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From: Subrah Iyar <Subrah@activetouch.com>
Date: March 3, 1999 5:34:40 PM PST
To: "'Erin Zhu'" <zhu@ptyx.com>
Subject: Letter of Understanding
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Hi Erin:

As we discussed, attached is my response to the proposal that you had sent. This e-mail should serve as my confirmation that I am personally OK with this proposal with the changes as described below. However, as we discussed, any deal between us is subject to a formal confirmation from our board which I shall be addressing over the next 2 weeks. Please treat this e-mail in that context. (And- Sorry for the lack fo formatting)

In summary the high level points are as follows:

1. You (Erin) will start a California corporation (Company) whose shares shall be 50-50 owned by ActiveTouch and your group (Erin & Co.) Erin & Co. shall comprise of Michael Zeleny and Eric DePrano besides yourself.

> 2. The focus of Company will be to create a consumer community based upon the WebEx service offered by ActiveTouch.

>
> 3. ActiveTouch be responsible for hosting and serving the backend of the communication features of Company as related to WebEx services for the first year after public launch of services or until Company reaches 1 million registered subscribers, whichever comes sooner. After that point ActiveTouch will be compensated either through a user based licensing basis. advertising revenue sharing basis based upon the revenue model of company. Company and ActiveTouch may mutually agree to have Company host the services themselves. Company and ActiveTouch may work out a mutually agreeable arrangement at that point.

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> 4. Company will be responsible for all other aspects of the business, including but not limited to marketing, traffic generation, design and hosting of the front end of the web services.

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> 5. ActiveTouch will provide an additional funding of \$300,000 to Company. These funds will be used to:

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- > a) Set up the corporation;
- > b) Define the product offerings of Company, and the general theme around which to build its services;
- > c) Build a first functional version of service offerings;
- > d) Marketing and business development, to build awareness of Company service offerings;
- > e) User acquisition.
- >
- > Projections are that \$150,000 will be used for user acquisition purposes, with a conservative goal of acquiring 100,000 registered users with verified email addresses within 3 months after service launch. The balance will be used to define, develop, and operate the front end of the site services, as well as marketing and legal expenses.
- >
- > 6. ActiveTouch will receive additional shares for their investment such that the ActiveTouch's position in company will be 56.7% post investment.
- >
- > 7. Company and ActiveTouch will share the user-base generated online community generated by the Company for all purposes.
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- > 8. All future investments made in Company in exchange for equity will result in proportional equity dilution for the original stockholders and subject to ActiveTouch approval.
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- > 9. ActiveTouch and Company agrees to conduct joint marketing efforts when appropriate.
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- > 10. Company agrees to be a reference account for ActiveTouch in promoting its WebEx services and products.
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- > 11. The terms of this understanding is not binding on either party until confirmed by a legally binding agreement.
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- > I am hoping to reach agreement quickly in this regard.
- >
- > Warm Regards,
- >
- > Subrah