SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

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FORM 10-K
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|X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 1999

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 0-25681

ILIFE.COM, INC.
(exact name of registrant specified in its charter)

Florida 65-0423422
(State or other jurisdiction of incorporation or organization)

11811 U.S. Highway One, Suite 101
North Palm Beach, Florida 33408
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (561) 630-2400

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Securities registered pursuant to Section 12(b) of the Act:
None
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Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $0.01 per share

Indicate by 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. |_

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the average of the closing bid and ask quotations for the Common Stock on March 31, 2000 as reported by the Nasdaq National Market, was approximately $9,822,138. The shares of Common Stock held by each officer and director and by each person known to the Company who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. As of March 31, 2000, Registrant had outstanding 13,548,405 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Proxy Statement for the 2000 Annual Meeting of Stockholders are incorporated by reference into Parts I and III of this report.
ITEM 1. BUSINESS

EXCEPT FOR HISTORICAL INFORMATION, THE FOLLOWING DESCRIPTION OF THE COMPANY'S BUSINESS CONTAINS FORWARD-LOOKING STATEMENTS WHICH INVOLVE RISKS AND UNCERTAINITIES. THE OUTCOME OF THE EVENTS DESCRIBED IN THESE FORWARD-LOOKING STATEMENTS IS SUBJECT TO RISKS AND ACTUAL RESULTS COULD DIFFER MATERIALLY. THE SECTIONS ENTITLED "ITEM 1. BUSINESS - RISK FACTORS THAT COULD IMPACT FUTURE OPERATING RESULTS", "ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AS WELL AS THOSE DISCUSSED ELSEWHERE IN THIS ANNUAL REPORT CONTAIN A DISCUSSION OF SOME OF THE FACTORS THAT COULD CONTRIBUTE TO THESE DIFFERENCES.

Overview

Based in North Palm Beach, Florida, ilife.com, Inc. (NASDAQ: ILIF) is an industry leader in creating, producing, broadcasting and syndicating personal finance information for the consumer through a broad portfolio of Web sites, print publications and television segments that have a potential to reach an estimated 36.5 million visitors, viewers and readers, as determined by Media Metrix, Nielson and Editor & Publisher International Year Book. The Company's personal finance portal, www.ilife.com, features original content that deals with financial planning, taxes, insurance, investing and banking. The portal serves as a gateway to ilife.com's family of Web sites and broadcast segments, including the award-winning bankrate.com, Pivot.com, theWhiz.com, IntelligentTaxes.com, Consejero.com, CPNet.com, GreenMagazine.com and the television version of "Cost of Life". Content from ilife.com is published on co-branded Internet sites through more than 90 relationships, including Snap.com/NBC Internet, Inc. (NASDAQ: NBCI), Yahoo! (NASDAQ: YHOO), CNN, America Online (NYSE: AOL) and Smart Money. The Company's original research is also distributed through more than 100 national, regional and local print publications. Ilife.com Web sites have approximately one million unique visitors per month, according to Media Metrix.

ilife.com, Inc.
Internet Advertising Views and Page Views
(in millions)
Six Months Ending

<table>
<thead>
<tr>
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<th>6/30/98</th>
<th>12/31/98</th>
<th>6/30/99</th>
<th>12/31/99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Views</td>
<td>(1)</td>
<td>29</td>
<td>75</td>
<td>128</td>
</tr>
<tr>
<td>Page Views</td>
<td>(2)</td>
<td>14</td>
<td>26</td>
<td>40</td>
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Source of Data: ilife.com, Inc. server reports

(1) Ad Views - served from the Company's ad servers. Includes ads served in the CPNet.com college advertising network in which we serve into externally hosted college newspaper web pages.

(2) Page Views - does not include externally hosted pages served in the CPNet.com college network (non-Company produced content pages).

Prior to 1996, and dating back to 1976, our principal business was the publication of print newsletters, the syndication of unbiased editorial bank and credit product research to newspapers and magazines, and advertising sales of the Consumer Mortgage Guide. We currently syndicate editorial research to 85 newspapers that have combined single day circulation in excess of 27 million copies and three national magazines with combined monthly circulation in excess of 2.5 million copies. The Consumer Mortgage Guide is a weekly newspaper advertising table consisting of product and rate information from local mortgage companies and financial institutions. The Consumer Mortgage Guide appears weekly in approximately 12 U.S. metropolitan newspapers with combined single day circulation in excess of 3.5 million copies. Together,
In 1996, we started our online operations by displaying our editorially unbiased research through our Web site, bankrate.com. By offering our information online, we created new revenue opportunities through the sale of graphical and hyperlink advertising associated with our rate and yield tables. In fiscal 1997, we implemented a strategy to concentrate on building our online operations. Since that time, we have significantly expanded the scope and depth of bankrate.com and made investments in seven new online Internet Web sites: theWhiz.com, Consejero.com, CPNet.com, GreenMagazine.com, IntelligentTaxes.com, Pivot.com and our personal finance portal, ilife.com. Additionally, we formed a Broadcast Division which syndicates ilife.com branded television segments that reach an estimated 2.5 million viewers per week, according to Nielson the November 1999 ratings.

We believe that the recognition of our research as a leading source of independent, objective information on banking and credit products is essential to our success. As a result, we have sought to maximize distribution of our research to gain brand recognition as a research authority. We are seeking to build greater brand awareness of all of our Web sites and to reach a greater number of online users.

We publish our editorial and research data online through our principal Web site, bankrate.com, and through distribution (or syndication) arrangements with more than 90 third party Web sites. Information is available covering over 100 financial products within 126 geographic markets. The information includes data regarding mortgage and home equity loans, credit cards, automobile loans, checking accounts, ATM fees, and yields on savings instruments. Our unique information, which is compiled by 45 researchers, is accompanied by extensive editorial content designed to assist consumers with their decision-making process. Due to the average per capita income, level of education and professional status of bankrate.com's visitors, we believe this audience represents a desirable group of target customers for our advertisers.

We have used the resources of bankrate.com to create new online publications which provide personal finance information to additional targeted audiences. These publications include: theWhiz.com, which targets the financial novice; Consejero.com, which targets the Spanish-speaking audience; CPNet.com, which targets the college market; GreenMagazine.com for the novice investor; IntelligentTaxes.com for those interested in personal income tax issues; and Pivot.com, which sells insurance and annuity products. Our goal is to develop a broad base of loyal users of our family of Web sites.

Effective November 12, 1999, we changed our name from "Intelligent Life Corporation" to "ilife.com, Inc." to more accurately reflect the Company's major revenue generating activities, which are derived from the Internet.

Our Opportunity

Many financial services customers are relatively uninformed with respect to financial products and services and often rely upon personal relationships when choosing such products and services. Many of these products and services are not well explained and viable, equivalent alternatives typically are not presented when marketed to consumers through traditional media. As the sale of many of these products and services moves to the Internet, where there is little personal contact, we believe that consumers will seek sources of independent objective information such as bankrate.com to facilitate and support their buying decisions. Because of the interactive nature of the Internet, where Web technology allows us to display extensive research on financial products and services that was previously unavailable to consumers, we believe we are able to provide a superior vehicle to educate consumers in the selection and purchase process.

We believe the majority of financial information available on the Web is oriented toward investment advice and providing business news and financial market information, rather than personal and consumer
finance data. Our publications are targeted to fulfill the market need for personal and consumer finance information.

By expanding our comparative data regarding financial products and related editorial content, we are creating a unique Web-based service designed to enable our audience to keep abreast of personal finance trends and to better manage their financial affairs. As a result, we believe we can assemble a loyal base of users comprised of targeted audiences that are attractive to advertisers.

We believe that advertising spending by financial producers and services components is growing relatively rapidly as compared to advertising spending in other categories. According to Advertising Age, advertising spending by financial products and services companies grew at an annual rate of 15.1% from 1997 to 1998.

We believe ilife.com, Inc. will benefit significantly from the anticipated growth in Internet usage and spending on Internet advertising, direct marketing and electronic comments. The following table highlights anticipated growth in these areas.

### Internet Growth In the United States

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<tbody>
<tr>
<td>Number of Internet users</td>
<td>83.4</td>
<td>115.6</td>
<td>157.0</td>
</tr>
<tr>
<td>Spending by advertisers</td>
<td>$2,100</td>
<td>$4,700</td>
<td>$11,500</td>
</tr>
<tr>
<td>online</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E-commerce spending</td>
<td>$7,800</td>
<td>$23,100</td>
<td>$78,000</td>
</tr>
</tbody>
</table>

Source: Jupiter Communications, LLC

**Strategy**

Our objective is to create a series of online publications that are trusted sources of editorial content and e-commerce for consumers in the area of personal finance. Elements of our strategy include:

- **Increase awareness of our publications.** We intend to promote our online publications and move toward more uniformed branding for the family of ilife.com Web sites while significantly reducing the level of marketing expenses in 2000. Developing greater awareness of our brand names should increase traffic and increase the value of our Web sites to potential advertisers and Web sites with which we may enter into distribution arrangements. During the last two quarters of fiscal 1999, we significantly increased our marketing efforts in order to create brand awareness of our Web sites.

- **Expanding existing online publications.** We plan to expand and improve our existing online publications by including additional editorial and research content. Recent additions to bankrate.com include information regarding 30 year jumbo mortgages, VA mortgages, money market accounts, credit unions, and bank ratings. The IntelligentTaxes.com Web site has been added to provide personal income tax advice and planning and GreenMagazine.com was purchased to provide investment editorial content.

- **Continue to develop new distribution relationships.** We intend to pursue new and expand existing distribution relationships in order to increase site traffic and raise the profile of our brand names.

- **Provide high value added selections to advertisers.** Delivering audiences to our advertisers on a targeted demographic basis, segmented by geographic
region and product of interest, provides high value added marketing solutions to advertisers. With expanded breadth and depth of our online publications which added to our advertising inventory, we believe we have expanded the scope of our services, thereby increasing sales to existing advertisers and attracting new advertisers.

bankrate.com

Bankrate.com provides consumers with financial data, research and editorial information on non-investment financial products. A large research team surveys approximately 4,800 financial institutions every week in order to provide objective rate information on banking products including mortgages, credit cards and auto loans. Bankrate.com is unique in its approach to offering objective rate information on 120 markets in all 50 states and Puerto Rico. We gather and present this information by metropolitan area, which provides more valuable information to consumers than aggregated national information and allows advertisers to target prospective customers geographically.

Bankrate.com also distributes electronic newsletters weekly to approximately 107,000 subscribers covering topics such as mortgages, credit cards, banking, small businesses, certificate of deposit rates, and Federal Funds rates. We also maintain message boards where visitors can post questions for members of the bankrate.com community. Topics parallel the channels offered by bankrate.com.

Distribution Arrangements

A significant portion of the traffic to bankrate.com, as well as our other Web sites, is attributable to the distribution (or syndication) arrangements we have with other Web site operators. Our distribution arrangements fall into two categories: (1) co-branding in which we establish a "co-branded" site with another Web site operator, and (2) licensing in which we provide content to the other operator's Web site together with a hyperlink to our own site. We have found co-branding to be more effective in driving traffic to our sites.

Co-branded sites are created pursuant to agreements with other Web site operators. Generally, agreements relating to co-branded sites provide for us to host the co-branded Web pages, sell and serve the graphical advertising, and collect advertising revenues which are split with the third party Web site.

Under licensing arrangements we provide content to other Web sites in exchange for a fee. The content identifies bankrate.com as its source and typically includes a hyperlink to the bankrate.com Web site.

The table below lists parties with which we have distribution agreements as of December 31, 1999:

| Access Atlanta | Edmunds     | On Money  |
|               | America Online | Family Money | Oxygen |
| AE | AT&T Worldnet | Fiera       | Providence Online  |
| Austin 360 | Auto ByInternet | Go Carolinas | RealTimes |
| Auto Connect | Go Hampton Roads | Realtor.com | San Antonio Express |
| Auto Site | Hispanic Online | San Diego Insider | |
| Black Families | HomeStore | ScarsdaleNet.com | |
| Bloomberg | Housenet.com | SecureTax.com | |
| Business Today | Houston Chronicle | Sign on San Diego | |
| CarBuyer.com | Inman News Features | Sign on San Diego en | |
| CarPrices.com | INPHO Inc. | Espanol | |
| Classified Ventures | Intellechoice | Smart Money Magazine | |
| CNNfn.com | Kiplinger's | Snap.com | |
| Columbus Dispatch | MarketWatch.com | SoFla.com | |
| CompuServe | Microsoft Network | Sybercuse.com | |
| Cosmos.com | Milwaukee Journal | Tegris | |
|             | Sentinel | The Money Maven |
Our research staff is made up of 45 people who track comparative information on over 100 financial products and services, including checking accounts, consumer loans, lines of credit, mortgages, certificates of deposit, savings accounts, credit cards, money market accounts, and online accounts. We cover both personal and small business accounts offered through branch offices and on the Internet by banks, thrifts, credit unions, credit card issuers, mortgage bankers and mortgage brokers. We estimate that over 350,000 items of data are gathered each week for over 126 markets across the United States and Puerto Rico from over 4,800 financial institutions. The information obtained includes not only interest rates and yields, but related data such as lock periods, fees, points, and loan sizes for mortgages and grace periods, late penalties, cash advance fees, cash advance APRs, APYs, minimum payments, and terms and conditions for credit cards.

We adhere to a strict methodology in developing our markets and our institutional survey group. The market survey includes the 100 largest U.S. markets, as defined by the U.S. Census Bureau's Metropolitan Statistical Area categories, along with the largest market in each state that does not include one of the largest 100 markets. We provide a comparative analysis of data by market as well as on a national basis.

Institutions in the survey group include the largest banks and thrifts within each market area based on total deposits. The number of institutions tracked within a given market is based on product availability and number of institutions in the market area. In each of the largest 50 markets, at least 10 institutions are tracked. In each of the smaller markets we track four or more institutions. The institutions included in the survey group are verified, and adjusted if necessary, on an annual basis using FDIC deposit data from year-end call reports. Credit unions are not included in the market survey group since product availability is based upon membership. The 50 largest U.S. credit unions along with the five largest credit unions in each state, based on share deposits, are tracked as a separate survey group for comparison purposes.

All products included in our database have closely defined criteria so that information provided by institutions is truly comparative in nature. Collected data undergoes three levels of quality control prior to being accepted for inclusion in the database. The first level is automatically performed by our editing software, which identifies unusual changes. The second level is visual proofing, which is performed by the researcher who gathers rates from institutions. The researcher reviews the surveys to determine whether there have been any changes in the data on a weekly basis. If there has been a change that is outside of a specified range, the researcher verifies that the data is correct by calling the institution. Once the data is verified, it is forwarded to a senior researcher for review and approval. The third level is a dedicated quality control staff consisting of senior researchers who verify that the information has been correctly updated and entered into our databank. Our quality control staff reviews each listing in relation to regional and national trends and for overall accuracy and consistency fees and related information prior to disclosure of the information to consumers. The staff also reviews the comparability of products, institutional accuracy and survey accuracy. In addition, the quality control team performs anonymous shopping on a weekly basis, in which we place calls to institutions in order to obtain rate information without identifying ourselves as bankrate.com. Such anonymous shopping allows us to validate the data in a consumer setting. Institutions providing invalid data are contacted by our quality control staff to ensure that future information will be accurate. Institutions listed in our bankrate.com online tables who purchase hyperlinks to their own sites or purchase other
advertising must comply with the same criteria for product listings that apply to other institutions or they will be removed.

The criteria for product listings consists of specific attributes, such as loan size and term, that are used to define each type of financial instrument in order to ensure uniformity in the products that are compared. With the exception of the "Internet Banking Deals" table, no special offers are listed on our Internet sites. All of our new research employees are provided with a four-week program of classroom and on-the-job training to ensure consistency of data-gathering and validation techniques. Follow-up refresher training is provided to our research employees on an ongoing basis to ensure that skill levels are maintained.

At the end of each weekly survey, data is archived as part of our 16-year old cumulative historical data file. This file provides a unique resource for our financial analysts and editorial team in developing trend graphs, charts and narrative analysis that is used by national and local media.

We are aware of the potential conflict of interest resulting from the sale of advertising to financial institutions while providing independent and objective research. However, no conflicts of interests have compromised or are expected to compromise our ability to provide independent and objective research.

Editorial Content

In addition to our research department, we maintain an editorial staff of 18 senior editors and 17 full-time reporters for our family of Web sites. We also have relationships with over 50 freelance writers. Most of our editorial staff are experienced journalists with newspaper or broadcast experience. For example, the reporters and editors of bankrate.com have professional journalistic work experience ranging from one to 21 years, with an average of ten years of experience. We believe the quality of our original content plays a critical role in attracting visitors to our sites and co-branded partners to the ilife.com Web sites.

While the majority of the content within our Web sites is original and produced internally, we also include third-party content. This content is acquired under advertising revenue-sharing agreements and licenses which allow us to incorporate relevant information on our Web site that would otherwise require additional resources for us to produce. An example of this type of arrangement is the incorporation in bankrate.com of financial calculators created and owned by SmartMoney as well as stock quotes on the GreenMagazine.com site which are provided by Stockpoint.com.

Print Publications

We continue to produce traditional print publications to absorb part of the cost of producing research and original editorial content. Additionally, we believe that print publishing activities contribute to greater exposure and branding opportunities for our Internet Web sites. These publications are as follows:

Consumer Mortgage Guide. We generate revenue through the sale of mortgage rate and product listings in 12 metropolitan newspapers across the United States with combined Sunday circulation of 3.5 million copies. We enter into agreements with the newspapers for blocks of print space which is in turn sold to local mortgage lenders and we split the revenue with the newspapers on a percentage basis.

Syndication of Editorial Content and Research. We syndicate editorial research to 85 newspapers which have combined Sunday circulation in excess of 27 million copies and three national magazines with combined monthly circulation in excess of 2.5 million copies.

Newsletters. We publish three newsletters: 100 Highest Yields and Jumbo Flash Report, which target individual consumers, and Bank Rate Monitor, which
targets an institutional audience. These newsletters provide bank deposit interest rate information with minimal editorial content.

Green Magazine. A compliment to our GreenMagazine.com Web site, the Green Magazine print edition shares the common mission of simplifying money matters with special emphasis on those strategies important to young investors. Green Magazine provides content and tools to make sound investment decisions and is published quarterly and sold by subscription.

Ilife.com

In addition to serving as the Company name, we launched the ilife.com Web site as a vertical personal finance portal that makes our family of Web sites more accessible to consumers. The site not only links ilife.com's sites together, but also provides consumers a free and easy way to get useful financial tips, tools, news and original editorial content. Ilife.com features content areas for banking, financial planning, investing, insurance and taxes.

TheWhiz.com

TheWhiz.com Web site presents conventional money issues in an unconventional way. Through original editorial content and community activities - chats and message boards - the financial novice can learn how to establish credit, get out of debt, develop a budget, invest in the stock market and have fun without spending a lot. As with bankrate.com, theWhiz.com is divided into channels, each of which includes original editorial content.

Consejero.com

Consejero.com is a Spanish-language personal finance Web site geared toward Spanish-speakers in the United States, Latin America and Spain. Editorial content on finance issues in Spanish is complemented by opportunities for users to interact with the site, and with each other, through chat rooms and message boards. Consejero.com features country-specific personal content for the United States as well as Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Nicaragua, Panama, Peru, Puerto Rico, Spain, and Venezuela. Spanish is the second most common language found on the Internet, yet we believe that little useful content on financial topics in Spanish currently exists on the Internet. Our goal is to satisfy the need for such data and capitalize on the anticipated rapid growth of Internet use by people who speak Spanish.

Consejero.com provides twice-daily updated news as well as feature articles written by established journalists working from major cities in Latin America and Spain. The topics are picked from day-to-day issues consumers face in their particular countries. The site also provides general and entertainment news acquired through arrangements with traditional media.

Consejero.com also includes information translated from the bankrate.com site, specifically, certain editorial stories and a full translation of the financial product interest rate data base. This translation provides the same information and many of the services of bankrate.com, but with supplementary articles and tables to facilitate understanding for those who may not be familiar with U.S. financial products and terms.

CPNet.com

Through CPNet.com, our online advertising network, we provide content and advertising management to over 50 college newspaper Web sites across the country. CPNet.com provides news and feature articles to these Web sites covering events and issues of interest to college students. Topics include current events, lifestyle and entertainment. In addition to creating advertising relationships that allow us to offer an integrated outlet for advertisers seeking to reach the college market, we have the opportunity to develop user relationships that allow us to cross-promote our publications to these consumers. We believe that college students use the Internet more than many other segments of the population. We also believe that this network can be
highly attractive to advertisers since very few online publications offer a mechanism for national advertisements to reach college students with one advertisement purchase.

GreenMagazine.com

An extension of Green Magazine's print edition, the GreenMagazine.com Web site shares the print publication's central mission of demystifying money matters, with special emphasis on those strategies important to young investors. GreenMagazine.com provides content and tools to make sound investment decisions, including professional quality investment tools, such as free real-time quotes, multiple portfolio tracking, interactive stock charting and advanced stock and mutual fund finders through a license relationship with Stockpoint.com.

IntelligentTaxes.com

IntelligentTaxes.com offers a substantial array of information taxpayers need to negotiate the bewildering maze of tax planning and preparation. It is a one-stop tax preparation tool for individual taxpayers - from beginners to pros. IntelligentTaxes.com offers information on federal and state taxes along with hyperlinks to online tax forms. Other features include basics focused on life-stage issues, planning calendars, a unique column called Tax Watch, as well as personalized custom email alerts to remind users of approaching deadlines. Free downloadable software is available on the site.

Pivot.com (Professional Direct Agency, Inc.)

Pivot, a subsidiary of ilife.com, Inc. and headquartered in Columbus, Ohio, is a virtual insurance agency and fulfillment/call center specializing in direct insurance sales over the Internet and other direct media. Pivot.com has teamed up with industry-leading insurance companies to engineer a means of providing national turnkey insurance solutions to businesses. Pivot offers insurance companies, banks, large agencies and affinity groups a means of increasing their revenues through a variety of partnership possibilities. Pivot's fulfillment services utilize the Internet and telephone as a means of generating leads and managing current business opportunities while eliminating channel conflict. Pivot's efficient marketing capabilities have enabled the agency to be selected as the fulfillment arm for various third party marketing arrangements.

Because the agency is licensed nationally, Pivot's insurance services are also available to consumers and businesses nationwide. Pivot.com allows consumers to search for annuities, term life insurance and auto insurance.

Broadcast Operations

Our broadcast program called "Cost of Life" is a unique personal finance video segment distributed to 33 television stations for bi-weekly news programming. It is estimated that the weekly exposure is 24.4 million TV households within which an estimated 2.6 million viewers may see the segments, according to Nielsen's November 1999 Ratings. These segments are aimed at helping viewers take action with their personal finances. Featured topics include ways to save money tax-free for a college education, what financial documents are needed in the event of a natural disaster, how to boost a credit rating using the Internet and ways to trim down family medical bills.

Each television segment refers viewers to ilife.com Web sites and has a complementary online column that runs simultaneously on bankrate.com or theWhiz.com.

Garzarelli.com

In October 1998, we launched a new electronic subscription site for Wall Street investment advisor Elaine Garzarelli called Garzarelli.com. We are responsible for the site's design, electronic subscription fulfillment, partner linking, site management, and advertising sales. Ms. Garzarelli owns the Internet site address, selects
the content of the site and has the sole authority to determine whether the content can be distributed to other Websites. The subscription revenues generated from Garzarelli.com are divided between us and Ms. Garzarelli. We receive 17% of subscription revenues, and she receives the remainder. We also receive 50% of all advertising revenues from Garzarelli.com. Our agreement with Ms. Garzarelli extends until August 2000.

Consumer Marketing

Prior to December 31, 1998, our expenditures on marketing and promotion were limited to a distribution or syndication strategy in which we relied on our co-branded distribution network to increase traffic to our Web sites. This approach was supplemented with public relations activities and limited direct-response expenditures. In addition, the Company's history of providing editorial content to newspapers and broadcasters has earned bankrate.com a high level of awareness among journalists. As a result, bankrate.com is often cited as an authority on banking and credit products in an editorial context.

Beginning in January 1999, we initiated a direct-response marketing campaign which consisted of placing banner advertising on third party Web sites. Our strategy is to purchase advertising at either a fixed cost per clickthrough or at a low CPM. We believe that the advertising proceeds from one of our visitors generally allow us to immediately recover much of the per visitor cost of placing our advertising. If the majority of this cost can be recovered on an initial visit, we may build a substantial base of repeat users at a low cost.

In addition to our Web-based efforts, we developed an award winning traditional campaign, utilizing print and television advertising. This integrated marketing effort resulted in our becoming a top personal finance destination.

After spending substantially on our marketing to establish the bankrate.com brand in 1999, we plan to reduce marketing expenditures in 2000 to a maintenance level. We anticipate the majority of our future marketing efforts will be Web-based.

Advertising Sales

Our advertising sales staff consists of salespeople and support staff. Most of our salespersons are located in our North Palm Beach corporate headquarters and we maintain two smaller satellite offices in New York and Los Angeles. Each salesperson is responsible for a designated geographic area covering the Southeast, Mid-Atlantic, New England, Great Lakes, Midwest, Great Plains, Northwest or Southwest regions of the United States. Salespeople sell advertising related to all of our internet Web sites and the Consumer Mortgage Guide. We believe our sales force is highly effective.

Our salespeople present advertising solutions to potential advertisers using inventory created by our own Web sites, co-branded Web sites and through the CPNet college network. We believe this combined network of sites enhances value for advertisers and direct marketers by (1) alleviating the need to purchase a series of advertising campaigns from numerous Web sites, (2) providing advertisers and direct marketers with advertising opportunities on a wide variety Web pages containing business and personal finance content, and (3) providing targeted access to Internet users with desirable demographics. Advertisers and direct marketers can enhance the effectiveness of their campaigns by customizing advertising delivery on our networks within a particular content channel or across an entire network.

Advertising Alternatives

Our advertisers can target prospective customers using three different approaches:

. targeting specific geographic and product areas, for example, mortgage rates in Atlanta, Georgia;
targeting specific product channels, for example, all borrowers interested in the home equity channel; or
general rotation throughout a particular site, such as bankrate.com or across our entire family of ilife.com Web sites.

Our most common graphical advertisement sizes are banners, which are prominently displayed at the top of a page (486 x 60 pixels) and badges, which are smaller than banners and less visible (125 x 125 pixels). Banners and badges are offered for general rotation or specific sites. List prices may vary depending upon the quantity of advertisements purchased by an advertiser and the length of time an advertiser runs an advertisement on our sites. List prices for banner and badge advertisements with premium placement may be as low as $30 CPM and as high as $90 CPM. Discounts and commissions are available based upon the volume of advertisements purchased.

We also sell posters, which are oversize advertisements that contain more information than traditional advertisements. We position posters on certain pages so that they dominate the page. The actual price ranges from $120 to $135 CPM. Advertisers may also purchase sponsorship positions on the bankrate.com home page and the main page for each product channel. The cost of the sponsorship is based on banner rates for impressions received and ranges from $20 to $30 CPM. Advertisers can also sponsor an entire channel. In addition, we offer a reference bar above all rate tables. A reference bar is an advertising feature that contains tab references for consumers on such topics as insurance, credit reports, credit problems and moving rates. Users who click on the tabs are taken to an advertiser's Web site for answers to their particular questions or needs. The cost of these tab advertisements is approximately $20 CPM.

Providing effective tools for managing advertising campaigns is essential to maintaining advertising relationships. We use a state-of-the-art program under license that allows our advertisers to monitor their spending on our Web sites in real-time for impressions received and clickthrough ratios generated.

Hyperlinks

Financial institutions that are listed in our rate tables have the opportunity to hyperlink their listings. By clicking on the hyperlink, users are taken to the institution's Web site. A substantial benefit to advertisers with the hyperlink rate listing is that the hyperlinks are in fixed placement on the rate pages and are shown every time a user accesses a page. In contrast, banner advertisements are rotated based on the number of impressions purchased. Hyperlink fees are sold for three-month periods. The number of hyperlinked rate listings that can be added to a rate page is limited only by the number of institutions listed, while banner positions are limited by available space. The actual rates for hyperlinks range from $35 to $45 CPM.

Rate Alert E-Mail Sponsorships

We issue weekly updates on mortgage rates via e-mail to customers who subscribe to this free service. Rate alerts are issued for credit card and savings account updates on a less-frequent basis. Advertisers can sponsor the e-mails with text listings that are hyperlinked to their Web site. The cost for sponsoring a rate alert is $0.25 per subscriber.

Chat Room Sponsorships

We offer advertisers chat rooms in bankrate.com and theWhiz.com in which they may promote their spokespeople or products and acquire valuable real-time feedback from consumers. In these chat rooms, a moderator from theWhiz.com's staff screens questions from visitors. The advertiser or host then answers questions and receives "virtual focus group" feedback from users.

Advertisers

We market to local advertisers targeting a specific audience in a city or
state and also to national advertisers targeting the entire country. No advertiser accounts for more than 10% of our revenues. As of December 31, 1999, we had approximately 260 graphical advertisers and 400 hyperlink advertisers. A representative sample of our national and regional advertisers includes:

<table>
<thead>
<tr>
<th>Abba Funding</th>
<th>Mortgagebot.com</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Express</td>
<td>Mortgage.com</td>
</tr>
<tr>
<td>American Home Loans</td>
<td>Mackinac Savings</td>
</tr>
<tr>
<td>Ameritrade</td>
<td>MasterCard</td>
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<tr>
<td>BankDirect</td>
<td>Microsoft</td>
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<tr>
<td>Bank of America</td>
<td>Mortgage Expo</td>
</tr>
<tr>
<td>Capital One Bank</td>
<td>NetBank</td>
</tr>
<tr>
<td>Crestar Mortgage</td>
<td>NextCard</td>
</tr>
<tr>
<td>Downey Savings</td>
<td>Next Direct</td>
</tr>
<tr>
<td>First Union</td>
<td>Pacific Shore Funding</td>
</tr>
<tr>
<td>GMAC</td>
<td>PNC Bank</td>
</tr>
<tr>
<td>H. D. Vest</td>
<td>Providian Financial</td>
</tr>
<tr>
<td>Household Finance</td>
<td>Superior Bank</td>
</tr>
<tr>
<td>Loansurf.com</td>
<td>Wells Fargo</td>
</tr>
</tbody>
</table>

All of the listed advertisers have been our customers for at least six months and are representative of the types of industries, as well as national and regional scope of our advertising base.

Competition

We compete for advertising revenues across the broad category of personal finance information provided in traditional media such as newspapers, magazines, radio, and television and in the developing market for online financial publications. There are many competitors that have substantially greater resources than ilife.com. Our online competition includes the following:

- personal finance sections of general interest sites such as Yahoo! and America Online;
- personal finance destination sites such as MoneyCentral, Forbes, Business Week, Fortune, Smart Money, Kiplinger's and Money.com; and
- e-commerce sites that provide bank and credit product information such as e-Loan and GetSmart.

Competition in the online segment is generally directed at growing users and revenue using marketing and promotion to increase traffic to Web sites. We believe that original content and objective product information differentiate us from our competitors.

As a direct seller of insurance products, Pivot.com competes with other insurance sales sites, as well as insurance aggregators.

Operations

We host our proprietary Web sites and control all of our network operation from our principal office in North Palm Beach, Florida. Internet access is maintained through a fiber optic data circuit with AT&T. The computer equipment used to operate our Web sites is powered by uninterruptible power supply units and a generator.

Proprietary Rights

Our proprietary intellectual property consists of our unique research and editorial content. We rely primarily on a combination of copyrights, trademarks, trade secret laws, our user policy and restrictions on disclosure to protect this content.

Employees
As of December 31, 1999, we had 237 full-time employees, of which 78 were in Web site operations, 34 in advertising sales and marketing, 29 in insurance agency operations, 45 in content research, 11 in advertising operations, 15 in information technology, 20 in administration and five in broadcast. We have never had a work stoppage and none of our employees are represented under collective bargaining agreements. We consider our employee relations to be good. All employees, with the exception of our subsidiary, Professional Direct Agency, Inc. (Pivot.com), are legally employed by Vincam Human Resources, Inc., and work for us under an employee leasing arrangement. See "Management - Employee Leasing."

Government Regulation of Insurance Business

In most states, there are two broad categories of insurance agency licenses, one for property and casualty insurance and the other for life and health insurance. Ilife.com's wholly-owned subsidiary, Pivot an Ohio corporation, is licensed as a resident insurance agency for life and health and property and casualty insurance by the state of Ohio.

Pivot has nonresident corporate life and health insurance licenses in 13 states. At least one employee of Pivot is individually licensed as a nonresident insurance agent in all 50 states for life and health insurance. Pivot is licensed as a nonresident corporate insurance agency for property and casualty insurance business in two states, it is applying for such licenses in an additional 38 states. One of Pivot's employee agents is currently individually licensed as a nonresident insurance agent for property and casualty insurance in 39 states and is in the process of applying for individual insurance agent licenses for property and casualty insurance in the remaining 11 states.

Because of the lack of uniformity in state insurance agency licensing laws, a corporate insurance agency cannot obtain an insurance agency license in all 50 states. Some states do not issue insurance agency licenses to corporations but only issue insurance agent licenses to individuals. Other states issue corporate insurance agency licenses only if the state of residence of the applicant for a corporate insurance agency license applicant reciprocates by issuing corporate insurance agency licenses to insurance agencies resident in the foreign state. In some states where Pivot does not have a nonresident corporate insurance agency license, a Pivot agent is individually licensed in those states as a nonresident insurance agent and the Pivot employee agent transacts the business of Pivot where permitted. If any Pivot employee agent’s employment with Pivot is terminated, Pivot may not be able to transact its business unless and until it has another employee who is individually licensed as a nonresident insurance agent in the states where Pivot does not hold a nonresident corporate insurance agency license. If a state in which Pivot does not hold a nonresident corporate insurance agency license determines that Pivot is transacting business in such state as an unlicensed insurance agency, Pivot could be subject to fines and prohibited from engaging in its insurance agency business in that state.

It is not guaranteed that a state in which Pivot does not hold a nonresident corporate insurance agency license will not assert that Pivot is transacting business in such state as an unlicensed insurance agency. Generally, commissions payable for the sale of insurance products in a given state cannot be paid to, or received by, a person or entity that is not licensed as an insurance agent or agency in such state, as applicable. There is no guarantee that a state in which Pivot does not hold a nonresident corporate insurance agency license will not assert that commissions assigned by Pivot employee agent to Pivot are an assignment of insurance commissions occurring in such state to an unlicensed corporate insurance agency. In the states in which Pivot does not hold a nonresident corporate insurance agency license, the insurance companies that have contracted with Pivot pay commissions to the Pivot employee agent, who then assigns such commissions to Pivot. If a state in which Pivot does not hold a nonresident corporate insurance agency license determines that Pivot is wrongfully receiving an assignment of insurance commissions in, or with respect to insurance policies sold in, that state as an unlicensed insurance agency, both Pivot and the subject Pivot employee agent could be subject to fines and prohibited from doing business in that state.
Both the U.S. Congress and state insurance regulators have taken steps towards the adoption of uniform state insurance agent licensing laws. Under the Gramm-Leach-Bliley Act of 1999 ("GLBA"), if a majority of the states have not adopted laws providing for a uniform state insurance agent licensing within three years of the passage of GLBA, then such a system, known as the National Association of Registered Agents and Brokers, would be implemented under GLBA. The National Association of Insurance Commissioner, an national association of the state insurance regulators which develops model insurance laws and regulations for adoption by state legislatures, has also promulgated a model law providing for uniform state insurance agent licensing.

Risk Factors that Could Impact Future Operating Results

We have a history of losses

The Company is working to manage its cash by actively controlling expenses and pursuing additional sources of revenue. For instance, the Company substantially reduced marketing expenditures beginning January 2000 compared to the second half of 1999, and has current plans to sell CPNet.com by mid 2000. Based on these actions and the Company's current plan, we believe our existing liquidity and capital resources will be sufficient to satisfy our cash requirements into 2001. There are no assurances that such actions will ensure cash sufficiency into 2001 or that reducing marketing expenses would not potentially curtail revenue growth.

The Company is also committed to rationalizing its ownership of ancillary, non-core business units that have historically had significant negative cash contributions. This effort could include: changing these non-core business units' strategy and/or focus, seeking out strategic or financial partners, selling/divesting these assets, or closing them. The beginning of these efforts is our current plan to sell CPNet.com. These actions should result in lower operating expenses, and may result in the Company receiving additional capital and/or equity in other companies. In addition, some of these actions, if taken, could result in material charges to operations and, could potentially result in lower that anticipated revenue growth.

The Company may consider additional options, which include, but are not limited to, the following: forming strategic partnerships or alliances; considering other strategic alternatives, including: a merger or sale of the Company, or an acquisition; or raising new debt and/or equity capital. There can be no assurance that we will be able to raise such funds or realize our strategic alternatives on favorable terms or at all.

Further, due to the purported class-action lawsuit discussed in Note 12 which the Company intends to vigorously defend, management could be required to spend significant amounts of time and resources defending this matter which may impact our ability to manage the Company.

We have incurred net losses in each of our last four fiscal years. We had an accumulated deficit of approximately $42 million as of December 31, 1999. Therefore, we believe that period-to-period comparisons of our financial results should not be relied on as an indication of our future performance. We anticipate that we will incur operating losses and negative cash flows in the foreseeable future due to high levels of planned expenditures to enhance our services, develop new content, build brand awareness and hire personnel to support our growth. We may also incur significant additional costs related to the acquisition of or technologies to respond to the constant change in our industry. These costs could have an adverse impact on our future financial condition and results of operations.

Our success depends upon Internet advertising revenue

We expect to derive approximately 70% of our revenues for the foreseeable future through the sale of advertising space on our Internet Web pages. Any factors that limit the amount advertisers are willing to spend on advertising on our Web sites could have a material adverse effect on our business. These factors may include: (1) lack of standards for measuring Web site traffic or
effectiveness of Web site advertising; (2) lack of established pricing models for Internet advertising; (3) failure of traditional media advertisers to adopt Internet advertising; (4) introduction of alternative advertising sources; and (5) a lack of significant growth in Web site traffic.

The Internet is a relatively new medium for advertising and its effectiveness is unproven. Demonstrating the effectiveness of advertising on our Web sites is critical to our ability to generate advertising revenue. Currently, there are no widely accepted standards to measure the effectiveness of Internet advertising, and we cannot be certain that such standards will develop sufficiently to support our growth through Internet advertising.

Currently, a number of different pricing models are used to sell advertising on the Internet. Pricing models are typically either CPM-based (cost per thousand) or performance-based (cost per click). We predominantly utilize the CPM-based model, which is based upon the number of advertisement impressions. The performance based, or per click, model is payable on each individual click even though it may take multiple advertisement impressions to generate one clickthrough. We cannot predict which pricing model, if any, will emerge as the industry standard. Therefore, it is difficult for us to project our future advertising rates and revenues. For instance, banner advertising, which is currently our primary source of online revenue, may not be an effective advertising method in the future. If we are unable to adapt to new forms of Internet advertising and pricing models, our business could be adversely affected.

Financial services companies account for a majority of our advertising revenues. We will need to sell advertising to customers outside of the financial services industry in order to significantly increase our revenues. To date, relatively few advertisers from industries other than the technology and financial services industries have devoted a significant portion of their advertising budgets to Internet advertising. If we do not attract advertisers from other industries, our business could be adversely affected.

Our success depends upon interest rate activity and mortgage refinancing. During 1999, approximately 83% and 74% of our advertisement views and page views, respectively, were attributable to the bankrate.com site. Given that this site provides interest rate information for mortgages and other loans, credit cards and savings accounts, visitor traffic to this site may increase with interest rate movements and decrease with interest rate stability. Factors that have caused significant visitor fluctuations in the past have been Federal Reserve Board actions and general market conditions affecting home mortgage interest rates. During 1999, approximately 26% of advertisement views on bankrate.com were on its mortgage pages. Accordingly, the level of traffic to bankrate.com is can be dependent on the general level of interest rates as well as mortgage refinancing activity. A slowdown in mortgage production volumes could have a material adverse effect on our business.

We believe that as we continue to develop Web site channels with broader personal finance topics, the percentage of overall ilife.com network traffic seeking mortgage information will remain stabilize at current levels. To accelerate the growth of traffic to sites other than bankrate.com, we are working with our syndication partners to program more intensively, and we are promoting these sites aggressively. We cannot assure you that we will be successful in these efforts.

Our success depends upon establishing and maintaining distribution arrangements. Our business strategy includes the distribution of our content through the establishment of co-branded Web pages with high-traffic business and personal finance sections of online services and Web sites. A co-branded site is typically a custom version of our Web sites with the graphical look, feel, and navigation, of the other Web site. Providing access to these co-branded Web
pages is a significant part of the value we offer to our advertisers. We compete with other Internet content providers to maintain our current relationships with other Web site operators and establish new relationships. In addition, as we expand our personal finance content, some of these Web site operators may perceive us as a competitor. As a result, they may be unwilling to promote distribution of our banking and credit content. For example, in June 1999, we learned that Quicken.com, which accounted for approximately 6% of our total site traffic during the three months ended March 31, 1999, would not be renewing its distribution agreement with us. We cannot guarantee you that our distribution arrangements will attract a sufficient number of users to support our current advertising model. During 1999, 36% of the traffic to our Web sites originated from the Web sites of operators with which we have distribution arrangements. In addition, our business could be adversely affected if we do not establish and maintain distribution arrangements on favorable economic terms.

Our success depends upon increasing brand awareness of our Web sites

Although ilife.com and its predecessors have been in business since 1976, we commenced our Internet operations by introducing bankrate.com in 1996. Due to the limited operating history of our Internet operations, it is important that we develop brand awareness of our Web sites in order for them to be attractive to advertisers. The importance of our brand recognition will increase as competition in the Internet advertising market increases. As a result, developing and maintaining awareness of our Web sites by promoting our brand names is critical to maintaining our growth. As competing Web sites become established on the Internet, the cost of developing brand awareness increases significantly.

Successfully promoting and positioning our Web sites and brand names will depend largely on the effectiveness of our marketing efforts and our ability to develop favorable traffic patterns to our Web sites.

Therefore, we may need to modify our financial commitment to creating and maintaining brand awareness among users. If we fail to successfully promote our Web sites and brand names or if we incur significant expense in doing so, it could have a material adverse effect on our business.

Our markets are highly competitive

We compete for Internet advertising revenues with a number of finance-related Web sites, such as MarketWatch.com, CNNfn.com, MoneyCentral, and Money.com and traditional publishers and distributors of personal finance content such as MSNBC, CNN, Money Magazine and USA Today. In addition, new competitors may easily enter this market as there are few barriers to entry. Many of our existing competitors, as well as a number of potential new competitors, have longer operating histories, greater name recognition, larger customer bases and significantly greater financial, technical and marketing resources than us. Many competitors have complementary products or services that drive traffic to their Web sites. Increased competition could result in lower Web site traffic, advertising rate reductions, reduced margins or loss of market share, any of which would adversely affect our business. We cannot be certain that we will be able to compete successfully against current or future competitors.

Our Web sites may encounter technical problems and service interruptions

In the past, our Web sites have experienced significant increases in traffic in response to interest rate movements and other business or financial news events. The number of our users has continued to increase over time, and we are seeking to further increase our user base. As a result, our Internet servers must accommodate spikes in demand for our Web pages in addition to potential significant growth in traffic.

Our Web sites have in the past and may in the future experience slower response times or interruptions as a result of increased traffic or other reasons. These delays and interruptions resulting from failure to maintain
Internet service connections to our site could frustrate users and reduce our future Web site traffic, which could have a material adverse effect on our business.

All of our communications and network equipment is located at our corporate headquarters in North Palm Beach, Florida. Any system failure at this location could lead to interruptions or delays in service for our Web sites, which could have a material adverse effect on our business. Our operations are dependent upon our ability to protect our systems against damage from fires, hurricanes, earthquakes, power losses, telecommunications failures, break-ins, computer viruses, hacker attacks and other events beyond our control. Although we maintain business interruption insurance, it may not adequately compensate us for losses that may occur due to failures of our systems.

We rely on the protection of our intellectual property

Our intellectual property consists of the content of our Web sites and print publications. We rely on a combination of copyrights, trademarks, trade secret laws and our user policy and restrictions on disclosure to protect our intellectual property. We may also enter into confidentiality agreements with our employees and consultants and seek to control access to and distribution of our proprietary information. Despite these precautions, it may be possible for other parties to copy or otherwise obtain and use the content of our Web sites or print publications without authorization. A failure to protect our intellectual property in a meaningful manner could have a material adverse effect on our business.

Because we license some of our data and content from other parties, we may be exposed to infringement actions if such parties do not possess the necessary proprietary rights. Generally, we obtain representations as to the origin and ownership of licensed content and obtain indemnification to cover any breach of any such representations. However, such representations may not be accurate and such indemnification may not be sufficient to provide adequate compensation for any breach of such representations.

Any future infringement or other claims or prosecutions related to our intellectual property could have a material adverse effect on our business. Any such claims, with or without merit, could be time-consuming, result in costly litigation and diversion of technical and management personnel or require us to introduce new content or trademarks, develop new technology or enter into royalty or licensing agreements. Such royalty or licensing agreements, if required, may not be available on acceptable terms, if at all.

We may face liability for information on our Web sites

Much of the information published on our Web sites relates to the competitiveness of financial institutions' rates, products and services. We may be subjected to claims for defamation, negligence, copyright or trademark infringement or other theories relating to the information we publish on our Web sites. These types of claims have been brought, sometimes successfully, against online services as well as print publications. Our insurance may not adequately protect us against these types of claims.

Future government regulation of the Internet is uncertain and subject to change

As Internet commerce continues to evolve, increasing regulation by federal or state agencies or foreign governments may occur. Such regulation is likely in the areas of user privacy, pricing, content and quality of products and services. Additionally, taxation of Internet use or electronic commerce transactions may be imposed. Any regulation imposing fees for Internet use or electronic commerce transactions could result in a decline in the use of the Internet and the viability of Internet commerce, which could have a material adverse effect on our business.

Our ownership is heavily concentrated in our management
Our officers and directors beneficially own approximately 71% of ilife.com's outstanding common stock. Peter C. Morse, our largest shareholder, beneficially owns approximately 41% of ilife.com's outstanding common stock. As a result, our officers and directors will be able to exercise control over all matters requiring shareholder approval. In particular, these controlling shareholders will have the ability to elect all of our directors and approve or disapprove significant corporate transactions. This control could be used to prevent or significantly delay another company or person from acquiring or merging with us.

Our rapid growth may strain our operations

Since we began our Internet operations in 1996, we have expanded our operations significantly, and we may continue to do so. Our future expansion may place a significant strain on our management. To manage the expected growth of our operations and personnel, we may need to expand and improve our existing management, operational and financial systems. If we fail to expand and improve these systems in a timely manner, this failure could have a material adverse effect on our business.

Our new managers must work together effectively as a team

We have recently added key managerial, technical and operations personnel. For example, our interim President and Chief Executive Officer was hired in 1999, our Senior Vice President-Administration was hired in 1998, and our Executive Vice President-Strategy and Acquisitions was hired in 1999. During this time, we also significantly increased our employee base. These new personnel must integrate themselves into our daily operations and work effectively as a team in order for us to be successful. We cannot be certain that this will occur in all instances.

Our success depends upon management and key employees

Our success depends largely upon retaining the continued services of our executive officers and other key management and developing personnel as well as hiring and training additional employees. We have a number of key employees on whom we depend and who may be difficult to replace. Specifically, William P. Anderson, III, resigned as our President and Chief Executive Officer, in February 2000, and G. Cotter Cunningham was elected as interim President and Chief Executive Officer. We currently are conducting a search for a replacement for Mr. Anderson. Key employees include Edward V. Blanchard, Jr., Peter W. Minford and Robert J. DeFranco. All of our employees with the exception of our subsidiary, Professional Direct Agency, Inc. (Pivot.com) are employed by the Vincam Human Resources, Inc. under an employee leasing contract. This contract has a one-year term which expires on June 1, 2000. Beginning June 1, 2000, we plan to convert all leased employees into direct employees of ilife.com. A failure to retain our current key employees or to hire enough qualified employees to sustain our growth could have a material adverse effect on our business.

Our Articles of Incorporation and Bylaws, as well as Florida law, may prevent or delay a future takeover

Our Articles of Incorporation and Bylaws may have the effect of delaying or preventing a merger or acquisition, or making such a transaction less desirable to a potential acquirer, even when shareholders may consider the acquisition or merger favorable. For example, our Articles of Incorporation and Bylaws provide that: (1) the board of directors has the authority, without shareholder approval, to issue up to 10,000,000 shares of preferred stock and to determine the rights (including voting rights) associated with such preferred stock (which issuance may adversely affect the market price of the common stock and the voting rights of the holders of common stock); (2) the board of directors is classified and directors have three-year terms; (3) cumulative voting for the election of directors is prohibited; (4) approval by 66 2/3% of the shareholders is required for material amendments to the Articles of Incorporation or Bylaws; and (5) certain procedures must be followed before matters can be proposed by shareholders for consideration at shareholder meetings. Florida law also contains "control share acquisition" and "affiliate transaction" provisions that
may also delay, prevent, or discourage an acquisition of or merger with ilife.com.

We may encounter difficulties with future acquisitions

We may acquire complementary Web sites and other content providers as a part of our business strategy. Any acquisitions may present a number of potential risks that could result in a material adverse effect on our business. These risks include the following: failure to integrate the technical operations and personnel in a timely and cost-effective manner; failure to retain key personnel of the acquired company; and assumption of unexpected material liabilities. In addition, we cannot assure you that we will be able to identify suitable acquisition candidates that are available for sale at reasonable prices.

We may finance future acquisitions with debt financing, which would increase our debt service requirements, or through the issuance of additional common or preferred stock, which could result in dilution to our shareholders. We cannot assure you that we will be able to arrange adequate financing on acceptable terms.

Our results of operations may fluctuate significantly

Our results of operations may fluctuate significantly in the future as a result of several factors, many of which are beyond our control. These factors include: (1) changes in fees paid by advertisers; (2) traffic levels on our Web sites, which can fluctuate significantly; (3) changes in the demand for Internet products and services; (4) changes in fee or revenue-sharing arrangements with our distribution partners; (5) our ability to enter into or renew key distribution agreements; (6) the introduction of new Internet advertising services by us or our competitors; (7) changes in our capital or operating expenses as we expand our operations; and (8) general economic conditions.

Our future revenues and results of operations may be difficult to forecast due to these factors. As a result, we believe that period-to-period comparisons of our results of operations may not be meaningful, and you should not rely on past periods as indicators of future performance.

In future periods, our results of operations may fall below the expectations of securities analysts and investors, which could adversely affect the trading price of the common stock.

Our stock price may be volatile in the future

The stock prices and trading volume of Internet-related companies have been extremely volatile. Accordingly, our stock price can be volatile as well. In addition, following periods of downward volatility in the market price of a company's securities, class action litigation is often brought against the Company. Downward volatility of our stock prices could lead to class action litigation, resulting in substantial costs and a diversion of our management's attention and resources.

ITEM 2. PROPERTIES

Our principal administrative, sales, Web operations, marketing and research functions are located in two buildings in North Palm Beach, Florida. One lease is for approximately 14,500 square feet which expires September 2000. The second lease is for 5,200 square feet which expires in September 2000 and has two four month renewal options. We currently plan to vacate the existing North Palm Beach properties at the expiration of their terms and we have signed a ten year lease to move into a 40,000 square foot facility. The Company also leases 5,600 square feet in Miami, Florida which is used for CPNet.com and Consejero.com Web operations. The Miami lease expires in December 2001. We also maintain an office in New York City which is principally used for administration, sales and the GreenMagazine.com editorial staff. The New York office lease expires in September 2006. Pivot leases 6,700 square feet in Columbus, Ohio which expires in September 2001.
ITEM 3. LEGAL PROCEEDINGS

On March 28, 2000, a purported class-action lawsuit was filed against the Company and certain of its directors and officers, its auditor and underwriters in the United States District Court for the Southern District of New York (Civil Action No. 00CIV.2337). The complaint, which seeks an unspecified amount of money damages, was filed by Brian DeMaria, a single stockholder, purportedly on behalf of all stockholders who purchased shares of our stock during the period from May 13, 1999 through March 27, 2000. The plaintiff alleges that the Company violated federal securities laws by, among other things, misrepresenting and/or omitting material information concerning the Company's financial results for the quarter ended March 31, 1999, in its registration statement and prospectus filed with the Securities and Exchange Commission in connection with the Company's initial public offering. More particularly, the plaintiff alleges, among other things, that the Company failed to disclose in its registration statement and prospectus the fact that the Company incurred a net loss of approximately $6 million in the quarter ended March 31, 1999. The plaintiff alleges that the information was not made public until May 24, 1999 when the Company issued a press release with respect to the results for that quarter. The Company contends that the loss for the quarter ended March 31, 1999 was properly disclosed. The Company intends to vigorously defend against the lawsuit.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 4A. EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT

The names, ages at December 31, 1999, and current positions of ilife.com's current executive officers are listed below in accordance with General Instruction G(3) of Form 10-K and Instruction 3 of Item 401(b) of Regulation S-K. Unless otherwise stated, each executive officer has held their position for at least the last five years. All officers are elected for one year terms or until their respective successors are chosen. There are no family relationships among the executive officers nor is there any agreement or understanding between any officer and any other person pursuant to which the officer was elected.

G. Cotter Cunningham, 37, has served as interim President and Chief Executive Office of ilife.com, Inc. since February 25, 2000. Prior to that time, he served as Senior Vice President-Marketing and Sales of the Company since February 1999. From August 1997 to January 1999, Mr. Cunningham was Vice President and General Manager of Valentine McCormick Ligibel, Inc., an advertising agency specializing in new media. From August 1992 to July 1997, Mr. Cunningham was Vice President of Block Financial Corporation, where he created, launched and directed the CompuServe Visa and WebCard Visa credit card programs. Mr. Cunningham holds a B.S. in Economics from the University of Memphis and an M.B.A. from Vanderbilt University's Owen Graduate School of Management.

Edward V. "Monty" Blanchard, Jr., 48, has served as Executive Vice President of ilife.com, Inc. since May 1999. Mr. Blanchard is responsible for identifying and consummating acquisitions and other strategic ventures for the Company. From 1986 to 1999, Mr. Blanchard was a member of the Financial Institutions Mergers & Acquisitions Group at Merrill Lynch & Co., Inc., serving as a Managing Director since 1990 and as Co-Head of the group from 1995-1997. From 1994, Mr. Blanchard also acted as a senior internal M&A Advisor and negotiator for a number of Merrill Lynch's major acquisitions. Mr. Blanchard has worked as an investment banker since 1979. He has a BA from Harvard College and an MBA from the University of North Carolina at Chapel Hill.

Peter W. Minford, 42, has served as Chief Financial Officer, Senior Vice President-Administration and Corporate Secretary of ilife.com since February 1998. Mr. Minford is responsible for the areas of research, information systems, finance, administration and human resources. From August 1992 to February 1998, Mr. Minford served as Senior Vice President-Administration at The Bank of Tampa. Mr. Minford has held various senior management positions in commercial banking for over 19 years including roles in credit administration, commercial lending, general administration, compliance,
Robert J. DeFranco, 43, has served as Vice President - Finance and Chief Accounting Officer since March 1999. Mr. DeFranco is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants. From 1978 to 1986 he was part of the commercial audit division of Arthur Andersen & Co., Miami, Florida, where he last served as senior audit manager for a variety of publicly held and privately held companies in industries including banking and other financial institutions, manufacturing, distribution and real estate development. From 1986 to 1999 he has held various positions in corporate accounting and finance for companies including Ocwen Financial Corporation from January 1998 through March 1999, SunTrust Banks, Inc. from February 1995 through December 1997, Ryder System, Inc. and Southeast Banking Corporation. His experience includes all aspects of corporate accounting and finance, internal and external financial reporting (including SEC reporting), mergers and acquisitions (analysis, integration and accounting), corporate reengineering, budgeting and forecasting and investor relations. Mr. DeFranco received a B.S. degree with a major in accounting from Florida State University in 1978.

William P. Anderson, III, 50, served as President, Chief Executive Officer and director of ilife.com, Inc. from July 1997 until his departure in February 2000. Mr. Anderson was previously President and CEO of Block Financial Corporation, a subsidiary of H&R Block, Inc. engaged in consumer lending, software and online financial service delivery. He joined H&R Block as Vice President of Corporate Development. Anderson later served as Chief Financial Officer of the parent company. Prior to his tenure at H&R Block, he spent 19 years at KPMG Peat Marwick, beginning as an auditor and reaching the role of partner-in-charge of the national corporate finance practice within the management consulting department. Mr. Anderson holds a BS in mechanical engineering from Auburn University and an MBA from Emory University in Atlanta.

Sara Campbell Taylor, 42, served as Sr. Vice President - Sales and Syndication until her departure from the Company in January 2000. She has worked for such firms as Chase Manhattan Bank, Dial Corporation, Ocwen Financial Corporation and most recently ABN AMRO Securities. Ms. Taylor holds a BS in Finance from Pennsylvania State University.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

(a) ilife.com's Common Stock has been traded on the Nasdaq National Market under the symbol "ILIF" since May 13, 1999. Prior to that time there was no established market for the shares.

The price per share reflected in the table below represents the range of low and high closing sale prices for the Company's Common Stock as reported by the Nasdaq National Market for the periods indicated:

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<thead>
<tr>
<th>Fiscal Year</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second Quarter</td>
<td>$13.00</td>
<td>$6.13</td>
</tr>
<tr>
<td>Third Quarter</td>
<td>$7.81</td>
<td>$3.81</td>
</tr>
<tr>
<td>Fourth Quarter</td>
<td>$7.31</td>
<td>$3.38</td>
</tr>
</tbody>
</table>

The closing sale price of the Company's Common Stock as reported by the Nasdaq National Market on March 31, 2000 was U.S. $2.625 per share.

The number of shareholders of record of the Company's Common Stock as of March 31, 2000, was approximately 2,000.
As of March 31, 2000, options to purchase 2,009,676 shares of our common stock were outstanding of which 246,567 were exercisable.

The Company has never paid cash dividends on its capital stock. The Company currently intends to retain any earnings for use in the business and does not anticipate paying any cash dividends in the foreseeable future.

On March 9, 1999, ilife.com issued a note to Antares Capital Fund II Limited Partnership for aggregate cash consideration of $1,000,000 that was converted into 6,784 shares of Series B Preferred Stock on April 9, 1999.

On May 13, 1999, immediately prior to the closing of ilife.com's initial public offering of Common Stock, the holders of all of ilife.com's outstanding Series A Preferred Stock and Series B Preferred Stock were converted into an aggregate of 5,698,550 shares of Common Stock.

The issuance of the securities in the transactions described above were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of the Securities Act of 1933, as amended, and Regulation D promulgated thereunder as transactions by an issuer not involving any public offering.

Ilife.com issued stock options to purchase an aggregate of 236,720 shares to Julio Fernandez and Sherry Fernandez on January 7, 1999; Sara Campbell, Roberto Casin, G. Cotter Cunningham, Robert J. DeFranco, Sharon Giannotti, Linda Green, Joseph Jones, Peter Minford, Gilbert Morejon and Brian O'Connor on March 2, 1999; and Monica Lewman on March 12, 1999. No shares of common stock have been issued pursuant to the exercise of such options.

The issuance of securities in the transaction described above was deemed to be exempt from registration under the Securities Act in reliance on Rule 701 of the Securities Act of 1933, as amended.

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data set forth below should be read in conjunction with the consolidated financial statements and notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Form 10-K. The consolidated statement of operations data for the year ended December 31, 1999, the six months ended December 31, 1998 and the years ended June 30, 1998 and 1997, and the consolidated balance sheet data as of December 31, 1999 and 1998, are derived from, and are qualified by reference to, the audited consolidated financial statements of ilife.com, Inc. included elsewhere in this Form 10-K. The consolidated statement of operations data for the year ended June 30, 1996, and the consolidated balance sheet data as of June 30, 1997 and 1996 have been derived from audited consolidated financial statements not included in this Form 10-K. The statement of operations data for the year ended June 30, 1995 and the balance sheet data as of June 30, 1995 are derived from unaudited consolidated financial statements not included in this Form 10-K. The consolidated audited financial statements and include all adjustments, consisting of normal recurring adjustments, that we consider necessary for a fair presentation of the financial position and results of operations during the period. Historical results are not necessarily indicative of results to be expected in the future.

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Six Months Ended December 31</th>
<th>Year Ended June 30</th>
<th>Year Ended June 30</th>
<th>Year Ended June 30</th>
<th>Year Ended June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online publishing</td>
<td>$2,497</td>
<td>$1,809</td>
<td>$1,282</td>
<td>$485</td>
<td>$70</td>
</tr>
<tr>
<td>Print publishing and licensing</td>
<td>1,660</td>
<td>2,559</td>
<td>2,068</td>
<td>1,938</td>
<td>1,109</td>
</tr>
<tr>
<td>Other</td>
<td>148</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Total revenue</td>
<td>12,118</td>
<td>3,469</td>
<td>3,841</td>
<td>2,543</td>
<td>1,628</td>
</tr>
</tbody>
</table>

Consolidated Statement of Operations Data:
(In thousands, except share and per share amounts)

Revenue:
Online publishing $2,497 $1,809 $1,282 $485 $70 $--
Print publishing and licensing 1,660 2,559 2,068 1,938 1,109
Other 148 -- -- -- --
Total revenue 12,118 3,469 3,841 2,543 1,628 1,109
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS
The following discussion should be read in conjunction with the consolidated financial statements and related notes contained in this Form 10-K. The following discussion contains forward-looking statements that involve risks and uncertainties. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential," or "continue," or the negative of these terms or other comparable terminology. The forward-looking statements contained in this Form 10-K involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these statements. These factors include those listed under Item 1. Business "Risk Factors That Could Impact Future Operating Results" and elsewhere in this Form 10-K. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. You should not place undue reliance on these forward-looking statements.

Overview

Ilife.com, Inc. creates, produces, broadcasts and syndicates personal finance information for the consumer through a broad portfolio of Web sites, print publications and television programs. The Company's wholly-owned subsidiary, Professional Direct Agency, Inc. ("Pivot"), is a virtual insurance agency and fulfillment/call center specializing in direct insurance sales over the Internet and through other direct media. The Company's personal finance portal, www.ilife.com, features original content that deals with financial planning, taxes, insurance, investing and banking. The portal serves as a gateway to ilife.com's family of Web sites and broadcast segments, including the award-winning bankrate.com, Pivot.com, theWhiz.com, IntelligentTaxes.com, Consejero.com, CPNet.com, GreenMagazine.com and the television version of "Cost of Life". The Company has decided to sell CPNet.com. Content from ilife.com is published on co-branded Internet sites through more than 90 relationships, including Snap.com/NBC Internet, Inc. (NASDAQ: NBCI), Yahoo! (NASDAQ: YHOO), CNN, America Online (NYSE: AOL) and Smart Money. The Company's original research is also distributed through more than 100 national, regional and local print publications. Ilife.com Web sites have approximately one million unique visitors per month, according to Media Metrix.

Our online operations are the principal focus of our activities today. Prior to 1995, our principal businesses were the publication of print newsletters and syndication of bank and credit product research to newspapers and magazines. In 1995, we introduced the Consumer Mortgage Guide, which is an advertisement for newspapers consisting of product and rate information in tabular form from local mortgage companies that pay a weekly fee for inclusion in the table.

In 1996, we started our online operations by displaying our editorially unbiased research through our Web site, bankrate.com. By offering our information online, we created new revenue opportunities through the sale of graphical and hyperlink advertising associated with our rate and yield tables. In 1997, we implemented a strategy to concentrate on building our online operations. Since that time, we have significantly expanded the scope and depth of bankrate.com and made investments in seven new online Internet Web sites: theWhiz.com, Consejero.com, CPNet.com, GreenMagazine.com, IntelligentTaxes.com, Pivot.com and our personal finance portal, ilife.com. Additionally, we formed a Broadcast Division which syndicates ilife.com branded television segments that reach an estimated 2.5 million viewers per week, according to the November 1999 Nielson ratings.

We believe that the recognition of our research as a leading source of independent, objective information on banking and credit products is essential to our success. As a result, we have sought to maximize distribution of our research to gain brand recognition as a research authority. We are seeking to build greater brand awareness of all of our Web sites and to reach a greater number of online users.

Recent Developments
On April 12, 1999 our Board of Directors approved changing our fiscal year-end to December 31 from June 30.

On August 20, 1999, the Company acquired Pivot pursuant to a Stock Purchase Agreement, dated August 20, 1999, by and between the Company, the shareholders of Pivot and The Midland Life Insurance Company ("Midland"), a note and warrant holder of Pivot (the "Agreement"), for approximately $4,744,000 including acquisition costs. Pursuant to the Agreement, the Company acquired a 100% interest in Pivot and as a result of the acquisition, Pivot became a wholly-owned subsidiary. The transaction was accounted for using the purchase method of accounting. The net assets acquired were estimated to be at fair market value. The excess of the purchase price over the fair value of the net assets acquired (approximately $4,609,000) was recorded as goodwill and is being amortized over three years, the expected benefit period.

The total consideration paid in connection with the acquisition consisted of $290,000 in cash paid to the Pivot shareholders and a $4,350,000 five-year convertible subordinated note to Midland. The note bears interest at 10% and is due in one payment on August 20, 2004. Interest is due beginning on August 20, 2002 and thereafter every six months until conversion or payment in full. The note is convertible at any time by Midland into 625,000 shares of our common stock. The Company has the right to require conversion beginning any time after the earlier of (1) August 20, 2000 or (2) the date that the Company files a registration statement under the Securities Act of 1933, as amended (the "Act"), registering the conversion shares for sale under the Act; provided that, within the 55-day period immediately prior to the date the Company notifies Midland of the required conversion, the closing price of our common stock has been at least $10.00 per share for at least twenty consecutive trading days.

On August 27, 1999, the Company acquired certain assets and assumed certain liabilities of Green pursuant to an Asset Purchase Agreement, dated August 27, 1999, by and among the Company, Green, Kenneth A. Kurson, John F. Packel and James Michaels (the "Agreement"), for approximately $831,000 including acquisition costs. Pursuant to the Agreement, the Company acquired the rights to all agreements, contracts, commitments, licenses, copyrights, trademarks and the subscriber/customer list of Green. Kenneth A. Kurson and John F. Packel were also employed by the Company. The total consideration paid was approximately $784,000 consisting of $200,000 in cash and 100,000 unregistered shares of the Company's common stock valued at approximately $584,000. The transaction was accounted for using the purchase method of accounting. The net assets acquired were estimated to be at fair market value. The excess of the purchase price over the fair value of the net assets acquired (approximately $883,000) was recorded as goodwill and is being amortized over three years, the expected benefit period.

On April 5, 2000 Jeff M. Cunningham was appointed to the Company's Board of Directors as non-executive chairman. In accordance with the terms of a Stock Purchase Plan and Subscription Agreement entered into as of that date, Mr. Cunningham subscribed to purchase 431,499 shares of the Company's common stock for $997,841 in cash, or $2.3125 per share which was the closing price per share of the Company's common stock on April 5, 2000. In addition, on April 5, 2000 Mr. Cunningham was granted stock options under the 1999 Equity Compensation Plan to purchase 141,905 at $4.50 per share and 125,622 shares at $3.75 per share. The options vest over a 24 month period. The company will recognize compensation expense of approximately $217,000 over the vesting period.

On November 12, 1999, we changed our name from "Intelligent Life Corporation" to "ilife.com, Inc." to more accurately reflect the Company's major revenue generating activities, which are derived from the Internet.

Legal Proceedings

On March 28, 2000, a purported class-action lawsuit was filed against the Company and certain of its directors and officers, its auditor and underwriters in the United States District Court for the Southern District of New York (Civil Action No. 00CIV.2337). The complaint, which seeks an unspecified amount of money damages, was filed by Brian DeMaria, a single stockholder, purportedly on
behalf of all stockholders who purchased shares of our stock during the period from May 13, 1999 through March 27, 2000. The plaintiff alleges that the Company violated federal securities laws by, among other things, misrepresenting and/or omitting material information concerning the Company's financial results for the quarter ended March 31, 1999, in its registration statement and prospectus filed with the Securities and Exchange Commission in connection with the Company's initial public offering. More particularly, the plaintiff alleges, among other things, that the Company failed to disclose in its registration statement and prospectus the fact that the Company incurred a net loss of approximately $6 million in the quarter ended March 31, 1999. The plaintiff alleges that the information was not made public until May 24, 1999 when the Company issued a press release with respect to the results for that quarter. The Company contends that the loss for the quarter ended March 31, 1999. The Company intends to vigorously defend against the lawsuit.

The following are descriptions of the revenue and expense components of our statement of operations:

Online publishing revenue represents the sale of advertising, sponsorships and hyperlinks in connection with our web sites. Such advertising is sold to advertisers according to the cost per thousand impressions, or CPM, the advertiser receives. The amount of advertising we sell is a function of (1) the number of advertisements we have per page, (2) the number of visitors viewing our pages, and (3) the capacity of our sales force. Revenue from advertising sales is invoiced monthly based on the expected number of advertisement impressions, or number of times that an advertisement is viewed. Revenue is recognized monthly based on the percentage of impressions received to the total number of impressions purchased. Revenue for impressions that have been invoiced but not delivered is deferred. Hyperlinks to various third-party web sites are sold for a fixed monthly fee, which is recognized as revenue in the month earned. For our revenue sharing distribution arrangements with web site operators, revenue is recorded on a gross basis, with payments for our distribution arrangements being included in online publishing costs.

In June 1999, we were advised by Quicken.com that it would not be renewing its distribution agreement with us. Quicken.com accounted for approximately 6% of our total site traffic during the three months ended March 31, 1999. Management does not believe that the loss of this distribution partner will have a material adverse impact on future results of operations.

Print publishing and licensing revenue represents advertising revenue from the sale of advertising in Consumer Mortgage Guide rate tables, newsletter subscriptions, and licensing of research information. We charge a commission for placement of Consumer Mortgage Guide in a print publication. Advertising revenue and commission income is recognized when Consumer Mortgage Guide runs in the publication. Revenue from our newsletters is recognized ratably over the period of the subscription, which is generally up to one year. Revenue from the sale of research information is recognized ratably over the contract period.

Online publishing costs represent expenses directly associated with the creation of online publishing revenue. These costs include contractual revenue sharing obligations resulting from our distribution arrangements (distribution payments), editorial costs, and allocated overhead. Distribution payments are made to web site operators for visitors directed to our web sites. These costs increase with gains in traffic to our sites. Editorial costs relate to writers and editors who create original content for our online publications and associates who build web pages. These costs have increased as we have added online publications and co-branded versions of our sites under distribution arrangements. These sites must be maintained on a daily basis.

Print publishing and licensing costs represent expenses directly associated with print publishing revenue. These costs include contractual revenue sharing obligations with newspapers related to Consumer Mortgage Guide, personnel costs, printing and allocated overhead.
Sales costs represent direct selling expenses, principally for online advertising, and include sales commissions, personnel costs and allocated overhead.

Marketing costs represent expenses associated with expanding brand awareness of our products and services to consumers and include advertising, including banner advertising, marketing and promotion costs.

Product research costs represent expenses related to gathering data on banking and credit products and include compensation and benefits, facilities costs, telephone costs and computer systems expenses.

General and administrative costs represent compensation and benefits for administration, advertising management, accounting and finance, facilities expenses, professional fees and non-allocated overhead.

Depreciation and amortization represents the cost of capital asset acquisitions spread over their expected useful lives. These expenses are spread over three to seven years and are calculated on a straight-line basis.

Goodwill amortization represents the excess of the purchase price over the fair market value of net assets acquired spread over the expected benefit periods which is between three to five years.

Noncash stock based compensation represents expenses associated with stock grants to our officers and employees as additional compensation for their services.

Other income (expense) is comprised of interest income on invested cash and interest expense. Also included is a noncash finance charge recorded upon the conversion of a note payable to a stockholder into shares of convertible preferred stock which, upon completion of our IPO, was subsequently converted into common stock.

We have compared our results of operations for the years ended December 31, 1999 and 1998, and the years ended June 30, 1998 and 1997.

The following table displays our results for the respective periods expressed as a percentage of total revenues.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online publishing</td>
<td>70.1%</td>
<td>52.1%</td>
<td>33.4%</td>
<td>19.1%</td>
</tr>
<tr>
<td>Print publishing and licensing</td>
<td>28.7%</td>
<td>47.9%</td>
<td>66.6%</td>
<td>80.9%</td>
</tr>
<tr>
<td>Other</td>
<td>1.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Total revenue</td>
<td>100.0%</td>
<td>28.6%</td>
<td>31.7%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Cost of operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online publishing</td>
<td>39.5%</td>
<td>28.2%</td>
<td>22.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Print publishing and licensing</td>
<td>19.7%</td>
<td>31.7%</td>
<td>51.1%</td>
<td>46.6%</td>
</tr>
<tr>
<td>Sales</td>
<td>23.5%</td>
<td>23.6%</td>
<td>17.3%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Marketing</td>
<td>140.9%</td>
<td>8.8%</td>
<td>3.8%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Product research</td>
<td>24.6%</td>
<td>26.4%</td>
<td>31.7%</td>
<td>28.3%</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>59.5%</td>
<td>25.1%</td>
<td>43.3%</td>
<td>30.2%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>4.7%</td>
<td>2.8%</td>
<td>1.7%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Goodwill amortization</td>
<td>5.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Noncash stock based compensation</td>
<td>27.3%</td>
<td>19.3%</td>
<td>2.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Year Ended December 31, 1999 Compared to Year Ended December 31, 1998</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The following table displays selected financial data for the year ended December 31, 1999 and unaudited selected financial data for the years ended December 31, 1998 and 1997 for comparison and analysis purposes.

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Year Ended December 31</th>
<th>Year Ended December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>1998</td>
<td>1997</td>
</tr>
<tr>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
<td>(Unaudited)</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Operations Data:
(In thousands, except share and per share amounts)

**Revenue:**
- **Online publishing:**
  - $8,497
- **Print publishing and licensing:**
  - 3,473
- **Other:**
  - 148
- **Total revenue:**
  - 12,118

**Cost of operations:**
- **Online publishing:**
  - 4,786
- **Print publishing and licensing:**
  - 2,387
- **Sales:**
  - 2,851
- **Marketing:**
  - 17,079
- **Product research:**
  - 2,984
- **General and administrative expenses:**
  - 7,206
- **Depreciation and amortization:**
  - 574
- **Goodwill amortization:**
  - 655

**Noncash stock based compensation:**
- 3,305

**Total cost of operations:**
- 41,827

**Loss from operations:**
- (29,709)

**Other income (expense):**
- **Interest income:**
  - 9.0%
- **Interest expense:**
  - (1.9%)
- **Noncash financing charge:**
  - (21.9%)
- **Other:**
  - 0.2%
- **Other income (expense), net:**
  - (14.7%)

**Loss before income taxes:**
- (259.9%)

**Income taxes:**
- **Net loss:**
  - (259.9%)

**Accretion of Convertible Series A and Series B preferred stock to redemption value:**
- (18.8%)

**Noncash financing charge for conversion of nonredeemable convertible Series A preferred stock to redeemable:**
- 0.0%

**Net loss applicable to common stock:**
- (278.7%)
Accretion of Convertible Series A and Series B preferred stock to redemption value             (2,281)             --              --
Charge for conversion of nonredeemable convertible Series A preferred stock to redeemable -- (4,438) --
Net loss applicable to common stock                  $ (33,769)   $ (8,412)   $ (1,530)
Basic and diluted net loss per share $ (3.34)   $ (2.14)   $ (0.35)
Weighted average shares outstanding used in basic and diluted per-share calculation 10,113,928 3,925,597 4,383,586

As of December 31, 1999 1998 1997

Consolidated Balance Sheet Data:
(In thousands)
Cash and cash equivalents $ 22,504 $ 1,633 $ 1,113
Working capital 13,144 658 564
Total assets 33,462 3,099 1,783
Subordinated note payable 4,350 -- --
Redeemable preferred stock -- 12,198 --
Total stockholders' equity (deficit) 17,445 (10,985) 2,447

Revenue

Total revenue for the year ended December 31, 1999 of $12,117,512 increased $6,495,983, or 116%, over the comparable period in 1998. Online publishing revenue increased $5,914,461, or 229%, to $8,496,905 and represented 70% of total revenue compared to 46% in 1998. These increases were due to higher levels of advertising sales and higher advertising rates facilitated by an increase in advertising inventory resulting from an increase in the number of distribution partners and higher overall site traffic. Additionally, in July 1999, the Company launched a multi-media integrated communications program to establish brand awareness and build site traffic. This program included a print advertising campaign with insertions in news, business, computer and personal finance publications; an online banner and sponsorship program; a comprehensive public relations program; and various media delivery systems including television. Beginning in January 2000, the Company substantially reduced its levels of spending on marketing compared to the second half of 1999, which could have the effect of substantially slowing down our revenue growth.

Print publishing and licensing revenue increased $433,695, or 14%, to $4,785,889 due primarily to a $618,713, or 48%, increase in Consumer Mortgage Guide revenues. This increase was a result of an increased sales effort, higher rates charged per unit sale and an increase in the number of advertisers.

Cost of Operations

Online publishing costs increased 215% to $4,785,889 for the year ended December 31, 1999 from $1,519,755 in the comparable period in 1998. This $3,266,134 increase was due to higher advertising costs, expenses incurred in promoting and staffing theWhiz.com, GreenMagazine.com and Consejero.com, increases in revenue sharing obligations and higher personnel costs.

Print publishing and licensing costs increased 13% to $2,387,229 during the year ended December 31, 1999 from $2,104,960 in 1998, due primarily to higher revenue sharing payments to newspapers based on higher levels of revenue.

Sales costs for the year ended December 31, 1999 were $1,485,559, or 10%, higher than 1998 due to higher human resource costs as a result of a doubling of the sales force staff, lead generators and telemarketers, and the opening of the Northern California and Chicago sales offices.
Marketing expenses of $17,078,673 for the year ended December 31, 1999 were $16,646,246 higher than in 1998 primarily due to online advertising monies spent for bankrate.com, theWhiz.com, Consejero.com and GreenMagazine.com with the goal of driving more online traffic to our web sites. In July 1999, the Company launched a multi-media integrated communications program to establish brand awareness and build site traffic. This program included a print advertising campaign with insertions in news, business, computer and personal finance publications; an online banner and sponsorship program; a comprehensive public relations program; and various media delivery systems including television. Beginning in January 2000, the Company substantially reduced its levels of spending on marketing compared to the second half of 1999, which could have the effect of substantially slowing down our revenue growth.

Product research costs increased $1,345,691, or 82%, for the year ended December 31, 1999 compared to 1998 due to higher personnel expenses to support the growth in hyperlinked advertisers, Consumer Mortgage Guide advertisers, new editorial newspaper tables and an expanded number of markets to support additional advertisements and co-branding. Additionally, quality control personnel have been added to lend support to this growth.

General and administrative expenses of $7,206,075 for the year ended December 31, 1999 were $5,366,481, or 292%, higher than the comparable period in 1998 due primarily to higher human resource costs, facilities and professional services expenses supporting the growth in the business. Approximately $1,089,000 of this increase relates to Pivot which was acquired in August, 1999.

Depreciation and amortization of $573,706 for the year ended December 31, 1999 was $433,637, or 310%, higher compared to 1998 due to purchases of software, computer equipment and components, and the acquisition of Pivot in August, 1999. Goodwill amortization of $557,541 and $98,124 is a result of the Pivot and Green acquisitions, respectively. Goodwill of $4,609,015 and $883,117 was recorded for Pivot and Green, respectively, and is being amortized over a three-year period.

Noncash stock based compensation expense of $3,305,104 was recorded in the year ended December 31, 1999 compared to $757,563 in the same period in 1998. In 1999 and 1998, approximately $2,113,000 and $460,000, respectively, was recorded as a result of a variable stock option arrangement with our former President and Chief Executive Officer. The variable stock option arrangement was terminated in March 1999. Approximately $1,120,000 was recorded for options granted under the 1997 and 1999 Equity Compensation Plans during the first quarter of 1999 below fair market value on the date of grant. In 1998, compensation expense was recorded in connection with certain restricted stock grants.

A noncash financing charge of $2,656,000 was recorded in March 1999 compared to none in 1998. In March 1999 one of the Series B convertible preferred stockholders loaned us $1,000,000, at 8% interest due April 9, 1999. If unpaid on April 9, 1999 the loan, plus accrued interest, converted to fully paid Series B convertible preferred stock at a conversion price of $2.97 per share. On April 9, 1999 the principal amount of the loan plus accrued interest was converted into 6,784 shares of Series B convertible preferred stock and, accordingly, the finance charge was recorded.

Interest income of $1,090,409 for the year ended December 31, 1999 was up from $36,006 in the comparable 1998 period due to investing the proceeds from our initial public offering in short-term, interest bearing instruments. Interest expense was up $213,855 over the comparable period in 1998 due to the increase in debt associated with equipment under capital leases and the 10% convertible subordinated note payable issued in connection with the Pivot acquisition.


Revenues

Total revenue increased to $3,841,000 in fiscal 1998 from $2,543,000 in fiscal 1997, representing a 51% increase.
Online publishing revenue increased to $1,282,000 in fiscal 1998 from $485,000 in fiscal 1997, representing a 164% increase. This increase was due to more advertisements being sold, higher advertising rates and an increase in inventory available for sale. A change of site design for bankrate.com to allow for a larger number of advertisements per page also contributed to the revenue growth.

Print publishing and licensing revenue increased to $2,559,000 in fiscal 1998 from $2,058,000 in fiscal 1997, representing a 24% increase. The increase resulted from the sale of a higher number of advertisements for Consumer Mortgage Guide, which resulted primarily from growth in the number of participating newspapers.

Cost of Operations

Online publishing costs increased to $862,000 in fiscal 1998 from $582,000 in fiscal 1997, representing a 48% increase. The increase resulted from higher payments made under distribution arrangements and additional editorial staff.

Print publishing and licensing costs increased to $1,962,000 in fiscal 1998 from $1,186,000 in fiscal 1997, representing a 65% increase. The increase was substantially a result of higher payments to newspapers given the higher level of Consumer Mortgage Guide revenues.

Sales costs increased to $665,000 in fiscal 1998 from $90,000 in fiscal 1997, representing a 639% increase. The increase was due to additional sales staff, higher commissions resulting from increased revenues and higher commission rates for our online sales staff.

Marketing costs increased to $145,000 in fiscal 1998 from $1,485 in fiscal 1997, representing a 9,664% increase. The increase was due to the hiring of a public relations firm to promote our expanded online activities and the costs of creating and producing sales-materials for online advertising. Additional costs were incurred in fiscal 1998 when we purchased such advertising to test its effectiveness in increasing visitors to bankrate.com.

Product research costs increased to $1,216,000 in fiscal 1998 from $721,000 in fiscal 1997, representing a 69% increase. The increase was principally related to the addition of 20 local markets in which we conducted research and an expansion in the number of products for which we gathered data.

General and administrative costs increased to $1,663,000 in fiscal 1998 from $768,000 in fiscal 1997, representing a 117% increase. The increase was principally related to the hiring of new senior management, expansion of office space and additional professional fees.

Depreciation and amortization decreased to $67,000 in fiscal 1998 from $74,000 in fiscal 1997, representing a 9% decrease.

Quarterly Results of Operations

The following table presents certain unaudited quarterly statement of operations data for each of the last 8 quarters through the year ended December 31, 1999. The information has been derived from our unaudited consolidated financial statements. In the opinion of our management, the unaudited financial statements have been prepared on a basis consistent with the financial statements which appear elsewhere in this Form 10-K and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the financial position and results of operations for such unaudited periods. Historical results are not necessarily indicative of results to be expected in the future.
Net cash provided from financing activities in 1999 consisted of a liabilities of Green Magazine, Inc. as well as certain other intellectual property rights. Additionally, during the year ended December 31, 1999, cash was used to acquire CPNet.com, Pivot and certain assets and office equipment and furniture. Additionally, during the year ended December 31, 1999, we had working capital of $13,143,967. Cash used in investing activities was primarily for the purchase of computer equipment and amortization through personnel acquisitions and marketing expenditures. Additionally, we funded approximately $1,014,000 of costs related to our IPO of stock during the year ended December 31, 1999.

Liquidity and Capital Resources

ilife.com, Inc. has been funded using capital raised from shareholders, and most recently, from the proceeds of our initial public offering in May 1999. As of December 31, 1999, we had working capital of $13,143,967. Cash used in operating activities was $19,372,729, $1,207,153, $2,760,717 and $833,716 for the year ended December 31, 1999, the six months ended December 31, 1998 and the years ended June 30, 1998 and 1997, respectively, and was primarily for funding operating losses due to the continued expansion of our online publishing efforts through personnel acquisitions and marketing expenditures. Additionally, we funded approximately $1,014,000 of costs related to our IPO of stock during the year ended December 31, 1999.

Cash used in investing activities was primarily for the purchase of computer and office equipment and furniture. Additionally, during the year ended December 31, 1999, cash was used to acquire CPNet.com, Pivot and certain assets and liabilities of Green Magazine, Inc. as well as certain other intellectual property rights.

Net cash provided from financing activities in 1999 consisted of a
$1,000,000 convertible promissory note to one of the Series B preferred stockholders which was subsequently converted to shares of Series B preferred stock and ultimately into common stock in connection with the IPO, as well as the net cash proceeds from our initial public offering of $42,315,000. Other financing activities included cash used for payments on capital lease liabilities. During the six months ended December 31, 1998 and the years ended June 30, 1998 and 1997, cash flows from financing activities consisted primarily of the cash proceeds from the issuance of preferred stock.

In connection with the acquisition of Pivot in August, 1999 the Company signed a $4,350,000 five-year convertible subordinated note payable to Pivot's former owner. The note bears interest at 10% and is due in one payment on August 20, 2004. Interest is due beginning August 20, 2002 and thereafter every six months until conversion or payment in full. The note is convertible at any time by the holder into 625,000 shares of our common stock.

We have incurred net losses in each of our last four fiscal years. We had an accumulated deficit of approximately $42 million as of December 31, 1999. We anticipate that we will incur operating losses and negative cash flows in the foreseeable future due to high levels of planned expenditures to enhance our services, develop new content, build brand awareness and hire personnel to support our growth.

The Company is working to manage its cash by actively controlling expenses and pursuing additional sources of revenue. For instance, the Company substantially reduced marketing expenditures beginning January 2000 compared to the second half of 1999, and has current plans to sell CPNet.com by mid 2000. Based on these actions and the Company's current plan, we believe our existing liquidity and capital resources will be sufficient to satisfy our cash requirements into 2001. There are no assurances that such actions will ensure cash sufficiency into 2001 or that reducing marketing expenses would not potentially curtail revenue growth.

The Company is also committed to rationalizing its ownership of ancillary, non-core business units that have historically had significant negative cash contributions. This effort could include: changing these non-core business units' strategy and/or focus, seeking out strategic or financial partners, selling/divesting these assets, or closing them. The beginning of these efforts is our current plan to sell CPNet.com. These actions should result in lower operating expenses, and may result in the Company receiving additional capital and/or equity in other companies. In addition, some of these actions, if taken, could result in material charges to operations and, could potentially result in lower that anticipated revenue growth.

The Company may consider additional options, which include, but are not limited to, the following: forming strategic partnerships or alliances; considering other strategic alternatives, including: a merger or sale of the Company, or an acquisition ; or raising new debt and/or equity capital. There can be no assurance that we will be able to raise such funds or realize our strategic alternatives on favorable terms or at all.

Further, due to the purported class-action lawsuit which the Company intends to vigorously defend, management could be required to spend significant amounts of time and resources defending this matter which may impact our ability to manage the Company.

taken, could result in material charges to operations and, in addition, could potentially result in lower that anticipated revenue growth.

We believe that our existing liquidity and capital resources will be sufficient to satisfy our cash requirements for the foreseeable future. However, if the rationalization efforts previously mentioned do not effect positive change on our cash flow, based on the Company's current and anticipated future capital funding requirements cash resources would be materially depleted by the second quarter of 2001.

The Company may consider additional options, which include, but are not
limited to, the following: forming strategic partnerships or alliances; considering other strategic alternatives, including: a merger or sale of the Company, or an acquisition (as disclosed in our press release dated October 19, 1999); or raising new debt and/or equity capital. There can be no assurance that we will be able to raise such funds on favorable terms or at all.

Further, due to the events surrounding the purported class-action lawsuit discussed in Note 13, although the Company believes the suit is without merit, management could be required to spend significant amounts of time and resources defending this matter which could further impact our ability to manage the Company.

Recent Accounting Pronouncements

In June 1997, SFAS No. 130, "Reporting Comprehensive Income," was issued and was adopted by the Company as of July 1, 1998. SFAS 130 establishes standards for reporting and display of comprehensive income and its components in a full set of general-purpose financial statements. This statement requires that an enterprise (1) classify items of other comprehensive income by their nature in financial statements and (2) display the accumulated balance of other comprehensive income separately from retained earnings and additional paid-in capital in the equity section of statements of financial position. Comprehensive income is defined as the change in equity during the financial reporting period of a business enterprise resulting from non-owner sources. Comprehensive income equals the net loss for all periods presented.

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") No. 98-1, "Software for Internal Use," which provides guidance on accounting for the cost of computer software developed or obtained for internal use. The adoption of SOP 98-1 in the first quarter of 1999 did not have an impact on the Company's financial position, results of operations or cash flows.

In June 1998, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was issued. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in the statement of operations unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the statement of operations, and requires that a company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. A company may also implement the provision of SFAS No. 133 as of the beginning of any fiscal quarter after issuance. SFAS No. 133 cannot be applied retroactively, and must be applied to (1) derivative instruments and (2) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after December 31, 1997. The Company has not yet determined the applicability SFAS No. 133.

Income Taxes

Our effective tax rate differs from the statutory federal income tax rate, primarily as a result of the uncertainty regarding our ability to utilize our net operating loss carryforwards. Due to the uncertainty surrounding the timing or realization of the benefits of net operating loss carryforwards in future tax returns, have placed a valuation allowance against its otherwise recognizable deferred tax assets. At December 31, 1999, we had approximately $32,624,000 of net operating loss carryforwards for tax reporting purposes available to offset future taxable income. Intelligent Life's net operating loss carryforwards expire from 2012 through 2019. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Due to the change in our ownership interests in the
third quarter of 1997 and the acquisition of Pivot in August 1999, future utilization of our net operating loss carryforwards will be subject to certain limitations or annual restrictions. See Note 9 of Notes to Consolidated Financial Statements appearing elsewhere in this Form 10-K.

Year 2000 Compliance

The Year 2000 computer problem refers to the potential for system and processing failures of date-related data as a result of computer-controlled systems using two digits rather than four to define the applicable year. For example, software programs that have time-sensitive components may recognize a date represented as "00" as the year 1900 rather than the year 2000. This could result in a system failure causing disruptions to our operations.

Our internal information technology and non-information technology systems are generally licensed from third parties rather than being internally developed. Our research and subscription systems are two of the major information technology systems that have been internally developed. No non-information technology systems have been internally developed. We have received written certifications from all manufacturers of third-party systems that they are Year 2000 compliant. We have completed the inventory and testing of our mission critical hardware systems, including the routers and servers by which we provide services to our customers.

Additionally, we have been advised that all of our mission critical operating software has been tested by the manufacturers as well as internally tested. All of the mission critical hardware and software passed our predetermined Year 2000 criteria for compliance.

Our business is also dependent upon the computer-controlled systems of third parties such as suppliers, customers and service providers. A systemic failure outside of our control, such as a prolonged loss of Internet, telecommunications, electrical or telephone services could prevent users from accessing our web sites, which could have a material adverse effect on our business.

We have experienced no material Year 2000 problems in the brief period since January 1, 2000. We continue to monitor our systems for Year 2000 compliance.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

The primary objective of our investment strategy is to preserve principal while maximizing the income we receive from investments without significantly increasing risk. To minimize this risk, to date we have maintained our portfolio of cash equivalents in short-term and overnight investments which are not subject to market risk as the interest paid on such investments fluctuates with the prevailing interest rates. As of December 31, 1999 all of our cash equivalents mature in three months or less.

Exchange Rate Sensitivity

Our exposure to foreign currency exchange rate fluctuations is minimal to none as we do not have any revenues denominated in foreign currencies. Additionally, we have not engaged in any derivative or hedging transactions to date.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Page

Reports of Independent Auditors..........................

Consolidated Balance Sheets as of December 31, 1999 and 1998........
INDEPENDENT AUDITORS' REPORT

The Board of Directors
ilife.com, Inc.

We have audited the accompanying consolidated balance sheets of ilife.com, Inc. (formerly Intelligent Life Corporation) and subsidiary as of December 31, 1999 and 1998, and the related consolidated statements of operations, redeemable stock and stockholders' equity (deficit) and cash flows for the year ended December 31, 1999, the six months ended December 31, 1998, and the year ended June 30, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 financial position of ilife.com, Inc. and subsidiary as of December 31, 1999 and 1998, and the results of their operations and their cash flows for the year ended December 31, 1999, the six months ended December 31, 1998, and the year ended June 30, 1998 in conformity with generally accepted accounting principles.

KPMG LLP
Atlanta, Georgia
January 28, 2000

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
ilife.com, Inc.:
the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimated by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ilife.com, Inc. (formerly Intelligent Life Corporation) as of June 30, 1997, and the results of its operations and its cash flows for the two years then ended in conformity with generally accepted accounting principles.

Thomas & Clough Co., P.A.

Palm Beach, Florida
July 23, 1998

ilife.com, Inc. and Subsidiary
Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1999</th>
<th>December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 22,503,540</td>
<td>$ 1,633,100</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts</td>
<td>1,480,904</td>
<td>538,536</td>
</tr>
<tr>
<td>Other current assets</td>
<td>383,292</td>
<td>109,488</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>24,367,736</td>
<td>2,281,124</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment, net</td>
<td>2,488,394</td>
<td>815,093</td>
</tr>
<tr>
<td>Intangible assets, net</td>
<td>5,051,573</td>
<td>4,569</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,554,254</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 33,461,757</td>
<td>$ 3,099,352</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Liabilities, Redeemable Stock and Stockholders’ Equity (Deficit)</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 2,758,166</td>
<td>$ 308,667</td>
</tr>
<tr>
<td>Accrued stock compensation expense</td>
<td>1,159,309</td>
<td>--</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>4,170,267</td>
<td>588,212</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>459,392</td>
<td>622,600</td>
</tr>
<tr>
<td>Current portion of obligations under capital leases</td>
<td>225,740</td>
<td>113,405</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td>246,895</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>11,223,769</td>
<td>1,622,944</td>
</tr>
<tr>
<td>10% Convertible subordinated note payable</td>
<td>4,350,000</td>
<td>--</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>442,543</td>
<td>263,009</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>16,016,312</td>
<td>1,885,953</td>
</tr>
</tbody>
</table>

| **Commitments and contingencies** | | |
| Redeemable Convertible Series A preferred stock, noncumulative, par value 5.01 per share, liquidation value $0.5 per share, stated at redemption value $1.00 per share | -- | 10,215,768 |
| Redeemable Convertible Series B preferred stock, noncumulative, par value 5.01 per share, liquidation value $0.5 per share, stated at redemption value $1.00 per share | -- | 1,982,535 |
| Redeemable Common Stock: | | |
| Redeemable common stock, par value 5.01 per share, redemption value $0.5 per share | -- | 236,168 |
| Loan receivable for redeemable common stock | -- | (236,168) |
| **Stockholders’ equity (deficit):** | | |
| Preferred stock, 10,000,000 shares authorized and designated | -- | -- |
| Common stock, par value $0.01 per share | 149,543,111 | -- |
| Additional paid in capital | 59,543,111 | -- |
| Unamortized stock compensation expense | (42,233,076) | (40,948,746) |
| Accumulated deficit | 17,445,445 | (10,984,904) |
| **Total stockholders’ equity (deficit)** | $ 33,461,757 | $ 3,099,352 |
| **Total liabilities and stockholders’ equity (deficit)** | $ 33,461,757 | $ 3,099,352 |
See accompanying notes to consolidated financial statements.

ilife.com, Inc. and Subsidiary
Consolidated Statements of Operations

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1998</th>
<th>June 30, 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Online publishing</td>
<td>$ 8,496,905</td>
<td>$ 1,808,817</td>
</tr>
<tr>
<td>Print publishing and licensing</td>
<td>$ 1,600,114</td>
<td>$ 2,559,233</td>
</tr>
<tr>
<td>Other</td>
<td>(47,827)</td>
<td>(2,058,045)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>$ 12,117,512</td>
<td>$ 3,469,153</td>
</tr>
</tbody>
</table>

Cost of operations:

Online publishing | 4,785,889 | 978,964 |
Print publishing and licensing | 817,403 | 659,007 |
Marketing | 10,078,673 | 104,519 |
Product research | 2,984,283 | 915,961 |
General and administrative expenses | 1,204,070 | 1,160,728 |
Depreciation and amortization | 573,706 | 98,491 |
Goodwill amortization | 345,665 | (2,765,046) |
Noncash stock based compensation | -- | (3,505,106) |
Total cost of operations | 8,576,488 | 6,669,205 |

Loss from operations:

Convertible Series A | (41,827,293) | (2,287,297) |
Convertible Series B | (2,287,297) | (2,287,297) |
Net loss applicable to common stock | $(33,769,330) | $(2,559,243) |

See accompanying notes to consolidated financial statements.

ilife.com, Inc. and Subsidiary
Consolidated Statements of Redeemable Stock and Stockholders' Equity (Deficit)

<table>
<thead>
<tr>
<th>Redeemable Convertible Series A</th>
<th>Redeemable Convertible Series B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>Shares</td>
</tr>
<tr>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance, June 30, 1996</td>
<td>$ (5.76)</td>
</tr>
<tr>
<td>Stockholders loans contributed to capital</td>
<td>$ (0.63)</td>
</tr>
<tr>
<td>Exchange of common stock for preferred stock by principal stockholder</td>
<td>$ (6,216)</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>$ (85,870)</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>$ (6,216)</td>
</tr>
<tr>
<td>Reclaisification of accumulated deficit to additional paid in capital due to change s corporation to c corporation</td>
<td>$ (85,870)</td>
</tr>
<tr>
<td>Balance, June 30, 1997</td>
<td>$ (5.76)</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>$ (0.63)</td>
</tr>
<tr>
<td>Stockholders loans converted to preferred stock</td>
<td>$ (85,870)</td>
</tr>
<tr>
<td>Redeemable common stock issued</td>
<td></td>
</tr>
<tr>
<td>Compensation expense related to common stock vesting</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes to consolidated financial statements.
Net loss for the period                                         --              --              --              --

Balances, June 30, 1998

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</table>

Issuance of common stock

Compensation expense related to common stock grants

Issuance of preferred stock, net of issuance costs

Conversion of nonredeemable convertible Series A preferred stock to redeemable

Net loss for the period

Balances, December 31, 1998

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</tbody>
</table>

Accretion of Series A and Series B preferred stock to redemption value

Conversion of Series A and Series B preferred stock to common stock

Issuance and conversion of promissory note to redeemable common stock

Conversion of nonredeemable convertible Series A preferred stock to redeemable

Net loss for the period

Balances, December 31, 1999

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</table>

Redeemable Common Stock

Convertible Series A Preferred Stock

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</tbody>
</table>

Stockholder loans contributed to capital

Exchange of common stock for preferred stock by principal stockholder

Issuance of preferred stock, net of issuance costs

Net loss for the period

Balances, December 31, 1998

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</tr>
</tbody>
</table>

Redeemable common stock issued

Compensation expense related to common stock grants

Issuance of preferred stock, net of issuance costs

Conversion of nonredeemable convertible Series A preferred stock to redeemable

Net loss for the period

Balances, December 31, 1999

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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</tbody>
</table>

Accretion of Series A and Series B preferred stock to redemption value

Conversion of Series A and Series B preferred stock to common stock

Issuance and conversion of promissory note to redeemable common stock

Foregiveness of note receivable for redeemable common stock, reclassification of redeemable common stock to common stock, cancellation of the put right associated with such shares and reacquisition of forfeited shares

Initial public offering of common stock

Compensation relating to stock grants

Common stock issued for the acquisition of Green Magazine, Inc.

Net loss for the period

Redeemable Common Stock

Convertible Series A Preferred Stock

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
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<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

Balances, June 30, 1996

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Stockholder loans contributed to capital

Exchange of common stock for preferred stock by principal stockholder

Issuance of preferred stock, net of issuance costs

Net loss for the period

Balances, June 30, 1997

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Issuance of preferred stock, net of issuance costs

Stockholder loans converted to preferred stock

Redeemable common stock issued

Compensation expense related to common stock grants

Net loss for the period

Balances, June 30, 1998

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Issuance of common stock

Compensation expense related to common stock grants

Issuance of preferred stock, net of issuance costs

Conversion of nonredeemable convertible Series A preferred stock to redeemable

Net loss for the period

Balances, December 31, 1998

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Accretion of Series A and Series B preferred stock to redemption value

Conversion of Series A and Series B preferred stock to common stock

Issuance and conversion of promissory note to redeemable common stock

Foregiveness of note receivable for redeemable common stock, reclassification of redeemable common stock to common stock, cancellation of the put right associated with such shares and reacquisition of forfeited shares

Initial public offering of common stock

Compensation relating to stock grants

Common stock issued for the acquisition of Green Magazine, Inc.

Net loss for the period

Redeemable Common Stock

Convertible Series A Preferred Stock

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Shares</th>
<th>Amount</th>
<th>Receivable</th>
<th>Shares</th>
<th>Preferred Stock</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Date</td>
<td>Common Stock Shares</td>
<td>Common Stock Amount</td>
<td>Additional Paid in Capital</td>
<td>Common Stock Compensation Expense</td>
<td>Unamortized</td>
</tr>
<tr>
<td>---------------------------</td>
<td>---------------------</td>
<td>---------------------</td>
<td>---------------------------</td>
<td>-----------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Balances, December 31, 1999</td>
<td>5,000,000</td>
<td>$50,000</td>
<td>$535,000</td>
<td>$--</td>
<td>$--</td>
</tr>
<tr>
<td>Stockholder loans contributed to capital</td>
<td>--</td>
<td>--</td>
<td>$1,536,922</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Exchange of common stock for preferred stock by principal stockholder</td>
<td>(1,153,800)</td>
<td>(11,538)</td>
<td>(1,488,402)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Reclassification of accumulated deficit to additional paid in capital due to change from S corporation to C corporation</td>
<td>--</td>
<td>--</td>
<td>(583,520)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balances, June 30, 1996</td>
<td>1,846,200</td>
<td>38,462</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Stockholder loans converted to preferred stock</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Redeemable common stock issued</td>
<td>--</td>
<td>--</td>
<td>354,253</td>
<td>(354,253)</td>
<td>--</td>
</tr>
<tr>
<td>Compensation expense related to common stock vesting</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>88,563</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balances, June 30, 1998</td>
<td>3,846,200</td>
<td>38,462</td>
<td>354,253</td>
<td>(265,090)</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>207,000</td>
<td>2,070</td>
<td>266,900</td>
<td>(269,000)</td>
<td>--</td>
</tr>
<tr>
<td>Compensation expense related to common stock grants</td>
<td>--</td>
<td>--</td>
<td>415,000</td>
<td>254,000</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Conversion of nonredeemable convertible Series A preferred stock to redeemable</td>
<td>--</td>
<td>--</td>
<td>(1,036,183)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balances, December 31, 1998</td>
<td>4,053,200</td>
<td>40,532</td>
<td>(280,690)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Accretion of Series A and Series B preferred stock to redemption value</td>
<td>--</td>
<td>--</td>
<td>2,281,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Conversion of Series A and Series B preferred stock to common stock</td>
<td>5,359,350</td>
<td>53,533</td>
<td>14,425,710</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Issuance and conversion of promissory note to Series B preferred stock and conversion of Series B preferred stock to common stock</td>
<td>339,200</td>
<td>3,392</td>
<td>3,659,608</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Forfeitement of note receivable for redeemable common stock, reclassification of redeemable common stock to common stock, cancellation of the put right associated with such shares and reacquisition of forfeited shares</td>
<td>189,238</td>
<td>1,893</td>
<td>1,890,417</td>
<td>220,690</td>
<td>--</td>
</tr>
<tr>
<td>Initial public offering of common stock</td>
<td>3,500,000</td>
<td>35,000</td>
<td>41,265,596</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Compensation relating to stock grants</td>
<td>--</td>
<td>--</td>
<td>60,000</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Common stock issued for the acquisition of Green Magazine, Inc.</td>
<td>100,000</td>
<td>1,000</td>
<td>582,780</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balances, December 31, 1999</td>
<td>13,540,988</td>
<td>$135,410</td>
<td>$59,543,111</td>
<td>$--</td>
<td>$--</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Stockholders' Accumulated Deficit</th>
<th>Equity (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances, June 30, 1996</td>
<td>$(2,092,977)</td>
</tr>
<tr>
<td>Stockholder loans contributed to capital</td>
<td>--</td>
</tr>
<tr>
<td>Exchange of common stock for preferred stock by principal stockholder</td>
<td>--</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>(955,620)</td>
</tr>
<tr>
<td>Reclassification of accumulated deficit to additional paid in capital due to change from S corporation to C corporation</td>
<td>583,520</td>
</tr>
<tr>
<td>Balances, June 30, 1997</td>
<td>(2,465,077)</td>
</tr>
<tr>
<td>Issuance of preferred stock, net of issuance costs</td>
<td>--</td>
</tr>
<tr>
<td>Stockholder loans converted to preferred stock</td>
<td>--</td>
</tr>
<tr>
<td>Redeemable common stock issued</td>
<td>--</td>
</tr>
<tr>
<td>Compensation expense related to common stock vesting</td>
<td>--</td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>(2,782,493)</td>
</tr>
<tr>
<td>Balances, June 30, 1998</td>
<td>(1,347,870)</td>
</tr>
<tr>
<td>Issuance of common stock</td>
<td>--</td>
</tr>
</tbody>
</table>
Compensation expense related to common stock grants -- 669,000
Issuance of preferred stock, net of issuance costs -- --
Conversion of nonredeemable convertible Series A preferred stock to redeemable (1,401,938) (10,215,768)
Net loss for the period (2,095,218) (2,095,218) -- --
Balance, December 31, 1998 (10,744,746) (10,984,924)
Accretion of Series A and Series B preferred stock to redemption value -- (2,281,000)
Conversion of Series A and Series B preferred stock to common stock -- 16,479,303
Issuance and conversion of promissory note to Series B preferred stock and conversion of Series B preferred stock to common stock -- 3,661,000
Forgiveness of note receivable for redeemable common stock, reclassification of redeemable common stock to common stock, cancellation of the put right associated with such shares and reacquisition of forfeited shares -- 2,113,000
Initial public offering of common stock -- 41,300,596
Compensation relating to stock grants -- 60,000
Common stock issued for the acquisition of Green Magazine, Inc. -- 583,780
Net loss for the period (31,488,330) (31,488,330)
Balance, December 31, 1999 $42,233,076 $ 17,445,445

See accompanying notes to consolidated financial statements.

ilife.com, Inc. and Subsidiary
Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th>Year Ended December 31, 1999</th>
<th>Six Months Ended December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>$(31,488,330)</td>
</tr>
<tr>
<td>Adjustments to reconcile net loss to net cash used in operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>1,228,371</td>
</tr>
<tr>
<td>Noncash stock compensation</td>
<td>3,305,104</td>
</tr>
<tr>
<td>Noncash financing charge</td>
<td>2,656,000</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>218,153</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
</tr>
<tr>
<td>Increase in accounts receivable</td>
<td>(1,156,584)</td>
</tr>
<tr>
<td>(Increase) decrease in other assets</td>
<td>(1,899,649)</td>
</tr>
<tr>
<td>Increase (decrease) in accounts payable</td>
<td>2,187,572</td>
</tr>
<tr>
<td>Increase in accrued expenses</td>
<td>5,366,927</td>
</tr>
<tr>
<td>Increase in other current liabilities</td>
<td>311,927</td>
</tr>
<tr>
<td>Increase (decrease) in deferred revenue</td>
<td>(5,174)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>12,115,601</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(19,372,729)</td>
</tr>
<tr>
<td>Cash flows used in investing activities:</td>
<td></td>
</tr>
<tr>
<td>Purchases of equipment</td>
<td>(1,395,079)</td>
</tr>
<tr>
<td>Acquisitions, net of cash acquired</td>
<td>(536,983)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,932,062)</td>
</tr>
<tr>
<td>Cash flows from financing activities:</td>
<td></td>
</tr>
<tr>
<td>Loans from stockholders</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Principal payments on capital lease obligations</td>
<td>(218,156)</td>
</tr>
<tr>
<td>Proceeds from issuance of preferred stock</td>
<td>--</td>
</tr>
<tr>
<td>Proceeds from issuance of common stock</td>
<td>41,300,631</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>42,082,475</td>
</tr>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>20,870,440</td>
</tr>
<tr>
<td>Cash and equivalents, beginning of period</td>
<td>1,633,100</td>
</tr>
<tr>
<td>Cash and equivalents, end of period</td>
<td>$ 22,503,540</td>
</tr>
</tbody>
</table>

Supplemental disclosures of cash flow information:
Cash paid during the period for interest $ 74,641 $ 12,433
Supplemental schedule of noncash investing and finance activities:
Equipment acquired under capital leases $ 314,000 $ 380,000
Accounts payable related to recapitalization and issuance of stock $ -- $ --
Stockholder loans contributed to capital for preferred stock $ -- $ --
Conversion of nonredeemable convertible Series A preferred stock to redeemable and related charge $ -- $ 14,653,909
Accretion of Series A and Series B preferred stock to redemption value $ 2,281,000 $ --
Conversion of Series A and Series B preferred stock to common stock $ 14,479,303 $ --
Issuance of common stock for business acquired $ 584,000 $ --
Convertible subordinated note issued in connection with business acquired $ 4,350,000 $ --

Year Ended Year Ended
June 30, 1998 June 30, 1997

Cash flows used in operating activities:
Net loss $ (2,782,493) $ (955,620)
Adjustments to reconcile net loss to net cash used in operating activities:
Depreciation and amortization 66,666 73,754
Noncash stock compensation 88,563 --
Noncash financing charge -- --
Changes in operating assets and liabilities:
Increase in accounts receivable (42,451) (109,793)
Increase in deferred initial public offering costs -- --
(Decrease) increase in other assets (22,305) 7,480
Increase (decrease) in accounts payable (168,214) 59,238
Increase in accrued expenses 118,932 218,705
Increase in other current liabilities -- --
Increase (decrease) in deferred revenue (19,415) (127,480)
Total adjustments 21,776 121,904
Net cash used in operating activities (2,760,717) (833,716)

Cash flows used in investing activities:
Purchases of equipment (407,203) (90,501)
Acquisitions, net of cash acquired -- --
Net cash used in investing activities (407,203) (90,501)

Cash flows from financing activities:
Loans from stockholders 500,000 687,000
Proceeds from issuance of preferred stock, net 1,815,519 2,000,045
Proceeds from issuance of common stock, net -- --
Net cash provided by financing activities 2,315,519 2,687,045

Net increase (decrease) in cash and cash equivalents (852,401) 1,762,828
Cash and equivalents, beginning of period 1,762,828 --
Cash and equivalents, end of period $ 910,427 $ 1,762,828

Supplemental disclosures of cash flow information:
Cash paid during the period for interest $ 6,216 $ 113,200

Supplemental schedule of noncash investing and finance activities:
Equipment acquired under capital leases $ 18,000 $ --
Accounts payable related to recapitalization and issuance of stock $ -- $ 37,877
Stockholder loans contributed to capital for preferred stock $ 500,000 $ 1,536,922
Charge for conversion of nonredeemable convertible Series A preferred stock to redeemable $ -- $ --
Accretion of Series A and Series B preferred stock to redemption value $ -- $ --
Issuance of common stock for business acquired $ -- $ --
Convertible subordinated note issued in connection with business acquired $ -- $ --

See accompanying notes to consolidated financial statements.
NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

ilife.com, Inc. (the "Company") creates, produces, broadcasts and syndicates personal finance information for the online consumer public through a broad portfolio of Web sites and print publications. The Company’s wholly-owned subsidiary, Professional Direct Agency, Inc. ("Pivot"), is a virtual insurance agency and fulfillment/call center specializing in direct insurance sales over the Internet and through other direct media. The Company’s personal finance portal, www.ilife.com, features original content that deals with financial planning, taxes, insurance, investing and banking. The Company is organized under the laws of the state of Florida. Under the provisions of the Internal Revenue Code of 1986, as amended, the Company elected to be taxed as an S Corporation. On June 19, 1997, the Company ceased to be an S Corporation and became a C corporation for income tax purposes.

On November 12, 1999, the Company changed its name from Intelligent Life Corporation to ilife.com, Inc.

The Company has incurred net losses in each of its last four fiscal years. We had an accumulated deficit of approximately $42 million as of December 31, 1999. We anticipate that we will incur operating losses and negative cash flows in the foreseeable future due to high levels of planned expenditures to enhance our services, develop new content, build brand awareness and hire personnel to support our growth.

The Company is working to manage its cash by actively controlling expenses and pursuing additional sources of revenue. For instance, the Company substantially reduced marketing expenditures beginning January 2000 compared to the second half of 1999, and has current plans to sell or consider selling web sites. Based on these actions and the Company's current plan, we believe our existing liquidity and capital resources will be sufficient to satisfy our cash requirements into 2001. There are no assurances that such actions will ensure cash sufficiency into 2001 or that reducing marketing expenses would not potentially curtail revenue growth.

The Company is also committed to rationalizing its ownership of ancillary, non-core business units that have historically had significant negative cash contributions. This effort could include: changing these non-core business units' strategy and/or focus, seeking out strategic or financial partners, selling/divesting these assets, or closing them. The beginning of these efforts is our current plan to sell CPNet.com. These actions should result in lower operating expenses, and may result in the Company receiving additional capital and/or equity in other companies. In addition, some of these actions, if taken, could result in material charges to operations and, could potentially result in lower that anticipated revenue growth.

The Company may consider additional options, which include, but are not limited to, the following: forming strategic partnerships or alliances; considering other strategic alternatives, including: a merger or sale of the Company, or an acquisition; or raising new debt and/or equity capital. There can be no assurance that we will be able to raise such funds or realize our strategic alternatives on favorable terms or at all.

Further, due to the purported class-action lawsuit discussed in Note 12 which the Company intends to vigorously defend, management could be required to spend significant amounts of time and resources defending this matter which may impact our ability to manage the Company.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change of Fiscal Year

On April 12, 1999, the Company's Board of Directors approved changing the
Company's fiscal year-end from June 30 to December 31.

Consolidation

The consolidated financial statements include the accounts of ilife.com, Inc. and its wholly-owned subsidiary, Professional Direct Agency, Inc. ("Pivot"). All material intercompany accounts and transactions have been eliminated.

Use of Estimates

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

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The cost of these investments approximates fair value.

Fixed Assets

Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful lives of the assets which range from three to seven years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the improvements. Equipment under capital leases are stated at the present value of the future minimum lease payments.

Intangible Assets

Intangible assets consist primarily of goodwill resulting from the acquisitions of CPNet.com, Pivot and certain assets and liabilities of Green Magazine, Inc. (Note 5), and trademarks. Goodwill is being amortized on a straight-line basis over three years, the estimated benefit period. Trademarks are being amortized over their estimated useful lives, which is three to five years, on a straight-line basis. The Company reviews its intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Basic and Diluted Net Loss Per Share

The Company computes net loss per share in accordance with the provisions of Statement of Financial Standards No. 128, "Earnings per Share" ("FAS 128") and Staff Accounting Bulletin No. 98 ("SAB 98"). Under FAS 128 and SAB 98, basic and diluted net loss per share is computed by dividing the net loss available to common stockholders for the period by the weighted average number of common shares outstanding for the period. The calculation of diluted net loss per share excludes common stock equivalents, consisting of outstanding stock options in 1999 and outstanding stock options, redeemable preferred stock and convertible preferred stock for 1998 and 1997, as the effect of their conversion to common stock would be antidilutive.

Common stock equivalents that could potentially dilute basic earnings per share in the future were not included in diluted earnings per share because their effect on periods presented was antidilutive total 1,888,358 at December 31, 1999.
Stock-Based Compensation

The Company accounts for stock-based compensation arrangements in accordance with the provisions of Accounting Principles Board Opinion No. 25 ("APB 25"), "Accounting for Stock Issued to Employees", and complies with the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". Under APB 25, compensation cost, if any, for fixed plan accounting, is recognized over the respective vesting period based on the difference, on the grant date, between the fair value of the Company's common stock and the exercise price.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Revenue Recognition

The Company generates revenue from two primary sources: online publishing and print publishing and licensing.

Online publishing-

The Company sells graphical advertisements for its various Internet sites (including co-branded sites) consisting of banner and billboard advertisements. Advertising sales are invoiced monthly based on the expected number of advertisement "impressions" or the number of times the advertisement is viewed by users of the Company's Internet sites. Revenue is recognized monthly based on the percentage of actual impressions to the total number of impressions contracted. Revenue for impressions invoiced but not delivered is deferred. The Company is also involved in revenue sharing arrangements with its online partners where the consumer uses co-branded sites principally hosted by the Company. Revenue is effectively allocated to each partner based on the percentage of advertisement views at each site. The allocated revenues are shared according to distribution agreements. Revenue is recorded gross and partnership payments are recorded in cost of operations. The Company also sells hyperlinks to various third-party Internet sites that generate a fixed monthly fee, which is recognized in the month earned.

Print publishing and licensing-

The Company sells advertisements for consumer mortgage rate tables. The rate tables and advertising are published in various newspapers under revenue sharing arrangements. Revenue is recognized when the tables are run in the respective newspaper. Revenue is recorded gross and revenue sharing payments are recorded in cost of operations. In addition, the Company earns subscription revenue from the four newsletters. Revenue is recognized ratably over the period of the subscription, which is generally up to one year. The Company also earns print revenue through other means including licensing data for insertion into newspapers and web sites and by providing product rates and yields to financial institutions for publication. Revenue is recognized ratably over the contract period.

Marketing Expenses

Marketing includes advertising costs, which are charged to expense as incurred. Advertising costs were $16,459,305, $304,919, $145,632 and $1,485 for the year ended December 31, 1999, the six month period ended December 31, 1998 and the years ended June 30, 1998 and 1997, respectively.
Comprehensive Income

No statements of comprehensive income (loss) have been included in the accompanying consolidated financial statements since comprehensive income (loss) and net loss presented in the accompanying consolidated statements of operations, redeemable stock and stockholders' equity (deficit) and statements of cash flows would be the same.

Segment Reporting

Effective January 1, 1998, the Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information". The Company operates and manages its business in two segments; online publishing and print publishing and licensing.

Recent Accounting Pronouncements

In March 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") No. 98-1, "Software for Internal Use," which provides guidance on accounting for the cost of computer software developed or obtained for internal use. The adoption of SOP 98-1 in the first quarter of 1999 did not have an impact on the Company's financial position, results of operations or cash flows.

In June 1998, Statement of Financial Accounting Standards No. 133 ("SFAS No. 133"), "Accounting for Derivative Instruments and Hedging Activities", which was subsequently deferred by SFAS No. 137. SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including derivative instruments embedded in other contracts, and for hedging activities. SFAS No. 133 is effective for all fiscal years beginning after June 15, 2000. The Company has not yet determined the applicability of SFAS No. 133.

NOTE 3 - CAPITALIZATION

Initial Public Offering

On May 13, 1999 the Company completed an initial public offering ("IPO") of 3,500,000 shares of the Company's common stock resulting in net proceeds of approximately $41.3 million. Upon closing of the IPO, both classes of outstanding redeemable convertible preferred stock converted to common stock at 50 shares of common stock for each share of redeemable convertible preferred stock. Additionally, upon the effective date of the IPO, the Company's articles of incorporation were further amended and restated to among other matters, designate 10 million shares of preferred stock with respect to which the Board will have the authority to designate rights and privileges.

Stock Splits

In June 1997 and August 1997, the Company authorized and executed a 100-for-1 and a 10-for-1 stock split, respectively. Additionally, on April 9, 1999, the Company authorized and executed a 5 to 1 stock split, effected as a stock dividend, of each issued and outstanding share of common stock. The information in the accompanying consolidated financial statements has been retroactively restated to reflect the effects of these stock splits and dividend.

Authorized Shares

In April 1999, the Company amended and restated its articles of incorporation. As a result, the total number of shares which the Company is authorized to issue is 100,120,000; 100,000,000 of these shares are Common stock, each having a par value of $.01; and 120,000 shares are Preferred stock, each having a par value of $.01, of which 90,000 shares are Series A Convertible Preferred stock and 30,000 are Series B Convertible Preferred stock.

Common Stock and Convertible Preferred Stock

In 1997, a director and then sole stockholder, Peter C. Morse ("Morse"),
In June 1997, the Company and certain investors entered into a Series A Preferred Stock Purchase Agreement ("the Agreement"). The Series A Preferred Stock is voting, non-cumulative and preferred as to the first $4.55 per share per year of funds legally available and declared by the Board of Directors, has a liquidation preference above common stockholders of $65.00 per share, each share is convertible into 50 shares of common stock at a conversion price of $1.30, and has other rights and preferences. Pursuant to the Agreement, investors acquired 30,770 shares of Series A Preferred Stock at $65.00 per share. During 1997, Morse exchanged 1,153,800 shares of common stock for 23,076 shares of Series A preferred.

In August and September 1997, 11,538 shares of Series A Preferred Stock were issued at $65.00 per share, resulting in net proceeds to the Company of $740,709.

In October 1997, an additional 1,154 shares of Series A Preferred Stock were issued at $65.00 per share, resulting in net proceeds to the Company of $75,000. Investors agreed to acquire 23,074 shares of Series A Preferred Stock at $65.00 per share, resulting in net proceeds to the Company of $1,499,810. This purchase included the contribution of loans due to Morse in the amount of $200,000 and the contribution of $300,000 in loans due to other investors for an aggregate of 7,692 shares of Series A Preferred Stock.

In November 1998, the Series A Preferred Stock was converted from non-redeemable Preferred Stock to redeemable Preferred Stock. This transaction was treated as an extinguishment and the new instrument was recorded at fair value on the conversion date. The difference between the fair value on the conversion date and the carrying value was charged to equity.

In November 1998, the Company and certain investors entered into a Series B Preferred Stock Purchase Agreement. Pursuant to this agreement, 17,575 shares of Series B Preferred Stock were issued at $113.80 per share, resulting in net proceeds to the Company of $1,982,535. The Series B Preferred Stock is voting, non-cumulative and preferred as to the first $8.00 per share per year out of funds legally available and declared by the Board of Directors, has liquidation preferences over the Series A Preferred and common stockholders of $113.80 per share, each share is convertible into 50 shares of common stock at a conversion price of $2.28, and has other rights and preferences.

The redemption clause of the Series A and Series B Preferred Stock allows the holders of 20% or more of the aggregate number of shares of common stock issuable upon conversion of the Series A and Series B Preferred then outstanding to redeem their shares on or after January 2, 2003, provided that the maximum number of shares of Series A and Series B Preferred which the Company is obligated to redeem does not exceed the aggregate of 35,729 shares prior to January 3, 2004 and 71,458 shares prior to January 3, 2005, and thereafter the Company is obligated to redeem all such shares outstanding as to which such right has been exercised. The redemption price is equal to the greatest of (as defined in the respective agreement) (x) the Series A liquidation preference or Series B liquidation preference, applicable to such shares or (y) the fair market value of such shares or (z) an amount per share of Series A or Series B Preferred equal to ten (10) times the net after tax earnings per share for the most recently completed fiscal year of the Company times the number of shares of common stock issuable upon the conversion of one (1) share of Series A or Series B Preferred and the conversion price then in effect. The Company recorded accretion on the Series A and Series B Preferred Stock equal to the difference between the net proceeds received and the redemption amount of approximately $14,500,000 based on the estimated fair value at December 31, 1998 using the interest method from the conversion date for the Series A Preferred and original issue date for the Series B Preferred through the final redemption date of January 3, 2005.

Upon closing of the IPO, both classes of outstanding redeemable convertible preferred stock converted to 5,359,350 shares of common stock at 50 shares of
Loan From Stockholder

On March 9, 1999, one of the Series B convertible preferred stockholders loaned the Company $1,000,000 bearing interest at 8%, due April 9, 1999. If unpaid on the due date, the note was to convert into fully paid Series B convertible preferred stock at a conversion price of $2.97 per share. On April 9, 1999, the principal amount of the loan plus accrued interest was converted into 6,784 shares of Series B convertible preferred stock. The Company recorded a finance charge of $2,656,000 representing the difference between the estimated fair market value of the common stock (as if the 6,784 shares were converted) at date of issuance and the $2.97 conversion price. Upon closing of the IPO, the preferred stock was converted into 339,200 shares of common stock at 50 shares of common stock for each share of convertible preferred stock.

Restricted Stock Grants

In August 1998, the Company entered into a Restricted Stock Grant Agreement (the "Stock Agreement") with an employee of the Company (the "Grantee") that provides for the issuance of restricted stock to the Grantee in accordance with the 1997 Equity Compensation Plan (Note 4) in satisfaction of certain obligations as described in an employment agreement between the Company and the Grantee. The Company issued 207,000 shares of its common stock to the Grantee in August 1998, subject to restrictions set forth in the Stock Agreement. Restrictions lapsed on 138,000 shares during 1998 and the remainder lapsed in 1999. Total compensation expense recognized by the Company over the vesting period was $269,000 (based on estimated values from other transactions involving sales of the Company's stock) of which $60,000 and $209,000 was recognized in the year ended December 31, 1999 and the six month period ended December 31, 1998, respectively.

In March 1998, the Company entered into a Restricted Stock Grant Agreement (the "Grant Agreement") with an officer of the Company (the "Officer") that provided for the issuance of restricted stock to the Officer in accordance with the 1997 Equity Compensation Plan (Note 4). On March 23, 1998, the Company issued 454,170 shares of its common stock to the Officer for an aggregate consideration of $236,168, which was paid by an interest-bearing promissory note from the Officer. The Officer had a put right which required the Company to repurchase the shares at the same price the Officer paid for the shares including interest. Restriction lapsed as follows: 113,540 shares on July 1, 1998, and 9,460 shares on the first day of each month starting August 1, 1998 and ending July 1, 2001. In accordance with Emerging Issues Task Force 95-16, this arrangement was accounted for as a variable plan which requires increases or decreases in stock based compensation expense based on increases or decreases in the fair market value of the Company's common stock. Compensation expense recognized in accordance with FASB Interpretation No. 28 was approximately $2,113,000, $460,000 and $88,000 for the year ended December 31, 1999, the six months ended December 31, 1998 and the year ended June 30, 1998, respectively, based on estimated values from other transactions involving sales of the Company's stock.

On March 10, 1999 the note receivable for the restricted stock grant to the Officer was forgiven, the unvested shares (264,932) were effectively forfeited, the Officer's put right was cancelled, and certain other changes were made. Accordingly, "fixed" option accounting treatment was established on this date.

NOTE 4 - STOCK OPTION PLANS

1997 Equity Compensation Plan

During 1997, the Company adopted the 1997 Equity Compensation Plan (the "Plan") to provide directors, officers, non-employee members of the Board of Directors of the Company and certain consultants and advisors with the opportunity to receive grants of incentive stock options, non-qualified stock options and restricted stock. The Board of Directors has the sole authority to
determine who receives such grants, the type, size and timing of such grants, and specify the terms of any noncompetition or other agreements relating to the grants. The aggregate number of common shares that may be issued under the Plan was 900,000. In January 1999, the Company amended the Plan to increase the number of shares authorized to 1,500,000 shares. As of December 31, 1999 570,142 shares were available for grant under the Plan.

The exercise price of any option grant shall be determined by the Board of Directors and may be equal to, greater than, or less than the fair market value of the stock on the grant date. Provided, however, that the exercise price shall be equal to or greater than the fair market value of the stock on the date of grant and an option may not be granted to an employee who at the time of the grant owns more than 10% of the total combined voting power of all classes of stock of the Company, unless the exercise price is not less than 110% of the fair market value of the stock on the date of the grant. Options granted generally vest over four years, 25% after the first year and monthly thereafter over the remaining three years, and expire ten years after the date of grant.

On March 2 and March 12, 1999, the Company granted 201,720 and 5,000 options, respectively, under the Plan to purchase common stock at $2.97 per share. The options vest over a 48 month period and, accordingly, the Company is recognizing compensation expense of approximately $1,620,000 ratably over the vesting period.

On April 12, 1999, the Board approved grants under the Plan for outside directors of the Company. Under these grants, 80,000 options were granted on May 13, 1999 to purchase common stock at $13.00 per share. The options vest over 48 months and expire 10 years from date of grant, unless prohibited by the 1997 Plan.

1999 Equity Compensation Plan

In March 1999, the Company's stockholders approved the 1999 Equity Compensation Plan (the "1999 Plan"), to provide designated employees of the Company, certain consultants and non-employee members of the Board of Directors with the opportunity to receive grants of incentive stock options, nonqualified stock options and restricted stock. The 1999 Plan is authorized to grant options for up to 1,500,000 shares. Options granted generally vest over four years, 25% after the first year and monthly thereafter over the remaining three years, and expire ten years after the date of grant. As of December 31, 1999 541,500 shares were available for grant under the 1999 Plan.

In March 1999, the Company granted 358,500 options to an officer (the "Officer") of the Company to purchase shares of common stock at $2.97 which vest over a 36 month period. The Company is recognizing compensation expense of approximately $2,807,000 ratably over the vesting period.

The per share weighted average fair value of stock options granted during the year ended December 31, 1999 was between $9.70 and $13.00, and was between $0.40 and $1.30 for the six months ended December 31, 1998, and was approximately $0.40 for the year ended June 30, 1998 on the date of grant using the Black Scholes option pricing model. The following weighted average assumptions were used: expected volatility of 100% in 1999 and 0% for the six months ended December 31, 1998 and the year ended June 30, 1998, expected dividend yield of 0% for all periods presented, risk-free interest rates of 6.50% for the year ended December 31, 1999 and 5.50% for the six months ended December 31, 1998 and the year ended June 30, 1998, and expected lives of 5 years for all periods presented. No options were granted in 1997.

Pro Forma Disclosures Under SFAS No. 123

The Company applies APB Opinion No. 25 in accounting for its Plan. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under SFAS No. 123, the net losses would have increased to the pro forma amounts indicated below:
<table>
<thead>
<tr>
<th>Year Ended</th>
<th>Six months Ended</th>
<th>Year Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss applicable to common stock</td>
<td>As reported</td>
<td>$ (33,769,330)</td>
</tr>
<tr>
<td>Pro forma</td>
<td>$ (35,429,943)</td>
<td>$ (6,548,359)</td>
</tr>
<tr>
<td>Basic net loss per common share-as reported</td>
<td>(3.34)</td>
<td>(1.63)</td>
</tr>
<tr>
<td>Basic net loss per common share-pro-forma</td>
<td>(3.50)</td>
<td>(1.63)</td>
</tr>
</tbody>
</table>

Stock option activity during the year ended December 31, 1999, the six month period ended December 31, 1998, and the years ended June 30, 1998 and 1997 is as follows:

<table>
<thead>
<tr>
<th>Number of Shares</th>
<th>Price Per Share</th>
<th>Weighted Average Exercise Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, June 30, 1996</td>
<td>--</td>
<td>$</td>
</tr>
<tr>
<td>Granted</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Exercised</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Forfeited</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Expired</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, June 30, 1997</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Granted</td>
<td>89,530</td>
<td>1.30</td>
</tr>
<tr>
<td>Exercised</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Forfeited</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Expired</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, June 30, 1998</td>
<td>89,530</td>
<td>1.30</td>
</tr>
<tr>
<td>Granted</td>
<td>102,750</td>
<td>1.30</td>
</tr>
<tr>
<td>Exercised</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Forfeited</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Expired</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, December 31, 1998</td>
<td>192,280</td>
<td>1.30</td>
</tr>
<tr>
<td>Granted</td>
<td>1,725,036</td>
<td>1.30 to 13.00</td>
</tr>
<tr>
<td>Exercised</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Forfeited</td>
<td>(28,958)</td>
<td>1.30 to 13.00</td>
</tr>
<tr>
<td>Expired</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Balance, December 31, 1999</td>
<td>1,888,358</td>
<td>$ 6.43</td>
</tr>
</tbody>
</table>

Additional information with respect to outstanding options as of December 31, 1999 is as follows:

<table>
<thead>
<tr>
<th>Options Outstanding</th>
<th>Options Exercisable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted Average Number of Shares</td>
<td>Average Contractual Life Average Price</td>
</tr>
<tr>
<td>Price</td>
<td>Remaining</td>
</tr>
<tr>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>$ 1.30</td>
<td>206,897</td>
</tr>
<tr>
<td>2.97</td>
<td>565,220</td>
</tr>
<tr>
<td>13.00</td>
<td>544,000</td>
</tr>
<tr>
<td>4.50-12.38</td>
<td>357,441</td>
</tr>
<tr>
<td>3.75-6.63</td>
<td>214,800</td>
</tr>
</tbody>
</table>

NOTE 5 - ACQUISITIONS

CPNet.com
In January 1999, the Company acquired all of the assets of CPNet.com, excluding cash and real or personal property leases, for $25,000 in cash and stock options. An additional payment of $25,000 was made to the sellers in January 2000. The transaction was accounted for using the purchase method of accounting. The net assets acquired were estimated to be at fair market value. The excess of the purchase price over the fair value of the net assets acquired (approximately $50,000) was recorded as goodwill and is being amortized over 5 years, the expected benefit period. The sellers were employed by the Company and were granted 30,000 options under the 1997 Equity Compensation Plan with an exercise price of $1.30 which vest over a 48 month period. The Company will incur total compensation expense of approximately $45,000 over the vesting period. CPNet.com's historical statements of operations were not material to the Company.

Professional Direct Agency, Inc. ("Pivot")

On August 20, 1999, the Company acquired Pivot pursuant to a Stock Purchase Agreement, dated August 20, 1999, by and between the Company, the shareholders of Pivot and The Midland Life Insurance Company ("Midland"), a note and warrant holder of Pivot (the "Agreement"), for approximately $4,744,000 including acquisition costs. Pursuant to the Agreement, the Company acquired a 100% interest in Pivot and as a result of the acquisition, Pivot became a wholly-owned subsidiary. The transaction was accounted for using the purchase method of accounting. The net assets acquired were estimated to be at fair market value. The excess of the purchase price over the fair value of the net assets acquired (approximately $4,609,000) was recorded as goodwill and is being amortized over three years, the expected benefit period.

The total consideration paid in connection with the acquisition consisted of $290,000 in cash paid to the Pivot shareholders and a $4,350,000 five-year convertible subordinated note to Midland. The note bears interest at 10% and is due in one payment on August 20, 2004. Interest is due beginning on August 20, 2002 and thereafter every six months until conversion or payment in full. The note is convertible at any time by Midland into 625,000 shares of our common stock. The Company has the right to require conversion beginning any time after the earlier of (1) August 20, 2000 or (2) the date that the Company files a registration statement under the Securities Act of 1933, as amended (the "Act"), registering the conversion shares for sale under the Act; provided that, within the 55-day period immediately prior to the date the Company notifies Midland of the required conversion, the closing price of our common stock has been at least $10.00 per share for at least twenty consecutive trading days.

Pivot is an Internet and direct agency for term life and other insurance products through its interactive web site www.pivot.com.

Green Magazine, Inc. ("Green")

On August 27, 1999, the Company acquired certain assets and assumed certain liabilities of Green pursuant to an Asset Purchase Agreement, dated August 27, 1999, by and among the Company, Green, Kenneth A. Kurson, John F. Packel and James Michaels (the "Agreement"), for approximately $831,000 including acquisition costs. Pursuant to the Agreement, the Company acquired the rights to all agreements, contracts, commitments, licenses, copyrights, trademarks and the subscriber/customer list of Green. Kenneth A. Kurson and John F. Packel were also employed by the Company. The total consideration paid was approximately $784,000 consisting of $200,000 in cash and 100,000 unregistered shares of the Company's common stock valued at approximately $584,000. The transaction was accounted for using the purchase method of accounting. The net assets acquired were estimated to be at fair market value. The excess of the purchase price over the fair value of the net assets acquired (approximately $883,000) was recorded as goodwill and is being amortized over three years, the expected benefit period.

Green delivers personal finance and investment advice through its magazine publication, through Kenneth A. Kurson's appearances on national broadcast media and through its interactive web site www.greenmagazine.com.
Supplemental Pro Forma Information (Unaudited)

The following unaudited pro forma condensed consolidated results of operations for ilife.com, Pivot and Green are presented as if the acquisitions had occurred at the beginning of each period presented. These results are not necessarily indicative of the actual results that would have occurred if these acquisitions had taken place at the beginning of each period presented. For the year ended December 31, 1998 Pivot's year ended June 30, 1999 statement of operations was utilized since Pivot began operations in June 1998 (twelve month period included).

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 1999</th>
<th>Year Ended December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$12,175,117</td>
<td>$5,682,357</td>
</tr>
<tr>
<td>Cost of operations</td>
<td>45,473,396</td>
<td>14,518,454</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(33,298,279)</td>
<td>(8,836,097)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(37,683,498)</td>
<td>(13,510,694)</td>
</tr>
<tr>
<td>Basic and diluted net loss per share</td>
<td>$3.70</td>
<td>$3.36</td>
</tr>
<tr>
<td>Weighted average shares</td>
<td>10,213,928</td>
<td>4,025,597</td>
</tr>
</tbody>
</table>

The following adjustments were made to the historical statements of operations to arrive at the unaudited pro forma condensed consolidated results of operations shown above.

Pivot

(A) Eliminate interest expense on the loan payable to the former note and warrant holder.

(B) Record goodwill amortization.

(C) Interest expense on convertible subordinated note payable to the former note and warrant holder.

Green

(A) Record goodwill amortization.

(B) Record additional shares of common stock issued.

NOTE 6 - FINANCIAL STATEMENT DETAILS

Furniture, Fixtures and Equipment-

Furniture, fixtures and equipment consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1999</th>
<th>December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$481,527</td>
<td>$159,674</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computers and software, including assets under capital leases of $694,721 and $379,887 at December 31, 1999 and 1998, respectively</td>
<td>1,640,422</td>
<td>872,163</td>
</tr>
<tr>
<td>Equipment, including assets under capital leases $17,950 at December 31, 1999 and 1998</td>
<td>947,921</td>
<td>108,417</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>291,381</td>
<td>12,879</td>
</tr>
<tr>
<td>Land</td>
<td>63,354</td>
<td>--</td>
</tr>
</tbody>
</table>

-----------   -----------
Less: accumulated depreciation and amortization, including amounts related to assets under capital leases of $253,134 and $31,194 at December 31, 1999 and 1998, respectively  

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(936,211)</td>
<td>(339,474)</td>
</tr>
<tr>
<td></td>
<td>$ 2,488,394</td>
<td>$ 813,659</td>
</tr>
</tbody>
</table>

Intangible Assets-

Intangible assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1999</th>
<th>December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>$ 5,558,832</td>
<td>$ --</td>
</tr>
<tr>
<td>Trademarks and URL's</td>
<td>177,973</td>
<td>5,550</td>
</tr>
<tr>
<td>Other</td>
<td>151,995</td>
<td>151,995</td>
</tr>
<tr>
<td></td>
<td>5,888,800</td>
<td>157,545</td>
</tr>
<tr>
<td>Less: accumulated amortization</td>
<td>(837,427)</td>
<td>(152,976)</td>
</tr>
<tr>
<td></td>
<td>$ 5,051,373</td>
<td>$ 4,569</td>
</tr>
</tbody>
</table>

Amortization expense was $712,780, $543, $5,937 and $8,960 for the year ended December 31, 1999, the six month period ended December 31, 1998 and the years ended June 30, 1998 and 1997, respectively.

Other Assets-

Other assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1999</th>
<th>December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted cash - letter of credit</td>
<td>$ 436,905</td>
<td>$ --</td>
</tr>
<tr>
<td>Computers and software deposits</td>
<td>998,582</td>
<td>--</td>
</tr>
<tr>
<td>Deposits</td>
<td>118,767</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>$1,554,254</td>
<td>$ --</td>
</tr>
</tbody>
</table>

Restricted cash represents a prime money market account securing a ten year irrevocable letter of credit required as a deposit on the lease of our new corporate headquarters facility (Note 10) and rent escrow deposits.

Other Accrued Expenses-

Other accrued expenses consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 1999</th>
<th>December 31, 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued payroll and related benefits</td>
<td>$ 330,466</td>
<td>$ 132,465</td>
</tr>
<tr>
<td>Vacation</td>
<td>259,419</td>
<td>129,050</td>
</tr>
<tr>
<td>Sales commissions</td>
<td>311,356</td>
<td>135,909</td>
</tr>
<tr>
<td>Marketing</td>
<td>4,612,254</td>
<td>--</td>
</tr>
<tr>
<td>Partner payments</td>
<td>140,231</td>
<td>71,068</td>
</tr>
<tr>
<td>Professional fees</td>
<td>503,384</td>
<td>--</td>
</tr>
<tr>
<td>Other</td>
<td>13,157</td>
<td>119,720</td>
</tr>
<tr>
<td></td>
<td>$6,170,267</td>
<td>$ 588,212</td>
</tr>
</tbody>
</table>
NOTE 7 - SALE OF PUBLICATION

In December 1998, the Company sold substantially all of the assets, including the intellectual property of one of its newsletters, Bank Advertising News. The newsletter was sold for $125,000 in cash and assumed liabilities of approximately $80,000. The gain on the sale was $185,588, net of $16,524 of selling expenses, and has been recorded in other income.

Revenue for Bank Advertising News for the six month period ended December 31, 1998 and the year ended June 30, 1998 was $82,953 and $178,270, respectively. Cost of operations for Bank Advertising News for the six month period ended December 31, 1998 and the year ended June 30, 1998 $53,138 and $57,445, respectively. Net liabilities of Bank Advertising News at the date of sale were approximately $80,000.

NOTE 8 - INCOME TAXES

The Company did not record any income tax expense during the year ended June 30, 1997 because it was operating as an S corporation. There was no pro forma provision for income taxes for that year since the Company reported an operating loss. The Company did not record any income tax expense or benefit for the year ended December 31, 1999, the six months ended December 31, 1998 and the year ended June 30, 1998 due to the losses incurred.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities consist of the following:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred Tax Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net operating loss carryforward</td>
<td>$12,276,287</td>
<td>$1,983,228</td>
<td>$1,196,975</td>
<td>$9,811</td>
</tr>
<tr>
<td>Intangible assets and other</td>
<td>253,712</td>
<td>143,438</td>
<td>143,438</td>
<td>127,667</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>88,431</td>
<td>9,350</td>
<td>9,011</td>
<td>--</td>
</tr>
<tr>
<td>Deferred compensation</td>
<td>436,248</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Total gross deferred tax assets</strong></td>
<td>$13,054,678</td>
<td>$2,136,016</td>
<td>$1,349,424</td>
<td>$137,478</td>
</tr>
<tr>
<td>Less valuation allowance</td>
<td>(12,984,981)</td>
<td>(2,136,016)</td>
<td>(1,349,424)</td>
<td>(137,478)</td>
</tr>
<tr>
<td><strong>Net deferred tax assets</strong></td>
<td>$69,697</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Deferred Tax Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>($69,697)</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>$ --</strong></td>
<td></td>
<td><strong>$ --</strong></td>
<td><strong>$ --</strong></td>
<td><strong>$ --</strong></td>
</tr>
</tbody>
</table>

The valuation allowance for deferred tax assets as of December 31, 1999 and 1998, and as of June 30, 1998 and 1997 was $12,984,981, $2,136,016, $1,349,424 and $137,478, respectively. The net change in the total valuation allowance for the year ended December 31, 1999, the six month period ended December 31, 1998 and the years ended June 30, 1998 and 1997, was an increase of $10,848,965, $786,592, $1,211,946 and $137,478, respectively. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

An increase in the valuation allowance offset the deferred tax asset caused by net operating losses which are not currently useable. This increase generates the principal differences between the expected amounts of tax benefits computed by applying the statutory Federal income tax rate to the Company's loss before
income taxes for the year ended December 31, 1999, the six month period ended December 31, 1998 and the year ended June 30, 1998. The Company recorded no tax benefit for these periods.

At December 31, 1999, the Company had net operating loss carryforwards of approximately $32,624,000 which expire beginning in 2012 through 2019. The amount of net operating loss carryforwards may be limited if the Company has an ownership change. In the event of an ownership change, the amount of taxable income of a loss corporation for any postchange year which may be offset by prechange losses shall not exceed the Internal Revenue Code Section 382 limitation for such year. Generally, an ownership change occurs if a 5% stockholder or any equity structure shift increases the percentage of the stock of the loss corporation owned by more than 50 percentage points over the lowest percentage of stock of the loss corporation owned by such stockholders at any time during a three-year look back testing period. The Section 382 limitation is equal to the value of the old loss corporation (before the ownership change) multiplied by the Federal long-term tax-exempt rate.

NOTE 9 - OTHER RELATED PARTY TRANSACTIONS

The Company leases office space in North Palm Beach, Florida from Bombay Holdings, Inc. ("Bombay") which is wholly owned by Peter C. Morse ("Morse"), a director and majority stockholder. Total rent paid to Bombay for the year ended December 31, 1999, the six month period ended December 31, 1998, and the years ended June 30, 1998 and 1997 was $265,815, $99,192, $164,552 and $85,591, respectively.

Morse has from time to time advanced capital to the Company. Such loans for the year ended December 31, 1999, the six month period ended December 31, 1998 and the years ended June 30, 1998 and 1997 amounted to $0, $0, $200,000 and $687,000, respectively. Interest rates for the loans were 6.5% - 7%. During 1997, certain stockholder loans were contributed to capital ( Note 3).

Morse Partners, Ltd., a partnership controlled by Morse, advanced the Company $138,750 during 1997 which has since been repaid.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Leases

Bombay is wholly owned by Morse. The Company leases office space in North Palm Beach, Florida from Bombay under the terms of lease agreements dated May 1, 1994 (amended July 28, 1998) and January 31, 1999. Both leases expire on August 31, 2000 and require the Company to pay a percentage of the common maintenance charges. The lease payments are subject to an annual increase based on the consumer price index of the Fort Lauderdale/Miami region.

Additional office space is leased in North Palm Beach, Florida under the terms of a lease agreement dated July 17, 1999 which expires on September 17, 2000. Office space is leased in Miami, Florida under the terms of lease agreements dated December 15, 1998 (amended July 8, 1999) expiring December 31, 2001, and an apartment is leased under the terms of a lease dated June 1 1999 expiring May 31, 2000. The Company leases office space in New York City under the terms of a lease entered into on October 7, 1999 expiring September 30, 2006. Pivot leases office facilities in Columbus, Ohio under the terms of a three year lease entered into on September 18, 1998. Facilities leased in Los Angeles, California are on a month-to-month basis.

A lease agreement for new corporate office facilities to be constructed by the lessor in Jupiter, Florida was entered into on September 27, 1999. The lease term is ten years from occupancy, which is estimated to be sometime between September 15 and November 30, 2000, with two five year renewal options. We provided a $300,000 ten year irrevocable letter of credit to the lessor as a security deposit (Note 6). Upon signing the lease agreement, a purchase agreement was also executed on an adjoining 2.15 acre tract of land for approximately $609,000. A $60,000 security deposit was paid with closing expected by mid April 2000. This agreement provides that we may sell the
property back to the developer within 24 months of breaking ground on the facility described above at our cost. The developer would then construct an additional facility and lease it back to us at the same rental rate as the original facility. After the 24 months expires, the property is not encumbered by any other provisions.

Total rent expense for the year ended December 31, 1999, the six month period ended December 31, 1998, and the years ended June 30, 1998 and 1997 amounted to $485,718, $109,872, $164,552 and $85,591, respectively.

Future minimum lease payments under non-cancelable operating leases and future minimum capital lease payments as of December 31, 1999 were:

<table>
<thead>
<tr>
<th>Year Ending December 31,</th>
<th>Operating Leases</th>
<th>Capital Leases</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 827,866</td>
<td>$ 281,633</td>
</tr>
<tr>
<td>2001</td>
<td>1,097,592</td>
<td>232,295</td>
</tr>
<tr>
<td>2002</td>
<td>844,244</td>
<td>40,504</td>
</tr>
<tr>
<td>2003</td>
<td>851,541</td>
<td>12,404</td>
</tr>
<tr>
<td>2004</td>
<td>857,545</td>
<td>--</td>
</tr>
<tr>
<td>Thereafter</td>
<td>6,492,122</td>
<td>--</td>
</tr>
<tr>
<td></td>
<td>$ 8,840,910</td>
<td>567,038</td>
</tr>
</tbody>
</table>

Less amount representing interest at rates ranging from 3.94% to 23.23% $(52,618)

Present value of net minimum capital lease payments $ 514,420

Less current installments $(29,240)

Obligations under capital leases, excluding current installments, included in other liabilities $ 284,680

Distribution Agreements

The Company has various agreements with advertisers, content providers and other web sites that require it to feature such parties exclusively in certain sections of its Internet sites.

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations or liquidity. See also Note 13 - Subsequent Events.

NOTE 11 - SEGMENT INFORMATION

The Company has business divisions: online publishing, print publishing and licensing and insurance sales. The online publishing division is primarily engaged in the sale of advertising, sponsorships, and hyperlinks in connection with our Internet web sites bankrate.com, theWhiz.com, IntelligentTaxes.com, GreenMagazine.com, Consejero.com and CPNet.com. In accordance with SPAS No. 131 bankrate.com, theWhiz.com and Consejero.com constitute segments and have been accordingly disclosed. The print publishing and licensing division is primarily engaged in the sale of advertising in the Consumer Mortgage Guide rate tables, newsletter subscriptions and licensing of research information. We also charge a commission for the placement of the Consumer Mortgage Guide in a print publication. The insurance division operates through a virtual insurance agency and fulfillment/call center specializing in direct insurance sales on the Internet and through other direct media. The accounting policies are the same as those described in Summary of Significant Accounting Policies in Note 2. The Company evaluates the performance of its operating segments based on contribution margin. Corporate is allocated between the operating segments based on percentages of revenue and headcount.

Although no one customer accounted for more than 10% of total revenue for the year ended December 31, 1999 and for the six month period ended December 31, 1998, the five largest customers accounted for approximately 14% and 18%, respectively, of total revenue for those periods.
Summarized segment information as of December 31, 1999 and 1998, and for the year and six month period ended December 31, 1999 and 1998, respectively, is presented below.

### Year ended December 31, 1999

<table>
<thead>
<tr>
<th></th>
<th>bankrate.com</th>
<th>theWhiz.com</th>
<th>Consejero.com</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 8,133,734</td>
<td>$ 304,049</td>
<td>$ 8,036</td>
<td>$ 51,086</td>
<td></td>
</tr>
<tr>
<td>Contribution margin</td>
<td>(5,970,071)</td>
<td>(2,972,618)</td>
<td>(2,209,843)</td>
<td>(781,877)</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Product research</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Noncash stock based compensation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Noncash financing charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(5,970,071)</td>
<td>(2,972,618)</td>
<td>(2,209,843)</td>
<td>(729,941)</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>784,933</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>936,430</td>
<td>35,005</td>
<td>925</td>
<td>5,883</td>
<td></td>
</tr>
</tbody>
</table>

### Year ended December 31, 1998

<table>
<thead>
<tr>
<th></th>
<th>bankrate.com</th>
<th>theWhiz.com</th>
<th>Consejero.com</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 1,772,360</td>
<td>$ 33,176</td>
<td>$ 3,341</td>
<td>$ -</td>
<td>$ 12,117,512</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>517,235</td>
<td>(257,074)</td>
<td>(109,166)</td>
<td>-</td>
<td>(10,708,414)</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Product research</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Noncash stock based compensation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Noncash financing charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>1,085,653</td>
<td>(2,139,792)</td>
<td>(19,582,027)</td>
<td>(31,488,330)</td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>-</td>
<td>4,742,776</td>
<td>27,933,988</td>
<td>33,461,757</td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>399,818</td>
<td>17,019</td>
<td>-</td>
<td>1,395,079</td>
<td></td>
</tr>
</tbody>
</table>

### Year ended December 31, 1998

<table>
<thead>
<tr>
<th></th>
<th>bankrate.com</th>
<th>theWhiz.com</th>
<th>Consejero.com</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ 1,660,314</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 3,469,191</td>
</tr>
<tr>
<td>Contribution margin</td>
<td>558,441</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,091,106</td>
</tr>
<tr>
<td>Sales</td>
<td>-</td>
<td>-</td>
<td>817,403</td>
<td>817,403</td>
<td></td>
</tr>
<tr>
<td>Product research</td>
<td>-</td>
<td>-</td>
<td>915,961</td>
<td>915,961</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-</td>
<td>-</td>
<td>871,057</td>
<td>871,057</td>
<td></td>
</tr>
</tbody>
</table>

---

Note: The above text contains financial data presented in a tabular format.
NOTE 12 - SUBSEQUENT EVENTS (Unaudited)

On February 25, 2000 the Company announced that William P. Anderson resigned as its President and Chief Executive Officer and as a director. Under the terms of his Executive Employment Agreement entered into on March 10, 1999, Mr. Anderson will receive cash compensation totaling approximately $150,000 and will continue to vest in his stock options through November 15, 2000, which will result in a noncash charge of approximately $860,000. Both the cash charge ($150,000) and the noncash charge ($860,000) will be recorded in the quarter ended March 31, 2000. Further, in accordance with the terms of his agreement, if there is a change in control of the Company prior to November 15, 2000, Mr. Anderson would immediately vest in 100% of the remaining unvested shares and accordingly, a noncash charge would be recorded at that time.

On March 28, 2000, a class-action lawsuit was filed against the Company in the United States District Court for the Southern District of New York. The suit alleges that the Company violated federal securities laws by, among other things, misrepresenting and/or omitting material information concerning our results for the quarter ended March 31, 1999 in our registration statement filed with the Securities and Exchange Commission in connection with our initial public offering. The complaint was filed by a single stockholder purportedly on behalf of all stockholders who purchased shares of our stock during the period from May 13, 1999 through March 27, 2000. The Company contends that the loss for the quarter ended March 31, 1999 was properly disclosed. The Company intends to vigorously defend against the lawsuit. In the opinion of management, the ultimate disposition of this matter will not have a material adverse effect on the Company's financial position, results of operations or liquidity.

On April 5, 2000 Jeff M. Cunningham was appointed to the Company's Board of Directors as non-executive chairman. In accordance with the terms of a Stock Purchase Plan and Subscription Agreement entered into as of that date, Mr. Cunningham subscribed to purchase 431,499 shares of the Company's common stock for $997,841 in cash, or $2.3125 per share which was the closing price per share of the Company's common stock on April 5, 2000. In addition, on April 5, 2000 Mr. Cunningham was granted stock options under the 1999 Equity Compensation Plan to purchase 141,905 at $4.50 per share and 125,622 shares at $3.75 per share. The options vest over a 24 month period. The company will recognize compensation expense of approximately $217,000 over the vesting period.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

In accordance with General Instruction G(3) of the Form 10-K, the information relating to the directors of ilife.com, including directors who are executive officers of ilife.com, is set forth in ilife.com's Proxy Statement for the 2000 Annual Meeting of Shareholders (the "Proxy Statement") and is incorporated herein by reference. Pursuant to Instruction 3 of Item 401(b) of Regulation S-K and General Instruction G(3) of Form 10-K, information relating to the executive officers of ilife.com is set forth under the caption "Executive Officers of the Registrant" in Part I, Item 4A of this report.

Compliance with Section 16(a) of the Securities Exchange Act of 1934:
Section 16(a) of the Securities Exchange of 1934, as amended, and regulations of the Securities and Exchange Commission thereunder require ilife.com's directors and executive officers and any persons who own more than 10% of ilife.com's Common Stock, as well as certain affiliates of such persons, to file reports with the Securities and Exchange Commission and the National Association of Securities Dealers, Inc. with respect to their ownership of ilife.com's Common Stock. Directors, executive officers and persons owning more than 10% of ilife.com's Common Stock are required by Securities and Exchange Commission regulations to furnish ilife.com with copies of all Section 16(a) reports they file. Based solely on its review of the copies of such reports received by it and written representations that no other reports were required of those persons, ilife.com believes that during fiscal 1999, all filing requirements applicable to its directors and executive officers were complied with in a timely manner except that Peter C. Morse filed a late Form 4 and the following persons filed a late Form 3: Edward V. Blanchard, Patricia Davis, David C. Florian, Paul R. Hederman, Lou H. Hensley, Joseph W. Jones, Kenneth A. Kurson, John F. Packel, Elizabeth Sensky and Procopia T. Skoran. Ilife.com is not aware of any other persons other than directors and executive officers and their affiliates who own more than 10% of ilife.com's Common Stock.

ITEM 11. EXECUTIVE COMPENSATION

In accordance with General Instruction G(3) of Form 10-K, the information relating to executive compensation is set forth in the Proxy Statement and is incorporated herein by reference; provided, such incorporation by reference shall not be deemed to include or incorporate by reference the information referred to in Item 402 (a)(8) of Regulation S-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In accordance with General Instruction G(3) of Form 10-K, the information relating to security ownership by certain persons is set forth in the Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

In accordance with General Instruction G(3) of Form 10-K, the information relating to certain relationships and related transactions is set forth under the caption "Related Party Transactions" in the Proxy Statement and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(A) DOCUMENTS FILED AS PART OF THIS REPORT:

(1) Financial Statements.

See Index to Financial Statements under Item 8.

(2) Financial Statement Schedule.

All financial statement schedules have been omitted since the required information is not material or is included in the consolidated financial statements or notes thereto.

(3) Exhibits.

The following exhibits are filed with or incorporated by reference in this report. Where filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parenthesis. Ilife.com will furnish any exhibit upon request to Peter W. Minford, Secretary, ilife.com, Inc., 11811 U.S. Highway One, Suite 101, North Palm Beach, Florida 33408.

3.1 Amended and Restated Articles of Incorporation.(1)
3.2 Articles of Amendment to Amended and Restated Articles of Incorporation.*

3.3 Amended and Restated Bylaws.(1)

4.1 See exhibits 3.1 and 3.3 for provisions of the Amended and Restated Articles of Incorporation and Amended and Restated Bylaws of the registrant defining rights of the holders of common stock of the registrant.

4.2 Specimen Stock Certificate.(1).

10.1 Lease Agreement dated May 1, 1994, between the registrant and Bombay Holdings, Inc. as amended.(1)

10.2 Lease Agreement dated October 6, 1997, between the registrant and Bombay Holdings, Inc.(1)

10.3 Lease Agreement dated January 31, 1999, between the registrant and Bombay Holdings, Inc.(1)

10.4 Professional Employer Agreement dated February 25, 1999, between the registrant and Viacom Human Resources, Inc.(1)

10.5 ilife.com, Inc. 1997 Equity Compensation Plan.(1)

10.6 ilife.com, Inc. 1999 Equity Compensation Plan.(1)

10.7 Form of Stock Option Agreement under the 1997 Equity Compensation Plan.(1)

10.8 Promissory Note, dated March 9, 1999, executed by the registrant and payable to Antares Capital Fund II Limited Partnership.(1)

10.9 Cancellation and Stock Repurchase Agreement, dated as of March 10, 1999, by the registrant in favor of William P. Anderson, III.(1)

10.10 Agreement of Cancellation and Release, dated as of March 10, 1999, between the registrant and William P. Anderson, III.(1)

10.11 Incentive Stock Option Grant Agreement, dated as of March 10, 1999, between the registrant and William P. Anderson, III.(1)

10.12 Executive Employment Agreement, dated as of March 10, 1999, between ilife.com and William P. Anderson, III.(1)

10.13 Stock Purchase Agreement dated August 20, 1999, by and between the registrant, the shareholders of Professional Direct Agency, Inc., and The Midland Life Insurance Company.(2)


10.15 Lease Agreement dated September 27, 1999 between WK3 Investors, LTD and registrant.*

10.16 Purchase and Sale Agreement dated September 27, 1999 by and between registrant and Workplace Holdings, LTD.*

21 Subsidiaries of the Registrant.*

23.1 Consent of KPMG LLP.*

23.2 Consent of Thomas & Clough Co., P.A..*

27 Financial Data Schedule.*
(1) The Exhibit is incorporated by reference to the exhibit filed in response to Item 16(a), "Exhibits" of the registrant's Registration Statement on Form S-1 (File No. 333-74291) declared effective on May 13, 1999.

(2) The Exhibit is incorporated by reference to Exhibit 2.1 included with the registrant's Current Report on Form 8-K filed on August 27, 1999.

(3) The Exhibit is incorporated by reference to Exhibit 2.1 included with the registrant's Current Report on Form 8-K filed on September 10, 1999.

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 as of the 14th day of April, 2000.

ILIFE.COM, INC.

By: /s/ G. Cotter Cunningham
-------------------------
G. Cotter Cunningham
Interim President and Chief Executive Officer
(Principal Executive Officer)

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

<table>
<thead>
<tr>
<th>Signature</th>
<th>Title</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ G. Cotter Cunningham</td>
<td>Interim President, Chief Executive Officer</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>G. Cotter Cunningham</td>
<td>(Principal Executive Officer)</td>
<td></td>
</tr>
<tr>
<td>/s/ Peter W. Minford</td>
<td>Senior Vice President - Administration</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Peter W. Minford</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Robert J. DeFranco</td>
<td>Vice President-Finance and Chief Accounting Officer</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Robert J. DeFranco</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chairman of the Board</td>
<td>________, 2000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Bruns H. Grayson</td>
<td>Director</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Bruns H. Grayson</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Peter C. Morse</td>
<td>Director</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Peter C. Morse</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Robert P. O'Block</td>
<td>Director</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Robert P. O'Block</td>
<td></td>
<td></td>
</tr>
<tr>
<td>/s/ Randall E. Poliner</td>
<td>Director</td>
<td>April 14, 2000</td>
</tr>
<tr>
<td>Randall E. Poliner</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Pursuant to the provisions of Section 607.1006, Florida Statutes (the "Code"), the undersigned hereby submits the following Articles of Amendment to the Amended and Restated Articles of Incorporation of Intelligent Life Corporation:

I. The name of the corporation is Intelligent Life Corporation (the "Corporation").

II. Article One of the Corporation's Amended and Restated Articles of Incorporation is hereby amended to read in its entirety as follows:

"ARTICLE I
Name
----

The name of the Corporation is ilife.com, Inc.

III. The foregoing amendment was duly adopted by the board of directors of the Corporation on November 5, 1999 without shareholder action. Shareholder action was not required.

IN WITNESS WHEREOF, the undersigned duly authorized officer of the Corporation has executed these Articles of Amendment to Restated Articles of Incorporation on the 5th day of November, 1999

Intelligent Life Corporation

By: /s/ William P. Anderson, III
 ----------------------------------
William P. Anderson, III
President & Chief Executive Officer
LEASE AGREEMENT

Dated as of September 27, 1999

Between: WK3 INVESTORS, LTD.

as Landlord

and: INTELLIGENT LIFE CORPORATION,

as Tenant

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</table>
LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made as of the 27th day of September, 1999, by and between WK3 INVESTORS, LTD., a Florida limited partnership (herein called "Landlord"), and INTELLIGENT LIFE CORPORATION, a Florida corporation (herein called "Tenant").

WITNESSETH:

A. Landlord intends to acquire title to certain real property located within Tract WK3 of the Abacoa development in the Town of Jupiter, Palm Beach County, Florida, which real property is more particularly described on Exhibit "A" attached hereto and which is a parcel of approximately 4.35 acres (the "Project Site"), and which is owned by The John D. and Catherine T. MacArthur Foundation, a Illinois not-for-profit corporation, and is under option to Workplace Holdings, Ltd., a Florida limited partnership that is under common control with Landlord; and

B. Landlord intends to construct on the Project Site a two (2) story office building (the "Project"); and

C. Subject to the terms and conditions of this Lease, Landlord has agreed to lease to Tenant, and Tenant has agreed to lease from Landlord, all of the rentable square footage of the Project, which is 40,000 rentable square feet (collectively, the "Premises"); and

D. Adjacent to the Project Site is a parcel of approximately 2.15 acres of land (the "Adjacent Site"), which is being purchased by Tenant from an affiliate of Landlord simultaneously with commencement of construction of the Project subject to the reserved right of the seller to develop another project for Tenant upon the Adjacent Site during the twenty four (24) month period from and after the commencement of construction of the Project; and

E. Landlord and Tenant desire to set forth herein the terms and conditions of their agreement, including (without limitation), the terms and conditions under which Tenant will take possession of and occupy the Premises:

NOW, THEREFORE, for and in consideration of, and subject to the terms and conditions of, the covenants and agreements hereafter reserved and contained on the part of Landlord and Tenant to be observed and performed, including (without limitation) the rents to be paid by Tenant to Landlord, Landlord demises and leases the Premises to Tenant, and Tenant rents the Premises from Landlord.

[CONTINUED WITH LEASE SUMMARY BEGINNING ON THE FOLLOWING PAGE]

Page 1

LEASE SUMMARY

(a) "Landlord's Address": 222 Lakeview Avenue, Suite 1700
   West Palm Beach, Florida 33401
   Attn.: Vice President

(b) "Tenant's Address":
(prior to commencement) 11811 U.S. Highway One, Suite 101
(after commencement) The Premises

(c) Tenant's Trade Name: Intelligent Life

(d) Square Footage: 40,000 rentable square feet. The rentable square footage as set forth in this Lease shall be used in the calculation of rent and other sums as applicable under this Lease.

(e) "Commencement Date": Except as otherwise provided in Section 4 of the Lease Provisions, the Commencement Date of this Lease shall be the date of issuance by the applicable governmental authority of a certificate of completion for the building shell of the Project.

(f) "Lease Term": Ten (10) years from the Commencement Date. Tenant shall have the option to renew this Lease for two (2) additional terms of five (5) years each.

(g) "Base Rent": Base Rent for the first "Lease Year" (as defined in Section 1(b) below) shall be Six Hundred Sixty Thousand and 00/100 Dollars ($660,000.00), which is equal to Sixteen and 50/100 Dollars ($16.50) per rentable square foot per annum, payable in equal monthly installments of $55,000.00. Base Rent shall be adjusted thereafter in accordance with the following schedule:

<table>
<thead>
<tr>
<th>Lease Year</th>
<th>Base Rent</th>
<th>Base Rent per Rentable Square Foot</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two</td>
<td>$660,000.00</td>
<td>$16.50</td>
</tr>
<tr>
<td>Three-Five</td>
<td>$680,000.00</td>
<td>$17.00</td>
</tr>
<tr>
<td>Six-Eight</td>
<td>$720,000.00</td>
<td>$18.00</td>
</tr>
<tr>
<td>Nine-Ten</td>
<td>$760,000.00</td>
<td>$19.00</td>
</tr>
<tr>
<td>Eleven-Twelve</td>
<td>$820,000.00</td>
<td>$20.50</td>
</tr>
<tr>
<td>Thirteen-Fifteen</td>
<td>$850,000.00</td>
<td>$21.25</td>
</tr>
<tr>
<td>Sixteen-Eighteen</td>
<td>$880,000.00</td>
<td>$22.00</td>
</tr>
<tr>
<td>Nineteen-Twenty</td>
<td>$920,000.00</td>
<td>$23.00</td>
</tr>
</tbody>
</table>

In each instance, Base Rent shall be payable in equal monthly installments.

(h) Sales Tax: Tenant will pay all sales, use and other taxes (except Landlord's income taxes), charges and/or impositions on the Base Rent, Additional Rent and any and all other amounts paid under this Lease.

(i) "Security Deposit": $300,000.00, in the form of a letter of credit in the form of Exhibit "F" hereto and issued by a bank acceptable to Landlord in its reasonable discretion and otherwise in accordance with Section 29 of the Lease Provisions.

(j) "Permitted Use": Operation of a business office.

(k) "Improvement Allowance": $25.00 per rentable square foot.

(l) "Additional Improvement Allowance": $100,000.00 for an emergency generator and data center.

(m) "Design Allowance": $120,000.00 for interior space plan and design.

[CONTINUED WITH LEASE PROVISIONS BEGINNING ON THE FOLLOWING PAGE]
1. RENT

(a) This is a pure "Net Lease". All Base Rent payments, together with Tenant's Operating Expense obligations (as defined below) and any other payments or charges that may be due or payable under this Lease (collectively, "Additional Rent"), shall be due and payable, without notice and without offset, abatement or deduction, at Landlord's Address or at such other place as may be designated in writing by Landlord, in advance without demand, on the first day of each month during the term of this Lease, together with applicable sales tax on all such payments. In the event any amounts due hereunder have not been paid by the fifth (5th) day of the applicable month, Tenant shall pay $100.00 as a late fee to cover Landlord's administrative costs, and all unpaid amounts shall bear interest from the first day of the month at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law. Notwithstanding the foregoing, Landlord agrees that, not more than twice in any consecutive twelve (12) month period, Landlord or its agent shall give Tenant written notice of any overdue Rent and Tenant shall not be in default, and no interest or late fee shall be due with respect to such overdue Rent, provided that Tenant pays the overdue Rent within seven (7) days following the date of deemed delivery of the notice in accordance with Section 41 of this Lease. After Rent is overdue more than twice in any consecutive twelve (12) month period, Tenant shall be in default without any prior notice from Landlord or its agent, and interest and late fees shall be due with respect to such overdue Rent as provided in this subsection. Adjustments to the Base Rent shall be made annually as provided in subsection (b) below. The term "Rent" as used in this Lease shall include both Base Rent and Additional Rent. Tenant's obligations to pay Rent under this Lease are completely independent of any of Landlord's obligations under this Lease.

(b) Each twelve (12) month period commencing on the Commencement Date or any anniversary thereof is referred to in this Lease as a "Lease Year"; provided that, if the Commencement Date is other than the first day of a calendar month, then the first Lease Year shall include such partial month together with the next succeeding twelve (12) months, and each succeeding Lease Year shall begin on the first day of the calendar month that corresponds to the month following the Commencement Date. For each Lease Year, the amount of Base Rent shall be as provided in paragraph (g) of the Lease Summary.

(c) Payment of prorated Rent from the Commencement Date of this Lease until the first day of the following month (when the first full monthly payment is due) shall be due and payable on the Commencement Date, together with applicable sales tax.

(d) All taxes, charges, costs, assessments and expenses that are due and payable by Tenant hereunder, together with all interest and late charges that may accrue thereon in the event of the failure of Tenant to pay those items, and all other damages, costs, expenses and sums that Landlord may suffer or incur, or that may become due by reason of any default of Tenant or failure by Tenant to comply with the terms and conditions of this Lease, shall be deemed to be Additional Rent, and in the event of non-payment Landlord shall have all the rights and remedies as herein provided for failure to pay Base Rent.

(e) Tenant will pay all sales, use and other taxes, charges and/or impositions imposed at any time or from time to time by any and all governmental authorities on the Rent and any all other amounts of any nature paid under or in connection with this Lease, including (without limitation), sales, use and other taxes, charges and/or impositions imposed by any and all governmental authorities upon the manufacture, sales, use, transmission, distribution or other services to the Premises. All such taxes, charges and/or impositions shall be paid by Tenant even though the taxing statute or ordinance may purport to impose such taxes, charges and/or impositions against Landlord. Tenant shall pay before delinquency all personal taxes and assessments on the furniture, fixtures, equipment, and other property of Tenant located in the Premises and on additions and improvements in the Premises belonging to Tenant.
2. COMMENCEMENT OF LEASE TERM; EXTENSION OPTIONS

(a) The Commencement Date of this Lease and the Lease Term shall be as provided in the Lease Summary.

(b) When the Commencement Date of this Lease has been determined, Tenant shall execute, acknowledge and deliver to Landlord an acceptance letter in the form attached hereto as Exhibit "B", specifying, among other things, the Commencement Date. Tenant's failure to do so, after demand by Landlord, shall not affect the occurrence of the Commencement Date but shall be deemed a default under this Lease.

(c) Tenant may, at its option and subject to the conditions herein stated, extend the original term of this Lease for two (2) additional terms of five (5) years each. Each such extension shall be subject to all of the provisions of this Lease, including provisions for adjustments to Rent as provided in paragraph (g) of the Lease Summary. Tenant's right to exercise each such option is subject to the following conditions precedent:

(i) Tenant shall give written notice to Landlord irrevocably exercising the option not more than eighteen (18) months and not less than twelve (12) months prior to expiration of the initial Lease Term. Landlord shall give Tenant written notice of Tenant's rights under this subparagraph 2(c)(i) not less than eighteen (18) months prior to expiration of the initial Lease Term and the first extension term, as applicable.

(ii) This Lease shall be in full force and effect at the time notice of exercise is given and on the last day of the initial Lease Term.

(iii) Without limiting Tenant's curing rights hereunder (to the extent applicable), no uncured event of default shall exist under any provision of this Lease (and there shall be no event which, with the giving of notice or the passage of time, or both, would constitute such a default) at the time notice of exercise is given by Tenant or during the period from the giving of notice through and including the last day of the initial Lease Term.

3. PREMISES; COMMON AREAS; PARKING

(a) In connection with the construction of the Premises, Landlord will improve the Project Site with parking areas for use by Tenant. The parking areas available for use by Tenant in connection with the Project shall contain a total of three hundred twenty (320) parking spaces. Tenant shall have the right (for the Lease Term and the option term) to the use of all such parking areas as well as driveways, walkways, and other facilities designed for common use as may be made available by Landlord with respect to the Project (collectively, "Common Areas"), subject to the terms and conditions of this Lease and subject to the terms and conditions of all covenants, restrictions, easements and similar encumbrances which may affect all or any portion of the Project from time to time, including, without limitation, all deed and plat restrictions (such covenants, restrictions, easements and encumbrances, as the same may be modified from time to time, as well as such additional covenants, restrictions, easements and encumbrances to which all or any portion of the Project may be submitted or subject from time to time, are collectively referred to as the "Land Documents"); provided that the Land Documents shall not prohibit the conduct of the Permitted Use at the Premises. Landlord shall not be liable for any damage of any nature to, or any theft of, vehicles, or contents thereof, in or about the parking facilities, except for damages resulting from Landlord's negligence or intentional misconduct. Tenant shall have access to the Premises and the Common Areas 24 hours per day, seven days per week.

(b) Neither Tenant nor its agents, employees or invitees shall utilize the Common Areas or any part thereof for any of the following purposes: (i) to solicit signatures on any petition or for any other purpose, disseminate any information in connection therewith, or distribute any circular, booklet, handbill, placard or other material that has no relationship to any purpose for which the Premises was built or is permitted to be used; (ii) to
solicit membership in any organization, group or association, or contribution for any purpose that has no relationship to the Premises; (iii) to parade, rally, patrol, picket, demonstrate or engage in any other such conduct; (iv) to throw, discard or deposit any paper, glass or extraneous matter of any kind, except in designated receptacles, or create litter or hazards of any kind; or (v) to deface, damage or demolish any sign, light standard or fixture, landscaping material or other improvement within the Project.

4. PREPARATION OF PREMISES; POSSESSION

(a) Landlord, at its sole cost and expense, shall construct and complete the site work and building shell of the Project, as well as the Common Areas, as provided in Exhibit "C" ("Landlord's Work"). Landlord shall also cause to be constructed by the "Target Date" (hereinafter defined), subject to force majeure, the two roadways proximate to the Project Site identified on Exhibit "C" hereto, and Landlord shall use reasonable efforts to have the roadway which runs in an east-west direction as depicted on Exhibit "C" designated as "Intelligent Drive". The building shell shall be constructed substantially in accordance with plans and specifications prepared by Landlord's architect and approved by Tenant, such approval not to be unreasonably delayed, withheld or conditioned. The design of the building shell shall be in accordance with required standards and approvals for the Abacoa community and consistent with Exhibit "C". Landlord shall cause its general contractor to obtain payment and performance bonds for Landlord's Work and to name Tenant as an obligee of such bonds. Further, subject to Tenant's obligation to deposit the "Tenant's Contribution" with Landlord as provided in Exhibit "C", Landlord shall construct all demising walls and all interior improvements to the Premises in accordance with final architectural and engineering working drawings for the interior improvements to the Premises as approved by Tenant and Landlord. Except as otherwise expressly set forth in the two immediately preceding sentences, Landlord shall have no obligations to perform any work, supply any materials, incur any other expenses or make any installations in order to prepare the Premises for Tenant's occupancy.

(b) Landlord shall assure that Landlord's Work, as performed by the general contractor engaged by Landlord, shall be undertaken in a workmanlike manner and shall be completed with new materials (unless otherwise agreed by Tenant). Within ten (10) days following the Commencement Date, Tenant shall give Landlord written notice of any defects in construction of the Premises, and Tenant shall otherwise accept the Premises in their then existing condition and state of repair, latent defects excepted. Landlord shall diligently correct any defects in Landlord's Work that do not conform to the approved plans and specifications. Tenant agrees that no representations, statements, or warranties, express or implied, have been made by or on behalf of Landlord with respect to the condition of the Project or the Premises unless expressly provided for in this Lease. Following completion of Landlord's Work, Landlord shall cause its general contractor to furnish Tenant an affidavit that all sums owing from Landlord to the general contractor have been paid and that the general contractor has paid all sums owing to its subcontractors, materialmen and suppliers. Landlord agrees to assign to Tenant all applicable construction and manufacturers warranties, although any such assignment shall include a reservation of Landlord's rights under any such warranties.

(c) Without limitation of any other provision of this Lease, Tenant acknowledges that, in order to avoid delays in completion of Landlord's Work and Tenant's occupancy of the Premises, Tenant must provide to Landlord complete space plans and interior program information, material, equipment wiring and color selections, and other such matters, diligently and in good faith, and in a timely manner in accordance with established schedules for space planning, architectural and engineering design, and construction, which schedules shall be in accordance with the requirements of subsection (d) below. Without limitation of the foregoing, Tenant must furnish all information necessary for the preparation of construction documents (including, without limitation, all material, equipment wiring and color selections) in a timely manner and in CAD...
format compatible with the building shell plans. Tenant acknowledges that failure to timely deliver such information will delay the interior improvement of the Premises, the issuance of a certificate of occupancy, and accordingly, Tenant's occupancy thereof, but that Tenant nonetheless will be obligated to commence the payment of Rent not later than the Commencement Date specified in this Lease.

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(d) Notwithstanding any other provision in this Lease to the contrary, provided that Tenant satisfies each and every one of the conditions set forth in subparagraphs (i) - (v) below and Tenant is not in default of the Lease, paragraph (e) of the Lease Summary will be deemed modified to substitute "three (3) days following the date of issuance of a certificate of occupancy for the Premises" in place of "the date of issuance by the applicable governmental authority of a certificate of completion for the building shell of the Project". Furthermore, provided that Tenant satisfies each and every one of the conditions set forth in subparagraphs (i) - (v) below, Tenant is not in default of the Lease, and the certificate of occupancy for the Premises is not issued by September 15, 2000 (the "Target Date"), subject to force majeure, Landlord shall as Tenant's sole remedy make payment to Tenant in an amount equal to $1,000 per day (the "Daily Amount") for each day later than the Target Date which elapses prior to issuance of the certificate of occupancy for the Premises, provided that if more than thirty days elapses from Target Date until issuance of a certificate of occupancy, the Daily Amount shall be increased by $500 per day from and after such thirtieth (30th) day and shall similarly increase by $500 per day from and after each following thirty day anniversary of the Target Date (e.g., after 60 days following the Target Date, the Daily Amount shall be $2,000). For example, if the certificate of occupancy is issued for the Premises on October 17, 2000, Landlord shall pay to Tenant an amount equal to $30,000 ((30 x $1,000) + (2 x $1,500) = $33,000).

(i) Tenant gives Landlord written approval of the site plan, building elevations and building floor plates for the Project not later than September 30, 1999. Landlord is permitted, without the further consent of Tenant, to make such changes to the approved site plan, building elevations and building floor plates as may be required by the Town of Jupiter.

(ii) Tenant gives Landlord the final space plans, furniture location plan, wiring requirements, and architectural and engineering plans for the interior improvements to the Premises, evidencing Tenant's written approval thereof, not later than the seventieth (70th) day after the date of this Lease; and

(iii) Tenant gives Landlord written approval of final selections for all interior finishes for the Premises not later than the one hundredth (100th) day after the date of this Lease; and

(iv) Tenant gives Landlord written approval of final pricing for the interior improvements to the Premises by the date that is the later of (A) the one hundredth fortieth (140th) day after the date of this Lease, or (B) seven (7) days following delivery of the proposed pricing to Tenant; and

(v) Tenant deposits with Landlord the excess cost for the interior improvement work, as required by Exhibit "C", by the date that is the later of (A) the one hundredth fiftieth (150th) day after the date of this Lease, or (B) ten (10) days following Tenant's written approval of the final pricing for the interior improvements to the Premises.

Tenant acknowledges that Landlord has agreed to the provisions of this subsection 4(d) on the condition that Tenant does not intend to include in the Premises any long lead items or any improvements or equipment that would require licensure or review by any Federal, state or local agency or instrumentality, and the provisions of this subsection 4(d) shall be inapplicable in the event that Tenant elects to include any such long lead items or improvements or equipment in the Premises. Further, nothing herein shall in any event serve to extend the Commencement Date beyond the date three (3) days following the date on which the Tenant opens the Premises for business or otherwise commences its
Landlord shall provide Tenant with notice of: (i) receipt of site plan approval for the Project, (ii) submission for a building permit for the Project, and (iii) receipt of a building permit for the Project. Landlord and Tenant shall hold monthly meetings during the period following the date hereof through the Commencement Date for the purpose of reviewing the progress of the development and construction of the Project (including the status of progress drawings, the status of construction and the results of any studies or analyses conducted with respect to the Project).

and obtaining required input from Tenant. Such meetings shall be attended by representatives of Tenant and Landlord knowledgeable about the Project and the Project architect.

(e) If Tenant shall occupy the Premises prior to the Commencement Date, but not open for business, such occupancy by Tenant shall be deemed to be that of a tenant under all of the terms, covenants, and conditions of this Lease, except that Tenant's obligation to pay Rent shall not commence until the Commencement Date. Tenant shall be entitled to access to the Premises, subject to reasonable coordination by and scheduling with Landlord and its general contractor, for purposes of installing equipment, cabling, moving furniture, and otherwise preparing the Premises for occupancy, provided that no such activities cause a delay in issuance of a certificate of occupancy for the Premises.

5. COMMON AREA MAINTENANCE COSTS

(a) Tenant acknowledges that this Lease is on a net, net, net basis. Accordingly, in addition to Base Rent, Tenant shall pay in a timely manner before they become delinquent directly to the billing parties beginning on the Commencement Date and ending on the last day of the Term, all expenses ("Operating Expenses") accruing during the Lease Term hereof and arising out of or attributable to the Project including, but not limited to, real estate taxes and assessments including special assessments; property owners' association and similar association fees and assessments if any, the imposition of which taxes the Tenant shall have the right to contest with the appropriate governmental or private entity; (and Landlord shall cooperate with any such contest provided there is no cost or expense to Landlord); amounts due under the Land Documents; insurance required to be carried by Tenant under the terms of this Lease or by applicable laws; maintenance; repairs, operation; parts; water; sewer; electricity; and all other utilities; if any; trash removal; landscaping; management; supplies; tools; materials; security services (if any); energy control services; sound system; exterminating; service contracts; the costs of any capital improvements, machinery or equipment which are reasonably necessary or are imposed by applicable law, rule, regulation or code; all costs of the maintenance, repair and replacement of the Project and any structural and non-structural portions thereof, and maintenance, repair and replacement of the roof.

(b) In the event for reasons other than a default hereunder by Tenant any Operating Expense shall pertain to a specified or definite period of time some of which accrued during the Lease Term and some of which accrued either before the Commencement Date or after the last day of the Lease Term, then Tenant shall pay all of such Operating Expense which accrued during the Lease Term. For example only, in the event the last day of the Lease Term shall, for reasons other than a default hereunder by Tenant, be other than December 31st of any calendar year, then Tenant shall pay upon the issuance of the real estate tax bill(s) for the Project for the calendar year in which the Lease Term shall end the amount of taxes as set forth on such tax bill(s) multiplied by a fraction, the numerator of which shall be the number of days during the calendar year at issue prior to the expiration of the Lease Term and the denominator of which shall be the number of days in such calendar year (i.e., the denominator of which shall be either 365 or 366). Notwithstanding the foregoing, Operating Expenses shall not include, and Tenant shall not be obligated to pay (1) franchise or partnership taxes, gross receipts taxes, income taxes, inheritance
taxes or any similar or like taxes on Landlord (except to the extent based upon
the rent collected for the Project or any portion thereof as hereinabove
provided); (2) interest, amortization and other charges paid in respect of
mortgage or other loans made by Landlord; (3) ground lease and other rent paid
by Landlord (if any); (4) depreciation of the Project; and (5) fines, penalties,
and other costs incurred by Landlord due to its violation of any applicable law.

(c) In furtherance of Section 8 below and not in limitation thereof, Tenant
covenants and agrees with Landlord that during the continuance of this Lease
Tenant at its sole expense shall keep the Project in a good state of repair and
in as good condition as they were at the beginning of the Lease Term, ordinary
wear and tear and casualty damage to the extent Landlord receives insurance
proceeds therefor excepted, and Tenant will not suffer or permit any strip,
waive or neglect of the Project, and Tenant at its sole expense will maintain,
repair, replace and renovate the Project, including without limitation all
structural and non-structural portions thereof, and all portions of the roof
thereof, in order to keep the Project in first class repair and condition. In
the event Tenant does not pay Operating Expenses as required by this Lease, keep and maintain the Project as required by
this Lease or make the said repairs or replacements within thirty (30) days
after notice from Landlord, or in case of repairs which, for causes beyond
Tenant's control cannot with reasonable diligence be cured within said thirty
(30) day period, if Tenant shall not have promptly after notice commenced such
repairs and thereafter diligently prosecuted same to completion, within a
reasonable time, then Landlord shall have the right, in addition to any other
remedies it may have under law or this Lease, but not the obligation, after
notice to Tenant to pay such Operating Expenses and/or enter upon the Project
and maintain the Project and/or make the said repairs or replacements itself, as
the case may be, and charge the cost thereof to Tenant as Additional Rent
hereunder which cost thereof shall be due and payable by Tenant within thirty
(30) days after Tenant deemed to have received a bill therefor from Landlord
together with interest at the Rate of eighteen percent per annum. In the event
Tenant fails to pay in full said cost within said thirty (30) days after Tenant
is billed therefor, then, in addition to and not in limitation or waiver of any
other remedies which may arise out of a default hereunder by Tenant, interest
shall accrue on all unpaid amounts from the due date to the date of payment by
Tenant and such interest shall be due and payable immediately as Additional
Rent. For purposes of this Lease and without limitation of subparagraph 1(a)
above, "Additional Rent" includes all costs, expenses, interest and sums other
than Base Rent which become due hereunder whether payable to Landlord or to
other parties (such as with regard to Operation Expenses), but which are not
paid by Tenant within the time required by, it being the intent of the parties
that all such other costs, expenses, interest and sums due hereunder from Tenant
to Landlord shall be construed as Additional Rent due from Tenant to Landlord.

6.  PUBLIC UTILITIES

   (a) Landlord shall, at Tenant's sole cost and expense, arrange for the
initial hook-up of all utilities needed for the Permitted Use. Tenant shall
separately arrange with, and pay directly to, the applicable local public
authorities or utilities, as the case may be, for the furnishing, installation
and maintenance of all utilities, telephone services and equipment required by
Tenant for the Permitted Use.

   (b) In addition, pursuant to Section 5 above, Tenant shall pay all water
and sewer charges for the Project, which payment shall be made when due to the
appropriate public utility provider.

7.  TAXES AND ASSESSMENTS

   (a) Pursuant to Section 5 above, Tenant shall pay all real estate taxes,
fees, assessments and charges of any kind or nature whatsoever (excluding
Landlord's income taxes) associated with or attributable to the ownership,
operation, maintenance or repair of all or any portion of the Project, including, without limitation, any charges or assessments against the Project for public betterments or improvements, and all expenses and fees incurred in connection with contesting the amount or the validity of any of the foregoing. In connection with the development of the Project, Landlord shall cause the Project Site to be platted and a separate tax parcel established. Landlord shall provide to Tenant copies of all tax bills promptly following receipt of such bills by Landlord.

(b) Landlord shall have the option to take the benefit of the provisions of any statute or ordinance permitting any taxes or assessments to be paid over a period of time, in which case Tenant shall be obligated to pay only the portion of the installments which become due and payable during the term of this Lease, as extended, prorated for any partial Lease Year.

(c) The provisions of this Section 7 are predicated upon the present system of taxation in the State of Florida. Should any governmental authority having jurisdiction over all or any portion of the Project impose a tax and/or assessment or any kind or nature upon, against, measured by or with respect to the Rent payable to Landlord under this Lease or with respect to the ownership of the Project or any part thereof by Landlord (or any individual or entity forming Landlord), either by way of substitution for all or any part of the present real estate taxes or

assessments or in addition thereto, then such tax and/or assessment shall be deemed to constitute "real estate taxes" for purposes of this Lease and Tenant shall be obligated to pay the same as set forth in this Section 7.

8. REPAIRS AND MAINTENANCE

(a) During the original term of this Lease and each extension term, Tenant shall, at Tenant's sole cost and expense, maintain, repair, replace and renovate all portions of the roof, the exterior walls and all structural and non-structural elements of the Project; the elevators, electrical, plumbing, heating, air conditioning, and other mechanical installations that serve the Project and the Premises; and the interior of the Premises, including (without limitation) all interior glass and doors that are a part of the Premises, all in first class condition and good working order, and shall use materials and labor of a kind and quality equal to the original work. Landlord shall have no obligation to repair, maintain, alter, replace, or modify the Project or the Premises or any part thereof, including (without limitation) any elevators, electrical, plumbing, heating, air conditioning, or other mechanical installation. Tenant agrees that the roof, elevators, electrical, heating and air conditioning equipment for the Project shall be maintained by contractors reasonably approved by Landlord and fully licensed to maintain such improvements in the State of Florida. Tenant shall, upon the request of Landlord from time to time, provide Landlord with copies of maintenance contracts entered into with respect to the Project or the Premises, as well as written service records that shall be maintained by Tenant or its contractor during the Lease Term.

(b) Any interruption of any services with respect to the Project or the Premises, whether such failure is caused by acts of God; accidents; breakage; repairs; strikes; lockouts; other labor disputes; the making of repairs, alterations, or improvements to the Premises or any part of the Project; inability to obtain an adequate supply of fuel, steam, water, electricity, labor or other supplies; or by any other condition, including, without limitation, any governmental energy conservation program, shall not constitute a default by Landlord under this Lease, shall not render Landlord liable for any damages directly or indirectly resulting from such failure or delay, shall not permit Tenant to abate any Rent or relieve Tenant from any of its obligations under this Lease, and shall not constitute a constructive or other eviction of Tenant, unless such interruption of services was caused by the negligence or intentional misconduct of Landlord.

(c) Except as provided in Section 9 below, at the expiration or earlier
termination of this Lease, Tenant shall surrender the Premises in the same condition as when received, reasonable wear and tear and, subject to Tenant's obligations under this Lease, casualty or condemnation excepted.

9. ALTERATIONS

Tenant shall not make any alterations, improvements, or additions to the Project or the Premises, including (without limitation) drilling into, or securing any fixture, apparatus, or equipment of any kind to, any part of the Premises, without first obtaining the written consent of Landlord in each instance, which consent shall not be unreasonably withheld or delayed. Without limitation of the foregoing, it is the intention of Landlord and Tenant that Landlord shall maintain complete aesthetic control over any and every portion of the Premises visible from outside of the Premises. Tenant shall present to the Landlord plans and specifications for work at the time approval is sought. All such alterations, improvements, and additions made by Tenant shall remain upon the Premises at the expiration or earlier termination of this Lease and shall become the property of Landlord, unless Landlord shall, prior to or simultaneously with such expiration or termination, have given written notice to Tenant to remove same, in which event Tenant shall remove such alterations, improvements, and additions and restore the Premises to the same good order and condition as at the Commencement Date, reasonable wear and tear and, subject to Tenant's obligations under this Lease, casualty or condemnation excepted. Upon default by Tenant, Landlord may perform such restoration and collect the cost thereof from Tenant as Additional Rent. In addition, Landlord may apply Tenant's security deposit against such obligation. Tenant's obligations under this Section 9 shall, in all events, be carried out in conformance with the provisions of Section 10(h) below.

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10. AFFIRMATIVE COVENANTS

(a) Tenant covenants that it shall:

(i) Pay all Rent at the times, and in the manner, set forth in this Lease.

(ii) Comply with the terms of all statutes, ordinances and regulations applicable to Tenant or its use of the Premises, including, without limitation, zoning ordinances, resolutions, orders, development orders, master plans, site plans, licenses, agreements, arrangements, plans, rules or regulations of or issued by governmental, quasi-governmental or utility authorities having jurisdiction over the Premises or declarations of property owner associations having jurisdiction over the Premises, and save Landlord harmless from penalties, fines, costs, expenses, or damages resulting from Tenant's failure to do so. Tenant shall provide to Landlord copies of each licensure inspection report within ten (10) days after receipt of same, and shall provide to Landlord, within ten (10) days following the applicable deadline for corrective action, evidence of compliance with any corrective action recommended or required as a result of any such inspection.

(iii) Comply with the terms and conditions set forth herein relating to the use, operation, and maintenance of the Project, including the Premises and the Common Areas.

(iv) Give to Landlord prompt written notice of any accident, fire, or damage occurring on or to the Project, including the Premises and the Common Areas.

(v) Conduct its operations at the Premises in a professional manner and keep the Premises in first-class condition and good working order.

(vi) Comply with all reasonable rules and regulations of Landlord with respect to the Project, including the Premises and the Common Areas, whether in effect at the time of execution of this Lease or amended or promulgated from time to time thereafter by Landlord in its reasonable discretion, including
(without limitation) the installation of fire extinguishers and other safety equipment as Landlord may require and compliance with the recommendations of Landlord's insurance carriers and their rate-making bodies.

(vii) Comply with all terms and provisions of the Land Documents affecting all or any portion of the Project.

(viii) Tenant shall have no power or authority to create any lien or permit any lien to attach to the Premises, or any interest of Landlord in the Premises or the Project, and all suppliers, contractors, artisans, mechanics, laborers and other persons contracting with Tenant with respect to the Premises or any part thereof shall be so notified in writing by Tenant. Landlord may record a memorandum (referring to this provision) that the interest of Landlord shall not be subject to liens for improvements made by or on behalf of Tenant, and Tenant agrees to do all things necessary to prevent the filing of any mechanic's or other liens against the Premises or any part thereof by reason of work, labor, services, or materials supplied or claimed to have been supplied to Tenant, or anyone holding the Premises, or any part thereof, through or under Tenant. If any such lien shall at any time be filed against the Premises, Tenant shall cause the same to be discharged of record within ten (10) days after Tenant has notice of the filing of the same. If Tenant shall fail to discharge the lien within such period of time, then, in addition to any other right or remedy of Landlord resulting from Tenant's default, Landlord may, but shall not be obligated to, discharge the same by paying the amount claimed to be due, procuring the discharge of the lien by giving security, or taking such other action as may be permitted by law. Notice is hereby given that landlord is not and shall not be liable for any labor, services or materials furnished to tenant or anyone holding the premises, and that no construction, mechanic or other lien for any such labor, services or materials shall attach to or affect the interest of landlord in and to the premises or the project.

(ix) Subject to the notice and cure provisions of Section 27(g) of this Lease, repay to Landlord as Additional Rent, on demand, any and all liabilities, costs or expenses incurred by Landlord as a result of the breach of any covenant set forth in this Section 10 or in Section 11 below, and interest thereon at the lesser of eighteen percent (18%) per annum or the maximum amount allowed by law.

(x) So long as Tenant is a corporation the shares of which are traded on a recognized stock exchange and Tenant is required to file with the Securities and Exchange Commission on an annual basis a Form 10k, provide Landlord within ninety (90) days following the end of each calendar year copies of Tenant's Form 10k for such year. If Tenant is not a corporation the shares of which are traded on a recognized stock exchange or for any other reason Tenant is not required to file with the Securities and Exchange Commission a Form 10k, provide to Landlord, within ninety (90) days following the end of each calendar year, copies of audited financial statements for such year for Tenant, and provide to Landlord, upon request, copies of unaudited quarterly financial statements for the most recent quarter for Tenant. All documents provided to Landlord pursuant to this subsection will remain confidential, subject to lender review, and will be used only for asset management purposes related to the Project. Tenant acknowledges that, as a material inducement to Landlord to enter into this Lease, Tenant has provided to Landlord current financial statements for Tenant. Tenant further acknowledges that Landlord has relied on such documents and information in determining the net worth of Tenant and in evaluating such other criteria as Landlord may have deemed relevant in entering into this Lease.

(b) Landlord covenants that it shall: (i) comply in all material respects with the terms of all statutes, ordinances and regulations applicable to Landlord; (ii) comply with the terms and provisions of the Land Documents to the extent they apply to the Project; and (iii) provide Tenant copies of any notices received from any governmental agency or property owner's association regarding the Project.

11. NEGATIVE COVENANTS OF TENANT
Tenant covenants that it shall not do any of the following without obtaining the prior written consent of Landlord:

(a) Permit the emission of any noises or noxious odors from the Premises that are harmful to person or property.

(b) Do, or suffer to be done, anything at the Premises or the Project that causes the fire insurance or any other insurance now in force or hereafter to be placed on the Premises or the Project to become void or suspended.

(c) Commit, or suffer to be committed, any waste upon the Project, including the Premises or Common Areas.

(d) Tenant shall neither use nor occupy the Premises or any part thereof for any unlawful, disreputable, or ultra-hazardous purpose, nor operate or conduct its practice or business in a manner constituting a nuisance of any kind in the reasonable judgment of Landlord. Tenant shall, immediately on discovery or notice of any unlawful, disreputable, or ultra-hazardous use, take action to halt such activity.

12. HAZARDOUS WASTE DISPOSAL

(a) For purposes of this Lease, "Hazardous Materials" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive or corrosive, including, without limitation, (i) petroleum, PCB's, asbestos, materials known to cause cancer or reproductive problems; (ii) any materials, substances and/or wastes, including, without limitation, infectious waste, which are or hereafter become regulated by any local governmental authority, the State of Florida or the United States; and (iii) substances defined as "hazardous substances," "hazardous materials," "toxic substances," "hazardous wastes," "oil," "regulated substances," "restricted hazardous wastes," "special wastes" or words of similar import in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Federal Water Pollution Control Act; the Federal Clear Air Act; the Resource Conversation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and all other corresponding or related State of Florida and local statutes, ordinances and regulations, including, without limitation, any dealing with underground storage tanks; and any other environmental law, regulation or ordinance now existing or hereinafter enacted (collectively, "Hazardous Materials Laws"). Notwithstanding the foregoing, the term Hazardous Substances as defined herein shall not include (a) pharmaceuticals, cleaning agents of the types and in the quantities and concentrations normally stocked by health care providers similar to the Project, or (b) oil in de minimis amounts typically associated with the use of certain portions of the Project for driving and parking motor vehicles; provided that the foregoing are used, stored, transported and disposed of in accordance with all Hazardous Materials Laws.

(b) Tenant, and all of its officers, directors, employees, representatives, agents, contractors, subcontractors, successors, assigns, lessees, sublessees, concessionaires, invitees and any other occupants of the Premises (collectively, "Tenant Representatives"), shall abide by all Hazardous Materials Laws and other municipal, county, state and federal statutes, laws, ordinances, administrative rules and regulations and guidelines applicable to the disposal of Hazardous Materials. Tenant shall not use, handle, deposit or dispose of any Hazardous Materials which requires special handling into the waste disposal facilities provided by Landlord. Tenant shall, at Tenant's expense, employ or engage private waste management services to dispose of any and all waste of Tenant which must be handled in any manner other than general waste collection provided by Landlord through public or private waste collection service. Without limiting the foregoing, Tenant shall employ or engage a licensed waste disposal service to provide any required containers or storage
(c) Tenant shall indemnify, defend and hold harmless Landlord and the holder ("Mortgagee") of any mortgage encumbering all or any portion of the Project or the real property upon which the Project is situated ("Mortgage"), and their respective partners, shareholders, directors, officers, agents and employees (the "Indemnified Parties") from and against any and all claims arising from or in connection with any act, omission or negligence of Tenant, or any of its subtenants or licensees or its or their partners, directors, offices, agents, employees or contractors, relating to or arising out of the disposal of Hazardous Materials from the Premises, such indemnity to include all costs, expenses and liabilities incurred in or in connection with each such claim, action or proceeding with respect thereto, including, without limitation, all attorney's fees and expenses. In the event any Indemnified Party shall be made a party to any litigation or proceeding commenced by or against Tenant, then Tenant shall protect, indemnify and hold such Indemnified Party harmless with respect thereto, and Tenant shall pay all costs, expenses and reasonable attorneys' fees (in all proceedings) incurred or paid by such Indemnified Party in connection with such litigation or proceeding, or in enforcing the covenants and agreements of this Section. TENANT ACKNOWLEDGES AND AGREES THAT IT IS THE SOLE RESPONSIBILITY OF TENANT TO ASCERTAIN AND COMPLY WITH THE HAZARDOUS MATERIALS LAWS IN CONNECTION WITH THE HANDLING AND DISPOSAL OF HAZARDOUS MATERIALS OR ANY OTHER MATERIALS FROM THE PREMISES.

(d) Tenant hereby agrees that Tenant and Tenant's Representatives shall not use, generate, manufacture, refine, produce, process, store or dispose of, on, under or about the Premises or the Project, or transport to or from the Premises or the Project in the future for the purpose of generating, manufacturing, refining, producing, storing, handling, transferring, processing or transporting Hazardous Materials, except in compliance with all applicable Hazardous Materials Laws. Furthermore, Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant's Representatives of Hazardous Materials on the Premises, including (without limitation) discharge of (appropriately treated) materials or wastes only as provided by law. Tenant further agrees that Tenant and Tenant's representatives shall not permit any lien arising under or related to any of the Hazardous Materials Laws to attach to the Premises or the Project.

(e) If at any time during the Lease Term (or any extended term) any contamination of the Premises or the Project by Hazardous Materials shall occur, where such contamination is caused by the act or omission of Tenant or Tenant's Representatives ("Tenant Contamination"), then Tenant, at its sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Project or the groundwater underlying the Project to the extent reasonably possible in accordance with the requirements of the applicable Hazardous Materials Laws and industry standards then prevailing in the Hazardous Materials management and remediation industry in Florida. However, Tenant shall not take any required remedial action in response to any Tenant's Contamination in or about the Project or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant's Contamination without first notifying Landlord and any Mortgagee of Tenant's intention to do so, and affording Landlord and any Mortgagee the opportunity to appear, intervene or otherwise appropriately assert and protect their interests with respect thereto.

(f) In addition to all other rights and remedies of Landlord or any Mortgagee, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant's Contamination and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant's Contamination within thirty (30) days after Landlord and any Mortgagee have reasonably
approved Tenant's remediation plan and all necessary approvals and consents have
been obtained, and thereafter continue to prosecute said remediation to
completion in accordance with the approved remediation plan, then Landlord or
any Mortgagee, at their sole discretion, shall have the right, but not the
obligation, to cause said remediation to be accomplished, and Tenant shall
reimburse, within fifteen (15) business days of demand for reimbursement, all
amounts reasonably paid by Landlord (together with interest on said amounts at
the highest lawful rate until paid), when said demand is accompanied by proof of
payment of the amounts demanded. Tenant shall promptly deliver to Landlord and
any Mortgagee copies of hazardous waste manifests reflecting the legal and
proper disposal of all Hazardous Materials removed from the Project as part of
Tenant's remediation of any Tenant's Contamination.

(g) Each party hereto (for purposes of this Section 12, a "Notifying
Party") shall immediately notify the other party (the "Notice Recipient") in
writing of: (i) any enforcement, clean-up, removal or other governmental or
regulatory action instituted, contemplated or threatened concerning the Project
pursuant to any Hazardous Materials Laws; (ii) any claim made or threatened by
any person against the Notifying Party or the Project relating to damage
contribution, cost recovery, compensation, loss or injury resulting from or
claimed to result from any Hazardous Materials on or about the Project; and
(iii) any reports made to any environmental agency arising out of or in
connection with any Hazardous Materials in or removed from the Project including
any complaints, notices, warnings or asserted violations in connection
therewith, all upon receipt by the Notifying Party of actual knowledge of any of
the foregoing matters. Notifying Party shall also supply to Notice Recipient as
promptly as possible, and in any event within five (5) business days after
Notifying Party first receives or sends the same, with copies of all claims,
reports, complaints, notices, warnings or asserted violations relating in any
way to the Premises or Tenant's use thereof.

(h) If at any time during the Lease Term (or any extended term) any
contamination of the Project by Hazardous Materials shall occur, where such
contamination (i) is not caused by Tenant or Tenant's Representatives, and (ii)
is caused by the act or omission of Landlord or "Landlord's Representatives"
(which shall include Landlord's officers, directors, employees, representatives,
agents, contractors, subcontractors, successors, and assigns, but shall not
include lessees, sublessees or other occupants of the Project) ("Landlord
Contamination"), then Landlord, at its sole cost and expense, shall promptly and
diligently remove such Hazardous Materials from the Project or the groundwater
underlying the Project to the extent reasonably practical in accordance with the
requirements of the applicable Hazardous Materials Laws and industry standards
then prevailing in the Hazardous Materials management and remediation industry
in Florida. Landlord shall indemnify and hold harmless Tenant and Tenant's
Representatives from and against any and all claims arising from or in
connection with any act, omission or negligence of Landlord,
or any of its partners, shareholders, directors, officers, and employees,
relating to or arising out of the disposal of Hazardous Materials from the
Project, such indemnity to include all reasonable costs, expenses and
liabilities incurred in or in connection with each such claim, action or
proceeding with respect thereto, including, without limitation, all reasonable
attorney's fees and expenses. Landlord has no knowledge of the presence of
Hazardous Materials on the Project Site, provided that the only investigation
undertaken in that regard is documented in that certain report from ATC
Associates, Inc. dated September 21, 1999 under ATC Project Number 03353.0001;
Task 2, a copy of which report has previously been provided to Tenant.

13. RIGHTS OF LANDLORD

In addition to any other rights of Landlord reserved herein, Landlord
reserves the right, at all reasonable times after prior notice to Tenant, by
itself or its duly authorized agents, to enter into the Premises to inspect same
and to perform any obligation of Tenant under this Lease that is not performed
by Tenant within any cure period provided for in this Lease; to take photographs
of the Premises for promotional or other purposes of Landlord (although Landlord shall not take photographs of the interior of the Premises which photographs include information regarding Tenant's business, without the prior consent of Tenant, which consent shall not be unreasonably withheld, delayed or conditioned); to enforce any rights and remedies of Landlord under this Lease; and, after notice from Landlord of intention to terminate this Lease in accordance with the terms of this Lease, at any time within three (3) months prior to the expiration of the Lease Term or any extension term, or in connection with a potential sale or refinancing of the Project or any portion thereof, to show the Premises. If Tenant does not make itself available or otherwise refuses to admit Landlord or its agents to the Premises during regular business hours after prior notice from Landlord, or if an entry into the Premises shall be necessary in the case of an emergency, Landlord or Landlord's agents may make forcible entry without rendering Landlord or such agents liable therefor and without in any manner affecting the obligations and covenants of Tenant under this Lease. Tenant hereby irrevocably grants Landlord the necessary licenses to carry out the terms of this subsection. The exercise of any right reserved to Landlord in this Section 13 (or otherwise) shall not be deemed an eviction or disturbance of Tenant's use and possession of the Premises, shall not render Landlord liable in any manner to Tenant, any of Tenant's Representatives or to any other person, and shall not diminish any other rights or remedies of Landlord with respect to a default by Tenant under this Lease.

14. DAMAGE TO PREMISES

(a) If the Premises or any other portion of the Project shall be damaged or destroyed by fire or other casualty of any kind, Tenant shall promptly cause such damage to be repaired and replaced, and the Rent shall not be abated. There shall be no obligation on Landlord to repair or replace the Premises or any other portion of the Project in case of fire or other casualty. Notwithstanding the foregoing, if during the last two years of the Lease Term the Project is damaged by fire or any other cause to such extent that the cost of restoration, as reasonably estimated by Landlord, will equal or exceed fifty percent (50%) of the replacement value of the Project (exclusive of foundation) as of the day preceding the day of the occurrence of the damage, then Tenant may, no later than the sixtieth (60th) day following the occurrence of the damage, give Landlord notice of Tenant’s election to terminate this Lease. In the event of such termination election by Landlord or Tenant as set forth above, (i) this Lease shall be deemed to terminate on the sixtieth (60th) day after such notice; (ii) Tenant shall surrender possession of the Premises on or before the sixtieth (60th) day after such notice of election to terminate; (iii) Base Rent shall be equitably abated as of the date of damage; and (iv) all rent, including Base Rent and any Additional Rent, shall be apportioned as of the date of surrender and any rent for any period beyond such date shall be refunded to Tenant. In the event of any such termination, all proceeds from the insurance on the Project required to be maintained by Tenant under the Lease shall be paid to Landlord. Tenant acknowledges and agrees that in no event shall Landlord be liable to Tenant or any of Tenant's Representatives for any inconvenience or loss of business on account of any loss or damage to the Premises or any other portion of the Project. Tenant shall promptly commence all repairs and replacements under this Section 14, and shall diligently complete such repairs in a good and workmanlike manner in accordance with the terms of this Lease (including the terms of Section 8 above), and in accordance with all applicable laws, rules and regulations.

(b) The obligations of Tenant in the event of any damage to or destruction of the Premises, or any other portion of the Project, are governed exclusively by this Lease. Tenant hereby waives the provisions of any law to the contrary.

15. INDEMNIFICATION AND INSURANCE REQUIREMENTS

(a) Tenant shall:

(i) Indemnify, defend and save the Indemnified Parties harmless from and
against any and all claims, actions, damages, liability, and expense, including attorney's fees and costs in all proceedings, in connection with loss of life, personal injury, or damage to property occurring in or about the Project, including the Premises and the Common Areas. The foregoing indemnity shall include, without limitation, all claims, actions, damages, liability, and expense, including attorney's fees and costs in all proceedings, that are excluded from Tenant's liability insurance coverage (as required under this Section 15), whether as a deductible or otherwise.

(ii) At all times during the term hereof, keep in force, at its own expense, commercial general liability insurance, including automobile liability for non-owned and hired, in companies acceptable to Landlord and naming as additional insureds Landlord, the Project property manager and each Mortgagee, with a combined single limit of $3,000,000. The commercial general liability insurance policy shall include a contractual liability endorsement which shall insure Landlord against liability arising from any of the claims against which Tenant is required by this Lease to indemnify Landlord.

(iii) At all times during the term hereof, keep in force, at its own expense, insurance against loss or damage by fire and lightning, and such other perils as are covered under a standard "all-risk" or special form policy. Such insurance shall be carried with companies acceptable to Landlord, in an amount not less than one hundred percent (100%) of the replacement costs of the Project including Tenant's betterments and improvements to the Premises, and naming Landlord, and each Mortgagee of which Tenant has actual notice as an additional insured. The foregoing coverage shall include business interruption insurance for a period of twenty four (24) months following the occurrence of any insured casualty or occurrence.

(iv) Furnish to Landlord, within ten (10) days prior to the Commencement Date (or, if earlier, the date that Tenant takes possession of the Premises), and thereafter within ten (10) after request by Landlord at any time and from time to time, copies of all policies and endorsements of insurance evidencing coverage required by this Lease. All policies required hereunder shall contain an endorsement providing that the insurer will not cancel or materially change the coverage of such policies without first giving thirty (30) days prior written notice thereof to Landlord and each named Mortgagee.

(b) Landlord may, at its option, purchase fire and extended coverage insurance on the Project (other than Tenant's betterments and improvements to the Premises) under a standard "all-risk" or special form policy and in such amounts as may be required by each Mortgagee from time to time. Any such purchase of insurance by Landlord shall not limit the obligations of Tenant as set forth above.

(c) Landlord and Tenant hereby mutually waive and release their respective rights of recovery against one another and their officers, agents and employees for any damage to real or personal property, including resulting loss of use, interruption of business, and other expenses occurring as a result of the use or occupancy of the Premises if, and only to the extent that, the same is insured against under a standard "all-risk" or special form policy of property insurance required to be maintained by the parties hereto. Landlord and Tenant agree that all policies of insurance obtained by them pursuant to the provisions of this Lease shall contain provisions or endorsements thereto waiving the insurer's rights of subrogation with respect to claims against the other, to the extent obtainable at no additional cost; provided, however, that if there is an additional cost, then the party benefiting from waiver of subrogation shall have the option of paying such cost.

16. WAIVER OF CLAIMS BY TENANT

Landlord and its agents, employees, and contractors shall not be liable for, and Tenant hereby releases all claims for damages to person or property sustained by Tenant or any person claiming by, through or under Tenant resulting
from, any fire, accident, occurrence, or condition in or upon the Premises or Landlord's property, including, but not limited to, claims for damage resulting from: (i) any defect in or failure of plumbing, heating, or air conditioning equipment, electrical wiring or installation thereof, water pipes, stairs, railings, or walks; (ii) any equipment or appurtenances becoming out of repair; (iii) the bursting, leaking, or running of any tank, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Premises; (iv) the backing-up of any sewer pipe or downspout, (v) the escape of steam or hot water; (vi) water being upon or coming through the roof or any other place upon or near the Premises; (vii) the falling of any fixture, plaster, or stucco; (viii) broken glass; (ix) any act, negligence, or omission of Tenant or other occupants of the Project; and (x) vandalism or theft. Notwithstanding the foregoing, Tenant shall not be deemed to have released any claims for damages to person or property sustained by reason of the negligence or intentional misconduct of Landlord or its agents, employees, or contractors.

17. FIXTURES

(a) Any and all improvements to the Premises that are funded with the Improvement Allowance, the Additional Improvement Allowance and/or the Design Allowance, regardless of whether such improvements constitute fixtures (including, without limitation, trade fixtures), shall remain a part of the Premises, and in no event may be removed by or on behalf of Tenant during the Lease Term or any extension thereof, or upon the expiration or earlier termination of this Lease or any extension thereof.

(b) Any trade fixtures installed in the Premises by Tenant, which trade fixtures are not funded with the Improvement Allowance, the Additional Improvement Allowance and/or the Design Allowance, shall remain the property of Tenant and shall be removable at the expiration or earlier termination of this Lease or any extension thereof, provided Tenant shall not at such time be in default; and, provided further, that in the event of such removal, Tenant shall, at the time of removal, repair the damage caused by such removal and promptly restore the Premises to its original improved order and condition, reasonable wear and tear and, subject to Tenant's obligations under this Lease, casualty and condemnation excepted. Any such trade fixture not removed at or prior to expiration or earlier termination of this Lease shall become the property of Landlord. Without limitation of the foregoing, light fixtures, cabinetry, and plumbing equipment, whether or not installed by Tenant or funded with the Improvement Allowance, the Additional Improvement Allowance and/or the Design Allowance, shall not be removable at the expiration or earlier termination of this Lease, or at the expiration of any extension thereof, and shall be the property of Landlord. If the removal of trade fixtures would leave any wall or floor indentations or other non-standard improvement finishes, then the obligation of Tenant to restore the Premises (as a condition of removal of any such trade fixtures) includes the obligation to eliminate any such indentations or other non-standard improvement finishes and paint or otherwise finish the applicable areas in the same manner as surrounding areas, such that, in the reasonable judgment of Landlord, Landlord shall not be required to incur any expense to make the Premises ready for a successor tenant as relates to the areas of the Premises from which trade fixtures have been removed.

18. ASSIGNING AND SUBLETTING

(a) Tenant covenants that it shall not, by operation of law or otherwise, assign this Lease, sublease all or any part of the Premises, or permit the Premises to be used by others without the prior written consent of Landlord, in each instance, which consent shall not be unreasonably withheld or delayed, provided the proposed assignee or sublessee has a then current net worth sufficient for it to meet its monetary obligations under this Lease or its sublease, as the case may be. Notwithstanding anything in this Section 18 of the Lease to the contrary, Tenant shall have the right, at any time or times without the consent of the Landlord, to assign the Lease or to sublease all or any
portion of the Premises to any wholly-owned subsidiary of Tenant or any affiliate of Tenant which is wholly-owned by a common parent corporation with Tenant. In the event of any assignment or sublease, Tenant shall nevertheless remain liable for the full and timely payment and performance of all of Tenant's obligations under the Lease. Any attempt by Tenant to assign, sublet, encumber or mortgage this Lease without Landlord's consent (under circumstance where such consent is required) shall be voidable at Landlord's election. The consent by Landlord to any assignment, subletting or use of the Premises by others shall not constitute a waiver of Landlord's right to withhold its consent to any other assignment, subletting or use by others of the Premises. Whether or not Landlord's consent shall be granted to any proposed assignment or subletting, Tenant shall reimburse Landlord for the reasonable expenses, including attorneys' fees and disbursements, incurred by Landlord in connection with Tenant's request for such consent. In addition, Tenant shall pay to Landlord, as Additional Rent, all reasonable direct and indirect expenses incurred by Landlord due to any such assignee or sublessee taking possession of the Premises, including freight elevator operation, security service, cleaning service, janitorial service and rubbish removal. The prohibitions set forth in this Section 18(a) and Tenant's agreement thereto are material inducements to Landlord to enter into this Lease with Tenant, and any breach or attempted breach thereof shall constitute an event of default under this Lease for which no notice or opportunity to cure need be given.

(b) No consent by Landlord to an assignment of this Lease shall be effective unless and until Tenant shall deliver to Landlord an agreement, in form and substance satisfactory to Landlord, pursuant to which such assignee assumes and agrees to be bound by all of the provisions of this Lease. In no event shall Tenant be released from its obligations hereunder as a result of any assignment of this Lease, and the Tenant named herein and any assignee of such Tenant who assumes the obligations of the named Tenant under this Lease, from and after such assignment, shall be jointly and severally liable for performance of all obligations of Tenant under this Lease.

(c) For the purposes of this Section 18, (i) the transfer or issuance of stock or other form of voting interest ultimately resulting in ownership of a majority of the issued and outstanding capital stock or other voting interest of any corporate tenant, or the transfer of a majority of the total interests in any partnership tenant or tenant which is a limited liability company, however accomplished, whether in a single transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, except that the transfer of the outstanding capital stock of any corporate tenant shall not be deemed to include the sale of such stock by persons or parties through the "over-the-counter market" or through any recognized stock exchange (ii) a takeover agreement or similar agreement whereby the obligations of Tenant under this Lease are assumed by another party shall be deemed a transfer of this Lease, (iii) any person or legal representative of Tenant, to whom Tenant's interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Section 18, and (vi) if Tenant consists of more than one person, a purported assignment, voluntary, involuntary, or by operation of law by any of the persons executing this Lease shall be deemed a voluntary assignment of this Lease by Tenant.

19. SUBORDINATION; ATTORNMENT

(a) This Lease is subject and subordinate to the Land Documents and any Mortgages, and to any renewals, modifications, increases, extensions, replacements, and substitutions of any of the foregoing provided that such subordination is expressly conditioned on each Mortgagee providing Tenant non-disturbance protection pursuant to which Tenant shall not be disturbed in its possession of the Premises for so long as Tenant is not in default of this Lease. Each Mortgagee shall provide such non-disturbance protection pursuant to a subordination, non-disturbance and attornment agreement in required form for such Mortgagee (an "SNDA"), and Tenant shall execute and deliver each such SNDA promptly upon request. In furtherance of the foregoing, Tenant shall not be required to subordinate to any Mortgagee who does not agree to provide such non-disturbance protection pursuant to an SNDA in required form for such Mortgagee. Tenant acknowledges that each such SNDA may be subject to
exceptions similar to those set forth in paragraphs (i) and (vi) of subsection 19(b) below. At the option of any Mortgagee, this Lease shall be made superior to such Mortgage.

(b) If any Mortgagee succeeds to the rights of Landlord under this Lease, whether through foreclosure, deed-in-lieu of foreclosure, delivery of a new lease or otherwise (a "Successor Landlord"), then at the request of the Successor Landlord and upon Successor Landlord's written agreement to accept Tenant's attornment, Tenant shall be deemed to have attorned to and recognized such Successor Landlord as Tenant's Landlord under this Lease. This provision shall be self-operative and no further instrument of attornment shall be required; provided, however, that Tenant shall execute, acknowledge and deliver such further instrument(s) conforming such attornment as may be reasonably requested by such Successor Landlord. Upon such attornment, this Lease shall continue in full force and effect as a direct lease between Successor Landlord and Tenant upon all of the terms set forth in this Lease after such attornment, except that the Successor Landlord shall not:

(i) be liable for any previous act or omission of Landlord under this Lease;

(ii) be subject to any offset;

(iii) be bound by any previous modification of this Lease, or by any previous prepayment of more than one month's Base Rent or Additional Rent, unless such modification or prepayment shall have been expressly approved in writing by such Successor Landlord;

(iv) be obligated to perform any alteration of the Premises;

(v) be obligated in respect of any security deposit it shall not have received (Landlord shall cooperate with any required transfer of the LOC to the Successor Landlord); or

(vi) be obligated to repair the Premises or the Project or any part thereof.

20. PERFORMANCE OF TENANT'S COVENANTS

Tenant shall perform all of the covenants and conditions on its part to be performed under this Lease, and upon receipt of written notice from Landlord (where notice of non-performance is required by this Lease) will immediately comply with the requirements of such notice. If Tenant shall violate any covenant or condition of this Lease, whether or not notice is required, Landlord may following the expiration of any applicable cure period, at its option, do or cause to be done any or all of the things required by this Lease. In so doing Landlord shall have the right to cause its agents, employees, and contractors to enter upon the Premises, and in such event shall have no liability to Tenant, its agents and employees, for any loss or damages resulting in any way from such action. Tenant hereby grants Landlord all necessary licenses required to carry out the terms of this Section. Tenant shall pay to Landlord, within ten (10) days of demand, any monies paid or expenses incurred by Landlord in taking such actions, including attorney's fees and costs in all proceedings, and such sums shall be collectible from Tenant as Additional Rent hereunder.

21. CUSTOM AND USAGE; NO WAIVER

Any law, usage, or custom to the contrary notwithstanding, Landlord shall have the right at all times to enforce the covenants and conditions of this Lease in strict accordance with the terms hereof, notwithstanding any conduct or custom on the part of Landlord in refraining from so doing at any time or times. The waiver by Landlord of any term, covenant or condition in this Lease shall not be deemed to be a waiver of any subsequent breach of the same or of any other term, covenant or condition herein. The subsequent acceptance of Base Rent, Additional Rent or any other monetary obligation of Tenant hereunder by
Landlord shall not be deemed to be a waiver of any preceding breach or default by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to make the particular payment so accepted, regardless of Landlord's knowledge of such preceding breach or default at the time of acceptance of such payment. No covenant, term or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver is in writing and executed by Landlord.

22. SURRENDER AND HOLDING OVER

(a) Tenant, upon expiration or termination of this Lease, either by lapse of time or otherwise, shall peaceably surrender the Premises to Landlord in broom-clean condition and in good repair as required in this Lease, reasonable wear and tear and, subject to Tenant's obligations under this Lease, casualty or condemnation excepted. In the event that Tenant shall fail to surrender the Premises upon demand, Landlord, in addition to all other remedies available to it hereunder or at law or in equity, shall have the right to receive, as liquidated damages for all the time Tenant shall so retain possession of the Premises or any part thereof, an amount equal to twice the Base Rent specified in this Lease as applied to such period, together with all other payments required hereunder as Additional Rent, provided that Tenant shall nonetheless be a tenant at sufferance. If Tenant shall provide Landlord a written request not less than six (6) months prior to the expiration of the Lease Term and Tenant is not in default of the Lease and no event has occurred which with notice, the lapse of time or both would result in such a default, Landlord has agreed to provide a ninety (90) day period following the date upon which the Lease would otherwise expire to surrender the Premises so that Tenant can vacate the Premises in an orderly fashion, and Tenant shall take reasonable actions to promptly and completely vacate the Premises during such ninety (90) day period. Tenant shall pay Landlord Base Rent during such ninety (90) day period at a rate equal to 150% of the Base Rent applicable during the final Lease year of the Lease Term together with all Additional Rent owing under this Lease. Under such circumstances and without limitation of Landlord's rights under Section 13 of this Lease, during the ninety (90) day period following demand for surrender, Landlord may with the prior consent of Tenant, such consent not to be unreasonably withheld, delayed or conditioned, enter the Premises for all purposes, including, without limitation, preparation of the Premises for a successor tenant, provided that Landlord shall undertake reasonable efforts not to unreasonably interfere with Tenant's business operations or damage the personal property of Tenant remaining in the Premises during such ninety (90) day period.

(b) If Tenant remains in possession of the Premises with Landlord's consent but without a new lease in writing and duly executed by Landlord, Tenant shall be deemed to be occupying the Premises as a Tenant from month to month, but otherwise subject to all the covenants and conditions of this Lease.

23. ADDITIONAL CONSTRUCTION

Landlord reserves the right at any time, and from time to time, to construct other, or add to other, buildings or improvements on surrounding property, and to permit others to do so from time to time. In the event of such additional construction, Landlord shall not unreasonably interfere with Tenant's occupancy.

24. CONDEMNATION

(a) If the whole of the Premises shall be taken or condemned by any competent authority for any public or quasi-public use or purpose, or if only a portion of the Premises shall be taken or condemned but Tenant is not able to carry on sufficient operations at the Premises in a manner that the purpose of Tenant's occupancy of the Premises as for its Permitted Use is not frustrated, this Lease shall cease and terminate as of the date on which title shall vest
thereby in that authority and the Rent reserved hereunder shall be apportioned and paid up to such date. sale by Landlord to any authority having the power of eminent domain or its designee, either under threat of condemnation or while condemnation proceeding are pending, shall be deemed a taking under the power of eminent domain for all purposes under this Article.

(b) If only a portion of the Premises shall be taken or condemned, this Lease and the term hereof shall not cease or terminate, but the Rent payable after the date on which Tenant shall be required to surrender possession of such portion shall be reduced in proportion to the decreased use suffered by Tenant, as determined by agreement of the parties or by arbitration.

(c) In the event of any taking or condemnation in whole or in part, the entire award of damages shall belong to Landlord, without any deduction therefrom for the value of the unexpired term of this Lease or for any other estate or interest in the Premises now or later vested in Tenant. Tenant assigns to Landlord all its right, title, and interest in any and all such awards. However, Tenant shall not be prohibited from pursuing its own action for damages against the condemning authority for its business damages and relocation expenses.

(d) In case of any governmental action not resulting in the taking or condemnation of any portion of the Premises but creating a right to compensation therefor, or if less than a fee title to all or any portion of the Premises shall be taken or condemned by any governmental authority for temporary use or occupancy, and provided such condemnation shall not have reduced significantly the previously available parking for Tenant, this Lease shall continue in full force and effect without reduction or abatement of Rent.

25. FORCE MAJEURE

With the exception of the obligation of Tenant to pay Rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event, this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

26. ESTOPPEL STATEMENT

Within ten (10) days after request therefor by Landlord or any Mortgagee, Tenant shall deliver in recordable form (and signed by Tenant, if an individual, or a duly authorized representative of Tenant if Tenant is not an individual) a statement to Landlord, any Mortgagee, or any proposed Mortgagee or transferee of the Project (as the case may be), certifying (if such be the case) that this Lease is in full force and effect, that Tenant is in possession of the Premises, that Tenant has commenced the payment of Rent, and that there are no defenses or offsets to this Lease claimed by Tenant, as well as any other information reasonably requested. If Tenant fails or refuses to give a certificate hereunder within the time period herein specified, then the information contained on such certificate as submitted by Landlord shall be deemed correct for all purposes, but Landlord shall have the right to treat such failure or refusal as a default by Tenant. Further, Landlord agrees that upon Tenant's reasonable request (but not more than twice annually), Landlord shall deliver a statement to Tenant that this Lease is in full force and effect.

27. EVENTS OF DEFAULT

The occurrence of any of the following shall, in addition to any other
events of default provided herein, constitute an event of default hereunder:

(a) Failure of Tenant to pay, when due (i.e., by the fifth day of the month) and without notice or offset, any Base Rent or monthly installment of Common Area Maintenance Costs provided for in this Lease; or failure of Tenant to pay any other Additional Rent or other charges of any nature required to be paid by Tenant under this Lease within ten (10) days after written notice from Landlord. Notwithstanding the foregoing, Landlord agrees that, not more than twice in any consecutive twelve (12) month period, Landlord or its agent shall give Tenant written notice of any overdue Rent and Tenant shall not be in default, and no interest or late fee shall be due

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with respect to such overdue Rent, provided that Tenant pays the overdue Rent within seven (7) days following the date of deemed delivery of the notice in accordance with Section 41 of this Lease.

(b) The filing of a petition by or against Tenant Lease for relief under the United States Bankruptcy Code ("Bankruptcy Code"), reorganization, or appointment of a receiver or trustee of Tenant or Tenant's property; or an assignment by Tenant for the benefit of creditors; or the taking of possession of the property of Tenant by any governmental officer or agency pursuant to statutory authority for the dissolution or liquidation of Tenant; or if a temporary or permanent receiver or trustee shall be appointed for Tenant or for Tenant's property and such temporary or permanent receiver or trustee shall not be discharged within thirty (30) days from the date of appointment; or any other execution, levy, attachment or other process of law upon Tenant's leasehold interest hereunder (or any part thereof); or if any judgment entered against Tenant has not been satisfied or bonded within thirty (30) days of the date of the judgment.

(c) Vacation or desertion of the Premises, or failure of Tenant to open and actively conduct its business for a period of one hundred eighty (180) consecutive calendar days.

(d) Tenant's failure to deliver the initial LOC (hereinafter defined) or otherwise post or maintain in effect an LOC as required by this Lease.

(e) The removal or attempted removal of Tenant's goods or property from the Premises, whether by Tenant or any third party pursuant to execution of a levy, enforcement of a security interest or otherwise, other than in the ordinary and usual course of business, without having first paid and satisfied Landlord for all Rent which may become due during the entire Lease Term (or extension term, as applicable).

(f) The transfer or attempted transfer of any legal or equitable interest, whether by operation of law or otherwise, of this Lease or Tenant's interest in this Lease, except strictly in accordance with the express terms of this Lease.

(g) Tenant's failure to perform or observe any other provision of this Lease (including, without limitation, Tenant's covenants not to change the Permitted Use without the prior written consent of Landlord), within thirty (30) days after written notice and demand, provided that, if such failure is of a character as not to permit immediate compliance in the reasonable opinion of Landlord, then Tenant's failure to proceed diligently and immediately upon receipt of notice to commence the cure of such failure, and thereafter to complete such cure with all reasonable diligence within a reasonable period thereafter.

28. LANDLORD'S REMEDIES UPON DEFAULT BY TENANT

(a) Upon the occurrence of any event of default as set forth in this Lease, Landlord, at its option, may at such times as it may determine, concurrently or successively, without being deemed to have waived any rights or to have made an election of remedies in any circumstance, do any or all of the following, in addition to any right or remedy provided by law or allowed in
equity:

(i) Landlord may serve upon Tenant notice that this Lease and the then unexpired Lease Term shall terminate and become absolutely void on a date specified in such notice, to be not less than ten (10) days after the date of such notice, and this Lease, as well as the right, title, and interest of Tenant hereunder shall, except as to the rights and remedies of Landlord upon termination as provided herein, terminate and become void in the same manner and with the same force and effect as if the date provided in such notice were the date originally specified for the expiration of the Lease Term. Tenant shall then immediately quit and surrender to Landlord the Premises and all rights of Tenant with respect to the Common Areas, and Landlord may then or at any time thereafter, as permitted by law after appropriate judicial proceedings, enter into and repossess the Premises, opening locked doors, if necessary, to effect such entrance, and may remove all occupants and any property thereon without being liable for any action or prosecution of any kind for such entry or the manner thereof or loss of or damage to any property upon the Premises.

(ii) Without terminating this Lease and without notice, Landlord may, as permitted by law after appropriate judicial proceedings, enter into and repossess the Premises for the account of Tenant, opening locked doors if necessary to effect such entrance, and may remove all occupants and any property thereon without being liable for any action or prosecution of any kind for such entry or the manner thereof or loss of or damage to any property upon the Premises. Landlord may, in addition to its other rights and remedies, store Tenant's property in a public warehouse or at a place selected by Landlord, at the expense of Tenant.

In the event of either (i) or (ii) above, Landlord may, but shall not be obligated to, obtain possession of the Premises by any judicial proceeding, which it may, in its sole discretion, institute for such purpose. Landlord's obtaining of possession of the Premises, shall not, of itself, terminate this Lease.

(iii) With or without terminating this Lease and with or without reentering and obtaining possession of the Premises, Landlord may lease the Premises to any other person upon such terms as Landlord may deem reasonable, in its sole discretion, and for a term within or beyond the term of this Lease. Landlord shall apply the rent received from reletting the Premises to reduce the obligations of Tenant under this Lease. Tenant shall remain liable for all Rent for the balance of the then current term, together with any expenses or costs incurred by Landlord in reentering the Premises, such as the payment of commissions, attorney's fees, the making of alterations or otherwise, and Landlord may recover such costs and expenses at any time, and from time to time, after any of the foregoing events, whether prior to the end of the term herein granted or otherwise. Landlord shall have no obligation to relet the Premises, or any part thereof, and shall in no event be liable for failure to relet the Premises, or any part thereof, or, in the event of any such reletting, for refusal or failure to collect any rent due upon such reletting, and no such refusal or failure shall operate to relieve Tenant of any liability under this Lease or otherwise affect any such liability.

(iv) Landlord is hereby granted a valid lien, for all Rent and other sums of money which may at any time be owing by Tenant to Landlord, upon all furniture, fixtures (excluding trace fixtures), equipment, inventory and other property of Tenant which may at any time be in or about the Premises. Said property shall not be removed from the Premises without the consent of Landlord until all arrears in Rent, as well as any and all other sums of money due hereunder, shall first have been paid, provided further that the lien herein granted may be enforced in accordance with the provisions of Article 9 of the Uniform Commercial Code as in effect in the State of Florida, or in any other manner provided by law. Tenant shall, at the request of Landlord, execute and deliver such additional documents as may be reasonably required to perfect this security interest. Landlord shall have all of the rights of a secured party
under the Uniform Commercial Code as in effect in Florida. Landlord agrees to subordinate its lien to the lien of financing obtained by Tenant from an institutional lender for property located in the Premises, provided that the subordination is in form reasonably acceptable to Landlord.

(b) Without limitation of or by the foregoing, Tenant waives any and all demands and notices of any kind which may be required by law to be given prior to any entry or reentry by Landlord, by means of judicial proceedings for that purpose or otherwise. In the event Landlord shall terminate this Lease prior to the date of expiration of the Lease Term as set forth herein, or in the event Landlord shall repossess the Premises, by judicial process or otherwise, with or without termination of this Lease, Tenant waives all right to recover or regain possession of the Premises to save forfeiture of possession or of this Lease, as the case may be, by payment of Rent due or by other performance of the covenants and conditions hereof, and without limitation of or by the foregoing, Tenant waives all right to reinstate or redeem this Lease notwithstanding any provisions of any statute, law, or decision hereafter in force and effect.

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(c) Tenant shall not interpose or assert any claim or counterclaim in any action or proceeding brought by Landlord under this Lease. Tenant acknowledges that any such claim or counterclaim would be inconvenient to Landlord and would prejudice the rights of Landlord under this Lease. If Tenant violates this subsection, Landlord and Tenant stipulate that any such claim or counterclaim shall be severed and tried separately from the action or proceeding brought by Landlord if permitted pursuant to applicable rules of civil procedure or other applicable law. This subsection 28(c) shall in no way impair the right of Tenant to commence a separate action against Landlord for any violation by Landlord of the provisions of this Lease or to which Tenant has not waived any claim pursuant to the provisions of this Lease, so long as notice is first given to Landlord and any Mortgagee, and a reasonable opportunity is granted to Landlord and/or the Mortgagee to correct such violation. In no event shall Landlord or any Mortgagee be responsible for any consequential damages incurred by Tenant, including lost profits or interruption of business, as a result of any default by Landlord.

(d) The various rights, remedies, powers, options and elections of Landlord reserved, expressed, or contained in this Lease are distinct, separate and cumulative, and no one of them shall be deemed to be exclusive of the other rights, remedies, powers or options provided herein, or as are now or may hereafter be conferred upon Landlord by statute or by law or equity.

(e) On the occurrence of any of the foregoing acts of default, the entire Rent for the balance of the then current term of this Lease, or any part thereof, shall, at the option of Landlord, immediately become due and payable as if by the terms of this Lease it were payable in advance, and Landlord may immediately proceed to collect or bring an action for such Rent, or such part thereof, as Rent being in arrears, or may file a proof of claim in any bankruptcy or insolvency proceedings for such Rent, or may institute any other proceedings to enforce payment thereof.

(f) No termination of this Lease, nor taking or recovering possession of the Premises with or without termination of this Lease, shall deprive Landlord of any remedies or actions against Tenant for Rent or any damages for the breach of any covenant or condition herein contained, nor shall the bringing of any such action for Rent or breach of any covenant or condition, nor the resort to any other remedy herein or otherwise provided for the recovery of Rent or damages for such breach, be construed as a waiver of the right to insist upon the forfeiture and to obtain possession in the manner herein provided.

(g) No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the earliest Rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to
Landlord's right to recover the balance of such Rent or pursue any other remedy provided in this Lease.

(h) No receipt of money by Landlord from Tenant after default or cancellation of this Lease shall: (i) reinstate, continue, or extend the term or affect any notice given to Tenant, (ii) operate as a waiver of the right of Landlord to enforce the payment of Rent then due or to become due, or (iii) operate as a waiver of the right of Landlord to recover possession of the Premises by suit, action, proceeding, or other remedy. After: (x) service of notice of termination and forfeiture as herein provided and the expiration of the time specified therein, (y) the commencement of any suit, action, proceeding, or other remedy, or (z) final order or judgment for possession of the Premises, Landlord may demand, receive and collect any monies due, without in any manner affecting such notice, order or judgment. Any and all such monies so collected shall be deemed to be payment on account of the use and occupation of the Premises or, at the election of Landlord, on account of the liability of Tenant hereunder.

(i) Any sums which may be expended by Landlord in accordance with the terms of this Lease that are paid on behalf of Tenant or due to Tenant's default hereunder shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum rate allowed by law, and Tenant shall be liable for such sums plus such interest as Additional Rent hereunder.

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29. LETTER OF CREDIT

Simultaneously with the execution and delivery of the Lease, Tenant shall deliver an irrevocable letter of credit in the form of Exhibit "F" hereto in the amount of $300,000 (the "LOC"). Tenant shall keep a renewal/replacement LOC in effect through the entire term of the Lease including the renewal option term. Landlord shall be authorized to draw under each LOC upon a default by Tenant under this Lease which remains uncured beyond the applicable cure period, including, without limitation, the failure of Tenant to post a replacement LOC at least thirty (30) days before each LOC expiration date during the Lease term as set forth in subsection 27(d) above. Landlord will draw under the LOC amounts due Landlord as a result of the applicable default, including, without limitation, amounts due under Section 28(e). Each replacement LOC shall be in the same amount as the initial LOC. The issuing bank must be approved by Landlord and the then Mortgagee, such approval not to be unreasonably withheld, delayed or conditioned. Each LOC must include the right of Landlord to assign the LOC to each Mortgagee as security and to Landlord's successors in interest to the Project. Each issuing bank shall have an office in Palm Beach County, Florida at which draws may be made by Landlord on the LOC.

30. 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 Project 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 in which the Project is located, and that each of the persons or entities acting on behalf of the 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, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of Tenant to enter into this Lease.

31. LIABILITY OF LANDLORD

(a) Tenant shall look solely to Landlord's interest in the Project and
Landlord's personal property used in connection with the Project for the satisfaction of any judgment or decree requiring the payment of money by Landlord, based upon any default hereunder, and no other property or asset of Landlord shall be subject to levy, execution, or other enforcement procedure for the satisfaction of such judgment or decree.

(b) Tenant shall be in exclusive control and possession of the Premises, and Landlord shall not be liable for any injury or damages to any property or to any person on or about the Premises, nor for any injury or damage to any property of Tenant, except for damages resulting from Landlord's negligence or intentional misconduct. The provisions herein permitting Landlord to enter and inspect the Premises are made to ensure that Tenant is in compliance with the terms and conditions hereof and to make repairs that Tenant has failed to make. Landlord shall not be liable to Tenant for any entry on the Premises for purposes permitted under this Lease, except with respect to the negligence or intentional misconduct of Landlord or its agents.

32. LEGAL EXPENSES

If any legal action or other proceeding is brought for the enforcement of this Lease, or because of an alleged dispute, breach, default or misrepresentation in connection with any provisions of this Lease, the successful or prevailing party or parties shall be entitled to recover reasonable fees of attorneys, paralegals, and legal assistants, court costs and all expenses even if not taxable as court costs (including, without limitation, all such fees, costs and expenses incident to appeals), together with any sales tax thereon, incurred in that action or proceeding, in addition to any other relief to which such party or parties may be entitled.

33. LAND DOCUMENTS; RULES AND REGULATIONS

The parties shall be bound by all existing and future Land Documents and the Rules and Regulations, in the form of Exhibit "D" hereto, governing the Premises and the Project or any part thereof as same may be amended. The Rules and Regulations shall be subordinate to the terms and provisions of this Lease.

34. TIME OF THE ESSENCE

Time is of the essence in all provisions of this Lease.

35. QUIET ENJOYMENT

Upon payment by Tenant of the Rents and other charges herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy 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 Landlord, subject, nevertheless, to the terms and conditions of this Lease and all existing or future Mortgages encumbering the Project.

36. SIGNS

Without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion, no sign or other promotional or informational materials of any nature shall be placed on the exterior of the Premises, in any window visible from the exterior of the Project. Signage shall be permitted only as provided in Exhibit "E".

37. SCOPE AND INTERPRETATION OF AGREEMENT; CONFIDENTIALITY

This Lease and all Exhibits set forth all of the covenants, promises, agreements, conditions, and understandings between Landlord and Tenant
concerning the Premises, and there are no covenants, promises, conditions, or
understandings, either oral or written, other than as set forth herein. No
subsequent alteration, change or addition to this Lease shall be binding upon
Landlord or Tenant unless reduced to writing and signed by both parties. The
laws of the State of Florida shall govern the validity, interpretation,
performance, and enforcement of this Lease. This Lease shall not be more
strictly enforced against either party regardless of who was more responsible
for its preparation. A memorandum of this Lease in form and content mutually
acceptable to Landlord and Tenant (such acceptance not to be unreasonably
withheld, delayed or conditioned) may be recorded in the public records of Palm
Beach County, and upon termination or expiration of this Lease, Tenant shall
immediately record a termination of the memorandum of lease in the public
records of Palm Beach County. Except as set forth in the preceding sentence,
extcept at Landlord's option, no part of this Lease or any memorandum thereof may
be recorded in the public records of any municipality or county. Tenant will
maintain the confidentiality of this Lease and, except as required by applicable
law, will not divulge the economic or other terms of this Lease, whether
verbally or in writing, to any person, other than Tenant's officers, directors,
partners or shareholders; Tenant's attorneys, accountants and other professional
consultants; any governmental agencies; and pursuant to subpoena or other legal
process.

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38. INVALID PROVISIONS

If any provision of this Lease shall be determined to be void by any court
of competent jurisdiction or by any law enacted subsequent to the date hereof,
then such determination shall not affect any other provisions hereof, all of
which other provisions shall remain in full force and effect.

39. CAPTIONS

Any headings preceding the text of the provisions and subparagraphs hereof
are inserted solely for convenience of reference and shall not constitute a part
of this Lease, nor shall they affect its meaning, construction or effect.

40. SUCCESSORS AND Assigns

All rights, obligations, and liabilities given to, or imposed upon, the
parties hereto shall extend to and bind the respective heirs, executors,
administrators, successors, sublessees, licensees, concessionaires and assigns
of such parties, subject to the terms of Section 18 hereof. No rights, however,
shall inure to the benefit of any assignee or sublessee of Tenant unless the
assignment or sublease has been approved by Landlord in writing as required
under this Lease. Nothing contained in this Lease shall in any manner restrict
Landlord's right to assign or encumber this Lease. The original Landlord named
herein, and each successive owner of the Project, shall be liable only for
obligations accruing during the period of its ownership.

41. Notices

All notices, requests, consents and other communications required or
permitted under this Lease shall be in writing (including telex, facsimile and
telegraphic communication) and shall be (as elected by the person giving such
notice) hand delivered by messenger or overnight courier service, faxed or
telecommunicated (with original to follow by overnight commercial courier for
delivery on the next business day), or mailed by registered or certified mail
(postage prepaid), return receipt requested, addressed to Landlord's Address and
Tenant's Address, as appropriate, or to such other address as any party may
designate by notice complying with the terms hereof. Each such notice shall be
deemed delivered (a) on the date delivered if by personal or overnight delivery,
(b) on the date telecommunicated if by telegraph or facsimile (with original to
follow as provided above), (c) on the date of transmission if by telex, and (d)
on the date upon which the return receipt is signed or delivery is refused or
the notice is designated by the postal authorities as not deliverable, as the
case may be, if mailed.
42. USE OF PREMISES

Tenant shall use and occupy the Premises only for the Permitted Use and for no other purpose, without the prior written consent of Landlord.

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43. GENERAL PROVISIONS GOVERNING TENANT'S IMPROVEMENTS

(a) This section shall apply to all alterations, improvements, or additions (collectively, "improvements") made to the Premises during the Lease Term, as permitted in this Lease, other than the improvements to be made with the Improvement Allowance and the Additional Improvement Allowance pursuant to Section 4 above.

(b) Before entering the Premises for the purpose of performing improvements, Tenant shall deposit with Landlord certificates of workmen's compensation insurance and liability insurance of Tenant's general contractor, or, if none, from each of Tenant's independent contractors. Liability insurance shall be in an amount not less than $1,000,000 per occurrence, or such greater amount as Landlord may reasonably require from time to time, and shall name Landlord and each Mortgagee as additional insureds. The liability insurance shall be on a comprehensive form, and shall cover all hazards related to any work performed by any such contractor on the Premises. At Landlord's option, in connection with any improvements reasonably expected to cost in excess of $25,000, Tenant shall provide, at Tenant's sole expense, a payment and performance or completion bond in an amount equal to the estimated cost of any improvements to the Premises to be made by Tenant and otherwise in form and substance satisfactory to Landlord.

(c) Any damage to the Premises or the Project caused by Tenant or any of its employees, contractors, or workmen shall be repaired promptly by and at the expense of Tenant. Tenant shall be responsible for the disposal of waste generated with respect to its work.

(d) All improvements within the Premises shall be completed with new materials, unless otherwise approved in writing by Landlord. Materials used and workmanship performed shall be of a uniformly high quality in accordance with the best standards of practice, and shall be subject to the approval of Landlord.

(e) The opinion of Landlord's architect shall be final and binding upon Landlord and Tenant respecting all matters of dispute regarding any improvements, including the state of completion and whether or not the work is completed in a good and workmanlike manner.

(f) Upon completion of the improvements, Tenant shall cause to be furnished to Landlord a final contractor's affidavit, stating that there are no liens outstanding against the Premises or the Project on account of the improvements, and that all accounts for work, service and materials have been paid in full.

44. WAIVER OF JURY TRIAL

LANDLORD AND TENANT HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE OR THE OBLIGATIONS EVIDENCED HEREBY, OR ANY OTHER DOCUMENT OR INSTRUMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH OF LANDLORD AND TENANT IN ENTERING INTO THIS LEASE.
45. **INSOLVENCY OR BANKRUPTCY**

Upon the filing of a petition by or against Tenant under the Bankruptcy Code, Tenant, as debtor and as debtor in possession, and any trustee who may be appointed, agree as follows:

(a) to perform each and every obligation of Tenant under this Lease until such time as Tenant's interest in this Lease is either rejected or assumed by order of the U.S. Bankruptcy Court;

(b) to pay monthly in advance, on the first day of each month, as reasonable compensation for use and occupancy of the Premises, an amount equal to all Rent and other charges due pursuant to this Lease;

(c) to reject or assume this Lease within 60 days after the filing of such petition under Chapter 7 of the Bankruptcy Code or within 120 days (or such shorter term as Tenant, in its sole discretion, may deem reasonable so long as notice of such period is given) of the filing of a petition under any other Chapter;

(d) to give Landlord at least 45 days prior written notice of any proceeding relating to any assumption of this Lease;

(e) to give at least 30 days' prior written notice of any abandonment of the Premises; any such abandonment to be deemed a rejection of this Lease;

(f) to do all other things of benefit to Landlord otherwise required under the Bankruptcy Code;

(g) to be deemed to have rejected this Lease in the event of the failure to comply with any of the above; and

(h) to have consented to the entry of an order by an appropriate U.S. Bankruptcy Court providing all of the above, and waiving notice and hearing prior to the entry of such order. No default of this Lease by Tenant, either prior to or subsequent to the filing of such petition, shall be deemed to have been waived unless expressly done so in writing by Landlord, and included within and in addition to any other conditions or obligations imposed upon Tenant or its successor in the event of assumption and/or assignment of this Lease are the following:

(i) the cure of any monetary defaults and the reimbursement of pecuniary loss within not more than 30 days of assumption and/or assignment of the Lease; and

(ii) the use of the Premises strictly in accordance with the requirements of this Lease.

46. **NO REPRESENTATIONS; NO OFFER**

(a) Tenant acknowledges and agrees that it has not relied upon any statements, representations, agreements or warranties except those expressed in this Lease, and that this Lease contains the entire agreement of the parties hereto with respect for the subject matter hereof.

(b) The submission of this document for examination and review does not constitute an option, an offer to lease space, or an agreement to lease space. This document shall have no binding effect on the parties unless and until executed and delivered by both Landlord and Tenant, and will be effective only upon Landlord's execution and delivery of the same.

47. **BROKERS**
Tenant represents and warrants that it has not dealt with any brokers, finders or like agents in connection with the negotiation, execution or delivery of this Lease, with the exception of Ben DeVries. Landlord shall be solely responsible for the payment of the commission due to Ben DeVries with respect to this Lease. Tenant agrees to, indemnify, defend and hold Landlord harmless from and against obligations, losses, claims, liabilities, damages, costs and expenses including all attorneys' fees and disbursements) incurred by reason of any claim or of liability to any other broker, finder, like agent or other person claiming by, through or under Tenant or claiming to have rendered services for Tenant for commissions or other compensation or charges with respect to the negotiation, execution and delivery of this Lease, and such obligations shall survive the expiration or sooner termination of this Lease.

48. EXHIBITS

The following exhibits are a part of this Lease and are incorporated herein by reference:

Exhibit "A" - Legal Description
Exhibit "B" - Acceptance Letter
Exhibit "C" - Tenant’s Allowances and Landlord’s Work
Exhibit "D" - Rules and Regulations
Exhibit "E" - Signage Requirements

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

TENANT:

INTELLIGENT LIFE CORPORATION, a Florida corporation

By: ________________________________
Name: ______________________________
Title: ______________________________

LANDLORD:

WK3 INVESTORS, LTD., a Florida limited partnership

By: WK3 EQUITY INVESTORS, LTD., a Florida limited partnership, its general partner

By: WK3 EQUITY CORPORATION, a Florida corporation, its general partner

By: ________________________________
Name: ______________________________
Title: ______________________________

EXHIBIT "A"

LEGAL DESCRIPTION

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EXHIBIT "B"

TENANT ACCEPTANCE LETTER
Intelligent Life Corporation

____________________
____________________

Attn: ______________________

Re: Lease Agreement ("Lease") dated September 27, 1999, between WK3-----
-----
Investors, Ltd. ("Landlord") and Intelligent Life Corporation
-----
("Tenant")
-----

Please confirm the following information by filling in any spaces below, as applicable, and counter-signing this letter as provided below:

1. The Commencement Date (as defined in the Lease) occurred on ________.

2. All alterations and improvements required to be performed by Landlord pursuant to the provisions of the Lease to prepare the entire Premises for Tenant's initial occupancy have been satisfactorily completed.

3. As of the date hereof, Landlord and Tenant have each fulfilled all of their respective obligations under the Lease.

4. The Lease is in full force and effect and has not been modified, altered, or amended, except as follows [if none, state "None"]:

5. There are no offsets or credits against Base Rent or Additional Rent (as defined in the Lease).

Very truly yours,

WK3 Equity Corporation, General Partner of the General Partner of the Landlord

By: ______________________________
Name: ____________________________
Title: ___________________________

Agreed to and accepted as of ______________, 19___

Intelligent Life Corporation, a Florida corporation

By: ______________________________
Name: ____________________________
Title: ___________________________

EXHIBIT "C"

TENANT'S ALLOWANCES AND LANDLORD'S WORK

Landlord shall provide Tenant (a) an allowance of TWENTY FIVE DOLLARS ($25.00) per rentable square foot for initial improvement work in preparing the Premises for Tenant's use (the "Improvement Allowance"); (b) an additional allowance of $100,000.00 for an emergency generator and data center (the "Additional Improvement Allowance"); and (c) an additional allowance of $120,000.00 for interior space plan and design (the "Design Allowance"). All such allowances shall be disbursed by, and in accordance with the draw requirements of, Landlord's construction lender. The Improvement Allowance and
the Additional Improvement Allowance shall be available solely for the hard
costs of leasehold improvements (the "Improvement Work"), and no portion thereof
shall be used for furniture, personal property, working capital or other such
purposes.

Tenant shall be responsible for developing all plans and specifications for
the Improvement Work, but all such work shall be done by Landlord's general
contractor. Landlord will instruct its general contractor to obtain three bids
from subcontractors for each major component of the Improvement Work expected to
have a cost to compete in excess of $10,000. If the cost of the Improvement Work
will exceed the Improvement Allowance and the Additional Improvement Allowance,
Tenant will be solely responsible for such excess cost, and the full amount of
the excess cost must be deposited with Landlord (or its construction lender, if
so required) within ten (10) days after Tenant's approval of the cost of the
Improvement Work. The failure to deposit the excess cost in full at such time
shall constitute a default under the Lease.

Tenant acknowledges and agrees that no changes to the approved plans and
specifications for the Improvements will be made following the approval thereof
except pursuant to a written change order executed by Landlord and Tenant and
providing for Tenant's agreement to bear all of the costs associated with such
change order, as well as Tenant's agreement to pay Rent during any period that
the Commencement Date is delayed as a result of such change order. In no event
will Tenant communicate any changes or other directives to the general
contractor unless Tenant obtains Landlord's prior written approval.

Landlord's Work shall be as detailed on Exhibit "C-1" attached hereto.

EXHIBIT "C-1"

Sitework:
A. Clearing of site as required.
B. Clean fill spread and compacted to subgrade for one (1)
building pad, parking lot and landscape areas.
C. Storm water and retention systems as required.
D. Water and sewer services to building.
E. Fire hydrants as required to meet fire marshal
requirements.
F. Conduit for tenant phone and power service from property
line to building.
G. Paving layout in accordance with site plan.
1. Parking spaces for three hundred twenty (320) vehicles.
2. Six (6"") inch compacted limerock base auto parking and
secondary driveways.
3. One and one-half (1 1/2" inch type II asphaltic
concrete.)
4. Stripes, bumpers, handicapped signage as required.
H. Concrete walks at building entries and extruded curbs at
parking lot end islands.
I. Six foot high dumpster enclosure with gates.
J. Code required landscape and irrigation of site.
K. Soil Compaction: Dynamic Compaction

Structure - Foundation:
A. Concrete - Footings
1. Footings excavated, compacted formed as required with
grade 60 steel rebar, poured using 3,000 P.S.I. concrete.
Continuous at walls.
2. Spread footings at columns excavated, compacted formed
placing of grade 60 rebar, poured using 3,000 P.S.I.
concrete.
B. Concrete - Slab on Grade
1. Building corners to be laid out by a Professional Land
Surveyor.
2. Soil bearing capacity to 2,500 psf.
3. Slab on grade to be formed as required compacted to 95%
density.
4. Termite soil treatment with one (1) year warranty
5. Rough-in plumbing and electrical as required.
7. Lay 6 x 6 - 10/10 welded wire mesh.
8. Pour 3,000 P.S.I. concrete 5" thick.
9. Cure slab using Silco Seal 77 or equal
A stem wall survey will be made to assure building meets all
required set backs per code.

Building - Structure & Tilt Up Wall Panels:
A. Structural engineering of panels and engineering for lifting.
B. Form panels on existing slab, set structural embeds, lifting accessories, rustications, door frames and place reinforcing.
C. Pour panels using 3,000 P.S.I. concrete minimum 7 1/2" thick reinforced.
D. Level pads, erect panels, plumb and align walls.
E. Brace panels for 28 days. Grout at footings.
F. Prepare and patch ext. ready for texcote.
G. Egress doors for emergency exit per code.
H. Exterior finish textured oil base paint (texcote).
I. Special inspector, as required, throughout all structural operations of the project.
J. Floor loads are as follows:
   1. Dead loads: 62 lbs. per square foot.
   2. Live loads: 60 lbs. per square foot.
   3. Partition load 20 lbs. per square foot.
K. Roof loads:
   1. Dead load 20 lbs. per square foot.
   2. Live load 30 lbs. per square foot.

Structural Steel:
A. Steel bar joists and girders.
B. Steel columns on grid system.
C. All steel fabricated, erected and shop primed, gray.
D. Galvanized corrugated roof deck.
E. Miscellaneous angles and air conditioning support frames as required.
F. Structural bay spacing 30' x 30' typical or most economical.

Roofing:
A. Insulation with R value of R-19 throughout.
B. 4-ply built up roofing system, making a continuous, waterproof membrane per manufacturer's specifications.
C. Interior roof drains as per mechanical engineer's design.
D. Provide ship's ladder to roof inside one stair tower.
E. Manufacturer 15 year bond included.

Glass & Glazing:
A. Exterior glass to cover approximately 15% of exterior wall area.
B. Glass to be tinted.
C. Two pairs of entrance doors 3'0" x 8'0" glass doors with standard stile. Glass transom above doors to be 2'0" high.
D. Typical windows at office perimeter walls to be 5'0" x 5'0" at 10'0" on center.
E. All exterior glass to be impact resistant system for compliance with hurricane code.

Fire Sprinklers:
Building to be fully fire sprinkled according to NFPA standards. NFPA 101 ordinary hazard fire sprinklers. Special system for computer room.

Common Areas:
A. Building shell includes 2 code required exit stairwells and 1 lobby stairway, men's and women's restrooms to code, one (1) elevator, elevator machine room, electrical and phone rooms and ventilation chases as required.
B. Other common areas (lobby and hallways) may be provided based upon final tenant requirements.
C. Common areas include all items necessary to completely finish them to Class A standards.

Plumbing:
A. Briggs fixtures or equal.
B. Public restrooms provided each floor with fixture quantity based on minimum code requirements for 300 employees and 20 visitors. Includes all local handicap and ADA requirements.
C. Provide hose bibs and water coolers per code.
D. Provide five (5) wet stacks for hookup of tenant's plumbing at various locations in building.

Electric:
A. Electrical main 3000 amp switch. Service to be 277/480 volt.
B. One (1) distribution panel for HVAC 480 volt.
C. One (1) distribution panel for lighting and ventilation 277/480 volt at each floor.
D. One (1) distribution panel on each floor for general power using step down transformers 120/208 volt at each floor.
E. All exit signs, battery emergency lights, fire alarm control wiring and panel for common areas.
F. Site lighting to consist of shoebox fixtures on precast concrete poles, 25' high in sufficient arrangement to provide 1.5 foot candles over the site.
G. Gutter provided for hookup of and metering of tenant's power.
H. Conduit provided for main phone feed to central phone room from property boundary.
I. Electrical capacity 18 to 20 watts per square foot.
J. All fluorescent electrical lighting shall be electronically ballasted high efficiency.

Elevators:
A. Provide one (1) Dover Seville 35 elevator or equal.
B. Capacity to be 3,500 lbs. Each.
C. Cab to be 10' clear height.

EXHIBIT "D"
RULES AND REGULATIONS

Tenant covenants and agrees with Landlord to obey the following Rules and Regulations:

(a) All deliveries of shipments of any kind to and from the Premises, including loading and unloading of goods, shall be made only at such locations and times reasonably designated by Landlord, and only designated for such purpose by Landlord, and all deliveries shall be unloaded in accordance with any jurisdictional rights of any interested labor unions as determined by Landlord. Any damage to the Project caused by Tenant's movers or personnel shall be reimbursed to Landlord within ten (10) days of receipt of and invoice therefor.

(b) All garbage and refuse shall be kept in the kind of container specified by Landlord, and shall be placed outside of the Premises prepared for collection in the manner and at the times and places specified by Landlord. Landlord shall provide or designate a service for picking up refuse and garbage, and the cost thereof shall be included as a Common Area Maintenance Cost.

(c) No antenna, dish or other communication device shall be erected on the
roof, exterior walls, or grounds of the Project without, in each instance, the written consent of Landlord, which consent will not be unreasonably withheld, delayed or conditioned. Landlord acknowledges that Tenant intends to place communication devices on the roof of the Project. Any antenna, dish or other communication device so installed without such written consent shall be subject to removal at the expense of Tenant.

(d) The plumbing facilities shall not be used for any purpose other than that for which they are constructed, no foreign substance of any kind shall be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this rule shall be borne by Tenant.

(g) Tenant shall pay for and maintain a termite and pest extermination service for the Premises.

(h) Tenant shall not burn any trash or garbage of any kind in or about the Premises.

(i) Tenant agrees that Landlord may amend, modify, delete, or add new and additional reasonable rules and regulations for the use and care of the Premises and the Project. Tenant agrees to comply with all such reasonable rules and regulations upon notice to Tenant from Landlord, or upon the posting of the same in such place within the Project as Landlord may designate.

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EXHIBIT "E"

SIGNAGE REQUIREMENTS

Tenant shall be provided with directory and lobby signage. Exterior signage shall be subject to approval by Landlord (and all governmental authorities, as applicable). Subject to the receipt of all required governmental approvals, such exterior signage may be back-lit. The cost of such signage shall be paid from the Improvement Allowance.

Promptly following execution of the Lease, Tenant shall provide Tenant's signage information to Landlord.

Any changes in signage from time to time as requested by Tenant shall be coordinated by Landlord and the costs thereof shall be charged to Tenant as Additional Rent.

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EXHIBIT F

(BANK LETTERHEAD)

RE: Irrevocable Letter of Credit No.______________________

Gentlemen:

By order of our client, [Insert Name And Address Of Tenant], we hereby open our irrevocable letter of credit No. _________________ in favor for an amount not to exceed in the aggregate $300,000.00. Effective immediately and expiring at our [Insert Bank Street Address] office, ________, _______, with our close of business on [Insert Date One Year From Date Of Issuance].

We hereby agree with you that drafts drawn under and in compliance with the terms and condition of this Credit shall be duly honored if presented together with: (a) the original of this Credit, and (b) an affidavit executed by an authorized representative of the Beneficiary stating that a default by the tenant has occurred under that certain lease agreement dated as of __________ ,
1999 between Intelligent Life Corporation and ____________, and such default remains uncured beyond the applicable grace period, entitling the Beneficiary to the proceeds of this Credit.

We will honor your draft, prior to 2:00 p.m. ([insert city], Florida time), on the same Business Day the draft is presented, if the draft is presented at or before 11:00 a.m. ([insert city], Florida time) on any Business Day, or not later than 10:00 a.m. ([insert city], Florida time) on the next following Business Day, if the draft is presented after 11:00 a.m. ([insert city], Florida time) on any Business Day. For the purposes hereof, a "Business Day" shall mean a day on which banks located in the State of Florida are not required or authorized to remain closed.

This letter of credit shall be automatically reserved from year to year until the earlier of [Insert The Expiration Date Of This Lease] or terminated by the undersigned by notice to you given not less than ninety (90) --- days prior to the then expiration date therefor.

This letter of credit is transferable.

Except as far as otherwise expressly stated herein, this letter of credit is subject to the uniform customs and practice for documentary credits (1983 revision) International Chamber of Commerce Publications No. 400.

[Name Of Bank]

Authorized Signature

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THIS PURCHASE AND SALE AGREEMENT ("Agreement") is made as of September 27, 1999 by and between INTELLIGENT LIFE CORPORATION, a Florida corporation ("Buyer"), having an address at 11811 U.S. Highway One, Suite 101, North Palm Beach, Florida 33408, and WORKPLACE HOLDINGS, LTD., a Florida limited partnership ("Seller"), having an address at 222 Lakeview Avenue, 17th Floor, West Palm Beach, FL 33401.

W I T N E S S E T H:

A. Abacoa Development Company, a Delaware corporation ("Abacoa") is the developer of a planned community known as Abacoa (the "Abacoa Project") located on certain real property (which includes the real property referred to in this Agreement) in the Town of Jupiter, Florida ("Town");

B. Seller intends to purchase from Abacoa certain real property comprising the "Workplace District" of the Abacoa Project;

C. Buyer and WK3 Investors, Ltd., a Florida limited partnership ("WK3 Investors") that is an affiliate of Seller, have entered into a certain Lease Agreement of even date herewith (the "Initial Project Lease"), pursuant to which WK3 Investors will construct an office building, to be occupied by Buyer, on certain land within the Workplace District (the "Initial Project") which is also a portion of the "Workplace District" property to be purchased by Seller from Abacoa;

D. Buyer has agreed to purchase from Seller, on the terms and conditions of this Agreement, a portion of the "Workplace District" adjacent to the land on which the Initial Project will be located in order to provide for the construction of a second building as expansion space for Buyer when needed.

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

1. AGREEMENT TO SELL AND PURCHASE. Conditioned on Seller acquiring title to the "Property", Seller agrees to convey to Buyer, and Buyer agrees to purchase from Seller, for the price and upon and subject to the terms and conditions set forth herein, a parcel of real property located in Palm Beach County, Florida, containing approximately two and 15/100 (2.15) acres and shown on the sketch attached hereto as Exhibit 1(a) (the "Property"). The Property is a portion of Tract WK3 of Abacoa Plat No. 1, according to the plat thereof, as recorded in Plat Book 78, Pages 145 through 163 inclusive, Public Records of Palm Beach County, Florida. Seller shall deliver to Buyer the legal description for the Property within thirty (30) days after the date of this Agreement. Seller's obligations hereunder are expressly contingent upon Seller acquiring title to the Property. In the event Seller does not acquire title to the Property by December 31, 1999, this Agreement shall terminate, in which event the Deposit, together with all interest thereon, shall be refunded to Buyer, whereupon all obligations of the parties hereto shall cease and this Agreement shall be null and void and without recourse to the parties hereto except with respect to provisions hereof which specifically survive such termination.
2. PURCHASE PRICE; DEPOSIT; ADJUSTMENTS; ESCROW.

(a) Purchase Price: The purchase price for the Property ("Purchase Price") shall be Six and 50/100 Dollars ($6.50) per square foot of the Property, which is equal to Six Hundred Eight Thousand Seven Hundred Fifty One and No/100 Dollars ($608,751.00) based on the estimate of two and 15/100 (2.15) acres. The actual Purchase Price shall be determined when the legal description of the Property has been finalized. The Purchase Price shall be payable as follows:

(i) A deposit (the "Deposit") in the amount of Sixty Thousand and No/100 Dollars ($60,000.00) shall be paid to Escrow Agent (as defined below) by Buyer, when the last party executes and delivers this Agreement, by wire transfer of immediately available federal funds and is to be delivered to Seller by Escrow Agent at the "Closing" (as hereinafter defined); and

(ii) The balance of the Purchase Price, equal to Five Hundred Forty Eight Thousand Seven Hundred Fifty One and No/100 Dollars ($548,751.00), shall be paid by Buyer to Seller, subject to adjustments for the Property square footage and as otherwise provided for in this Agreement, by wire transfer of immediately available federal funds at Closing upon the delivery and acceptance of the Deed.

(b) Deposit.

(i) The Deposit shall be held in an interest-bearing escrow account as provided in Section 2(d) below, subject to the terms of this Agreement, and shall be duly accounted for at Closing (as defined below). All interest on the Deposit is to be accounted for and accrue to the account of Buyer if the Closing occurs; or paid to Buyer if the Deposit (or any portion thereof) is returned to Buyer under the terms of this Agreement; or if Seller shall retain the Deposit under the provisions of Section 9(b) of this Agreement, then the entire amount of the interest shall be paid to Seller.

(ii) The Deposit shall be refundable to Buyer only if Seller does not acquire title to the Property and record the Plat or if Seller shall fail to fulfill its agreement herein to convey the Property on the Closing Date and Buyer does not obtain specific performance as provided in Section 9(a) below.

(c) Adjustments; Prorations; Credits. The Purchase Price shall be adjusted to reflect the following:

(i) Water and sewer use charges, charges for utilities, property owners' association assessments, and real property taxes and assessments with respect to the Property for the year in which the Closing occurs (with full discount) shall be apportioned as of the Closing Date, and the net amount shall be added to or deducted from the Purchase Price, as the case may be. Buyer shall have no liability for real property taxes or assessments with respect to the Property for years prior to the year in which the Closing occurs, and Seller shall have no liability for real property taxes or assessments with respect to the Property for the year in which the Closing occurs (other than the prorations provided herein) or years following the year in which the Closing occurs. If the Property is a portion of a larger tax or assessment parcel, then the amount of real estate taxes and assessments to be prorated hereunder shall be limited to the Proportionate Share (as calculated below) of the taxes and assessments which are attributable to the Property. The "Proportionate Share" shall be calculated by multiplying the total amount of real estate taxes and assessments by a fraction, the numerator of which shall be the total acreage (or fraction thereof) comprising the Property, and the denominator of which shall be the total acreage of the larger tax or assessment parcel.

(ii) If, on the Closing Date, the current real property tax or assessment bill with respect to the Property is not available, the amount of real property
taxes and assessments shall be apportioned based on the current year's millage and the current year's assessment. If the current year's millage is not fixed and the current year's assessment is available, taxes and assessments will be apportioned based on such assessment and the prior year's millage. If the current year's assessment is not available, then real property taxes and assessments will be apportioned on the prior year's taxes and assessments. Any apportionment of taxes or assessments based upon any figures other than a final tax and assessment bill shall, at the request of either Buyer or Seller, be subsequently reapportioned based upon receipt of the final tax and assessment bill for the current year.

(iii) Each party shall pay its own attorneys' fees and costs incurred in connection with the negotiation of this Agreement and consummation of the transactions contemplated by this Agreement, except as otherwise expressly provided herein. Seller shall pay the cost of all deed or other transfer taxes (including all documentary stamp taxes), with respect to the transactions contemplated by this Agreement, all recording costs (including recording costs associated with releases and other documents required to clear title or to comply with Seller's obligations hereunder), and an ALTA owner's title insurance policy insuring Buyer's title to the Property. Buyer shall pay the cost of a current survey of the Property meeting ALTA requirements or the technical standards set forth in Florida Administrative Code Rule 61G17-6.002 ("Survey"), if Buyer elects to obtain a Survey. Any items of cost or expense not specifically allocated above shall be paid by the party to the transaction that customarily bears such cost or expense within Palm Beach County, Florida.

(iv) If at any time following the making of any of the adjustments to the Purchase Price, the amount thereof shall prove to be incorrect, or it should be discovered that some adjustment which should have been made was inadvertently omitted altogether, the party in whose favor the error was made shall pay the sum necessary to correct such error to the other party within fifteen (15) days following receipt of notice of such error from such other party and resolution of any dispute with respect thereto.

(d) Escrow Account.

(i) The Deposit shall be held by Gunster, Yoakley, Valdes-Fauldi & Stewart, P.A., as escrow agent ("Escrow Agent"), in a separate interest-bearing account. Such account shall be maintained until the Deposit and the interest thereon have been delivered to Buyer, Seller or a court of competent jurisdiction in accordance with the provisions of this Agreement and shall terminate on the date of such delivery.

(ii) Escrow Agent shall account for the Deposit in accordance with the terms of this Agreement or in such other manner as may be directed in a joint written notice from Seller and Buyer directing some other disbursement of the Deposit. If Escrow Agent receives written notice from either Buyer or Seller that the other party has defaulted in the performance of its obligations under this Agreement or that any condition to the performance of obligations under this Agreement has not been fulfilled within the time period stipulated, which notice shall describe in reasonable detail such default or non-performance, then Escrow Agent shall (A) unless the notice evidences that a copy has been given to the party alleged to have defaulted or to have failed to fulfill its obligation, within two (2) business days give notice to such party of Escrow Agent's receipt of such notice from the other party and shall enclose a copy of such notice from the other party, and (B) subject to the provisions of Section 2(d)(iii) below which shall apply if a conflict arises, on the tenth (10th) calendar day after the giving of the notice referred to in clause (A) above, deliver the Deposit (or the appropriate portion thereof) and the interest thereon to the party claiming the right to receive it.

(iii) If Escrow Agent is uncertain as to its duties or actions hereunder, it shall be entitled to take any of the following courses of action: (A) hold the Deposit as provided above in this Section 2(d) and decline to take
any further action until Escrow Agent receives a joint written direction from Buyer and Seller or an order of a court of competent jurisdiction directing the disbursement of the Deposit, in which case Escrow Agent shall then disburse the Deposit in accordance with such direction; (B) in the event of litigation between Buyer and Seller, deliver the Deposit and all interest thereon to the clerk of any court in which such litigation is pending; or (C) deliver the Deposit and all interest thereon to a court of competent jurisdiction and commence an action for interpleader in such court, whereupon Escrow Agent shall have no further duty with respect to the Deposit.

(iv) Escrow Agent shall not be liable for any action taken or omitted in good faith and may rely, and shall be protected in acting or refraining from acting in reliance, upon an opinion of counsel and upon any directions, instructions, notices, certificates, instruments, requests, papers or other documents believed by it to be genuine and to have been made, sent, signed or presented by the proper party or parties.

(v) Buyer acknowledges that Escrow Agent is counsel for Buyer and may continue to act as such counsel notwithstanding its duties as Escrow Agent hereunder or any dispute or litigation arising as to its duties as Escrow Agent.

(vi) Escrow Agent shall have no liability with regard to any duty under this Agreement nor be responsible for the loss of any moneys held by it except in the event of willful and intentional misconduct on the part of Escrow Agent. Notwithstanding any other provisions of this Agreement, Buyer and Seller jointly indemnify and hold harmless Escrow Agent against any losses, costs, liabilities, claims and expenses incurred by Escrow Agent arising out of or in connection with its services under the terms of this Agreement, including attorneys' fees and expenses and the costs and expenses of any interpleader action involving the Deposit or of defending itself against any claim or liability. However, Escrow Agent will not charge any fee for its normal services hereunder as Escrow Agent.

3. CLOSING.

(a) Replatting.

Buyer agrees and acknowledges that Seller will prepare and submit to the applicable governmental authorities a replat of Tract WK3 which includes the Property within its boundaries (the "Plat"). Seller shall provide to Buyer each draft of the Plat as submitted to the Town, shall advise Buyer from time to time as to the progress of review and approval of the Plat, shall promptly provide to Buyer copies of comment letters received with respect to the Plat, and shall consult with Buyer to the extent that the Plat is required to contain any matters that would have an impact on development of the Property. The Plat shall be recorded prior to the Closing Date.

(b) Closing Date.

The time for the delivery of the Deed and for the performance of the other terms and conditions of this Agreement ("Closing") shall be 9:00 A.M. E.S.T. on the date ("Closing Date") that is five (5) days following the date on which Seller delivers to Buyer a copy of the final Plat and evidence of recordation thereof, but in no event later than June 30, 2000. The Closing shall take place at the offices of Escrow Agent or at such other place as shall be mutually agreed upon by Buyer and Seller.

4. REPRESENTATIONS AND WARRANTIES.

(a) Representations and Warranties of Buyer. Buyer warrants and represents to, and covenants and agrees with, Seller that Buyer is duly organized, validly
existing and in good standing under the laws of the State of Florida and has the legal right, power and authority to enter into this Agreement and to perform all of its obligations hereunder; that execution and delivery of this Agreement, and the performance by Buyer of its obligations hereunder, have been duly authorized by all necessary corporate action; that the officer signing this Agreement on behalf of Buyer is duly authorized to execute the same on behalf of Buyer; and that this Agreement and Buyer's performance hereunder will not conflict with, or result in a breach of, any of the terms, covenants and provisions of the articles of organization or by-laws of Buyer, as same may have been amended or, to the best of Buyer's knowledge, any order, judgment, writ, injunction or decree of any court or any agreement or instrument to which Buyer is a party or by which it is bound. The foregoing warranties and representations of Buyer shall survive Closing for a period of six (6) months.

(b) Representations and Warranties of Seller. Seller warrants and represents to, and covenants and agrees with, Buyer that Seller is duly organized, validly existing and in good standing under the laws of the State of Florida and has the legal right, power and authority to enter into this Agreement and to perform all of its obligations hereunder; that the execution and delivery of this Agreement, and the performance by Seller of its obligations hereunder, have been duly authorized by all necessary corporate action; that the officer signing this Agreement on behalf of Seller is duly authorized to execute the same on behalf of Seller; and that this Agreement and Seller's performance hereunder will not conflict with, or result in a breach of, any of the terms, covenants and provisions of the partnership agreement of Seller, as same may have been amended or, to the best of Seller's knowledge, any order, judgment, writ, injunction or decree of any court or any agreement or instrument to which Seller is a party or by which it is bound. Seller further warrants and represents that Seller has not entered into any leases or contracts with respect to the Property and will not enter into any such leases or contracts that survive Closing (other than utility or other such agreements as may be necessary for development of any other property within Tract WK3); Seller is not aware of any claims or lawsuits with respect to the Property, including any such claims or lawsuits involving hazardous materials; and Seller has no knowledge of the presence of Hazardous Materials on the Property, provided that the only investigation undertaken by Seller in that regard is documented in that certain report from ATC Associates, Inc. dated September 21, 1999 under ATC Project Number 03353.0001, Task 2, a copy of which report has previously been provided to Buyer. The foregoing warranties and representations of Seller shall survive Closing for a period of six (6) months.

5. TITLE INSURANCE. Within fifteen (15) days after the last party executes and delivers this Agreement, Seller shall provide to Buyer a commitment issued by Chicago Title Insurance Company, pursuant to which such company agrees to issue to Buyer, upon recording of the Deed, an owners' policy of title insurance in the amount of the Purchase Price insuring Buyer's title to the Property. In the event such title insurance commitment contains any Schedule B-II exceptions which render title to the Property unmarketable, Buyer may notify Seller in writing, within fifteen (15) days after receipt of the title insurance commitment, specifying Buyer's objection to such exception(s). At its option, Seller may cure or cause to be cured such objection within thirty (30) days following receipt of such notice (the "Cure Period"), except that Seller will be obligated to remove any liens or encumbrances resulting from Seller's actions. At the expiration of the Cure Period, all title matters affecting the Property, other than (a) any liens or encumbrances resulting from Seller's actions, and (b) any other title matters that Seller has expressly agreed in writing to cure, shall be deemed to be accepted by Buyer. In the event that any title matter arises after the Cure Period that would render title unmarketable or would have a material and substantial adverse effect on Buyer's intended development of the Property, then, within ten (10) days after Buyer has written notice of same, Buyer may notify Seller in writing, specifying Buyer's objection to such title matter. If Seller does
not cure such title matter within thirty (30) days after receipt of Buyer's written notice (as extended for a reasonable period, not to exceed 90 days, if necessary for Seller to effect such cure), then Buyer shall have the option, to be exercised by giving written notice to Seller within ten (10) days after Seller gives Buyer written notice that Seller cannot or will not effect such cure, of either accepting title to the Property as it then exists without any reduction of the Purchase Price or terminating this Agreement. In such event the Deposit, together with all interest thereon, shall be refunded to Buyer, all obligations of the parties hereto shall cease, and this Agreement shall be void and without recourse to the parties hereto except with respect to provisions hereof which specifically survive termination. If Buyer does not give written notice of termination within said ten day period, Buyer shall be deemed to have elected to accept title to the Property as it then exists without any reduction of the Purchase Price.

6. SURVEY. Buyer shall have the option to obtain a Survey of the Property in such form and content as Buyer may elect in its sole discretion. Not later than twenty five (25) days after Buyer receives the title commitment, Buyer shall notify Seller in writing specifying its objection to any Survey matters which render title to the Property unmarketable. In the event Buyer fails to object to any such matters during this period, such matters shall be deemed to be accepted by Buyer. At its option, Seller may cure or cause to be cured such objection with thirty (30) days following receipt of such notice. At the expiration of the Cure Period, all survey matters affecting the Property, other than those that Seller has expressly agreed in writing to cure, shall be deemed to be accepted by Buyer. In the event that any survey matter arises after the Cure Period that would render title unmarketable or would have a material and substantial adverse effect on Buyer's intended development of the Property, then, within ten (10) days after Buyer has written notice of same, Buyer may notify Seller in writing, specifying Buyer's objection to such title matter. If Seller does not cure such title matter within thirty (30) days after receipt of Buyer's written notice (as extended for a reasonable period, not to exceed 90 days, if necessary for Seller to effect such cure), then Buyer shall have the option, to be exercised by giving written notice to Seller within ten (10) days after Seller gives Buyer written notice that Seller cannot or will not effect such cure, of either accepting title to the Property as it then exists without any reduction of the Purchase Price or terminating this Agreement. In such event the Deposit, together with all interest thereon, shall be refunded to Buyer, all obligations of the parties hereto shall cease, and this Agreement shall be void and without recourse to the parties hereto except with respect to provisions hereof which specifically survive termination. If Buyer does not give written notice of termination within said ten day period, Buyer shall be deemed to have elected to accept title to the Property as it then exists without any reduction of the Purchase Price.

7. CLOSING OBLIGATIONS.

(a) Seller's Closing Obligations. On the Closing Date, Seller shall:

(i) Deliver to Buyer full possession of the Property.

(ii) Deliver to Buyer, the following:

(A) A special warranty deed ("Deed") conveying good and marketable title to the Property in accordance with the terms of this Agreement, which shall be subject to all rights and reservations accruing to or for the benefit of Seller under Section 10 of this Agreement.

(B) An affidavit to the title insurer in a form sufficient to delete the so-called "gap", "parties in possession" and "mechanics lien" exceptions in the title insurance commitment referred to in Section 5 above.
(C) An affidavit certifying that Seller is not a "foreign person" within the meaning of the Section 1445 of the Internal Revenue Code.

(D) Florida DR-219 form.

(b) Buyer's Closing Obligations. At the Closing, Buyer shall:

(i) Deliver to Seller, by wire transfer of immediately available federal funds, the balance of the Purchase Price, as adjusted pursuant to this Agreement.

(ii) Deliver to Seller a signed acceptance copy of the Deed.

(iii) Deliver any other documents or monies expressly required by this Agreement to be delivered by Buyer, including, without limitation, the consent and waiver required by Northern Palm Beach County Improvement District ("NPBCID") in the form attached hereto as Exhibit 7(b), and the reproration agreement provided for in subsection 2(c)(ii) above.

8. CONDEMNATION. In the event that all of the Property, or a portion thereof that prevents development of the Property in conformance with Buyer's permitted use as described in Section 10(b)(vi), shall be acquired or condemned for any public or quasi-public use or purpose, or if any such acquisition or condemnation proceedings shall be threatened or begun prior to the Closing of this transaction, Buyer shall have the option to either (a) terminate this Agreement, in which event Escrow Agent shall return to Buyer the Deposit, together with accrued interest thereon, and the obligations of all parties hereunder shall cease except with respect to provisions hereof which specifically survive termination, or (b) proceed, subject to all other terms, covenants, conditions, representations and warranties of this Agreement, to the Closing of the transaction contemplated hereby and receive title to the Property without any reduction of the Purchase Price; provided, however, that Seller shall direct all such proceedings with respect to the Property and pay to the Buyer any sums received by it in connection with such proceedings and attributable to that portion of the Property acquired or condemned.

9. FAILURE OR INABILITY TO PERFORM; DEFAULTS; REMEDIERS.

(a) Seller's Default. If Seller shall fail to fulfill its agreement herein to convey the Property on the Closing Date or if Seller shall fail to fulfill its obligations with respect to the "Expansion Option", as defined in Section 10(a) below, Buyer shall have the following as its sole remedies, each of which shall be mutually exclusive:

(i) Buyer may file an action for specific performance, which must be filed, if at all, within six (6) months after Seller's failure to close as provided in this Agreement; or

(ii) Buyer may seek damages from Seller solely for the lost opportunity to have the "Expansion Project" constructed for and leased to Buyer pursuant to the "Expansion Project Lease", all as defined in Section 10(a) below; provided, however, that Buyer and Seller agree that the sole measure of damages recoverable by Buyer (in addition to attorneys' fees and costs as provided in Section 12(f) below) shall be the excess, if any, of (x) the amounts payable by Buyer under a lease for office space in substitution of the Expansion Project, less (y) the amounts payable by Buyer under the Expansion Project Lease on the assumption that Buyer exercised the Expansion Option after the date that is twelve (12) months following the date of commencement of construction of the Initial Project and before the "Option Deadline Date", as defined in Section 10(a) below.
If Seller shall fail to fulfill any of its agreements herein other than the agreement to convey the Property on the Closing Date or its obligations with respect to the Expansion Option, whether before or after the Closing Date, and such failure continues for more than fifteen (15) days after written notice of default is given by Buyer (subject to extension if Seller is diligently pursuing the cure but the default cannot be cured in such period, but in no event longer than thirty days), Buyer shall have all remedies available at law or in equity with respect to any such default (other than the failure of Seller to fulfill its agreement herein to convey the Property on the Closing Date or its obligations with respect to the Expansion Option).

(b) Buyer's Default. If Buyer shall fail to fulfill its agreement herein to purchase the Property on the Closing Date, Seller's sole and exclusive remedy shall be to retain or recover from Buyer or the Escrow Agent the Deposit and any interest thereon as full and complete liquidated damages, both at law and in equity, whereupon this Agreement shall terminate without further recourse to either party except with respect to provisions hereof which specifically survive termination. If Buyer shall fail to fulfill any of its other agreements herein, whether before or after the Closing Date, within fifteen (15) days after written notice of default is given by Seller (subject to extension if Buyer is diligently pursuing the cure but the default cannot cure in such period, but in no event longer than thirty days), Seller shall have all remedies available at law or in equity.

10. ADDITIONAL ACKNOWLEDGMENTS, COVENANTS AND AGREEMENTS.

(a) Development by Seller. Buyer acknowledges that, except as provided below in Section 10(a), Seller shall have no obligation to make any improvements of any type to the Property, including, without limitation, placing any fill on the Property, compacting the soil or any other matter whatsoever. Notwithstanding the foregoing, Seller agrees that, during the construction of the Initial Project, it will cause the Property to be cleared, seeded (or its equivalent) and irrigated, and Seller and its agents shall have an easement to enter upon and under the Property from time to time for such purposes. Seller shall have no obligation to maintain, repair, replace, or insure any portion of the Property or any installations therein, and Buyer agrees to assume full responsibility for all such matters.

(i) Expansion Option of Buyer. Buyer shall have the option (the "Expansion Option"), to be exercised (if at all) on or before the date that is twenty four (24) months following the date of commencement of construction of the Initial Project (the "Option Deadline Date"), to have Seller or Seller's affiliated assignee, as determined by Seller (the "Repurchaser") repurchase the Property from Buyer and simultaneously enter into a lease with Buyer (the "Expansion Project Lease") for a one-story office building of approximately 20,000 square feet (the "Expansion Project") to be constructed on the Property. For purposes of this Section 10(a), the commencement of construction of the Initial Project shall be defined as the pouring of the footers, and Buyer and Seller shall execute a written acknowledgment of such date within ten (10) days following notice from Seller to Buyer that such footers have been poured. The Expansion Project Lease shall be on substantially the same terms and conditions (including optional extension rights of Buyer) as the Initial Project Lease except as follows:

(x) Exercise During First 12 Months. If the Expansion Option is exercised within twelve (12) months following the date of commencement of construction of the Initial Project, then the "Base Rent" under the Expansion Project Lease will be the same for each lease year as the "Base Rent" under the Initial Project Lease, including "Base Rent" during each extension option term.

(y) Exercise Between 12 and 24 Months. If the Expansion Option is exercised after the date that is twelve (12) months following the date of
and before the Option Deadline Date, then the "Base Rent" under the Expansion Project Lease will be as follows:

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<th>Lease Year</th>
<th>Base Rent</th>
<th>Base Rent per Rentable Square Foot</th>
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</tr>
<tr>
<td>Thirteen-Fifteen</td>
<td>$435,000.00</td>
<td>$21.75</td>
</tr>
<tr>
<td>Sixteen-Eighteen</td>
<td>$450,000.00</td>
<td>$22.50</td>
</tr>
<tr>
<td>Nineteen-Twenty</td>
<td>$470,000.00</td>
<td>$23.50</td>
</tr>
</tbody>
</table>

Upon commencement of the initial term of the Expansion Project Lease, the initial lease term under the Initial Project Lease shall be extended for the period (the "Initial Term Extension Period") ending on the date of expiration of the initial lease term under the Expansion Project Lease, and Buyer agrees to execute all documentation reasonably requested by the "Landlord" under the Initial Project Lease to confirm such extension. The "Base Rent" applicable under the Initial Project Lease during the Initial Term Extension Period shall be the same Base Rent that would have been due under the Initial Project Lease if Buyer had exercised its first extension option under the Initial Project Lease, and each Base Rent adjustment thereafter shall occur on the corresponding anniversary of the "Commencement Date" of the Initial Project Lease without regard to the fact that such adjustment dates will not correspond to the beginning of a lease year. With respect to any portion of the second extension option period that extends beyond the 20 years for which Base Rent rates are set forth in the Initial Project Lease (the "Post 20-Year Period"), the Base Rent shall be increased by One Dollar ($1.00) per rentable square foot at the twentieth (20th) anniversary of the Commencement Date of the Initial Project Lease and shall be increased again by the same amount at each second anniversary of the Commencement Date of the Initial Project Lease thereafter (e.g., 22nd, 24th, etc.)

(ii) Limitation. The rental rates set forth in Section 10(a)(i) above shall apply only if the Expansion Option is exercised timely; otherwise, the "Base Rent" with respect to the Expansion Option shall be subject to mutual agreement of Buyer and the Repurchaser if Buyer elects to have the Repurchaser develop the Property.

(iii) Condition of Option. As a condition of Buyer's exercise of the Expansion Option, Buyer shall submit to Seller then current financial and other related information regarding Buyer and/or its affiliates as may be required by Seller to confirm that Buyer's then current financial condition is similar or equal to Buyer's financial condition at the date of this Agreement. Further, Seller shall not be obligated to cause the Repurchaser to repurchase the Property from Buyer or otherwise perform pursuant to the Option if Buyer's then current financial condition is not sufficient for the Repurchaser to obtain mortgage financing for the Expansion Project on terms reasonably acceptable to the Repurchaser. Without limitation of any other provisions of this Agreement, Buyer acknowledges that Seller's exercise of its rights under this Section 10(a)(iii) shall not be a default by Buyer under this Agreement and shall not give rise to any action for specific performance or damages pursuant to Section 9(a) above.

(iv) Repurchase Terms. The repurchase price for the Property pursuant to exercise of the Option shall be equal to Six and 50/100 Dollars ($6.50) per
Repurchase Price, less (a) the unpaid balance of any liens or assessments against the Property (subject to applicable prorations), (b) any costs and expenses incurred by the Repurchaser in clearing the title of all encumbrances that were not applicable to the Property at the date of the initial conveyance; and (c) the documentary stamp tax on the deed of conveyance to the Repurchaser. At closing, Buyer shall convey to the Repurchaser good and marketable title to the Property and any improvements thereon by special warranty deed, subject only to matters of record in existence at the date of Seller's conveyance of the Property to Buyer and matters appearing subsequent thereto for which Buyer is not responsible in any manner. Once the Expansion Option has been exercised, Seller or the Repurchaser may enforce the provisions of this Section 10(a) by an action for specific performance.

(v) Exclusive Rights. In consideration of the covenants of Seller set forth in this Section 10(a), Buyer acknowledges and agrees that the right of Seller (or the Repurchaser) to repurchase the Property and construct improvements thereon shall be exclusive prior to the Option Deadline Date, and Buyer shall be prohibited from conveying the Property (or any interest therein) to any other transferee and from developing or constructing any improvements on the Property in violation of this subsection.

(vi) Fill. Seller will cause Abacoa to make available sufficient fill for the Property to comply with the stormwater storage, detention, retention, and minimum finished floor elevations set forth in the "SFWMD Conceptual Plan" as defined in Section 10(b)(i)(a) below, provided that transportation of such fill from Abacoa's stockpile to the Property shall be at the expense of Buyer (or shall be included within the development budget for the Expansion Project) if Buyer timely exercises the Expansion Option and executes and delivers the Expansion Project Lease.

(b) Buyer's Additional Acknowledgments, Covenants and Agreements. In addition to its other acknowledgments, covenants and agreements hereunder, Buyer acknowledges, covenants and agrees as follows:

(i) Matters Regarding the Property and the Abacoa Project.

(a) Entitlement Documents. The Property, and the planning, development, occupation and use thereof, is subject to the obligations and requirements of, is governed by the uses and entitlements permitted by, and shall be conducted in accordance with the requirements and assumptions of, that certain Development Order dated June 6, 1995 known as Resolution No. 9-95 of the Town as amended to date (and as further amended from time to time, "Development Order"), Town Ordinance No. 1-95 (and as further amended from time to time, "MXD Ordinance"), the Master Plan for the Abacoa Project approved by the Town (and as further amended from time to time, "Abacoa Master Plan"), a Conceptual Water Management Plan of the South Florida Water Management District ("SFWMD") (and as further amended from time to time, "SFWMD Conceptual Plan"), a Water Management Plan of NPBCID (and as further amended from time to time, "NPBCID Water Management Plan"), and certain other permits, approvals, licenses, agreements, arrangements and the like from or with various other governmental authorities and/or utility companies (including, without limitation, Loxahatchee River Environmental Control District. ("Encon")) relating to the development of the Abacoa Project (all of the foregoing, as further amended from time to time, being collectively referred to as the "Entitlement Documents"). Buyer acknowledges and agrees that it will provide any non-confidential information in
Buyer's possession or readily available to Buyer that is necessary to complete and file any reports required by the Entitlement Documents, that the Entitlement Documents do not guarantee that any particular portion of the Abacoa Project or any particular use may be developed at any time, and that the Entitlement Documents include conditions and obligations to which Buyer, as owner of the Property, will be subject. Seller has not assumed, and does not hereby assume, responsibility for any obligations under the Entitlement Documents, and Buyer acknowledges and agrees that it shall have no claim against Seller for the failure of any person or entity to perform any duty or obligation arising out of or related to the Entitlement Documents.

(b) Modification of Entitlement Documents. The John D. and Catherine T. MacArthur Foundation, a Illinois not-for-profit corporation (the "Foundation"), Abacoa and/or Seller, their successors and assigns, may, from time to time, request that the appropriate governmental authorities modify, amend, limit or terminate the Entitlement Documents. Buyer will not object to or contest any such modification, amendment, limitation or termination, provided it does not modify, amend, limit or terminate any of the Entitlement Documents in any manner that would have a material adverse effect on development of the Property as permitted under this Agreement. Buyer acknowledges and agrees that it shall have no claim against Seller for any modification, amendment, limitation or termination of any of the Entitlement Documents by any person or entity.

(c) Use of Names. Buyer shall not utilize the names "Abacoa", "Abacoa Workplace", or any variation of any of the foregoing in any manner without the prior written consent of Seller and, where applicable, Abacoa.

(ii) Buyer's Approvals. With respect to Buyer's development of the Property, Buyer shall, at Buyer's sole cost and expense, apply for and obtain all licenses, permits, approvals and the like from the Town, SFWMD, NPBCID, the Florida Department of Environmental Protection and any other federal, state or local governmental agency or authority having jurisdiction over the Property necessary or desirable to permit Buyer to construct and operate its permitted use (collectively, the "Buyer's Approvals"). Buyer shall be responsible for all infrastructure and improvement obligations required by any governmental agency or authority as a condition of obtaining any Buyer's Approvals, and Seller agrees to cooperate with Buyer, at Buyer's expense, in connection with Buyer's efforts to obtain Buyer's Approvals. Buyer acknowledges and agrees that Buyer's obligations to purchase the Property in accordance with the terms of this Agreement are not, expressly or impliedly, contingent or conditioned upon Buyer obtaining all or any of the Buyer's Approvals. The provisions of this Section 10(b)(ii) shall not apply if Buyer timely exercises the Expansion Option and executes and delivers the Expansion Project Lease; in such event, the Repurchaser shall be responsible for obtaining all of the Buyer's Approvals.

(iii) Development Matters.

(a) Utilities, Utility Capacity and Utility Charges. Prior to Closing, Seller may, but is not obligated to, enter into: (i) a water agreement required by the Town for the portion of the Workplace District that includes the Property, (ii) a standard developer's agreement for sanitary sewer service required by Encon for the portion of the Workplace District that includes the Property, and (iii) a reuse irrigation quality ("IQ") agreement required by Encon for the portion of the Workplace District that includes the Property. Buyer will, at the Closing, reimburse Seller for any and all sums paid by Seller pursuant to such agreements with the Town and Encon that are allocable to the Property, and assume all remaining obligations thereunder that are allocable to
the Property. Without limitation of the foregoing, Buyer shall be solely
responsible for the timely payment of all potable water, wastewater/sewer and IQ
water connection charges, carrying charges (including any accrued guaranteed
revenue fees of the Town for the Property), hook-up and tap-in fees and for any
initial start-up, tie-in, deposit, tap-in, meter installation or any other cost
normally charged by a utility company providing potable water, wastewater/sewer,
IQ water, telephone, electric, alarm monitoring, cable television or other
service for the Property; provided, however, that if Buyer timely exercises the
Expansion Option and executes and delivers the Expansion Project Lease, then the
Repurchaser shall be responsible for all such costs associated with development
of the Property (as opposed to any costs associated with carrying the Property
until development thereof). In connection with any site plan

application filed by Buyer with respect to the Property, Seller will permit
Buyer to avail itself of any right of Seller to borrow reservation capacity from
Abacoa pending approval of the site plan application, but solely on condition
that Buyer pay all fees charged with respect thereto and otherwise comply with
all conditions associated therewith.

(b) Impact Fees. Buyer shall be responsible for paying any and all
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impact fees of the Town, Palm Beach County ("County") or any other governmental
authority that would normally be required or collected in connection with the
application or issuance of any building permit for any portion of the Property,
regardless of any impact fee credit that might be available as a result of
actions of any other person or entity besides Buyer. When impact fee credit is
available to any person or entity other than Buyer, Buyer will pay the amount of
impact fee that would normally be required in order to reimburse Abacoa or
Seller for actions taken by Abacoa or Seller or any person or entity besides
Buyer in accumulating the impact fee credit. Buyer will pay impact fees in the
following manner:

(1) For each type of impact fee, when no impact fee credit is
available or when there is no pending credit determination for that type of
impact fee, Buyer shall pay the required impact fee directly to the applicable
governmental authority as required by the impact fee regulations.

(2) For each type of impact fee that has a pending credit
determination and escrow agreement with the applicable governmental authority,
except roads, Buyer shall pay the required impact fee directly to the escrow
agent established under such escrow agreement ("Impact Fee Escrow Agent"). Once
the amount of credit is determined, any impact fees paid into escrow that would
normally be returned to the party paying them into escrow will be turned over to
Abacoa or Abacoa's designee. Future impact fees of this type will be paid
directly to Abacoa when each building permit is issued until the credit is fully
utilized. Once the credit is fully utilized, future impact fees will be paid
pursuant to subparagraph (1) above, unless additional impact fee credits are
determined or a credit determination is pending. In that instance, the
provisions of this subparagraph will apply.

(3) For roads, impact fees will initially be paid directly to Gary,
Dytrych & Ryan, P.A., as escrow agent. Buyer acknowledges that Abacoa and
NPBCID are currently working on an agreement with the County dealing with the
collection and disbursement of road impact fees based on the road impact fee
credit that will be available to Abacoa as a result of the road improvements
constructed by NPBCID ("Collection Agreement"). Once the Collection Agreement
is executed, future road impact fees will be paid by Buyer and previously paid
impact fees will be disbursed by Gary, Dytrych & Ryan, P.A., as escrow agent,
pursuant to the terms of the Collection Agreement. If Abacoa or Seller notifies
Buyer that the Collection Agreement will not be executed, then the provisions of
subparagraph (2) above will also apply to road impact fees.

(4) For any type of impact fee that is being paid pursuant to
subparagraph (1) above, Seller will notify Buyer if impact fee credits will
become available for that type of impact fee in the future. Buyer will follow
Seller's instructions on how to pay that type of impact fee.

(c) Easements. Prior to the Closing Date, Abacoa and/or Seller, ________
their successors and assigns, may grant and record easements encumbering the
Property in the ordinary course of business, provided that each such easement
(i) is necessary for development of the Abacoa Project or the portion of the
Workplace District that includes the Property, (ii) does not directly affect the
use of the Property or the intensity of development or timing of development of
the Property, and (iii) does not directly affect the cost of development with
respect to the Property (unless Seller or Abacoa agrees to bear such cost).
After the Closing Date and in connection with the approval of any site plan
submitted by Buyer with respect to the

Page 12

Property, Buyer shall, without compensation of any kind, grant Abacoa and/or
Seller, or any parties designated by Abacoa and/or Seller, easements for access,
utilities, irrigation, landscaping, cable television, roads, bicycle paths,
medians, turn lanes, drainage and other similar services or purposes, provided
such easements are non-exclusive, the location of the easements and the use
thereof do not prevent or materially interfere with Buyer's proposed development
of the Property, and Buyer has the right to relocate the easements at Buyer's
expense.

Notwithstanding the foregoing, if Buyer timely exercises the Expansion Option
and executes and delivers the Expansion Project Lease, then the Repurchaser
shall be responsible for all impact fees associated with development of the
Property.

(d) Intentionally Omitted.

(e) Clearing. Buyer will not burn or allow burning as part of the

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land development process for the Property.

(f) Debris. Buyer will not permit trash and debris from the

_____ Property to be carried by the wind or otherwise scattered, and shall keep all
roadways and other portions of the Property clear of silt, construction
materials and trash from its construction activities. Buyer shall ensure that
all trash and debris is contained in appropriate trash receptacles or removed
regularly from its construction sites and will abide by any Town debris
management plans.

(g) Telecommunication Plan. Buyer acknowledges that Abacoa may

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develop a master telecommunication plan, including the planning, design,
construction and operation of public and/or private telecommunications
infrastructure and/or services within the boundaries of the Abacoa Project,
including, but not limited to nonresidential buildings, contracts for telephone
services, data or information services, video and/or cable television services
and wireless services and broadcast and/or communications facilities. In the
event Abacoa does develop such a master telecommunications plan, Buyer agrees to
abide by such plan, including but not limited to the installation by Buyer of
the proper wiring within building improvements to accommodate the master
telecommunication plan.

(iv) Property Owners Associations. The Property is subject to the

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Declaration of Covenants, Conditions and Restrictions for Abacoa recorded in
Official Records Book 9739, Page 1629, Public Records of Palm Beach County,
Florida ("Master Declaration"), the Articles of Incorporation and By-Laws of
Abacoa Property Owner’s Assembly, Inc., a Florida corporation not-for-profit
(the "Master POA"), which has been established as a master community or property
owners association for all of the Abacoa Project under the Master Declaration.
The Property also will be subject to a Workplace District master and/or sub declaration of covenants, conditions and restrictions to be recorded in the Public Records of Palm Beach County, Florida (collectively, the "Project Declaration") establishing a master and/or sub property owners' association(s) (collectively, the "Project POA"), and the articles of incorporation and by-laws of the Project POA, which will be established as a property owners subassociation under the Master Declaration. Buyer acknowledges that Seller will be preparing the Project Declaration and that the Project Declaration may contain provisions concerning, among other matters, reconveyance of the Property to Seller, at Seller's option, in the event that construction of vertical improvements to the Property does not commence within a specified time period, cross access and parking easements, common area maintenance, assessments for common area maintenance and other expenses (such as real property taxes and assessments), lien rights with respect to assessments, and site plan and architectural review and approval. Subject to the foregoing, Buyer shall have the right to approve the Project Declaration, provided that such approval shall not be unreasonably withheld, delayed or conditioned. If Buyer objects to any provision(s) of the Project Declaration and Seller believes in good faith that such provision(s) are commercially reasonable and consistent (as applicable) with other declarations in the Abacoa Project, then Seller shall have the right to include such provision(s) in the Project Declaration notwithstanding Buyer's objection provided that such provision(s) do not directly affect the use of the Property or the intensity of development or timing of development of the Property. Buyer agrees to accept title to the Property subject to the Master Declaration and the Project Declaration and to abide by and comply with all of the terms and conditions thereof. Buyer acknowledges and agrees that construction of all improvements on the Property will be subject to the requirements of the Master Declaration and the Project Declaration, design guidelines promulgated under the Master Declaration and Project Declaration, and the approval of architects and/or architectural review committees under the Master Declaration and the Project Declaration. Buyer acknowledges that a maintenance agreement for the maintenance of the preserve areas, streets, drainage and landscaping or any other items deemed appropriate by the Master POA or the Project POA may be entered into by the Master POA or the Project POA with NPBCID or other governmental agencies, and that a portion or all of the expenses referred to in such agreements may be assessed to the Property as a common expense.

(v) Signage. Buyer acknowledges that the Property is also subject to sign codes and approval rights of the Town, the Foundation, Abacoa, and the Master POA.

(vi) Limitations on Use. Buyer, and its successors and assigns, may develop and use the Property for a commercial office building and for no other purpose whatsoever.

(vii) Seller's Approval Rights.

(a) In each instance in which Buyer intends to cause improvements to be developed on the Property, Buyer shall, at Buyer's sole cost and expense, submit to Seller, for Seller's review and approval (the "Seller Approval"), the proposed site plan application and all supporting materials (the "Application Package") not less than ten (10) days prior to submission of same to the Town. Seller shall have a period of seven (7) business days following its receipt of the Application Package, or any modification thereof, within which to provide Buyer with written approval thereof or objections thereto stating, with reasonable specificity, Seller's objections and what changes must be made to obtain the Seller Approval. In the event Seller shall fail to provide Buyer with a written approval of or objection to the Application Package, or any modification thereto, within seven (7) business days following its receipt thereof, or any Modification thereof, Seller shall be deemed to have approved
(b) No improvements of any kind, including, without limitation, any building, fence, wall, sign, satellite dish, tower or other telecommunication facility, site paving, grading, building, building addition, alteration, mailbox, air conditioning equipment, pump, fill, excavation, decorative feature, landscaping, or any other improvements (collectively, "Improvements") shall be commenced, erected, placed or maintained upon the Property by Buyer, its successors or assigns, nor shall any addition, change or alteration be made by Buyer, its successors or assigns, with respect to any Improvements, unless and until the plans, specifications and locations of same shall have been submitted to and approved in writing by Seller, its successors or assigns. Buyer shall submit to Seller two (2) complete sets of all plans and specifications for any Improvements (including, without limitation, building and landscaping plans and specifications), the construction or placement of which is proposed on or under the Property, together with a copy of any governmental or other required permits. Seller, its successors or assigns, may also require the submission of samples of building materials and colors proposed for use on or under the Property, and may require such additional information as is reasonably necessary to completely evaluate the proposed Improvements. Within ten (10) days following receipt of all required submissions (whether an initial submission or re-submission following disapproval), Seller shall give Buyer written notice of Seller's approval or disapproval and, if applicable, stated reasons for disapproval; absent such notice, Buyer's plans and specifications shall be deemed approved. Seller's review of the plans, specifications and other materials with respect to the proposed improvements is intended to ensure the aesthetic harmony, compatibility, and quality of Improvements within the Abacoa Project and the Workplace District in order to protect and preserve the value of all such Improvements, and Seller shall not unreasonably withhold or delay any such approval. Seller's rights with respect to approval of the plans, specifications and locations of Improvements shall not apply to any construction, addition, change or alteration to any Improvement not visible from outside of any structure and not creating any aesthetic impact upon the Abacoa Project or the Workplace District.

(c) If Buyer timely exercises the Expansion Option and executes and delivers the Expansion Project Lease, then the Repurchaser shall be responsible for obtaining all approvals required under this Section 10(b)(vii).

(viii) As Is. Buyer acknowledges and agrees that Seller has not made, does not make and specifically negates and disclaims any representations, warranties (other than the warranty of title as set forth in the deed), promises, covenants, agreements or guaranties of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, of, as to, concerning or with respect to the Property, including, without limitation, the value, nature, quality or condition of the Property, the water, soil and geology of the Property, including the existence or absence of any hazardous materials, the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, the compliance of or by the Property or its operation with any laws, rules, ordinances or regulations of any applicable governmental authority or body, the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property, or any other matter with respect to the Property, and, to the maximum extent permitted by law, hereby waives, releases and discharges Seller, its partners, employees, agent and attorneys from any and all claims relating to any of the foregoing matters. Buyer further acknowledges and agrees that to the maximum extent permitted by law, the sale of the Property as provided for herein is made on an "AS IS", "WHERE IS" condition and basis "WITH ALL FAULTS". It is understood and agreed that the Purchase Price has been adjusted by prior negotiation to reflect that the Property is being sold by Seller and purchased by Buyer subject to the foregoing.
11. INSPECTIONS.

(a) Indemnity. During the term of the Agreement, Buyer shall have the right to enter upon the Property at reasonable times for the purposes of inspection and making tests and studies thereon; provided, however, that until Seller acquires title to the Property, Seller's sole obligation hereunder shall be to endeavor in good faith to obtain access to the Property for Buyer from Abacoa and the Foundation, and all inspections, test and studies of Buyer shall be subject to the approval of Abacoa and the Foundation. Buyer's activities shall be conducted in a commercially reasonable manner and in compliance with all applicable laws, ordinances, rules and regulations of any governmental authority or agency. Buyer shall (a) cause all borings to be plugged or capped in a safe manner, (b) cause any property damaged or destroyed to be repaired or replaced to its preexisting condition, (c) cause all debris resulting from its activities to be removed, (d) not cut or uproot any vegetation without the prior written consent of Seller, (e) not disturb any wetland or land subject to any ordinance in respect of environmentally sensitive land, (f) not destroy, injure or move any species of endangered or threatened animal or habitat, (g) exercise its rights hereunder in the least obtrusive manner possible, and (h) not take any actions or do anything which would constitute a breach or violation of any of the Entitlement Documents. Buyer agrees to indemnify, defend and hold harmless Abacoa, the Foundation, Seller and deGuardiola Development Ventures, Inc. ("GDVI"), and all of the partners, officers, directors, employees, agents and independent contractors of Seller or GDVI at any time and from time to time (collectively, "Seller's Group"), from and against all liabilities, obligations, claims, damages, judgments, awards, penalties, costs and expenses, including, without limitation, attorneys' fees and costs at both trial and appellate levels and fines or impositions of any governmental or quasi-governmental authority or agency, which Abacoa, the Foundation, Seller, GDVI or any of Seller's Group, may incur, suffer or sustain by reason of any breach or violation by Buyer, or any of its directors, officers, employees, agents or independent contractors at any time and from time to time (collectively, "Buyer's Group"), of the provisions of this Section, any injury to or death of persons or loss of or damage to property in connection with, or as a result of, any activities hereunder and any labor or services performed, or any materials furnished, by or for the account or benefit of, Buyer in respect of the Property. In any action, suit or proceeding brought against Abacoa, the Foundation, Seller, GDVI or any of Seller's Group, by reason or on account of any of the foregoing, Buyer shall, at Buyer's expense, defend such action, suit or proceeding with legal counsel approved by Seller in its sole discretion.

(b) Soil Test. In the event Buyer's soil test of the Property reveals any unanticipated soil conditions that would (i) prevent construction of the Expansion Project or a comparable building on the Property or (ii) increase the cost thereof by more than Two Hundred Thousand Dollars ($200,000), then, except as hereinafter provided, Buyer shall have the option of terminating this Agreement, in which event the Deposit, together with all interest thereon, shall be refunded to Buyer, whereupon all obligations of the parties hereto shall cease and this Agreement shall be void and without recourse to the parties hereto except with respect to provisions hereof which specifically survive termination; provided, however, that Buyer must exercise such option, if at all, by delivering written notice of such termination to Seller, together with a complete copy of such soil report and all exhibits thereto, within the period ending at 5:00 P.M., local time, on the date that is twenty (20) days following the date of this Agreement, time being of the essence. Notwithstanding the foregoing, Buyer's termination shall be ineffective, and this Agreement shall continue in full force and effect, if Seller gives written notice to Buyer, within twenty (20) days after receipt of Buyer's termination notice, evidencing Seller's agreement to reimburse Buyer (promptly after payment by Buyer) for all costs in excess of $200,000 incurred by Buyer with respect to such unanticipated soil conditions.
12. MISCELLANEOUS.

(a) Tax Identification Number. Seller warrants and represents that

Seller's federal tax identification number is 65-0874148, and Buyer warrants and
represents that Buyer's federal tax identification number is ______________.
Seller and Buyer each acknowledge that the foregoing information will be relied
upon in reporting the transactions contemplated hereby to appropriate
governmental authorities.

(b) Agreement Not an Offer. The submission of any draft of this Agreement

or any portion thereof does not constitute an offer to buy the Property, it
being acknowledged and agreed that neither Buyer nor Seller shall be legally
obligated with respect to the purchase or sale of the Property unless and until
this Agreement has been executed by both Buyer and Seller and a fully executed
copy has been delivered to each of Buyer and Seller, and Seller has acquired
title to the Property.

(c) Exhibits. The Exhibits attached hereto are incorporated herein by this

reference and made a part hereof.

(d) Notices. All notices or communications required or permitted hereunder

shall be in writing and delivered by hand or mailed by certified mail, return
receipt requested, postage and registration or certification charges prepaid, or
by nationally recognized overnight courier service, or by telefax, to the party
entitled thereto as follows:

If to Seller:

Workplace Holdings, Ltd.
222 Lakeview Avenue, 17th Floor
West Palm Beach, FL 33401
Attention: Patrick J. DiSalvo

With a courtesy copy to:

Lawrence B. Juran, P.A.
222 Lakeview Avenue, 17th Floor
West Palm Beach, FL 33401
Attention: Lawrence B. Juran, Esquire

If to Buyer:

Intelligent Life Corporation
11811 U.S. Highway One, Suite 101
North Palm Beach, Florida 33408
Attn: ______________________

With a courtesy copy to:

Lewis F. Crippen, Esq.
Gunster, Yoakley
777 S. Flagler Drive
Suite 500 East
West Palm Beach, FL 33401

or such other party(ies), address(es) or telefax number(s) as either party shall
specify by written notice to the other from time to time. Any such notice or
communication shall be deemed to have been given as of the date of its receipt
or delivery. Any legal counsel designated above or any substitute counsel as
designated by Seller and/or Buyer by written notice to the other party is authorized to give (but not receive) notices under this Agreement on behalf of its respective client.

(e) Time is of the Essence. TIME IS OF THE ESSENCE with respect to each provision of this Agreement which requires that action be taken by either party within a stated time period, or upon a specified date.

(f) Attorneys' Fees and Costs. In the event of any dispute or litigation arising out of this Agreement, the prevailing party shall be entitled to recover all fees, expenses and costs incurred, including reasonable attorneys' fees at both trial and appellate levels.

(g) Venue. The venue of any litigation arising out of this Agreement shall be Palm Beach County, Florida.

(h) Captions. The descriptive captions contained herein are for convenience only and shall not control or affect the meaning or construction of any provision hereof.

(i) Binding Effect. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, and shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

(j) Broker.

(i) Each of Buyer and Seller hereby represents, covenants and warrants to the other that the party so representing has dealt with no broker or other person entitled to a commission in connection with the negotiation or execution of this Agreement or the consummation of the transactions contemplated hereby, with the exception of Ben DeVries ("Broker"). If, as and when the transaction contemplated by this Agreement closes in accordance with the terms and provisions hereof, Seller shall pay to Broker, in full satisfaction of all commissions, fees or compensation of any kind owed or owing to Broker arising out of or related to the transaction contemplated by this Agreement, the sum equal to four percent (4%) of the Purchase Price (the "Property Sale Commission"). As a condition thereof, Broker shall execute and deliver to Seller such documents and instruments as Seller may reasonably request to evidence the full and complete satisfaction of any claims or demands of Broker for any commissions, fees or compensation of any kind owed or owing to Broker arising out of or related to the transaction contemplated by this Agreement and Broker shall be solely responsible for all commissions, fees or compensation of any kind owed or owing to any broker, salesperson or finder claiming by, through or under Broker or having dealt with Broker in connection with the transaction contemplated by this Agreement. Broker shall not be due any commission, fee or compensation of any kind in the event the transaction contemplated by this Agreement fails to close for any reason whatsoever and, in such event, it shall not be entitled to all or any portion of the Deposit. Each of Buyer and Seller agrees to indemnify and hold harmless the other from any loss, cost or expense which such non-indemnifying party may incur as a result of any inaccuracy in the other party's warranties and representations as set forth in this subsection.

(ii) In the event that Buyer exercises the Expansion Option and Buyer and the Repurchaser enter into the Expansion Project Lease, Broker shall be due a commission equal to Six Dollars ($6.00) per square foot of the Expansion Project, or a total of One Hundred Twenty Thousand and 00/100 Dollars ($120,000) (the "Expansion Project Lease Commission"), which shall be payable to Broker by the Repurchaser on the same payment schedule and subject to the same terms and
conditions as the Commission Agreement of even date herewith between Broker and
WK3 Investors with respect to the Initial Project; provided, however, that the
full amount of the Property Sale Commission shall be credited against the
Expansion Project Lease Commission, which shall reduce the Expansion Project
Lease Commission from $120,000 to $95,650.

(k) Entire Agreement; Rules of Construction. This Agreement may be
executed in multiple counterparts; sets forth the entire agreement between the
parties; merges all prior and contemporaneous agreements, understandings,
warranties, or representations; shall be binding upon and inure to the benefit
of the parties hereto and their respective successors and assigns; and may be
canceled, modified or amended only by a written instrument executed by both
Seller and Buyer.

(l) Further Assurances. Upon Seller's request, Buyer agrees to execute and
deliver to Seller such additional instruments, certificates and documents as
Seller may reasonably require, whether or not after the Closing Date, in order
to provide Seller with the rights and benefits to which Seller is entitled under
this Agreement.

(m) No Recording. Buyer may not record this Agreement or a memorandum
thereof or of the rights granted herein without the prior written approval of
Seller, which approval may be withheld in Seller's sole and absolute discretion.

(n) No Assignment. Buyer may not assign or transfer this Agreement or
any right or interest herein without the prior written consent of Seller, which
consent may be withheld in the sole and absolute discretion of Seller. Seller
may assign or transfer this Agreement or any right or interest herein to any
person or entity whatsoever without the consent of Buyer, provided that Seller
shall remain liable for its obligations under this Agreement.

(o) Confidentiality. During the term of this Agreement and at all times
thereafter, neither Buyer nor any of its directors, officers, employees, agents
or attorneys shall in any manner, directly or indirectly, divulge, disclose or
communicate to any person or entity any information of any kind concerning any
matters affecting or relating to Seller nor the terms or provisions of this
Agreement, provided that the foregoing shall not apply to any disclosures or
filings required of Buyer as a company whose shares are registered or traded on
a securities exchange.

(p) Survival. The terms of the following Sections shall survive the
Closing or any termination of this Agreement: Section 2, Section 4, Section 9,
Section 10, Section 11, and Section 12.

IN WITNESS WHEREOF, the parties have executed this Agreement, or caused it
to be executed by their respective duly authorized representatives, as an
instrument under seal as of the day and year first above written.

WITNESSES:                         BUYER:
INTELLIGENT LIFE CORPORATION, a Florida
corporation

By:  __________________________________
Name:__________________________________
Title:_________________________________
SELLER:
WORKPLACE HOLDINGS, LTD., a Florida limited partnership

By: Workplace Investors, Ltd., a Florida limited partnership, its general partner

By: Workplace Equity Corporation, a Florida corporation, its general partner

By: ____________________________________
     _________________________________
     Name: ____________________________
     Title: _____________________________

ESCROW AGENT:
GUNSTER, YOAKLEY, VALDES-FAULI & STEWART, P.A., a Florida professional corporation

By: ____________________________________
     _________________________________
     Name: ____________________________
     Title: _____________________________

Schedule of Exhibits
---------------------
Exhibit 1(a)      Sketch of Property
Exhibit 7(b)      Consent and Waiver

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PREPARED BY AND RETURN TO:
Lawrence B. Juran, Esq.
222 Lakeview Avenue, 17th Floor
West Palm Beach, FL 33401

CONSENT AND WAIVER
NORTHERN PALM BEACH COUNTY WATER CONTROL DISTRICT
UNITS OF DEVELOPMENT NUMBER 9, 9A, 9B and 28

THE UNDERSIGNED, having purchased the property more particularly described in Exhibit "A" attached hereto and made a part hereof which is located within Northern Palm Beach County Improvement District, Units of Development Number 9, 9A, 9B and 28 and being otherwise fully informed in the premises does hereby acknowledge, consent and agree as follows:
WHEREAS, Northern Palm Beach County Improvement District f/k/a Northern Palm Beach County Water Control District (hereinafter referred to as the "District"), is a political subdivision of the State of Florida, having been created by Chapter 59-994, Laws of Florida, Act of 1959, as amended and supplemented; and

WHEREAS, in accordance with Chapter 59-994, Laws of Florida, Act of 1959, as amended and supplemented, and Chapter 298 of Florida Statutes, the Board of Supervisors of the District have the authority to create Units of Development and have done so by creating Units of Development Number 9, 9A, 9B and 28, the lands of which are fully contained within the boundaries of the District and include the real property described in Exhibit "A" attached hereto, which has been purchased by the undersigned; and

WHEREAS, the District, in accordance with the aforementioned Act and Chapter 298 of Florida Statutes, also has the authority to adopt and subsequently amend, if necessary, Water Management Plans for Units of Development and does intend to adopt a Water Management Plan for Units of Development Number 9, 9A, 9B and 28; and

WHEREAS, the District, prior to implementing a Water Management Plan or any amendment thereto, is required to file with the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, a Petition for Approval of the Water Management Plan or any amendments thereto; and

WHEREAS, subsequent to the filing of the aforementioned Petition for Approval, three (3) Commissioners are appointed by the Court to prepare a Commissioner's Report setting forth their assessment of the benefits or damages, if any, that will accrue to the real property located within said Unit due to the implementation of the Water Management Plan or any amendments thereto; and

WHEREAS, the District is required, following preparation of the aforementioned Report of Commissioners to send to each owner of real property located within the Unit of Development for which said Water Management Plan or amendment thereto is being proposed, copies of the following:

(a) Report of Commissioners; and

(b) A conformed copy of the published Notice of Filing of the Report of Commissioners; and

WHEREAS, the undersigned, together with all other real property owners within Units of Development Nos. 9, 9A, 9B and 28, have the statutory right to file exceptions with the Fifteenth Judicial Circuit Court in and for Palm Beach County, Florida, to all or any part of any Commissioners' Report filed for the Water Management Plan or amendments thereto for Units of Development Nos. 9, 9A, 9B and 28.

WHEREAS, the District in order to implement a Water Management Plan for Units of Development Nos. 9, 9A, 9B and 28, will be required to issue bonds in accordance with Chapter 75 of Florida Statutes and, in order to issue said bonds, the District will be required to publish an Order to Show Cause setting forth the filing of the Complaint for Validation of said Bonds and the Hearing date for same; and

WHEREAS, the undersigned as a real property owner within Units of Development Nos. 9, 9A, 9B and 28 has the statutory authority to be present at the Hearing held on the aforementioned Order to Show Cause and at said Hearing is entitled to set forth the undersigned's position as to whether or not the District should be authorized by the Court to issue the proposed bonds.

NOW, THEREFORE, the Undersigned does hereby
acknowledge, consent and agree as follows:

1. The undersigned hereby waives its right to receive and the requirement of the District to serve upon it a copy of the Report of Commissioners assessing benefits or damages, if any, for the Water Management Plan or Amendments thereto filed for Northern Palm Beach County Water Control District, Units of Development Nos. 9, 9A, 9B and 28.

2. The undersigned hereby waives any and all rights and/or requirements of the District to serve a copy of the Notice of Filing in the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, of any Commissioners Report on a Water Management Plan or amendments thereto for Northern Palm Beach County Water Control District, Units of Development Nos. 9, 9A, 9B and 28.

3. The undersigned hereby waives any and all rights to file exceptions as to all or any part thereof of any Commissioners' Report that is filed for a Water Management Plan or Amendments thereto for Northern Palm Beach County Water Control District, Units of Development Nos. 9, 9A, 9B and 28.

4. The undersigned hereby consents to the entry of an Order and all subsequent Orders that are entered by the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, approving any Report of Commissioner's filed for the Water Management Plan or amendments thereto for Northern Palm Beach County Water Control District, Units of Development Nos. 9, 9A, 9B and 28.

5. The undersigned hereby consents and agrees to the entry of an Order by the Fifteenth Judicial Circuit in and for Palm Beach County, Florida, for validation of any and all bonds that the District may submit to said Court, the proceeds of which will be used to implement and/or construct the Water Management Plan or amendments thereto for Northern Palm Beach County Water Control District, Units of Development Nos. 9, 9A, 9B and 28.

6. The undersigned does hereby acknowledge, consent and agree that this Consent and Waiver shall be binding on the undersigned, and all of said undersigned's successors and/or assigns.

7. The undersigned does hereby acknowledge, consent and agree, that the undersigned had the opportunity, if the undersigned so desired, to have this document reviewed by the undersigned's own legal counsel prior to the signing of same.

8. The undersigned does hereby consent to the recording of this instrument in the Public Records in and for Palm Beach County, Florida.

Executed this ______ day of __________, 19__.

Signed, sealed and delivered
in the presence of:

Witness

________________________   By:________________________
Printed Witness Name:     Name: ______________________
________________________   Title:_____________________
Printed Witness Name:

STATE OF FLORIDA
COUNTY OF __________________

The foregoing instrument was acknowledged before me this _____ day of
______, 1999, by __________________________, as __________________ of
______________, who is personally known to me or who has produced
___________________________ as identification.

__________________________
Printed Name:
Notary Public, State of Florida
Serial Number:
My Commission Expires:

(NOTARY SEAL)

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EXHIBIT 21

SUBSIDIARIES OF REGISTRANT

Professional Direct Agency, Inc.
ACCOUNTANTS' CONSENT

The Board of Directors
Ilife.com, Inc.:

We consent to incorporation by reference in the registration statement (No. 33-87955) on Form S-8 of ilife.com, Inc. of our report dated January 28, 2000, relating to the consolidated balance sheets of ilife.com, Inc. and subsidiary as of December 31, 1999 and 1998, and the related consolidated statements of operations, redeemable stock and stockholders' equity (deficit) and cash flows for the year ended December 31, 1999, the six months ended December 31, 1998 and the year ended June 30, 1998, which report appears in the December 31, 1999 annual report on Form 10-K of ilife.com, Inc.

KPMG LLP

Atlanta, Georgia
April 14, 2000
The Board of Directors
Ilife.com, Inc.:

We consent to incorporation by reference in the registration statement (No. 33-87955) on Form S-8 of ilife.com, Inc. (formerly Intelligent Life Corporation) of our report dated July 23, 1998 relating to the balance sheet of ilife.com, Inc. as of June 30, 1997, and the related statements of operations, redeemable stock and stockholders’ equity (deficit) and cash flows for the year ended June 30, 1997, which report appears in the December 31, 1999 annual report on Form 10-K of ilife.com, Inc.

Thomas & Clough Co., P.A.

Palm Beach, Florida
April 14, 2000
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