. Brokers. Sublessor and Sublessee warrant and represent to each other that no real estate broker or salesman has been involved by either party in this Sublease other than Sublessor's agent, Fischer & Company, and Sublessee's agents, Cushman & Wakefield of Texas, Inc. and Jim Conrow. Sublessor agrees to compensate Fischer & Company for its participation in this transaction pursuant to a separate written agreement dated November 17, 1994, and Sublessee agrees to compensate Jim Conrow for his participation in this transaction pursuant to a separate written agreement dated November 8, 1994. Fischer & Company has agreed to compensate Cushman & Wakefield of Texas, Inc. for its participation in this transaction pursuant to a separate written agreement dated November 18, 1994. Each party agrees to indemnify and hold the other party harmless from and against any and all claims of any other real estate broker or salesman due to acts of such party or such party's representatives.

24.16. Prior Agreements Superseded. This Sublease constitutes the sole agreement of the parties and supersedes any prior understandings or written or oral agreement between the parties respecting the subject matter hereof.

24.17. Time of Essence. Time is of the essence in this Sublease.

24.18. Binding on Successors. Sublessor shall have the right to transfer and assign, in whole or in part, all its rights and obligations hereunder and in the Master Lease, and upon any such assignment, this Sublease shall be binding upon and inure to the benefit of the successors and assigns of Sublessor, and shall be binding upon and inure to the benefit of Sublessee, its successors, and, to the extent assignment may be approved by Sublessor hereunder, Sublessee's assigns.

24.19. Counterparts. This Sublease may be executed concurrently in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

24.20. Amendments. This Sublease may not be altered, changed or amended, except by an instrument in writing executed by Sublessor and Sublessee.

24.21. Exhibits. The terms and provisions of any exhibits attached hereto are hereby incorporated herein and made a part hereof for all purposes.

24.22. Invalid Provisions. If any term or provision of this Sublease, or the application thereof to any person or circumstance, shall to any extent be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Sublease shall be valid and shall be enforceable to the extent permitted by law.

EXECUTED by Sublessor on the 21st day of November, 1994 to be effective as of the day and year first above written.

SUBLESSOR:

ORYX ENERGY COMPANY,
a Delaware corporation

By: /s/ ROBERT L. KEISER

Name: Robert L. Keiser
Title: President & CEO

EXECUTED by Sublessee on the 19th day of November, 1994, to be effective as of the day and year first above written.

SUBLESSEE:

LACERTE SOFTWARE CORPORATION,
a California Corporation

By: /s/ LAWRENCE LACERTE

Name: Lawrence Lacerte
Title: President

EXHIBIT "A"

FLOOR PLAN OF SUBLEASED PREMISES

A-1

FLOOR PLAN

FLOOR PLAN

FLOOR PLAN

FLOOR PLAN

EXHIBIT "B"

SUBLESSOR RULES AND REGULATIONS

B-1

ORYX ENERGY CENTER

BUILDING RULES AND REGULATIONS

1. Sidewalks, doorways, vestibules, halls, stairways, and other similar areas shall not be obstructed by tenants or used by any tenant for any purpose other than ingress and egress to and from the leased premises and for going from one part of the building to another part of the building.

2. Plumbing fixtures and appliances shall be used only for the purpose for which designated, and no sweeping, rubbish, rags or other unsuitable material shall be thrown or placed therein. Damage resulting to any fixtures or appliances from misuse by a tenant shall be at his expense, and Lessor shall not in any case be responsible therefore.

3. No signs, advertisements, or notices shall be painted or affixed on or to any windows or doors or other part of the building except of such color, size, and style and in such places as shall be first approved in writing by Lessor. No nails, hooks or screws shall be driven or inserted in any part of the building except with the express consent of Lessor.

4. Lessor will provide and maintain a directory for all tenants to be located in the lobby of the building; no other directory shall be permitted unless previously consented to by Lessor in writing. All directory listings will be at Lessee's expense.

5. Lessor shall provide, at Lessee's expense, all locks for doors in each tenant's leased area. No tenant shall place any additional lock or locks on any door in its leased area without Lessor's written consent. All requests for duplicate keys shall be made to the Property Manager and will be furnished at Lessee's expense.

6. Proposed plans for alterations affecting floors, walls, woodwork, trim, windows, ceilings, equipment, and/or any other physical portion of the

building must be approved in writing by Lessor. Tenants will refer all contractors, contractor's representatives and installation technicians tendering any service to them to Lessor for Lessor's supervision, approval and control before the performance of any contractual services. This provision shall apply to all work performed in the building, including, but not limited to, installations of telephones, telegraph equipment, electrical devices and attachments, and any and all installations of every nature affecting floors, walls, woodwork, trim, windows, ceilings, equipment and any other physical portion of the building.

7. Movement in or out of the building of furniture or office equipment, or dispatch or receipt by tenants of any bulky material, merchandise or materials which requires use of elevators or stairways or movement through the building entrances or lobby shall be restricted to such hours as Lessor shall designate. All such movement shall be under the supervision of Lessor and in the manner agreed between the tenant and Lessor by prearrangement before performance. Such prearrangement initiated by a tenant shall include determination by Lessor, and subject to this decision and control as to the time, method, and routing of movement and as to limitations for safety or other concern which may prohibit any article, equipment, or any other item from being brought into the building. The tenants are to assume all risks as to the damage to articles moved and injury to persons or public engaged or not engaged in such movement, including equipment, property, and personnel of Lessor if damaged or injured as a result of an act in connection with carrying out this service for a tenant from time of entering property to completion of work; and Lessor shall not be liable for acts of any persons engaged in or any damage or loss to any of said property or persons resulting from any act in connection with such service performed for a tenant.

8. Lessor reserves the right to prescribe the weight and position of safes and other heavy equipment, which shall in all cases, to distribute weight, stand on supporting devices approved by Lessor. All damages done to the building by taking in or putting out any property of a tenant, or done by a tenant's property while in the building, shall be repaired at the expense of such tenant.

9. A tenant shall notify the Properly Manager when safes or other heavy equipment are to be taken in or out of the building, and the moving shall be done under the supervision of the Property Manager, after receiving written permission from Lessor. Persons employed to move such property must be acceptable to Lessor.

10. Should a tenant require graphic, telephonic, annunciator or other communications service, Lessor will direct electricians where and how wires are to be introduced and placed and none shall be introduced or placed except as Lessor shall direct.

11. Corridor doors, when not in use, shall be kept closed. Stairwell doors shall remain closed at all times.

i2. Each tenant shall cooperate with Lessor's employees in keeping its leased area neat and clean. Unless tenant is responsible for cleaning its own space pursuant to its own lease, tenant shall not employ any person for the purposes of such cleaning other than the building cleaning and maintenance personnel.

Lessor shall be in no way responsible to the tenants, their agents, employees, or invitees for any loss of property from the leased premises or public areas or for any damages to any property thereon from any cause whatsoever.

13. Tenant shall not make or permit any improper noises in the building or otherwise interfere in any way with other tenants or persons having business with them.

14. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in, on or about the tenant's area (except for Seeing Eye dogs).

15. No vending machines of any type shall be allowed in tenant's space without the prior written consent of Lessor.

16. No machinery of any kind shall be operated by an tenant on its leased area without prior written consent of Lessor, nor shall any tenant use, or keep, in the building any flammable or explosive fluid or substance.

17. No portion of any tenant's leased area shall at any time be used as sleeping or lodging quarters.

18. Tenants are requested to lock all doors leading to corridors and to

turn out all lights at the close of their working day.

19. Lessor shall not be responsible for lost or stolen personal property, money or jewelry from tenant's leased area or public areas regardless of whether such loss occurs when area is locked against entry or not.

20. Tenant shall not tamper with or attempt to adjust temperature control thermostats in the leased premises. Lessor shall make adjustments in thermostats on call from tenant.

21. Tenant will comply with all requirements necessary for the security of the premises, including the use of service passes issued by Lessor for after hours removal of office furniture/packages, and use of security control cards for after hours entry.

22. All window blinds are to remain down and tilted at a 45 degree angle toward the street to help maintain comfortable room temperatures and to conserve energy.

23. All routine deliveries to a tenant's leased premises from 8:00 am. to 5:00 p.m. weekdays shall be made through the freight elevator. Advanced arrangements should be made through the Management Office for large deliveries and moves. Large deliveries need to be scheduled for between 3:00 p.m. and 5:00 p.m. weekdays. Move-in and move-outs need to be scheduled for after 6:00 p.m. weekdays, and all day Saturdays and Sundays. Passenger elevators are to be used only for the movement of persons, unless an exception is approved by the Building Management Office.

24. All requests for overtime air conditioning and/or heating must be submitted to the Management Office in writing by 4:30 p.m.

25. All requests for keys, locks or graphics must be submitted in writing to the Management Office.

26. Solicitation of any kind is strictly forbidden unless approved in advance by the Management Office.

27. It is strongly recommend by the Dallas Fire Dept. that an A, B, C Multiple Purpose type fire extinguisher be kept in each tenant's area in an accessible location.

28. Lessor reserves the right to rescind any of these rules and regulations and to make sure other and further rules and regulations as in its judgment shall, from time to time, be needed for the safety, protection, care and cleanliness of the building, the operation thereof, the preservation of good order therein and the protection and comfort of the tenants and their guests, employees and invitees, which rules and regulations, when made and written notice thereof is given to a tenant, shall be binding upon it in like manner as if originally herein prescribed.

29. A No Smoking Policy is in effect in Oryx Energy Center. Smoking is prohibited in the common areas, restrooms, lobbies and elevators of the buildings. It shall be the responsibility of each tenant to develop a Smoking Policy within their Leased premises.

30. No firearms (hand guns, rifles, shot guns, etc.) or cases for carrying firearms (regardless whether or not any such case actually contains a firearm) shall be introduced to, or allowed in, the Subleased Premises, the Building, the Project or the Parking Facility.

31. Parking regulations include a two hour visitor parking limitation with temporary parking access cards available from security. All employees must park in designated areas behind the gates.

32. City of Dallas recycling program must be followed by all tenants to meet the City of Dallas regulations.

EXHIBIT "C"

CONSTRUCTION AGREEMENT

The Leasehold Improvements (hereinafter defined) will be constructed in accordance with the terms of this Construction Agreement.

1. DEFINITIONS

All of the definitions set forth in the Sublease shall be deemed applicable in this Construction Agreement as if reproduced herein in their

entirety. Other terms are defined in other Sections of this Construction Agreement, and as used herein shall have the meanings assigned to them in that Section. The following additional defined terms are also used in this Construction Agreement and are applicable to the Sublease:

1.1 CHANGE ORDER: Any change, modification, or addition to Sublessee's Final Plans after Sublessor has approved the same, or to the Leasehold Improvements after commencement of construction.

1.2 LEASEHOLD IMPROVEMENTS: All improvements, constructions, and installations performed by Sublessor to the "As Is" condition of the Subleased Premises, and all demolition work performed by Sublessor to the Subleased Premises, to cause the Subleased Premises to comply with the Final Plans and/or the provisions of this Construction Agreement. The work is inclusive without limitation of the following:

(a) The selection of Approved Contractors in accordance with Section 3 hereof; and

(b) All construction work, labor, equipment and materials necessary to construct the improvements to the Subleased Premises depicted on the Final Plans.

1.3 COST OF THE LEASEHOLD IMPROVEMENTS: All costs and expenses incurred by Sublessor to complete the construction of the Leasehold Improvements in accordance with the Final Plans. The cost includes, without limitation, the following:

(a) All costs incurred by Sublessor in performing the demolition work necessary to prepare for the construction of the Leasehold Improvements;

(b) All costs of labor and materials;

(c) All sums payable to Approved Contractors under the Construction Contract;

(d) All permits and taxes; and

(e) All of Sublessor's construction management costs (not to exceed 4% of the aggregate of the Cost of the Leasehold Improvements less these construction management costs).

1.4 PRELIMINARY SPACE PLAN: A drawing of the Subleased Premises showing the proposed alterations and improvements to the existing Subleased Premises, the layout and relationship of all offices to be located in the Subleased Premises, and depicting partitions, door locations, types of electrical/data/telephone outlets, and delineation of furniture and equipment.

1.5 SUBLESSOR'S REPRESENTATIVE: Jerry Harris.

1.6 SUBLESSEE'S REPRESENTATIVE: Rick Amstutz.

2. SUBLESSEE'S PLANS

2.1 Sublessee, at its sole cost and expense, shall prepare and submit to Sublessor, for Sublessor's approval, within 45 days after the date of the Sublease, the Preliminary Space Plan. Within ten days of receipt of the Preliminary Space Plan, Sublessor will review the Preliminary Space Plan and reply, either "approving," "approving with notations or changes" or "disapproving" the Preliminary Space Plan. if the Preliminary Space Plan, or any portion thereof, is rejected by Sublessor, Sublessor shall give Sublessee a list of changes reasonably required by Sublessor in writing, accompanied by a statement of the specific reasons for such required changes. The Preliminary Space Plan must be corrected and resubmitted to Sublessor within ten days of such rejection for approval. Once Sublessor has approved the Preliminary Space Plan, Sublessee and Sublessor will date and initial the Preliminary Space Plan evidencing their acceptance thereof.

2.2 Within 20 business days of Sublessor's approval of the Preliminary Space Plan, Sublessee, at its sole cost and expense, shall cause to be prepared and delivered to Sublessor for approval, complete and detailed plans, specifications, working and construction drawings (including detailed architectural, mechanical, and electrical drawings) ("INITIAL PLANS AND SPECIFICATIONS") for the construction of the Leasehold Improvements based on the Preliminary Space Plan. The Initial Plans and Specifications shall be sufficient to allow and/or permit: (i) Sublessor to obtain all necessary permits for the completion and construction of the all Leasehold Improvements; (ii) Sublessor to make an informed evaluation of the intended form, construction and

specifications of the Leasehold Improvements; and (iii) Sublessor to properly procure bids from the Qualified Contractors (hereinafter defined) for the construction of the Leasehold Improvements in the manner set forth below. The Initial Plans and Specifications shall specifically include without limitation the following descriptive information:

(a) mechanical and electrical drawings, showing outlets, layout and location of electrical and telephone outlets;

(b) location and dimensions of telephone equipment rooms;

(c) partitions, locations, size, and type;

(d) door locations, size, type and hardware;

(e) reflected ceiling plans and ceiling heights;

(f) HVAC, air conditioning, ventilation and heating equipment, duct work and stacks;

(g) specific plumbing requirements; and

(h) installation of materials and equipment, including window treatments, wall coverings; paint or other finishes; millwork; cabinet work; lighting, fire protection, and security systems; and carpeting or other floor finishings.

2.3 The Initial Plans and Specifications shall (i) be prepared by licensed architects, engineers and/or space planners selected and engaged by Sublessee (and approved by Sublessor); and (ii) comply with and conform to all rules, regulations and other requirements of any governmental agency having jurisdiction over the construction of the Leasehold Improvements, including without limitation all applicable building code requirements for the City of Dallas, Texas and the ADA. Any change required by any governmental agency affecting construction of the Leasehold Improvements shall be complied with by Sublessor in completing the Leasehold Improvements and shall not be deemed to be a violation of the Final Plans or any other provision of this Construction Agreement. Sublessor shall give Sublessee notice of such change required by such governmental agency promptly upon receipt of notice from such governmental agency that such change is required. All architects and engineers employed by Sublessee shall be required by their contracts to carry liability insurance covering errors and omissions in such form and amount as may be reasonably required by Sublessor.

2.4 Within ten days after receipt of the Initial Plans and Specifications, Sublessor will review the plans and reply either "approving", "approving with notations or changes" or "disapproving" the Initial Plans and Specifications. If the

Initial Plans and Specifications, or any portion thereof, is rejected by Sublessor, Sublessor shall give Sublessee a list of changes reasonably required by Sublessor in writing, accompanied by a statement of the specific reasons for such required changes. The Initial Plans and Specifications must be corrected and resubmitted to Sublessor within ten days of such rejection for approval. Once the Initial Plans and Specifications have been approved by Sublessor, Sublessor and Sublessee will initial and date the Initial Plans and Specifications evidencing their acceptance thereof, at which time the Initial Plans and Specifications shall become final. The Initial Plans and Specifications, together with all revisions, shall be referred to herein as the "FINAL PLANS".

2.5 Sublessor may engage such architects, designers, engineers, space planners, and other experts, at its sole cost and expense and at its sole discretion, as it deems necessary in order to examine and evaluate the Preliminary Space Plan and/or the Initial Plans and Specifications.

3. CONSTRUCTION OF LEASEHOLD IMPROVEMENTS

3.1 The Leasehold Improvements shall be constructed by Sublessor in two phases in accordance with the Final Plans by a general contractor under one or more Construction Contracts (hereinafter defined). Within five days after final approval by Sublessor of the Initial Plans and Specifications, Sublessee and Sublessor shall meet and agree upon four qualified general contractors ("QUALIFIED CONTRACTORS") acceptable to Sublessor, Sublessee and Master Lessor, from whom Sublessor will procure bids for the construction of the Leasehold Improvements. Provided, however, if Master Lessor has approved fewer than four Qualified Contractors for leasehold improvement construction in the Building, then Sublessee and Sublessor shall select from the number of such approved

contractors. Within ten days after Sublessor has approved the Final Plans, Sublessee shall prepare and submit bid packages ("BID PACKAGES") to the Qualified Contractors for construction of the Leasehold Improvements ("CONSTRUCTION BIDS"). All Bid Packages shall be in compliance with all applicable laws and regulations applicable to the procurement of bids for construction of the Leasehold Improvements. Sublessee will transmit copies of all Bid Packages to Sublessor.

3.2 Within two days after receipt by Sublessor and Sublessee of all responses to the Construction Bids, Sublessor and Sublessee shall select the "Low Qualified Construction Bid" for the Construction Contract. The "LOW QUALIFIED CONSTRUCTION BID" shall be the Construction Bid with the lowest total cost of construction for the Leasehold Improvements, which is in compliance with all of the requirements contained in the Bid Packages (herein referred to as the "APPROVED BID"). Sublessor shall give Sublessee notice (including a copy thereof) of the Approved Bid and the contractor submitting same (the "APPROVED CONTRACTOR").

3.3 within five days after acceptance of the Low Qualified Construction Bid by Sublessor, Sublessor shall meet with the Approved Contractor and negotiate the terms of one or more Construction Contracts for the Leasehold Improvements, pursuant to the Low Qualified Construction Bid, including without limitation a data flow chart providing a schedule ("CONSTRUCTION SCHEDULE") of anticipated completion dates for the various phases of construction of the Leasehold Improvements reasonably acceptable to Sublessor and Sublessee (herein referred to, whether one or more, as the "CONSTRUCTION CONTRACT"). The Construction Contract shall provide for a stipulated sum as the basis of payment; require insurance coverage in amounts and types reasonably acceptable to Sublessor; and contain other terms and conditions reasonably acceptable to Sublessor. Unless mutually agreed to by Sublessor and Sublessee, or unless required by Master Lessor, there shall be no specified subcontractors. The Construction Schedule shall be in sufficient detail to allow Sublessor and Sublessee to monitor the construction process and identify the scheduled dates of completion for each material phase of construction. Sublessor and Sublessee shall sign and date the Construction Schedule evidencing their acceptance and agreement to the same. The Approved Contractor shall obtain all permits and approvals from all appropriate governmental agencies necessary to commence and complete construction and occupancy of the Leasehold Improvements.

3.4 The Leasehold Improvements shall be constructed by Sublessor at Sublessee's cost and expense. The Construction Contract may provide, at Sublessor's option, that the amounts due thereunder are paid directly by Sublessee to the Approved Contractor, in which event Sublessee agrees to timely pay such amounts in the manner required by the Construction Contract. Otherwise, Sublessee will pay Sublessor each draw request or other bill or invoice due in connection with the Leasehold Improvements within two business days after Sublessee's receipt of a draw request or other evidence that payment is due

3.5 Within three days after acceptance of the Low Qualified Construction Bid by Sublessor, Sublessee shall deposit with Sublessor an amount equal to 10% of Sublessor's estimate of the Cost of the Leasehold Improvements. This amount shall be used, if necessary, to cover any Cost of the Leasehold Improvements that Sublessee fails to timely pay as required by Paragraph 3.4 above, without prejudice to any other remedy or remedies which Sublessor may have on account thereof (including, without limitation, use of all or any part of the Security Deposit), and upon such application of funds Sublessee shall pay Sublessor on demand the amount so applied. Upon final payment of all Costs of the Leasehold Improvements, Sublessor will return any unused portion of such deposit to Sublessee.

3.6 Sublessee shall be responsible for all architectural and engineering fees incurred in developing and preparing the Preliminary Space Plan and the Final Plans.

4. SUBLESSOR'S APPROVAL

Sublessor may withhold its approval of the Preliminary Space Plan, Sublessee's Final Plans, or any Change Order that, in Sublessor's sole and absolute discretion:

4.1 Exceeds the capacity of or adversely affects the structural integrity, exterior design and efficiency of the Building, or any part thereof, or of the HVAC, heating, ventilating, air conditioning, plumbing, mechanical, electrical, elevator, or boiler systems of the Building;

4.2 Violates any agreement which affects the Subleased Premises or

binds Sublessor (including, without limitation, the Master Lease); or

4.3 Does not conform to applicable legal requirements (including without limitation the ADA) or utility authority with jurisdiction over the Subleased Premises.

5. REPRESENTATIVES

Sublessor appoints Sublessor's Representative to act for Sublessor in all matters associated with this Construction Agreement. Sublessee appoints Sublessee's Representative to act for Sublessee in all matters associated with this Construction Agreement. All inquiries, requests, instructions, authorizations, and other communications with respect to the matters covered by this Construction Agreement will be made to Sublessor's Representative or Sublessee's Representative, as the case may be. Sublessee's Representative and Sublessor's Representative will fully cooperate with one another in connection with the construction of the Leasehold Improvements. Either party may change its representative under this Construction Agreement at any time by providing three days, prior written notice to the other party.

6. CHANGE ORDERS

Sublessee may authorize changes to the Leasehold Improvements during construction provided that all such changes are (i) submitted on the form approved by Sublessor, and (ii) subject to Sublessor's prior written approval, and provided that Sublessee deposits with Sublessor an amount equal to 10% of Sublessor's estimate of the increase in the Cost of the Leasehold Improvements as a result of the change order.

7. CONDITION OF THE SUBLEASED PREMISES

During the 15-day period following notice of substantial completion of the Leasehold Improvements given to Sublessee by Sublessor, Sublessee's Representative will conduct a walk-through

inspection of the Subleased Premises with Sublessor's Representative and prepare a punch-list of items needing additional work by Sublessor. Other than the items specified in the punchlist and subject to latent defects discovered by Sublessee and Sublessor within the first twelve (12) months after the Commencement Date, by taking possession of the Subleased Premises Sublessee will be deemed to have accepted the Subleased Premises in their "as is" condition on the date of delivery of possession and to have acknowledged that Sublessor has installed the Leasehold Improvements as required by this Construction Agreement in accordance with the Final Plans, and that there are no items needing additional work or repair. Provided, however, the punchlist will not include any damage to the Subleased Premises caused by Sublessee's move-in or early access. Damage caused by Sublessee will be repaired or corrected by Sublessor at Sublessee's expense. Sublessee acknowledges that neither Sublessor nor its agents or employees have made any representations or warranties as to the suitability or fitness of the Subleased Premises for the conduct of Sublessee's contemplated use or for any other purpose, nor has Sublessor or its agents or employees agreed to undertake any alterations or construct any improvements to the Subleased Premises except as expressly provided in the Sublease and this Construction Agreement. If Sublessee fails to submit a punch-list to Sublessor within 30 days of the date of the walk-through inspection, it will be deemed that there are no items needing additional work or repair. Sublessor's contractor will complete all reasonable punchlist items as soon as reasonably practicable after receiving Sublessee's punch-list.

8. SUBLESSOR DELAYS

If Sublessor shall be delayed in substantially completing the Leasehold Improvements as a result of:

8.1 Delays by Sublessor in approving the Preliminary Space Plan, Initial Plans and Specifications or Final Plans, or

8.2 Delays attributable to the failure of Sublessor to allow the Approved Contractor and/or subcontractors and/or materialmen access to the Subleased Premises,

8.3 Delays attributable to the failure of Sublessor to vacate and deliver the Phase I and Phase II Premises by the Phase I and Phase II Delivery Dates, respectively,

then, Sublessee's obligation for payment of Rent under the Sublease shall be delayed by the number of days of such delay.

9. MASTER LESSOR'S APPROVALS

Notwithstanding anything contained in this Construction Agreement to

the contrary, if Sublessor determines that the consent

or approval of Master Lessor is required for any matter pertaining to the construction of the Leasehold Improvements (including, without limitation, approval of the Preliminary Space Plan, Initial Plans and Specifications, Final Plans, Qualified Contractors, or any subcontractors), then the procedure set forth in this Construction Agreement for approving the design of the Leased Premises and completing the construction of the Leasehold Improvements shall in all events be subject and subordinate to obtaining the consent or approval of Master Lessor.

EXHIBIT "D"

RIGHT OF FIRST OPPORTUNITY

1. DEFINITIONS. All of the definitions set forth in the Sublease shall be deemed applicable in this Exhibit as if reproduced herein in their entirety. Other terms are defined in other Sections of this Exhibit, and as used herein shall have the meanings assigned to them in that Section.

2. GRANT OF RIGHT OF FIRST OPPORTUNITY. Sublessor hereby grants to Sublessee a right of first opportunity ("ROFO") with respect to one full floor in the Building ("ROFO FLOOR"). The ROFO Floor shall not, however, include: (a) any space that Sublessor desires to use (or inventory) for its own purposes; (b) any space that Sublessor hereafter subleases to the then occupant of such space (regardless of whether or not such future sublease is entered into pursuant to a right granted in an existing sublease); (c) any space that Sublessor hereafter subleases to an existing subtenant in the Building pursuant to existing rights of such subtenant (regardless of whether or not such subtenant presently subleases the subject space); or (d) any space that Sublessee fails to sublease in accordance with Paragraph 3 below. The ROFO shall not be applicable during any time when there is an uncured event of default under the Sublease.

3. EXERCISE OF ROFO. If a ROFO Floor in the Building becomes available, availability, for purposes hereof, to be at the sole determination of Sublessor, Sublessor shall so notify Sublessee.

(a) Sublessee shall have five days from the receipt of such notice to notify Sublessor in writing of the exercise by Sublessee of Sublessee's ROFO with respect to all, but not less than all, of the ROFO Floor, which shall be on the same terms and conditions as this Sublease except that if the ROFO is exercised during the period commencing on the day following the second anniversary of the Commencement Date and continuing through October 31, 1999 the Base Rent for the ROFO Floor shall be $15.35 per square foot of Net Rentable Area in the ROFO Floor.

(b) If Sublessee fails to so notify Sublessor within such five-day period referenced in subparagraph (a) above, Sublessee shall be deemed to have irrevocably waived its ROFO with respect to the subject ROFO Floor, and this Exhibit shall thereafter be of no further force or effect with respect to such floor of the Building. If Sublessee elects to exercise its ROFO with respect to any ROFO Floor and does in fact exercise such ROFO in the manner and within the time period specified herein, Sublessor and Sublessee shall, within 30 days after Sublessee delivers to Sublessor notice of its

election, enter into a written amendment modifying and supplementing the Sublease in the manner required by subparagraph (a) above. If Sublessee fails to enter into said amendment within such 30-day period, Sublessee shall be deemed to have irrevocably waived its ROFO with respect to the subject ROFO Floor, and this Exhibit shall thereafter be of no further force or effect with respect to such floor of the Building. Except as may be specifically modified in such amendment the terms and provisions of the Sublease shall, on the day of delivery of the ROFO Floor to Sublessee, automatically apply and become applicable to the ROFO Floor; and the ROFO Floor, as of the date of such delivery, shall automatically and without the necessity of further documentation, become and be deemed to be a part of the Subleased Premises. Effective as of the date of delivery of the ROFO Floor to Sublessee, the Net Rentable Area within the ROFO Floor shall be included within the determination of Sublessee's Percentage Share of Excess Operating

Expenses.

4. DELIVERY OF ROFO FLOOR. Any ROFO Floor shall be delivered to Sublessee vacant and unoccupied and "as is" without benefit of improvements. Sublessor shall use reasonable diligence to deliver the ROFO Floor on the date specified in Sublessor's notice of its availability, but in no event shall Sublessor have any liability for the failure to deliver the ROFO Floor to Sublessee on such date, nor shall any such failure impair the validity of the Sublease, extend the Sublease term, or impair any obligations of Sublessee under the Sublease, it being understood that the Rent applicable to the ROFO Floor shall be abated until possession is delivered to Sublessee in full settlement of all claims that Sublessee might otherwise have against Sublessor by reason of the failure to deliver possession of the ROFO Floor to Sublessee.

5. TERMINATION OF ROFO. The ROFO shall automatically terminate upon (a) the termination of the Sublease term, whether by Sublessor upon the occurrence of an event of default or otherwise, (b) the failure of Sublessee to exercise the ROFO as and within the time period specified in Paragraph 3 above, but only with respect to the subject ROFO Floor, (c) Sublessee's election to lease the ROFO Floor (it being understood that the ROFO applies only to one floor in the Building and terminates upon Sublessee's subleasing of any such floor) , and (d) upon the assignment, subletting, or other transfer by sublessee, whether or not with the approval of Sublessor, other than any sublease to Lacerte Financial, Ltd. pursuant to Paragraph 14.5 of the Sublease.

EXHIBIT "E"

GUARANTY

1. FOR VALUE RECEIVED, and in consideration for, and as an inducement to ORYX ENERGY COMPANY, a Delaware corporation ("SUBLESSOR"), to enter into the Sublease Agreement ("SUBLEASE") dated as of November 18, 1994, with LACERTE SOFTWARE COMPANY, a California corporation ("SUBLEASES"), the undersigned, LAWRENCE LACERTE, an individual (GUARANTOR), hereby absolutely and unconditionally guarantees the full performance and observance of all the covenants, duties and obligations (including, without limitation, the obligation to pay all rent and other sums) therein provided to be performed and observed by Sublessee, Sublessee's heirs, executors, administrators, successors and assigns (the phrase "HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS" not altering any of the provisions of the Sublease relating to assignment or subletting) (such covenants, duties and obligations are herein called the "GUARANTEED OBLIGATIONS"), and Guarantor hereby makes himself fully liable for the performance of the Guaranteed obligations; provided, however, Guarantor's liability under this Guaranty shall in no event exceed $735,324.68 plus any costs incurred by Sublessor (including, but not limited to, attorneys' fees) in collecting the Guaranteed Obligations (collectively, the "GUARANTY AMOUNT").

2. Guarantor expressly agrees that the validity of this Guaranty and its obligations hereunder shall not be terminated, affected or impaired by reason of the assertion by Sublessor against Sublessee of any of the rights or remedies reserved under the Sublease. Guarantor further covenants and agrees that this Guaranty and the full liability of Guarantor hereunder shall remain and continue in full force and effect notwithstanding the occurrence of any one or more of the following types of transactions: (i) any renewal, extension, modification or amendment of the Sublease; (ii) any assignment or transfer by Sublessor; (iii) any assignment or transfer or subletting by Sublessee; (iv) any dissolution of Sublessee; or (v) the fact that Sublessee may be a party to any merger, consolidation or reorganization; provided however, if Sublessee is a disappearing party in any such merger, consolidation or reorganization, then Guarantor shall thereupon automatically become primarily liable for the performance of all the covenants, duties and obligations (including, without limitation, the obligation to pay all rent and other sums) of Sublessee under the Sublease, not to exceed the Guaranty Amount. Sublessor shall not be obligated to give notice to Guarantor of the occurrence of any of the foregoing events.

3. Failure of Sublessor to insist upon strict performance or observance of any of the terms, provisions or covenants of the Sublease or to exercise any right therein contained shall not be construed as a waiver or relinquishment for the future of any such term, provision, covenant or right, but the same shall continue and

remain in full force and effect. Receipt by Sublessor of rent (or any other monetary sum or acceptance of performance of any obligation of Sublessee under the Sublease) with knowledge of the breach of any provision of the Sublease shall not be deemed a waiver of such breach. Waiver by Sublessor of any right of Sublessor against Sublessee under the Sublease shall not constitute a waiver as

against Guarantor or in any other way inure to the benefit of Guarantor (unless Sublessor agrees in writing that the liability of Guarantor under this Guaranty is thereby affected).

4. Guarantor further agrees that in any right of action which shall accrue to Sublessor under the Sublease, Sublessor may, at its option, proceed against Sublessee alone (without having made any prior demand upon Guarantor or having commenced any action against Guarantor of having obtained or having attempted to satisfy any judgment against Guarantor) or may proceed against Guarantor and Sublessee, jointly or severally, or may proceed against Guarantor alone (without having made any prior demand upon Sublessee or having commenced any action against Sublessee or having obtained or having attempted to satisfy any judgment against Sublessee) or, in the case of there being more than one Guarantor, may proceed against one or more Guarantors (without having made any prior demand upon any other Guarantor or having commenced any action against any other Guarantor or having obtained or attempted to satisfy any judgment against any other Guarantor).

5. Guarantor further covenants and agrees that if the Sublease terminates and Sublessor has any rights it can enforce against Sublessee after termination, Sublessor may enforce those rights against Guarantor without prior notice to or demand upon Sublessee.

6. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA.

7. Guarantor specifically waives any notice of acceptance of this Guaranty by Sublessor.

8. If any obligation of Sublessee under the Sublease is secured, in whole or in part, by collateral of any type Sublessor may, from time to time, at its discretion and with or without valuable consideration, allow substitution or withdrawal of all or any part of such collateral or subordinate or waive any of its lien rights with respect to all or any part of such collateral or release all or any part of such collateral, without notice to or consent of Guarantor and without in any way impairing, diminishing or releasing the liability of Guarantor under this Guaranty. Under no circumstances shall Sublessor be required to first resort to any collateral for any obligation of Sublessee as any nature of prerequisite or precondition to invoking or enforcing the liability of Guarantor under this Guaranty.

9. Guarantor acknowledges and represents to Sublessor that Sublessee executed the Sublease and Guarantor executed this Guaranty prior to the time that Sublessor executed the Sublease. Guarantor acknowledges and agrees that the execution and delivery of this Guaranty by Guarantor to Sublessor has served as a material inducement to Sublessor to execute and deliver the Sublease. Guarantor further acknowledges and agrees that but for the execution and delivery of this Guaranty by Guarantor, Sublessor would not have executed and delivered the Sublease.

10. Guarantor agrees that in the event that Sublessee shall become insolvent or shall be adjudicated a bankrupt, or shall file petition for reorganization, rearrangement or other relief under any present or future provisions of the Federal Bankruptcy Code, or if such a petition be filed by creditors of Sublessee, or if Sublessee shall seek a judicial readjustment of the rights of its creditors under any present or future Federal or state law or if a receiver of all or part of its property and assets is appointed by any State or Federal court, no such proceeding or action taken therein shall modify, diminish or in any way affect the liability of Guarantor under this Guaranty and the liability of Guarantor with respect to the Sublease shall be of the same scope as if Guarantor had executed the Sublease as the named subtenant thereunder. No rejection or termination of the Sublease in any of the proceedings referred to in this paragraph shall be effective to release or terminate the continuing liability of Guarantor to Sublessor under this Guaranty with respect to the Sublease for the remainder of the Sublease term stated therein unaffected by any such rejection or termination in said proceedings.

11. All rights of Guarantor against Sublessee arising by way of subrogation on account of Guarantor's having performed some covenant, duty or obligation of Sublessee under the Sublease shall be subject and subordinate to all of the rights of Sublessor against Sublessee with respect to the Sublease. Guarantor shall not exercise any such right of Guarantor against Sublessee until all of the covenants, duties and obligations of Sublessee under the Sublease shall have been fully performed.

12. The stated rights of Sublessor under this Guaranty shall be understood as not excluding any other legal or equitable rights of Sublessor against Guarantor not expressly set forth herein, but shall be understood as being cumulative to all such other legal and equitable rights of Sublessor not expressly stated herein.

13. Whenever this Guaranty is executed by more than one party as Guarantor, all references herein to Guarantor shall refer to each and all of the undersigned parties signing this Guaranty as Guarantor, and the liability of said parties for the performance of the covenants, duties and obligations of Guarantor hereunder shall be joint and several.

14. Should any portion of this Guaranty ever be held legally invalid or unenforceable, the balance of this Guaranty shall not thereby be affected, but shall remain in full force and effect in accordance with its terms and provisions.

15. All terms and provisions hereof shall inure to the benefit of the assigns and successors of Sublessor and shall be binding upon the heirs, executors, administrators, successors and assigns of Guarantor.

16. In any action between the parties seeking enforcement or interpretation of this Guaranty or the Sublease, the prevailing party in such action shall be awarded, in addition to damages, injunctive or other relief, its reasonable cost and expenses, and a reasonable attorneys' fee as may be fixed by the court having jurisdiction over the matter.

17. This Guaranty was reviewed by Guarantor, and Guarantor acknowledges and agrees that Guarantor (a) understands fully all of the terms of this Guaranty and the consequences and implications of Guarantor's execution of this Guaranty, and (b) has been afforded an opportunity to have this Guaranty reviewed by, and to discuss the terms, consequences and implications of this Guaranty with, an attorney or such other persons as Guarantor may have desired.

18. The address for Guarantor prior to the Commencement Date of the Sublease shall be: Lawrence Lacerte, Lacerte Software Corporation, 4835 LBJ Freeway, Suite 1000, Dallas, Texas 75244-6098; and the address of Guarantor after the Commencement Date of the Sublease shall be: Lawrence Lacerte, Lacerte Software Corporation, 13155 Noel Road, Suite 1800, Dallas, Texas 75221.

EXECUTED in multiple counterparts, each of which shall have the force and effect of an original, on this the _____ day of November, 1994.

GUARANTOR:

LAWRENCE LACERTE

FIRST AMENDMENT TO OFFICE BUILDING SUBLEASE

THIS FIRST AMENDMENT TO OFFICE BUILDING SUBLEASE ("FIRST AMENDMENT") is made and entered into effective as of the 24th day of February, 1995 by and among ORYX ENERGY COMPANY, a Delaware corporation ("SUBLESSOR"), LACERTE SOFTWARE CORPORATION, a California corporation ("SUBLESSEE"), and LAWRENCE LACERTE ("GUARANTOR")

Recitals

A. Sublessor and Sublessee entered into an Office Building Sublease dated as of November 18, 1994 (the "SUBLEASE"), whereby Sublessee subleased from Sublessor approximately 110,161 square feet of Net Rentable Area in the office building known as the Oryx Energy Center, located at 13155 Noel Road, Dallas, Texas (the "BUILDING"). Unless otherwise defined herein, all capitalized Terms used in this First Amendment shall have the same meanings ascribed to them in the Sublease.

B. All of Sublessee's obligations under the Sublease are guaranteed by Guarantor pursuant to a Guaranty (herein so called) executed and delivered by Guarantor along with the Sublease.

C. Sublessor and Sublessee now desire to amend the Sublease in accordance with the terms of this First Amendment, and Guarantor is joining herein to evidence its consent and agreement to this First Amendment.

Agreements

NOW, THEREFORE, for and in consideration of the sum of $10.00 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Sublessor and Sublessee hereby agree as follows:

1. TERM. Paragraph 3 of the Sublease is deleted in its entirety and replaced with the following:

"3. TERM.

3.1 Term. The term of this Sublease shall begin on the Commencement Date (as defined below), and end at midnight on October 31, 2001 (the "EXPIRATION Date"). The "COMMENCEMENT DATE" shall be the earlier of the date upon which Sublessee first occupies for business purposes any portion of the Subleased Premises or August 1, 1995. Immediately after occupying the Subleased Premises, Sublessee shall execute and deliver to Sublessor a statement prepared by Sublessor confirming the Commencement Date and the Expiration Date.

3.2 Delivery of Subleased Premises. Sublessee acknowledges that Sublessor presently occupies the Subleased Premises. Sublessor will vacate the Subleased Premises and

deliver the same to Sublessee by or before May 1, 1995 (the "DELIVERY DATE"); provided, however, Sublessor shall have the right to delay the Delivery Date until May 31, 1995, but each day of such delay shall constitute a "SUBLESSOR DELAY" (as such term is defined in Exhibit "C" [Construction Agreement] attached to this Sublease). If Sublessor has not vacated the Subleased Premises and delivered the same to Sublessee by May 31, 1995, Sublessee, as its sole and exclusive remedy, shall have the right to terminate this Sublease at any time prior to the vacation and delivery of the Subleased Premises by Sublessor.

3.3 Commencement of Rent obligations. Rent for the Subleased Premises and the Existing Furniture (as defined in Paragraph 22) shall commence on the Commencement Date."

2. SUBLESSOR DELAYS. Paragraph 8.3 of Exhibit "C" (Construction Agreement) to the Sublease is deleted in its entirety and replaced with the following:

"8.3 Delays attributable to the failure of Sublessor to vacate and deliver the Subleased Premises by the Delivery Date".

3. ALTERATIONS, ADDITIONS AND IMPROVEMENTS. The first sentence of Paragraph 12.1 of the Sublease is deleted in its entirety and replaced with the following:

"Sublessee shall not make any alterations, additions or improvements to the Subleased Premises without first obtaining the written consent of Sublessor (which consent shall not be unreasonably withheld) and the written consent of Master Lessor (to the extent Sublessor determines that the consent of Master Lessor is required under the Master Lease)."

4. EXCULPATION. The last sentence of Paragraph 16 is deleted in its entirety.

5. PARKING. Paragraph 19 of the Sublease is deleted in its entirety and replaced with the following:

"19. PARKING.

During the term of this Sublease, Sublessee shall have the right to use 330 parking spaces in the "PARKING FACILITY" (as defined in the Master Lease). Sublessee's parking spaces shall be located in the Parking Facility, with 13 of the parking spaces being underground reserved spaces in locations designated by Sublessor, and 317 of the parking spaces being general unreserved spaces. The parking spaces shall be provided to Sublessee at no charge. Sublessor, at Sublessor's sole cost and expense, shall obtain from Master Lessor access cards for the Parking Facility in an amount reasonably requested by Sublessee for use by its then current employees maintaining offices in the Subleased Premises, but in no event

more than 330. Sublessor will cause the access cards to be issued to Sublessee promptly following Sublessee's periodic requests therefor. All such access cards shall remain the property of Master Lessor. Upon termination of this Sublease, Sublessee, shall surrender to Master Lessor all such access cards. Sublessee's use of the spaces in the Parking Facility are subject to all restrictions in the Master Lease. Sublessor will not issue more access cards to its employees and subtenants than the number to which it is entitled under the Master Lease. Sublessee shall have no parking rights under this Sublease or the Master Lease, except as expressly set forth herein."

6. LEASE OF EXISTING FURNITURE. Paragraph 22 of the Sublease is deleted in its entirety and replaced with the following:

"22. LEASE OF EXISTING FURNITURE.

(a) Terms of Furniture Lease. In addition to the Subleased Premises, Sublessor also hereby leases to Sublessee, and Sublessee hereby leases from Sublessor, all of the furniture presently situated in the Subleased Premises (the "EXISTING Furniture"). The Existing Furniture is hereby leased on the same terms and conditions as provided in this Sublease for the subleasing of the Subleased Premises, except that: (a) the term of the lease for the Existing Furniture shall begin on the Commencement Date and end at midnight on the Furniture Lease Expiration Date (hereinafter defined), upon which date Sublessee shall return the Existing Furniture to Sublessor in the same or better condition than the condition in which the Existing Furniture existed on the date on which this Sublease was executed, normal wear and tear excepted; and (b) the monthly rental for the Existing Furniture shall be 1/12th of the product of the number of square feet of Net Rentable Area in the Subleased Premises times $1.00 (ie $9,180.08) (the "FURNITURE Rent").

(b) Furniture Lease Expiration Date. On or before September 1, 2000, Sublessor will advise Sublessee of the Furniture Lease Expiration Date. Sublessor's right to possess the Existing Furniture currently expires December 31, 2000. Accordingly, the "FURNITURE LEASE EXPIRATION DATE" shall be either (a) December 31, 2000, or (b) if Sublessor obtains the right to possess the Existing Furniture beyond December 31, 2000 (by reason of Sublessor purchasing the Existing Furniture or extending its lease of the Existing Furniture), the earlier of the Expiration Date, or (ii) the date on which Sublessor's right to possess the Existing Furniture expires. If Sublessor is given the opportunity to purchase the Existing Furniture but elects not to do so, Sublessor will use reasonable efforts to give Sublessee the same purchase opportunity given to Sublessor; provided, however, Sublessor will not be required to incur any costs or liabilities in connection therewith.

(c) Payment of Furniture Rent. Each installment of Furniture Rent shall be due on or before the first day of each month during the term of the lease of the Existing Furniture and shall be paid to Sublessor at its address as set forth in Paragraph 24.4 (or as later changed pursuant thereto) without notice, demand, abatement, deduction, diminution, or offset. Monthly installments of Furniture Rent shall be prorated for any period during the term hereof which is less than a full calendar month. The initial installment of Furniture Rent shall be paid upon the Commencement Date.

(d) Furniture Inventory. On or before the Delivery Date, Sublessor and Sublessee will prepare an inventory confirming the type, amount and condition of the Existing Furniture. Sublessee acknowledges that it will have thoroughly inspected the Existing Furniture as of the Delivery Date, and that except as agreed by Sublessor and Sublessee in writing as an attachment to the Existing Furniture inventory, the Existing Furniture will be deemed to have been delivered to Sublessee in a first-class condition as of such date."

7. COMMUNICATIONS EQUIPMENT. Paragraph 23 of the Sublease is deleted in its entirety and replaced with the following:

"23. Communications Equipment.

Sublessee shall have the right to contract with a cable company to have cable television services brought into the Building and Subleased Premises, and Sublessor will permit such cable services to be brought into the Building and Subleased Premises provided that Sublessee pays all costs associated therewith, including, without limitation (a) any costs associated with installing the cabling, (b) any costs associated with removing the cabling upon the termination of this Sublease, and (c) any costs associated with maintaining such cable service. if Sublessor or any other occupant of the Building should contract with Sublessee's cable provider to have cable services brought to other portions of the Building, and if such contracting party is serviced by the same cabling equipment paid for by Sublessee, then such party shall pay Sublessee $2,500 as a partial reimbursement of the original costs paid by Sublessee to the cable company for installation costs; provided, however, the aggregate amount of such reimbursements shall not exceed the actual amounts paid by Sublessee to the cable company for the initial cable installation.

8. RIGHT OF FIRST OPPORTUNITY. Clause (b) of Paragraph 2 of Exhibit "D" to the Sublease is deleted in its entirety and replaced with the following:

"(b) any space that Sublessor hereafter re-subleases to an existing subtenant of such space (regardless of whether or not such future sublease is entered into pursuant to a right granted in an

existing sublease);".

9. SUBLEASE REFERENCES. All references or matters in the Sublease inconsistent with the terms of this First Amendment are hereby revised so as to be consistent with this First Amendment.

10. NO ADDITIONAL MODIFICATIONS. Except as amended hereby, the Sublease remains unchanged and in full force and effect.

EXECUTED as of the day and year first above written.

SUBLESSOR:

ORYX ENERGY COMPANY,
a Delaware corporation

BY: /s/ ROBERT L. KEISER

Name: Robert L. Keiser

Title: CEO

SUBLESSEE:

LACERTE SOFTWARE CORPORATION,
a California corporation

By: /s/ LAWRENCE LACERTE

Name: Lawrence Lacerte

Title: President - CEO

CONSENT AND AGREEMENT OF GUARANTOR

For good, valuable, sufficient, and received consideration, and as a material inducement to Sublessor to execute and deliver this First Amendment, Guarantor hereby acknowledges and consents to each and every of the terms and conditions of this First Amendment and, as a further material inducement to Sublessor to execute and deliver this First Amendment, [Guarantor] hereby agrees that each and every one of the terms and conditions of the Guaranty is in full force and effect and unaffected by the terms of this First Amendment. Guarantor hereby covenants and agrees that from and after the date hereof, all of the terms, covenants, provisions, representations and warranties contained in the Guaranty shall extend and apply to all of the obligations of Sublessee under the Sublease, as amended by this First Amendment. Guarantor acknowledges that there are no claims or offsets against, or defenses or counterclaims to, the Guaranty.

GUARANTOR:

/s/ LAWRENCE LACERTE

LAWRENCE LACERTE

SECOND AMENDMENT TO OFFICE BUILDING SUBLEASE

THIS SECOND AMENDMENT TO OFFICE BUILDING SUBLEASE ("SECOND AMENDMENT") is made and entered into effective as of the 30th day of March, 1999, by and between KERR-MCGEE CORPORATION, a Delaware corporation ("SUBLESSOR"), LACERTE SOFTWARE CORPORATION, a California corporation ("SUBLESSEE").

Recitals

A. Sublessor and Sublessee entered into an Office Building Sublease dated as of November 18, 1994 (the "ORIGINAL Sublease"), whereby Sublessee subleased from Sublessor approximately 110,161 square feet of Net Rentable

Area located on floors 18, 19, 20, 21 and 22 of the office building known as the Oryx Energy Center, located at 13155 Noel Road, Dallas, Texas (the "BUILDING").

B. The Original Sublease was amended pursuant to a certain First Amendment to Office Building Sublease ("FIRST AMENDMENT") dated to be effective as of February 24, 1995. The Original Sublease, together with the First Amendment, are hereinafter referred to collectively as the "SUBLEASE", and unless otherwise defined herein, all capitalized terms used in this Second Amendment shall have the same meanings as ascribed to them in the Sublease. All of Sublessee's obligations under the Original Sublease are guaranteed by Guarantor pursuant to a Guaranty (herein so called) executed and delivered by the Guarantor along with the Original Sublease.

C. Sublessee now desires to sublease additional rentable area on the second (2nd) floor of the Building and Sublessor is willing to sublease such additional space to Sublessee upon the terms and conditions contained in this Second Amendment.

Agreements

NOW, THEREFORE, for and in consideration of the sum of $10.00 and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Sublessor and Sublessee hereby agree as follows:

1 INCREASE IN NET RENTABLE Area. The number of square feet of Net Rentable Area contained in the Subleased Premises is hereby amended and increased by 21,030 square feet of Net Rentable Area (the "ADDITIONAL SPACE"). Accordingly, the Net Rentable Area in the Subleased Premises is increased from 110,161 square feet to 131,191 square feet. The Additional Space constitutes all of the Net Rentable Area on the 2nd floor of the Building, and by the terms of this Second Amendment, becomes a part of the Subleased Premises. Except as expressly provided in this Second Amendment, the Additional Space shall be subject to all the terms and conditions of the Sublease.

2. ADDITIONAL SPACE COMMENCEMENT DATE AND TERM. The Additional Space Commencement Date (herein so called) shall be the later of June 1, 1999 or 21 days following delivery of the Additional Space. The Expiration Date of the Term of the Sublease, as it relates to the Additional Space, shall be October 31, 2001.

3. DELIVERY OF ADDITIONAL SPACE. The Additional Space shall be delivered to Sublessee after April 5, 1999 and not later than May 10, 1999. If the Additional Space has not been delivered by May 10, 1999, Sublessee shall have the right to terminate this Second Amendment by providing written notice to Sublessor. The Additional Space shall be delivered to Sublessee in its "as-is" condition, and Sublessor shall have no obligation whatsoever to provide any allowance or perform any work on the Additional Space prior to delivery thereof to Sublessee, and Sublessee, by its execution of this Second Amendment, accepts the Additional Space in such condition and on such terms.

4. RENT ADJUSTMENT. From and after the Additional Space Commencement Date, the Base Rent reflected in Paragraph 4.1 of the Sublease is amended and increased to reflect the Base Rent attributable to the Additional Space (i.e., by $43,812.50 per month).

5. OPERATING EXPENSES ADJUSTMENT. From and after the Additional Space Commencement Date, Sublessee's Percentage Share of Excess Operating Expenses reflected in Paragraph 5 of the Sublease is amended and increased to reflect the increase in Net Rentable Area as a result of the inclusion of the Additional Space; provided, however, in determining Sublessee's Percentage Share of Excess Operating Expenses as it relates to the Additional Space, the Base Year shall be defined to mean the calendar year 1999.

6. PARKING. In addition to the 330 parking spaces currently assigned to Sublessee which shall not be disturbed or recinded, Paragraph 19 of the Sublease is hereby amended to provide that Sublessee shall have the right to use up to an additional sixty-three (63) parking spaces at no charge in the Parking Facility. Additionally, Sublessee shall have the right to use up to fifty (50) parking spaces in the Parking Facility on a month-to-month, as-available basis, as determined by Sublessor, at $40.00 per space per month. The parking spaces provided to Sublessee in the Parking Facility shall be general unreserved spaces. Sublessee's use of the additional parking spaces in the Parking Facility is subject to all restrictions in the Master Lease. Sublessee shall have no parking rights under the Sublease or the Master Lease except as expressly set forth herein and in the Sublease.

7. LEASE OF EXISTING FURNITURE. Paragraph 22 of the Sublease is hereby amended to (a) include the Existing Furniture in the Additional Space to the terms and provisions thereof, and (b) increase the monthly

Furniture Rent by $1,752.50 (i.e., one-twelfth [1/12th] of the product of the number of square feet of Net Rentable Area in the Additional Space times $1.00) so that the total Furniture Rent pursuant to the terms of Paragraph 22 shall be $10,932.58.

8. SUBLEASE REFERENCES. All references or matters in the Sublease inconsistent with the terms of this Second Amendment are hereby revised so as to be consistent with this Second Amendment.

9. NO ADDITIONAL MODIFICATIONS. Except as amended hereby, the Sublease remains unchanged and in full force and effect, and by their execution hereof, Sublessor and Sublessee ratify and confirm all of terms and provisions thereof.

EXECUTED as of the day and year first above written.

SUBLESSOR:

KERR-MCGEE CORPORATION,
a Delaware corporation

By: /s/ JEAN B. WALLACE

Printed Name: Jean B. Wallace

Title: Vice President Administration

SUBLESSEE:

LACERTE SOFTWARE CORPORATION,
a California operation

By: /s/ RANDALL C. ZELLER

Printed Name: Randall C. Zeller

Title: President

EXHIBIT 21.01

LIST OF REGISTRANT'S SUBSIDIARIES

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Boston Light Software Corp.	Massachusetts
Computing Resources, Inc.	Nevada
FW1 Merger Corp.	Delaware
Greenco Subsidiary Corporation	Delaware
Intuit Insurance Services, Inc.	Virginia
Intuit Lender Services, Inc.	Delaware
Lacerte Educational Services, Inc.	Delaware
Lacerte Software Corporation	Delaware
Merger Sub 1, Inc.	Michigan
Merger Sub 2, Inc.	Michigan
Quicken Investment Services, Inc.	Delaware
SecureTax.com, Inc.	Delaware
Intuit NS ULC	Canada
Intuit Canada Limited	Canada
Intuit Deutschland GmbH	Germany
Intuit Foreign Sales Corporation	Barbados
Intuit Ltd.	United Kingdom
Intuit K.K.	Japan
Intuit France SARL	France
Intuit (AUS) Pty. Ltd.	Australia
Intuit QuickBooks Software Inc.	Canada
Intuit Quicktax Inc.	Canada
Intuit Webquicktax Inc.	Canada

</TABLE>

Exhibit 23.01

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 33-59458, 33-73222, 33-95040, 333-06889, 333-14715, 333-16827, 333-16829, 333-20361, 333-45285, 333-45277, 333-45287, 333-68851, 333-71099, 333-71101, 333-71103, 333-78041, 333-84385 and 333-85349; Form S-3 Nos. 33-50417, 333-63739 and 333-78019; and Form S-4 Nos. 333-71097) pertaining to the Intuit Inc. 1993 Equity Incentive Plan, the 1996 Directors Stock Option Plan, the 1996 Employee Stock Purchase Plan, other Intuit Inc. equity compensation plans and the Common Stock, Preferred Stock and/or Debt Securities of Intuit Inc., of our report dated August 24, 1999, with respect to the consolidated financial statements and schedule of Intuit Inc. included in this Annual Report (Form 10-K) for the year ended July 31, 1999.

ERNST & YOUNG LLP

Palo Alto, California
August 24, 1999

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