UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

OR

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

For the transition period from to

001-33071
(Commission File Number)

EHEALTH, INC.

(Exact name of registrant as specified in its charter)

Delaware	**56-2357876**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No)

440 EAST MIDDLEFIELD ROAD
MOUNTAIN VIEW, CALIFORNIA 94043
(Address of principal executive offices)

(650) 584-2700
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES x NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO x

The number of shares of the registrant's common stock, par value $0.001 per share, outstanding as of July 31, 2012 was 19,734,690 shares

EHEALTH, INC. FORM 10-Q

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PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EHEALTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2011	June 30, 2012
Assets		(unaudited)
Current assets:		
Cash and cash equivalents	$ 123,607	$ 122,055
Accounts receivable	8,055	3,661
Deferred income taxes	4,622	4,259
Prepaid expenses and other current assets	3,377	5,891
Total current assets	139,661	135,866
Property and equipment, net	4,631	5,760
Deferred income taxes	3,390	3,954
Other assets	5,641	9,094
Intangible assets, net	10,526	9,619
Goodwill	14,096	14,096
Total assets	$ 177,945	$ 178,389
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 2,391	$ 3,748
Accrued compensation and benefits	7,904	6,335
Accrued marketing expenses	6,195	3,156
Deferred revenue	314	402
Other current liabilities	1,547	3,482
Total current liabilities	18,351	17,123
Non-current liabilities	3,920	4,047
Stockholders' equity:		
Common stock	26	26
Additional paid-in capital	215,364	220,922
Treasury stock, at cost	(81,557)	(89,998)
Retained earnings	21,661	26,091
Accumulated other comprehensive income	180	178
Total stockholders' equity	155,674	157,219
Total liabilities and stockholders' equity	$ 177,945	$ 178,389

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

EHEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Revenue				
Commission	$ 30,079	$ 30,603	$ 60,839	$ 62,067
Other	6,107	4,904	12,902	10,515
Total revenue	36,186	35,507	73,741	72,582
Operating costs and expenses:				
Cost of revenue	2,555	764	5,206	2,439
Marketing and advertising	11,668	12,167	24,577	25,154
Customer care and enrollment	4,610	6,358	10,020	12,329
Technology and content	5,415	5,033	10,885	10,515
General and administrative	6,661	6,590	13,382	13,194
Amortization of intangible assets	427	460	854	907
Total operating costs and expenses	31,336	31,372	64,924	64,538
Income from operations	4,850	4,135	8,817	8,044
Other income (expense), net	(21)	16	(40)	37
Income before provision for income taxes	4,829	4,151	8,777	8,081
Provision for income taxes	2,097	1,846	4,064	3,651
Net income	2,732	2,305	4,713	4,430
Foreign currency translation adjustment	(8)	-	(15)	(2)
Comprehensive income	$ 2,724	$ 2,305	$ 4,698	$ 4,428
Net income per share:				
Basic	$ 0.13	$ 0.12	$ 0.22	$ 0.23
Diluted	$ 0.12	$ 0.11	$ 0.21	$ 0.22
Weighted-average number of shares used in per share amounts:				
Basic	21,390	19,624	21,371	19,580
Diluted	22,119	20,497	22,079	20,471

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

EHEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands, unaudited)

	Six Months Ended June 30,	
	2011	2012
Operating activities		
Net income	$ 4,713	$ 4,430
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	3,664	1,045
Depreciation and amortization	1,266	1,114
Amortization of book-of-business consideration	262	1,418
Amortization of intangible assets	854	907
Stock-based compensation expense	3,798	2,987
Excess tax benefits from stock-based compensation	(2,553)	(1,187)
Deferred rent	(20)	(17)
Loss on disposal of fixed assets	3	-
Changes in operating assets and liabilities:		
Accounts receivable	6,577	4,394
Prepaid expenses and other current assets	1,525	715
Other assets	(236)	(1,857)
Accounts payable	(1,169)	1,356
Accrued compensation and benefits	(679)	(1,572)
Accrued marketing expenses	(230)	(3,039)
Deferred revenue	(2,129)	88
Other current liabilities	(1,055)	1,943
Net cash provided by operating activities	14,591	12,725
Investing activities		
Purchases of property and equipment	(1,239)	(2,146)
Book-of-business transfers	(3,769)	(6,243)
Net cash used in investing activities	(5,008)	(8,389)
Financing activities		
Net proceeds from exercise of common stock options	72	2,370
Cash used to net-share settle equity awards	(544)	(986)
Excess tax benefits from stock-based compensation	2,553	1,187
Repurchase of common stock	(3,796)	(8,441)
Principal payments in connection with capital leases	(30)	(18)
Net cash used in financing activities	(1,745)	(5,888)
Effect of exchange rate changes on cash and cash equivalents	(19)	-
Net increase (decrease) in cash and cash equivalents	7,819	(1,552)
Cash and cash equivalents at beginning of period	128,074	123,607
Cash and cash equivalents at end of period	$ 135,893	$ 122,055

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

EHEALTH, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Business and Significant Accounting Policies

Description of Business—eHealth, Inc. (the "Company," "eHealth," "we" or "us") offers Internet-based health insurance agency services for individuals, families and small businesses in the United States, as well as technology licensing and Internet advertising services. Our services and technology enable individuals, families and small businesses to compare and purchase health insurance plans from health insurance carriers across the nation. We also actively market the availability of Medicare-related insurance plans and offer Medicare plan comparison tools and educational materials for Medicare-related insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans. We are licensed to market and sell health insurance in all 50 states and the District of Columbia.

Basis of Presentation—The accompanying condensed consolidated balance sheet as of June 30, 2012, the condensed consolidated statements of comprehensive income for the three and six months ended June 30, 2011 and 2012 and the condensed consolidated statements of cash flows for the six months ended June 30, 2011 and 2012, respectively, are unaudited. The condensed consolidated balance sheet data as of December 31, 2011 was derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011, which was filed with the Securities and Exchange Commission on March 15, 2012. The accompanying statements should be read in conjunction with the audited consolidated financial statements and related notes contained in our Annual Report on Form 10-K.

The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP, for interim financial information. Accordingly, they do not include all of the financial information and footnotes required by U.S. GAAP for complete financial statements. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011, and include all adjustments necessary for the fair presentation of eHealth's statement of financial position as of June 30, 2012, its results of operations for the three and six months ended June 30, 2011 and 2012 and its cash flows for the six months ended June 30, 2011 and 2012. All adjustments are of a normal recurring nature. The results for the three months ended June 30, 2012 are not necessarily indicative of the results to be expected for any subsequent quarter or for the fiscal year ending December 31, 2012.

Seasonality—The number of individual and family health insurance applications submitted through our ecommerce platform has generally increased in our first quarter compared to our fourth quarter and in our third quarter compared to our second quarter. Conversely, we have generally experienced a decline or flattening of individual and family submitted applications in our second quarter compared to our first quarter and in our fourth quarter compared to our third quarter. Since a significant portion of our marketing and advertising expenses are driven by the number of health insurance applications submitted on our ecommerce platform, those expenses are influenced by these patterns. The reasons for these seasonal patterns are not entirely clear.

The vast majority of Medicare plans are sold in the fourth quarter of each year during the Medicare annual enrollment period, when Medicare-eligible individuals are permitted to change their Medicare Advantage and Medicare Part D prescription drug coverage for the following year. As a result, we have generated the majority of our Medicare plan-related revenue in the fourth quarter of the year. Additionally, we recognize a majority of our renewal Medicare Advantage and Medicare Part D prescription drug plan commission revenue in the first quarter of each year as the majority of policies sold during the annual enrollment period typically renew on January 1 of each year.

In 2011, we significantly increased our temporary customer care center staff during the third quarter in preparation for the Medicare annual enrollment period. We employed our temporary customer care center staff until the end of the Medicare annual enrollment period in December 2011. As a result, our customer care center staffing costs were significantly higher in the third and fourth quarters of 2011 compared to the first and second quarters of 2011. We expect this seasonal trend to occur again in 2012. We also incurred significantly greater Medicare plan-related online advertising expenses during the third and fourth quarters of 2011 compared to the first and second quarters of 2011. Because the majority of our Medicare plan-related revenue is not generated until the fourth quarter, our temporary customer care center staffing costs and Medicare-related online advertising expenses incurred in the third quarter of 2011 had a significant negative impact on our profitability during the third quarter. We expect this seasonal trend to occur again in 2012.

Based on these seasonal trends, we expect our revenue to be highest in the first and fourth quarters of the year and we expect our profitability to be relatively higher in the first and fourth quarters and substantially lower in the third quarter of the year.

Book-of-Business Transfers—We have entered into several agreements with a broker partner, whereby the partner has transferred certain of its existing Medicare plan members to us as the broker of record on the underlying policies. The first of these transfers occurred in November 2010 and the most recent in June 2012. Total consideration for these transfers amounted to $13.9 million, of which $6.2 million is related to transfers during the six months ended June 30, 2012. Consideration for these transfers is included in "Prepaid expenses and other current assets" and also in "Other assets" in the accompanying condensed consolidated balance sheets. The consideration, which was based on the discounted commissions expected to be received over the remaining life of each transferred Medicare plan member, is being amortized to "Cost of revenue" in the condensed consolidated statements of comprehensive income and is presented as "Amortization of book-of-business consideration" in the condensed consolidated statements of cash flows as we recognize commission revenue related to the transferred Medicare plan members, over a period of up to five years. The amount of consideration we amortize to cost of revenue each quarter is proportional to the amount of commission revenue we recognize on the underlying policies each quarter. Amortization expense recorded to cost of revenue for these books-of-business for the three months ended June 30, 2011 and 2012 totaled $0.2 million and $0.3 million, respectively. Amortization expense recorded to cost of revenue for these books-of-business for the six months ended June 30, 2011 and 2012 totaled $0.3 million and $1.4 million, respectively. Cash consideration paid in connection with the book-of-business transfers are presented under investing activities in the condensed consolidated statements of cash flows.

Recent Contractual Obligations—In May 2012, we entered into an agreement to lease office space in South Jordan, Utah. The term of the operating lease is 65 months and commences in August 2012. The lease significantly increases our office space for our customer care and enrollment activities and replaces an expiring operating lease for office space at another location in South Jordan, Utah. Rent payments begin in January 2013 and total approximately $0.5 million per year through December 2017.

In March 2012, we entered into an agreement to lease a building to be constructed in Mountain View, California, adjacent to our headquarters office. The term of the operating lease is ten years from the date the building is delivered to us and the base rent is approximately $0.6 million for the first year of the lease. The base rent increases annually by 3%. Future minimum payments related to this operating lease are estimated to total $6.8 million over the ten-year term of the lease plus our proportionate share of certain operating expenses, insurance costs and taxes for each calendar year during the lease, but may differ depending on actual rentable square footage. Lease payments are expected to begin in the second or third quarter of 2013, although the actual commencement of lease payments will depend upon the date of completion and delivery of the newly constructed building.

Upon signing the Mountain View, California lease agreement, we entered into a financial guarantee consisting of a standby letter of credit for $0.6 million, which may be reduced in increments of 25% of the original amount thereof on the first, second and third anniversaries of the commencement date, subject to our compliance with the applicable conditions to such reductions set forth in the lease.

In March 2012, we entered into a service agreement with a vendor to support our customer care center telephonic system and equipment. Service obligations related to this agreement total $0.7 million over the three-year term of the agreement.

Recent Accounting Pronouncement—In June 2011, the FASB issued authoritative guidance related to the presentation of comprehensive income. The guidance requires that all non-owner changes in stockholders' equity be presented in a single continuous statement of comprehensive income or in two separate but consecutive statements. The guidance does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This guidance is effective for interim and annual periods beginning after December 15, 2011. The new guidance is to be applied retrospectively. We adopted the guidance beginning in the first quarter of 2012 and the adoption of this guidance did not have a material impact on our consolidated financial statements.

Note 2 – Cash, Cash Equivalents and Accounts Receivable

Cash and Cash Equivalents—As of December 31, 2011 and June 30, 2012, our cash equivalents consisted of money market accounts that invested in U.S. government-sponsored enterprise bonds and discount notes, U.S. government treasury bills and notes and repurchase agreements collateralized by U.S. government obligations. At December 31, 2011 and June 30, 2012, our cash equivalents carried no unrealized gains or losses and we did not realize any significant gains or losses on sales of cash equivalents during the three and six months ended June 30, 2011 and 2012.

As of December 31, 2011 and June 30, 2012, our cash and cash equivalent balances were invested as follows (in thousands):

	December 31, 2011	June 30, 2012
Cash	$ 17,256	$ 13,698
Money market funds	106,351	108,357
Total cash and cash equivalents	$ 123,607	$ 122,055

We used observable prices in active markets in determining the classification of our money market funds as Level 1.

Accounts Receivable—As of December 31, 2011 and June 30, 2012, our accounts receivable consisted of the following (in thousands):

	December 31, 2011	June 30, 2012
Accounts receivable - from other revenues	$ 7,702	$ 1,802
Commissions receivable	353	1,859
Total accounts receivable	$ 8,055	$ 3,661

Note 3 – Stockholders' Equity

Stock Plans—The following table summarizes option activity under our 2006 Equity Incentive Plan, 1998 Stock Plan and 2005 Stock Plan (collectively, the "Stock Plans") (in thousands, except per share amounts and weighted average remaining contractual life data):

	Shares Available for Grant (1)
Shares available for grant December 31, 2011	3,870
Additional shares authorized (2)	795
Options granted	(635)
Restricted stock units granted	(188)
Options cancelled	108
Restricted stock units cancelled	66
Shares available for grant June 30, 2012	4,016

(1) Shares available for grant exclude treasury stock of 5.9 million shares and 6.5 million shares at December 31, 2011 and June 30, 2012, respectively, that could be granted if we determined to do so.

(2) On January 1, 2012, the number of shares authorized for issuance under the 2006 Equity Incentive Plan was automatically increased pursuant to the terms of the 2006 Equity Incentive Plan by 0.8 million shares.

The following table summarizes stock option activity under the Stock Plans (in thousands, except per share amounts and weighted average remaining contractual life data):

	Number of Stock Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (1)
Balance outstanding at December 31, 2011	3,412	$ 11.36	3.80	$ 17,078
Granted	635	$ 16.73		
Exercised	(221)	$ 10.72		
Cancelled	(108)	$ 18.02		
Balance outstanding at June 30, 2012	3,718	$ 12.12	3.73	$ 18,948
Vested and expected to vest at June 30, 2012	3,611	$ 12.00	3.65	$ 18,877
Exercisable at June 30, 2012	2,603	$ 10.56	2.72	$ 17,899

(1) The aggregate intrinsic value is calculated as the difference between eHealth's closing stock price as of December 31, 2011 and June 30, 2012 and the exercise price of in-the-money options as of those dates.

The total grant date fair value of stock options vested during the three months ended June 30, 2011 and 2012 was $1.4 million and $0.5 million, respectively. The total grant date fair value of stock options vested during the six months ended June 30, 2011 and 2012 was $2.9 million and $1.4 million, respectively.

The following table summarizes restricted stock unit activity under the Stock Plans (in thousands, except weighted average remaining contractual life data):

	Number Outstanding	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (1)
Balance outstanding as of December 31, 2011	474	1.92	$ 6,958
Granted	188		
Vested	(235)		
Cancelled	(66)		
Balance outstanding as of June 30, 2012	361	2.42	$ 5,814

(1)The aggregate intrinsic value is calculated as eHealth's closing stock price as of December 31, 2011 and June 30, 2012 multiplied by the number of restricted stock units outstanding as of December 31, 2011 and June 30, 2012, respectively.

The fair value of the restricted stock units is based on eHealth's stock price on the date of grant, and compensation expense is recognized on a straight-line basis over the vesting period. The total grant date fair value of restricted stock units vested during the three months ended June 30, 2011 and 2012 was $0.2 million and $1.1 million, respectively. The total grant date fair value of restricted stock units vested during the six months ended June 30, 2011 and 2012 was $1.7 million and $3.7 million, respectively.

Stock Repurchase Programs—On June 14, 2011, we announced that our board of directors approved a stock repurchase program authorizing us to purchase up to an additional $30.0 million of our common stock. In February 2012, we completed this stock repurchase program, having repurchased an aggregate 2.2 million shares for approximately $30.0 million at an average price of $13.78 per share including commissions. Purchases under this repurchase program were made in the open market and complied with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The cost of the repurchased shares was funded from available working capital.

For accounting purposes, common stock repurchased under our stock repurchase programs was recorded based upon the settlement date of the applicable trade. Such repurchased shares are held in treasury and are presented using the cost method.

Stock repurchase activity under our stock repurchase programs during the six months ended June 30, 2012 is summarized as follows (dollars in thousands, except share and per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share (2)	Amount of Repurchase
Cumulative balance at December 31, 2011 (1)	5,797,806	$ 14.07	$ 81,557
Repurchases of common stock	554,284	$ 15.23	8,441
Cumulative balance at June 30, 2012 (1)	6,352,090	$ 14.17	$ 89,998

(1)Cumulative balances at December 31, 2011 and June 30, 2012 include shares repurchased in connection with our stock repurchase programs announced on July 27, 2010 and June 14, 2011, as well as a previous stock repurchase plan announced in 2008.

(2) Average price paid per share includes commissions.

In addition to the 6.4 million shares repurchased under our repurchase programs as of June 30, 2012, we have in treasury 0.2 million shares that were previously surrendered by employees to satisfy tax withholdings due in connection

with the vesting of certain restricted stock units. As of December 31, 2011 and June 30, 2012, we had a total of 5.9 million shares and 6.5 million shares, respectively, held in treasury.

EHEALTH, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—CONTINUED

***Stock-Based Compensation*—**The fair value of stock options granted to employees for the three and six months ended June 30, 2011 and 2012 was estimated using the following weighted average assumptions:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012 (1)	2011	2012 (1)
Expected term	4.6 years	4.7 years	4.6 years	4.7 years
Expected volatility	48.9%	44.4%	49.0%	44.4%
Expected dividend yield	0%	0%	0%	0%
Risk-free interest rate	2.05%	0.94%	2.02%	0.94%
Weighted-average fair value	$ 5.35	$ 6.40	$ 5.34	$ 6.40

(1)All stock options granted to employees during the three and six months ended June 30, 2012 were granted on the same day in April 2012.

The following table summarizes stock-based compensation expense recorded during the three and six months ended June 30, 2011 and 2012 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Common stock options	$ 1,001	$ 674	$ 2,048	$ 1,365
Restricted stock units	936	688	1,750	1,622
Total stock-based compensation expense	$ 1,937	$ 1,362	$ 3,798	$ 2,987

The following table summarizes stock-based compensation expense by operating function for the three and six months ended June 30, 2011 and 2012 (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Marketing and advertising	$ 276	$ 362	$ 522	$ 602
Customer care and enrollment	74	74	181	153
Technology and content	470	218	925	551
General and administrative	1,117	708	2,170	1,681
Total stock-based compensation expense	$ 1,937	$ 1,362	$ 3,798	$ 2,987

Note 4 – Income Taxes

The following table summarizes our provision for income taxes and our effective tax rates for the three and six months ended June 30, 2011 and 2012 (provision for income taxes is in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Provision for income taxes	$ 2,097	$ 1,846	$ 4,064	$ 3,651
Effective tax rate	43.4%	44.5%	46.3%	45.2%

Our effective tax rates in the three and six months ended June 30, 2011 and 2012 were higher than statutory federal and state tax rates due primarily to non-deductible lobbying expenses and tax shortfalls related to share-based payments.

During the six months ended June 30, 2011 and 2012, we utilized excess federal and state tax benefits related to share-based payments, which resulted in increases of $2.6 million and $1.2 million, respectively, in “Additional paid-in capital” in the condensed consolidated balance sheets. These amounts are also classified in the condensed consolidated statements of cash flows as both a reduction to operating cash flows and as a financing cash inflow.

Note 5 – Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding for the period (excluding shares subject to repurchase). Diluted net income per share is computed by dividing the net income for the period by the weighted average number of common and common equivalent shares outstanding during the period. Diluted net income per share is computed giving effect to all potential dilutive common stock, including options, restricted stock and restricted stock units. The dilutive effect of outstanding awards is reflected in diluted earnings per share by application of the treasury stock method.

The following table sets forth the computation of basic and diluted net income per share (in thousands, except per share amounts):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Basic:				
Numerator:				
Net income allocated to common stock	$ 2,732	$ 2,305	$ 4,713	$ 4,430
Denominator:				
Weighted average number of common stock shares	25,661	19,624	25,621	20,118
Weighted average number of common stock shares held in treasury	(4,271)	-	(4,250)	(538)
Net weighted average number of common stock shares outstanding	21,390	19,624	21,371	19,580
Net income per share—basic:	$ 0.13	$ 0.12	$ 0.22	$ 0.23
Diluted:				
Numerator:				
Net income allocated to common stock	$ 2,732	$ 2,305	$ 4,713	$ 4,430
Denominator:				
Net weighted average number of common stock shares outstanding	21,390	19,624	21,371	19,580
Weighted average number of options	692	789	679	774
Weighted average number of restricted stock units	37	84	29	117
Total common stock shares used in per share calculation	22,119	20,497	22,079	20,471
Net income per share—diluted:	$ 0.12	$ 0.11	$ 0.21	$ 0.22

For each of the three and six months ended June 30, 2011 and 2012, we had securities outstanding that could potentially dilute earnings per share, but the shares from the assumed conversion or exercise of these securities were excluded in the computation of diluted net income per share as their effect would have been anti-dilutive. The number of outstanding weighted average anti-dilutive shares that were excluded from the computation of diluted net income per share consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Common stock options	1,863	1,466	1,892	1,507
Restricted stock units	217	-	90	-
Total	2,080	1,466	1,982	1,507

Note 6 – Geographic Information and Significant Customers

Geographic Information—As of December 31, 2011 and June 30, 2012, our long-lived assets consisted primarily of property and equipment, goodwill and other indefinite-lived intangible assets and finite-lived intangible assets. Our long-lived assets are attributed to the geographic location in which they are located. Long-lived assets by geographical area were as follows (in thousands):

	As of December 31, 2011	As of June 30, 2012
United States	$ 34,469	$ 38,228
China	425	341
Total	$ 34,894	$ 38,569

Significant Customers—Substantially all revenue for the three and six months ended June 30, 2011 and 2012 was generated from customers located in the United States. Carriers representing 10% or more of our total revenue in the three and six months ended June 30, 2011 and 2012 are presented in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Humana	5%	13%	4%	15%
WellPoint (1)	12%	15%	12%	13%
UnitedHealthcare (2)	15%	14%	14%	13%
Aetna	8%	8%	10%	8%

(1)Wellpoint includes other carriers owned by Wellpoint.

(2)UnitedHealthcare includes other carriers owned by UnitedHealthcare.

Commission revenue attributable to major medical individual and family health insurance plans was approximately 89% and 79% of our commission revenue in the three months ended June 30, 2011 and 2012, respectively. Commission revenue attributable to major medical individual and family health insurance plans was approximately 90% and 78% of our commission revenue in the six months ended June 30, 2011 and 2012, respectively. We define our individual and family plan offerings as major medical individual and family health insurance plans, which do not include Medicare-related health

insurance plan offerings or other ancillary products such as small business, short-term, stand-alone dental, life and student insurance plan offerings.

As of December 31, 2011, one customer represented 73% of our $8.1 million outstanding accounts receivable balance. As of June 30, 2012, two customers represented 45% and 28%, respectively, for a combined total of 73% of our $3.7 million outstanding accounts receivable balance. No other customers represented 10% or more of our total accounts receivable at December 31, 2011 and June 30, 2012. We believe the potential for collection issues with any of our customers is minimal as of June 30, 2012.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In addition to historical information, this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, among other things, statements regarding our expectations relating to revenue, sources of revenue, profitability, cost of revenue, seasonality, marketing and advertising expenses, customer care and enrollment employees and expenses, technology and content expenses, general and administrative expenses, tax rates and cash outlay for taxes; our potential for collection issues; the timing and amount of our future lease obligations; the impact of health care reform laws on the health insurance industry and on our business; our plans and expectations relating to our Medicare business and factors impacting its success; impact of medical loss ratio regulations and commission rate changes; our expectations and projections relating to membership and commission rates; the timing and source of our Medicare-related revenue; estimates relating to critical accounting policies and related impact on our financial statements; the sufficiency of our cash and cash equivalents; future capital requirements; expenditures related to branding initiatives and the development of our business; our projections relating to future revenue growth and earnings per share; our future competitors; expansion into new business areas and additional geographic regions; our need for additional regulatory licenses and approvals; our strategy to market our ecommerce technology to government entities; as well as other statements regarding our future operations, financial condition, prospects and business strategies. These forward-looking statements are subject to certain risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this report, and in particular, the risks discussed under the heading "Risk Factors" in Part II, Item 1A of this report and those discussed in our other Securities and Exchange Commission filings. The following discussion should be read in conjunction with our Annual Report on Form 10-K as filed with the Securities and Exchange Commission in March 2012, and the audited consolidated financial statements and related notes contained therein. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements.

Overview

We are the leading online source of health insurance for individuals, families and small businesses. Through our website addresses (*www.eHealth.com*, *www.eHealthInsurance.com*, *www.eHealthMedicare.com* and *www.PlanPrescriber.com)*, consumers can get quotes from leading health insurance carriers, compare plans side-by-side, and apply for and purchase individual and family, Medicare-related, small business and ancillary health insurance plans. Our ecommerce technology also enables us to deliver consumers' health insurance applications electronically to health insurance carriers. As a result, we simplify and streamline the complex and traditionally paper-intensive health insurance sales and purchasing process.

We have invested heavily in technology and content related to our ecommerce platform. We have also invested significant time and resources in obtaining licenses to sell health insurance in all 50 states and the District of Columbia, developing diverse member acquisition programs, obtaining necessary regulatory approvals of our websites and establishing relationships and appointments with over 180 leading insurance carriers, enabling us to offer thousands of health insurance plans online. Our ecommerce platforms can be accessed directly through our website as well as through our network of marketing partners.

We generate revenue primarily from commissions we receive from health insurance carriers whose individual, family, Medicare and small business health insurance policies are purchased through our ecommerce platform. Commission revenue represented 86% of total revenue in each of the three- and six-month periods ended June 30, 2012 and represented 83% of total revenue in each of the three- and six-month periods ended June 30, 2011. The commission payments we receive for individual, family and small business health insurance policies are typically a percentage of the premium on an individual, family or small business health insurance policy that we sold and are typically made to us on a monthly basis for as long as a policy remains active with us.

We actively market the availability of Medicare-related health insurance plans through our online Medicare plan platforms (*www.eHealthMedicare.com* and *www.PlanPrescriber.com)*. Our Medicare plan platforms enable consumers to research and compare Medicare-related health insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans. Commission payments we receive for Medicare Advantage and Medicare Part D prescription drug plans sold by us are typically fixed and are earned over a period of up to six years, or longer depending on the carrier arrangement, and are paid to us either monthly or annually. Medicare commissions we receive are included in commission revenue.

As a result of our commission structure, much of our revenue for a given financial reporting period relates to health insurance plans that we sold prior to the beginning of the period and is recurring in nature. Additionally, health insurance pricing, which is set by the health insurance carrier and approved by regulators, is not subject to negotiation or discounting by health insurance carriers or our competitors.

In March 2010, the federal Patient Protection and Affordable Care Act and related amendments in the Health Care and Education Reconciliation Act were signed into law. These health care reform laws contain provisions that have and will continue to change the health insurance industry in substantial ways. Among several other provisions, they include a mandate requiring individuals to be insured or face tax penalties; a mandate that certain employers offer their employees group health insurance coverage or face tax penalties; a requirement that persons 26 years of age and younger be able to stay on a parent's health insurance plan; prohibitions against insurance companies using pre-existing health conditions as a reason to deny an application for health insurance; establishment of state and/or federal health insurance exchanges to facilitate access to, and the purchase of, health insurance; subsidies and cost-sharing credits to make health insurance more affordable for those below certain income levels; and medical loss ratio requirements that require each health insurance carrier to spend a certain percentage of their premium revenue on reimbursement for clinical services and activities that improve health care quality and, if they do not, to provide rebates to policyholders. While many aspects of health care reform do not become effective until 2014, health insurance carriers have been required to maintain medical loss ratios of eighty percent in their individual and family health insurance business since the beginning of 2011. The implementation of the medical loss ratio requirements by insurance carriers has resulted in a reduction in the commission rates that we are paid as a result of our selling individual and family health insurance plans. These commission rate changes began to impact our individual and family health insurance plan commission-based revenue in 2011.

We derive revenue from our online sponsorship and advertising program that allows carriers to purchase advertising space in specific markets in a sponsorship area on our website. In return, we are typically paid a monthly fee and a performance-based fee based on metrics such as submitted health insurance applications. We also offer Medicare advertising services, which allow Medicare plan carriers to purchase advertising on a separate website developed, hosted and maintained by us. In these instances, we are typically paid a fixed, up-front fee, which we recognize as revenue over the service period.

We derive revenue from licensing the use of our health insurance ecommerce technology. Our technology platform enables health insurance carriers and agents to market and distribute health insurance plans online. We have licensed our ecommerce technology for use by government agencies and are currently marketing this technology to states implementing health insurance exchanges as a result of health care reform legislation.

The Medicare revenue we have generated also includes referral fees paid to us based on Medicare leads generated by our online platforms that are delivered and sold to third parties. In early 2012 we began directly servicing most of the Medicare leads we generated as a health insurance agent, while significantly reducing the number of Medicare leads we sold to third parties. To the extent that we assist in the sale of Medicare-related insurance plans as a health insurance agent, we generate revenue from commissions we receive from health insurance carriers, rather than one-time referral fees we receive for the sale of Medicare leads.

Sources of Revenue

Commission Revenue

We generate revenue primarily from commissions we receive from health insurance carriers whose health insurance policies are purchased through us. Commissions for individual, family and small business health insurance policies sold by us generally represent a percentage of the insurance premium and, to a much lesser extent, commission override payments that insurance carriers pay us for achieving sales volume thresholds or other objectives. Commission rates vary by carrier and by the type of plan purchased by a member. Commission rates can vary based upon the amount of time that the policy has been active, with commission rates for individual and family plans typically being higher in the first twelve months of the policy. After the first twelve months, commission rates generally decline significantly. As a result, if we do not add a sufficient number of members on new policies, our revenue growth will be negatively impacted. Individuals, families and small businesses purchasing health insurance through us typically pay their premiums on a monthly basis. Insurance carriers typically pay commissions to us on these policies monthly, after they receive the premium payment from the member. We generally continue to receive the commission payment from the relevant insurance carrier until the health insurance policy is cancelled or we otherwise do not remain the agent on the policy. As a result, the majority of our commission revenue is recurring in nature.

Our individual and family health insurance plan commission revenue was adversely impacted in 2011 due to the reduction in the commission rates that we are paid on new policies sold subsequent to the implementation of the medical loss ratio requirements beginning in 2011 as a result of health care reform legislation. Commission rate changes due to the implementation of the medical loss ratio requirements applied prospectively to applicable commissions earned on or after January 1, 2011 and the majority of the changes applied only to commissions earned on new individual and family plan members approved in 2011 and thereafter. We define a member as an individual covered by an insurance plan, including individual, family, Medicare-related, small business, short-term and ancillary plans, for which we are entitled to receive compensation. For the majority of individual and family plan members that were approved prior to the effective date of the commission rate changes, we are being paid commissions at the rates in effect prior to the changes. As a result, the adverse impact to our overall individual and family health insurance commission rate structure is phasing in as the number of members approved after the commission rate changes becomes a greater proportion of our individual and family plan membership. Although we expect our overall individual and family health insurance commission rate structure to stabilize by early 2013, our actual future individual and family commission rate structure will depend on the mix between individual and family plan members approved prior to the commission rate changes and those approved after the changes, any future changes to commission rates and the mix of new approved members by state, health insurance carrier and type of health plan, among other factors. Additionally, other programs that health insurance carriers have supported, such as commission overrides and our sponsorship and advertising programs, have also been reduced as carriers look to reduce costs to comply with the new medical loss ratio requirements.

We generally recognize individual, family and small business health insurance plan revenue when commissions are reported to us by a health insurance carrier, net of an estimate for future forfeiture amounts payable to carriers due to policy cancellations. Commissions are reported to us by a cash payment and commission statement. We generally receive these communications simultaneously. In instances when we receive the cash payment and commission statement separately and in different accounting periods, we recognize revenue in the period that we receive the earliest communication, provided we receive the second corroborating communication shortly after the end of the accounting period. If the second corroborating communication is not received shortly after the end of the accounting period, we recognize revenue in the period the second communication is received. We use the data in the commission statements to help identify the members for which we are receiving a commission payment and the amount received for each member, and to estimate forfeitures payable to carriers. As a result, we recognize the net amount of compensation earned as the agent in the transaction. Commission override revenue, which we recognize on the same basis as premium commissions, is generally reported to us in a more irregular pattern than premium commissions. As a result, our revenue for a particular quarter could be higher or lower than expectations due to the timing of the reporting of commission override revenue to us.

Commission revenue attributable to major medical individual and family health insurance plans was 79% and 78% of commission revenue in the three and six months ended June 30, 2012, respectively, compared to 89% and 90% in the three and six months ended June 30, 2011, respectively. The decline in the three and six months ended June 30, 2012 was due primarily to an increase in commission revenue attributable to Medicare insurance plans and to a decrease in individual and family health insurance plans commission revenue as a result of a decrease in commission rates we are paid on those plans. Major medical individual and family health insurance plans do not include Medicare-related health insurance plan offerings and do not include other ancillary products such as small business, stand-alone dental, life and short-term insurance plan offerings.

We actively market the availability of Medicare-related insurance plans through our online Medicare plan platforms (*www.eHealthMedicare.com* and *www.PlanPrescriber.com)*. These platforms enable consumers to research and compare Medicare-related insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans. We offer online application and telephonic enrollment capabilities for certain Medicare plans. To the extent that we assist in the sale of Medicare-related insurance plans as a health insurance agent, through either online applications or telephonically, we generate revenue from commissions we receive from health insurance carriers. The commission payments we receive for Medicare Supplement plans are typically a percentage of the premium on the policy that we sold and are paid to us on a monthly basis for as long as a policy remains active with us. For both Medicare Advantage and Medicare Part D prescription drug plans, we receive a fixed, annual commission from insurance carriers after the policy is approved by the carrier and either a fixed, monthly commission beginning with and subsequent to the second policy year for a Medicare Advantage policy or a fixed, annual commission beginning with and subsequent to the second policy year for a Medicare Part D prescription drug policy. We may earn commission revenue for both Medicare Advantage and Medicare Part D prescription drug plans typically for a period of up to six years, or longer depending on the carrier arrangement, provided that the policy remains active with us.

We recognize commission revenue for both Medicare Advantage and Medicare Part D prescription drug plans for the entire policy year once the annual or first monthly commission amount for the policy year is reported to us by the carrier, net of an estimate for future forfeiture amounts due to policy cancellations. For commissions paid to us on a monthly basis,

we record a receivable for the commission amounts to be received over the remainder of the policy year, net of an estimate for commission amounts not expected to be collected due to policy cancellations, which is included in "Accounts receivable" in the accompanying condensed consolidated balance sheets. We continue to receive the commission payments from the relevant insurance carrier until the earlier of our being notified that the health insurance policy has been cancelled, our no longer remaining the agent on the policy, or our commission term with the carrier expires, typically up to six years from the effective date of the policy. We determine that there is persuasive evidence of an arrangement when we have a commission agreement with a health insurance carrier. Our services are complete when a carrier has approved an application in the initial year and when a member has renewed in a renewal year. The seller's price is fixed or determinable and collectibility is reasonably assured when a carrier has approved an application and the carrier reports to us the annual or first monthly renewal commission amount for each policy year.

We expect to recognize a majority of our first year Medicare Advantage and Medicare Part D prescription drug plan commission revenue in the fourth quarter of each year as a result of the Medicare annual enrollment period, which occurs in the fourth quarter of each year. Additionally, we recognize a majority of our renewal Medicare Advantage and Medicare Part D prescription drug plan commission revenue in the first quarter of each year as the majority of policies sold during the annual enrollment period typically renew on January 1 of each year.

We expect commission revenue to increase in absolute dollars in 2012 compared to 2011, primarily as a result of an increase in Medicare-related commission revenue.

Other Revenue

In addition to the commission revenue we derive from the sale of health insurance plans, we derive other revenue from our online sponsorship and advertising program, from licensing the use of our ecommerce technology and from generating and delivering leads, primarily for Medicare plans.

Online Sponsorship and Advertising. We derive revenue from our online sponsorship and advertising program that allows carriers to purchase advertising space in specific markets in a sponsorship area on our website. In return, we are typically paid a monthly fee and a performance-based fee based on metrics such as submitted health insurance applications. We also offer advertising services for our Medicare plan carriers to purchase advertising on a separate website developed, hosted and maintained by us. In these instances, we are typically paid a fixed, up-front fee, which we recognize as revenue over the service period.

Technology Licensing. We derive revenue from licensing the use of our health insurance ecommerce technology. Our technology platform enables health insurance carriers and agents to market and distribute health insurance plans online. In our technology licensing business, we are paid implementation fees and performance-based fees that are based on metrics such as submitted health insurance applications. Typically, we are paid a one-time implementation fee commencing once the technology is available for use by the third party. In addition, we generate revenue based on performance criteria that are either measured based on data tracked by us, or based on data tracked by the third party. In instances where the performance criteria data are tracked by us, we recognize revenue in the period of performance. In instances where the performance criteria data are tracked by the third party, we recognize revenue when the amounts earned are both; fixed or determinable; and collection is reasonably assured. Typically, this occurs through our receipt of a cash payment from the third party along with a detailed statement containing the data that is tracked by the third party.

We license our technology for use by government agencies and we are currently marketing our ecommerce technology to states implementing health insurance exchanges as a result of health care reform legislation. In our government systems business, which may also include information services, we may earn a combination of fixed license fees and time and materials-based fees or we may be paid performance-based fees.

Medicare Lead Referral. Our online Medicare plan platforms (*www.eHealthMedicare.com* and *www.PlanPrescriber.com)* enable consumers to research and compare Medicare-related insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans. The Medicare-related revenue we have generated includes referral fees paid to us based on Medicare leads generated by our online platforms that are delivered and sold to third parties. The majority of our lead referral revenue has been generated during the Medicare annual enrollment period, which occurs during the fourth quarter of the calendar year. We have begun to perform services for a greater number of our Medicare leads ourselves as a health insurance agent, for which we are entitled to receive commissions. As a result, we expect our Medicare lead referral revenue to decline substantially.

We expect other revenue to decline in absolute dollars in 2012 compared to 2011 due primarily to a decrease in Medicare lead referral revenue as a result of our strategic decision to directly service most of the Medicare leads we generate as a health insurance agent, while significantly reducing the number of Medicare leads we sell to third parties. As a

result of this decision, we expect Medicare-related commission revenue to increase in 2012. We expect the decline in Medicare lead referral revenue to be partially offset by an increase in online sponsorship and advertising revenue.

Member Acquisition

An important factor in our revenue growth is the growth of our member base. Our marketing initiatives are an important component of our strategy to grow our member base and are focused on three primary member acquisition channels: direct, marketing partners and online advertising. Our marketing initiatives are primarily designed to encourage consumers to complete an application for health insurance. In addition, we may refer Medicare-eligible individuals to third parties who may assist them in enrolling in a Medicare plan. Our marketing channels are as follows:

Direct. Our direct member acquisition channel consists of consumers who access our website addresses (*www.eHealth.com*, *www.eHealthInsurance.com*, *www.eHealthMedicare.com* and *www.PlanPrescriber.com*) either directly or through algorithmic natural search listings on Internet search engines and directories. For the three months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance from our direct channel constituted 45% and 47%, respectively, of all individual and family health insurance applications submitted on our website. For the six months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance from our direct channel constituted 44% and 45%, respectively, of all individual and family health insurance applications submitted on our website.

Marketing Partners. Our marketing partner member acquisition channel consists of consumers who access our websites through a network of affiliate partners and financial services and other companies. Growth in our marketing partner channel depends upon our expanding marketing programs with existing partners and adding new partners to our network. For the three months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance plans from our marketing partner member acquisition channel constituted approximately 32% and 31%, respectively, of all individual and family health insurance applications submitted on our website. For both the six months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance plans from our marketing partner member acquisition channel constituted approximately 32% of all individual and family health insurance applications submitted on our website.

Online Advertising. Our online advertising member acquisition channel consists of consumers who access our websites through paid keyword search advertising from search engines such as Google, Bing and Yahoo!, as well as various Internet marketing programs such as banner advertising and email marketing. For the three months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance plans from our online advertising channel constituted approximately 23% and 22%, respectively, of all individual and family health insurance applications submitted on our website. For the six months ended June 30, 2011 and 2012, applications submitted through us for individual and family health insurance plans from our online advertising channel constituted approximately 24% and 23%, respectively, of all individual and family health insurance applications submitted on our website.

In addition to our marketing channels, we have acquired individual and family as well as Medicare members through transactions with broker partners, whereby these brokers have transferred certain of their existing individual and family plan and Medicare plan members to us as the broker of record on the underlying policies.

Operating Costs and Expenses

Cost of Revenue

Included in cost of revenue are payments related to health insurance policies sold to members who were referred to our website by marketing partners with whom we have revenue-sharing arrangements. In order to enter into a revenue-sharing arrangement, marketing partners must be licensed to sell health insurance in the state where the policy is sold. Costs related to revenue-sharing arrangements are expensed as the related revenue is recognized.

In the three and six months ended June 30, 2011, cost of revenue also included direct labor and other direct costs incurred in connection with a contract with the federal government, the term of which expired in January 2012.

Additionally, cost of revenue includes the amortization of consideration we paid to certain broker partners in connection with the transfer of their health insurance members to us as the new broker of record on the underlying policies. These transfers include primarily Medicare plan members. Total consideration for these transfers amounted to $6.2 million during the six months ended June 30, 2012. Consideration for all book-of-business transfers is being amortized to cost of revenue

as we recognize commission revenue related to the transferred members over a period of up to five years for each arrangement.

We expect cost of revenue to decrease in absolute dollars in 2012 compared to 2011 due to a decrease in direct labor and other direct costs incurred in connection with the expiration of a contract with the federal government in January 2012, partially offset by an increase in amortization of the consideration we paid in connection with the transfer of certain Medicare members to us from a partner.

Marketing and Advertising

Marketing and advertising expenses consist primarily of member acquisition expenses associated with our direct, marketing partner and online advertising member acquisition channels, in addition to compensation and other expenses related to marketing, business development, partner management, public relations and carrier relations personnel who support our offerings. Our direct channel expenses primarily consist of costs for e-mail marketing and may also include costs for television advertising, radio advertising, print advertising, direct mail and email marketing.

Our marketing partner channel expenses consist primarily of fees paid to marketing partners with which we have a relationship. We compensate a significant number of our marketing partners by paying a fee each time a consumer referral from a partner results in a submitted health insurance application, regardless of whether the consumer's application is approved by the health insurance carrier. Many of our marketing partners have tiered arrangements in which the amount of the fee increases as the volume of submitted applications we receive from the marketing partner increases over a particular period. We recognize these expenditures in the period when a marketing partner's referral results in the submission of a health insurance application. The number of individual and family health insurance applications submitted through our ecommerce platform has generally increased in our first quarter compared to our fourth quarter and in our third quarter compared to our second quarter. Conversely, we have generally experienced a decline or flattening in individual and family submitted applications in our second quarter compared to our first quarter and in our fourth quarter compared to our third quarter. Since a significant portion of our marketing and advertising expenses are driven by the number of health insurance applications submitted on our website, those expenses are influenced by these patterns. In addition, because the total volume of submitted applications that we receive from our marketing partners is largely outside of our control, particularly during any short-term period, and because of our tiered marketing partner arrangements, we could incur expenses in excess of, or below, the amounts we had planned in periods of rapid change in the volume of submitted applications from marketing partner referrals. An unanticipated increase in submitted applications resulting from marketing partner referrals could cause our net income to be lower than our expectation, since the revenue to be derived from submitted applications that are approved by health insurance carriers will not be recognized until future periods.

Paid keyword search advertising on search engines represents the majority of expenses in our online advertising channel. We incur expenses associated with search engine advertising in the period in which the consumer clicks on the advertisement. Similar to our marketing partner channel, expenses in our online advertising channel will increase or decrease in relation to any increase or decrease in consumers referred to our website as a result of search engine advertising. For example, due to the substantial increase in the number of consumers referred to our website from paid keyword search advertising during the Medicare annual enrollment period in the fourth quarter of 2011, we experienced a significant increase in online advertising expenses during the fourth quarter of 2011 compared to other quarters in 2011. We also increased our discretionary spending for Medicare plan-related online advertising in the third and fourth quarters of 2011, compared to first and second quarters, in conjunction with the Medicare annual enrollment period in the fourth quarter of 2011. Because the majority of our Medicare plan-related revenue is not generated until the fourth quarter, our discretionary online advertising expenses had a negative impact on our profitability during the third quarter of 2011. We expect these seasonal patterns to occur again in 2012.

We expect our marketing and advertising expenses to increase in absolute dollars in 2012 compared to 2011 due to an increase in our Medicare-related online marketing and advertising expenditures during 2012, including paid keyword search advertising.

Customer Care and Enrollment

Customer care and enrollment expenses primarily consist of compensation and benefits costs for personnel engaged in pre-sales assistance to applicants who call our customer care center and for enrollment personnel who assist applicants during the underwriting process. In 2011, we began hiring, training and obtaining health insurance licenses and health insurance carrier appointments for additional employees in our customer care centers to service the increase in the volume of Medicare leads we received in the fourth quarter of 2011 as a result of the Medicare annual enrollment period. Many of these additional customer care center employees were temporary and their employment ended after the conclusion of the

Medicare annual enrollment period in December 2011. As a result of our temporary customer care center staffing requirements, we expect our customer care and enrollment costs to be higher in the third and fourth quarters of each year compared to the first and second quarters. Because the majority of our Medicare plan-related revenue is not generated until the fourth quarter, our temporary customer care center staffing costs incurred in the second and third quarters have had a significant negative impact on our profitability during the respective quarters. We expect this seasonal pattern to occur again in 2012.

We expect customer care and enrollment expenses to increase in absolute dollars and as a percentage of total revenue in 2012 compared to 2011 as a result of additional personnel we expect to hire to service the expected increase in the volume of Medicare demand in 2012 and due to an increase in expenditures to develop and expand our Medicare plan sales capabilities.

Technology and Content

Technology and content expenses consist primarily of compensation and benefits costs for personnel associated with developing and enhancing our website technology as well as maintaining our website. A majority of our technology and content group is located at our wholly-owned subsidiary in China, where technology development costs are generally lower than in the United States.

We expect technology and content expenses to remain relatively flat in absolute dollars in 2012 compared to 2011.

General and Administrative

General and administrative expenses include compensation and benefits costs for staff working in our executive, finance, corporate development, investor relations, government affairs, legal, human resources, internal audit, facilities and internal information technology departments. These expenses also include fees paid for outside professional services, including audit, tax, legal, government affairs and information technology fees.

We expect our general and administrative expenses to decline in absolute dollars and as a percentage of total revenue in 2012 compared to 2011 due primarily to a decrease in government affairs expenses.

Summary of Selected Metrics

The following table shows certain selected quarterly metrics as of June 30, 2011 and 2012 and for the three months ended June 30, 2011 and 2012:

Key Metrics:	**Three Months Ended June 30, 2011**	**Three Months Ended June 30, 2012**
Operating cash flows (1)	$ 7,816,000	$ 7,632,000
IFP submitted applications (2)	101,600	103,400
IFP approved members (3)	87,600	87,900
Total approved members (4)	124,400	148,500
Commission revenue (5)	$ 30,079,000	$ 30,603,000
Commission revenue per estimated member for the period (6)	$ 37.47	$ 35.47
Total revenue (7)	$ 36,186,000	$ 35,507,000
Total revenue per estimated member for the period (8)	$ 45.08	$ 41.16

	As of June 30, 2011	**As of June 30, 2012**
IFP estimated membership (9)	688,100	684,000
Total estimated membership (10)	804,100	876,900

	Three Months Ended June 30, 2011	**Three Months Ended June 30, 2012**
Marketing and advertising expenses (11)	$ 11,668,000	$ 12,167,000
Marketing and advertising expenses as a percentage of total revenue (12)	32%	34%

Other Metrics:

Source of IFP submitted applications (as a percentage of total IFP applications for the period):		
Direct (13)	45%	47%
Marketing partners (14)	32%	31%
Online advertising (15)	23%	22%
Total	100%	100%

Notes:

(1)	Net cash provided by operating activities for the period from the condensed consolidated statements of cash flows.
(2)	IFP applications submitted on eHealth's website during the period. Applications are counted as submitted when the applicant completes the application, provides a method for payment and clicks the submit button on our website and submits the application to us. The applicant generally has additional actions to take before the application will be reviewed by the insurance carrier, such as providing additional information and providing an electronic signature. In addition, an applicant may submit more than one application. We include applications for IFP plans for which we receive commissions as well as other forms of payment. We define our "IFP" offerings as major medical individual and family health insurance plans, which does not include small business, short-term, stand-alone dental, life, student or Medicare-related health insurance plans.
(3)	New IFP members reported to eHealth as approved during the period. Some members that are approved by a carrier do not accept the approval and therefore do not become paying members.
(4)	New members for all plans, including Medicare plans, reported to eHealth as approved during the period. Some members that are approved by a carrier do not accept the approval and therefore do not become paying members.
(5)	Commission revenue (from all sources) recognized during the period from the condensed consolidated statements of comprehensive income.
(6)	Calculated as commission revenue recognized during the period (see note (5) above) divided by average estimated membership for the period (calculated as beginning and ending estimated membership for all plans for the period, divided by two).
(7)	Total revenue (from all sources) recognized during the period from the condensed consolidated statements of comprehensive income.
(8)	Calculated as total revenue recognized during the period (see note (7) above) divided by average estimated membership for the period (calculated as beginning and ending estimated membership for all plans for the period, divided by two).
(9)	Estimated number of members active on IFP insurance policies as of the date indicated.
(10)	Estimated number of members active on all insurance policies, including Medicare policies, as of the date indicated.
(11)	Marketing and advertising expenses for the period from the condensed consolidated statements of comprehensive income.
(12)	Calculated as marketing and advertising expenses for the period (see note (11) above) divided by total revenue for the period (see note (7) above).
(13)	Percentage of IFP submitted applications from applicants who came directly to the eHealth website through algorithmic search engine results or otherwise. See note (2) above for further information as to what constitutes a submitted application.
(14)	Percentage of IFP submitted applications from applicants sourced through eHealth's network of marketing partners. See note (2) above for further information as to what constitutes a submitted application.
(15)	Percentage of IFP submitted applications from applicants sourced through paid search and other online advertising activities. See note (2) above for further information as to what constitutes a submitted application.

Our insurance carrier partners bill and collect insurance premiums paid by our members. Carrier partners do not report to us the number of members that we have as of a given date. The majority of our members who terminate their policies do so by discontinuing their premium payments to the carrier and do not inform us of the cancellation. Also, some of our members pay their premiums less frequently than monthly. Given the number of months required to observe non-payment of commissions in order to confirm cancellations, we estimate the number of members who are active on insurance policies as of a specified date. We estimate the number of continuing members on all policies other than small business insurance policies as of a specific date by taking the sum of (i) the number of members for whom we have received or applied a commission payment for the month that is six months (or three months in the case of Medicare, short-term, student and dental insurance) prior to the date of estimation (after reducing that number using historical experience for assumed member cancellations over, as applicable, the three-month or six-month period); and (ii) the number of approved members over the six-month period (or three months in the case of Medicare, short-term, student and dental insurance) prior to the date of estimation (after reducing that number using historical experience for an assumed number of members who do not accept their approved policy and for estimated member cancellations through the date of the estimate). We estimate the number of small business group members using the number of initial members at the time the group is approved, and we update this number for changes in membership if such changes are reported to us by the group or carrier in the period it is reported. However, groups generally notify the carrier directly of policy cancellations and increases or decreases in group size without informing us. Additionally, our carrier partners often do not communicate this information to us. We often are made aware of policy cancellations at the time of annual renewal and update our membership statistics accordingly in the period they are reported.

After we have estimated membership for a period, we may receive information from health insurance carriers that would have impacted the estimate if we had received the information prior to the date of estimation. We may receive commission payments or other information that indicates that a member who was not included in our estimates for a prior period was in fact an active member at that time, or that a member who was included in our estimates was in fact not an active member of ours. For instance, we reconcile information carriers provide to us and may determine that we were not historically paid commissions owed to us, which would cause us to have underestimated our membership. Conversely, carriers may require us to return commission payments paid in a prior period due to policy cancellations for members we previously estimated as being active. We reflect updated information regarding our membership in the membership estimate

for the current period that we are estimating, if applicable. As a result of the delay in our receipt of information from insurance carriers, actual trends in our membership are most discernable over periods longer than from one quarter to the next. In addition, and as a result of the delay we experience in receiving information about our membership, it is difficult for us to determine with any certainty the impact of current economic and other conditions on our membership retention.

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with U.S. generally accepted accounting principles, or U.S. GAAP, requires us to make judgments, assumptions, and estimates that affect the amounts reported in the condensed consolidated financial statements and the accompanying notes. These estimates and assumptions are based on current facts, historical experience, and various other factors that we believe are reasonable under the circumstances to determine reported amounts of assets, liabilities, revenue and expenses that are not readily apparent from other sources. To the extent there are material differences between our estimates and the actual results, our future consolidated results of operations may be affected.

An accounting policy is considered to be critical if the nature of the estimates or assumptions is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change, and the effect of the estimates and assumptions on financial condition or operating performance. The accounting policies we believe to reflect our more significant estimates, judgments and assumptions and are most critical to understanding and evaluating our reported financial results are as follows:

"Revenue recognition;
"Stock-Based Compensation;
"Goodwill and Intangible Assets; and
"Accounting for Income Taxes.

During the six months ended June 30, 2012, there were no significant changes to our critical accounting policies and estimates. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations contained in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2011, for a complete discussion of our critical accounting policies and estimates.

Results of Operations

The following table sets forth our operating results and the related percentage of total revenues for the three and six months ended June 30, 2011 and 2012 (dollars in thousands):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2011		2012		2011		2012	
Revenue:								
Commission	$ 30,079	83 %	$ 30,603	86 %	$ 60,839	83 %	$ 62,067	86 %
Other	6,107	17	4,904	14	12,902	17	10,515	14
Total revenue	36,186	100	35,507	100	73,741	100	72,582	100
Operating costs and expenses:								
Cost of revenue	2,555	7	764	2	5,206	7	2,439	3
Marketing and advertising	11,668	32	12,167	34	24,577	33	25,154	35
Customer care and enrollment	4,610	13	6,358	18	10,020	14	12,329	17
Technology and content	5,415	15	5,033	14	10,885	15	10,515	14
General and administrative	6,661	18	6,590	19	13,382	18	13,194	18
Amortization of intangible assets	427	1	460	1	854	1	907	1
Total operating costs and expenses	31,336	87	31,372	88	64,924	88	64,538	89
Income from operations	4,850	13	4,135	12	8,817	12	8,044	11
Interest and other income (expense), net	(21)	(0)	16	0	(40)	(0)	37	0
Income before provision for income taxes	4,829	13	4,151	12	8,777	12	8,081	11
Provision for income taxes	2,097	6	1,846	5	4,064	6	3,651	5
Net income	$ 2,732	8 %	$ 2,305	6 %	$ 4,713	6 %	$ 4,430	6 %

Operating costs and expenses include the following amounts of stock-based compensation expense (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Marketing and advertising	$ 276	$ 362	$ 522	$ 602
Customer care and enrollment	74	74	181	153
Technology and content	470	218	925	551
General and administrative	1,117	708	2,170	1,681
Total stock-based compensation expense	$ 1,937	$ 1,362	$ 3,798	$ 2,987

Three and Six Months Ended June 30, 2011 and 2012

Revenue

The following table presents our commission, other revenue and total revenue and the absolute dollar and percentage changes from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Commission	$ 30,079	$ 30,603	$ 524	2%	$ 60,839	$ 62,067	$ 1,228	2%
Percentage of total revenue	83%	86%			83%	86%		
Other	$ 6,107	$ 4,904	$ (1,203)	(20%)	$ 12,902	$ 10,515	$ (2,387)	(19%)
Percentage of total revenue	17%	14%			17%	14%		
Total revenue	$ 36,186	$ 35,507	$ (679)	(2%)	$ 73,741	$ 72,582	$ (1,159)	(2%)

Three Months Ended June 30, 2012 and 2011—Commission revenue increased $0.5 million, or 2%, in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to a $2.7 million increase in Medicare-related commission revenue, which was driven by an increase in our Medicare membership. Partially offsetting the increase in Medicare commission revenue was a $2.2 million decrease in non-Medicare commission revenue, primarily individual and family health insurance commission revenue, due to a reduction in the commission rates we are paid on individual and family health insurance policies as a result of the implementation of the medical loss ratio requirements by insurance carriers due to health care reform legislation.

Other revenue decreased $1.2 million, or 20%, in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to a $2.0 million decrease in revenue related to our government systems business and a $1.3 million decrease in Medicare-related health insurance product lead referral revenue. Our government systems business revenue was adversely impacted by the expiration of our technology licensing contract with the federal government in January 2012. The decrease in lead referral revenue was the result of our strategic decision to reduce the number of Medicare leads sold to third parties and to instead act as a health insurance agent to those leads. Partially offsetting these decreases was a $1.9 million increase in online sponsorship and advertising revenue.

Six Months Ended June 30, 2012 and 2011—Commission revenue increased $1.2 million, or 2%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, due primarily to a $6.2 million increase in Medicare-related commission revenue. Partially offsetting this increase was a $5.0 million decrease in non-Medicare commission revenue, primarily individual and family health insurance commission revenue, due to a reduction in the commission rates we are paid on individual and family health insurance policies as a result of the implementation of the medical loss ratio requirements by insurance carriers.

Other revenue decreased $2.4 million, or 19%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, due primarily to a $4.1 million decrease in revenue related to our government systems business and a $2.2 million decrease in Medicare-related health insurance product lead referral revenue. Partially offsetting these decreases was a $3.7 million increase in online sponsorship and advertising revenue.

Operating Costs and Expenses

Cost of Revenue

The following table presents our cost of revenue and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Cost of revenue	$ 2,555	$ 764	$ (1,791)	(70%)	$ 5,206	$ 2,439	$ (2,767)	(53%)
Percentage of total revenue	7%	2%			7%	3%		

Three Months Ended June 30, 2012 and 2011—Cost of revenue decreased $1.8 million, or 70%, in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to a decrease of $1.6 million in costs related to our technology licensing contract with the federal government, which expired in January 2012, and a $0.3 million decrease in revenue sharing expenses with partners, partially offset by an increase of $0.1 million in amortization expense associated with the consideration paid in connection with several transactions in which we acquired broker of record status on a number of Medicare health insurance plans.

Six Months Ended June 30, 2012 and 2011—Cost of revenue decreased $2.8 million, or 53%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, due primarily to a decrease of $3.4 million in costs related to our technology licensing contract with the federal government and a $0.5 million decrease in revenue sharing expenses with partners, partially offset by an increase of $1.2 million in amortization expense associated with the consideration paid in connection with several transactions in which we acquired broker of record status on a number of Medicare health insurance plans.

Marketing and Advertising

The following table presents our marketing and advertising expenses and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Marketing and advertising	$ 11,668	$ 12,167	$ 499	4%	$ 24,577	$ 25,154	$ 577	2%
Percentage of total revenue	32%	34%			33%	35%		

Three Months Ended June 30, 2012 and 2011—Marketing and advertising expenses increased $0.5 million, or 4%, in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to a $0.4 million increase in compensation, benefits and other personnel costs and stock-based compensation costs. In the three months ended June 30, 2012, we directed a larger portion of our discretionary online advertising spending to Medicare-related plans and away from individual and family plans, while keeping our overall level of online advertising spending similar to the comparable year-ago quarter.

Six Months Ended June 30, 2012 and 2011—Marketing and advertising expenses increased $0.6 million, or 2%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, due primarily to a $0.4 million increase in fees we pay to marketing partners for referrals that result in the submission of a health insurance application on our website. Additionally, compensation, benefits and other personnel costs and stock-based compensation costs increased $0.2 million. In the six months ended June 30, 2012, we directed a larger portion of our discretionary online advertising spending to Medicare-related plans and away from individual and family plans, while keeping our overall level of online advertising spending similar to the comparable year-ago period.

Customer Care and Enrollment

The following table presents our customer care and enrollment expenses and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Customer care and enrollment	$ 4,610	$ 6,358	$ 1,748	38%	$ 10,020	$ 12,329	$ 2,309	23%
Percentage of total revenue	13%	18%			14%	17%		

Three Months Ended June 30, 2012 and 2011—Customer care and enrollment expenses increased $1.7 million, or 38%, in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to additional customer care center personnel hired to service the increase in volume of Medicare leads serviced directly by us as a health insurance agent. As a result, compensation, benefits and other personnel costs and stock-based compensation costs increased $1.3 million.

Six Months Ended June 30, 2012 and 2011—Customer care and enrollment expenses increased $2.3 million, or 23%, in the six months ended June 30, 2012 compared to the six months ended June 30, 2011, due primarily to additional customer care center personnel hired to service the increase in volume of Medicare leads serviced directly by us as a health insurance agent. As a result, compensation, benefits and other personnel costs and stock-based compensation costs increased $1.8 million and insurance licensing costs increased $0.2 million.

Technology and Content

The following table presents our technology and content expenses and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Technology and content	$ 5,415	$ 5,033	$ (382)	(7%)	$ 10,885	$ 10,515	$ (370)	(3%)
Percentage of total revenue	15%	14%			15%	14%		

Three Months Ended June 30, 2012 and 2011—Technology and content expenses decreased $0.4 million in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due to a decrease of $0.4 million in compensation, benefits and other personnel costs and stock-based compensation costs.

Six Months Ended June 30, 2012 and 2011—Technology and content expenses decreased $0.4 million in the three months ended June 30, 2012 compared to the three months ended June 30, 2011, due primarily to a decrease of $0.6 million in compensation, benefits and other personnel costs and stock-based compensation costs. Partially offsetting this decrease was a $0.3 million increase in internet and data center infrastructure costs.

General and Administrative

The following table presents our general and administrative expenses and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
General and administrative	$ 6,661	$ 6,590	$ (71)	(1%)	$ 13,382	$ 13,194	$ (188)	(1%)
Percentage of total revenue	18%	19%			18%	18%		

Three and Six Months Ended June 30, 2012 and 2011—General and administrative expenses remained relatively flat in the three and six months ended June 30, 2012 compared to the three and six months ended June 30, 2011, respectively.

Amortization of Intangible Assets

Three and Six Months Ended June 30, 2012 and 2011—Amortization expense related to intangible assets purchased through our acquisition of PlanPrescriber remained relatively flat in the three and six months ended June 30, 2012 compared to the three and six months ended June 30, 2011, respectively.

Other Income (Expense), Net

The following table presents our other income (expense), net, and the dollar and percentage change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2011	2012	$	%	2011	2012	$	%
Other income (expense), net	$ (21)	$ 16	$ 37	176%	$ (40)	$ 37	$ 77	193%
Percentage of total revenue	(0%)	0%			(0%)	0%		

Three and Six Months Ended June 30, 2012 and 2011—Other income (expense), net increased in the three and six months ended June 30, 2012 compared to the three and six months ended June 30, 2011, respectively, due primarily to a decrease in investment management fees. Administrative bank fees, management fees and interest expense on our capital lease obligations more than offset interest earned on our invested cash in the three and six months ended June 30, 2011.

Provision for Income Taxes

The following table presents our provision for income taxes and the dollar change from the comparable prior year periods (dollars in thousands):

	Three Months Ended June 30,		Change $	Six Months Ended June 30,		Change $
	2011	2012		2011	2012	
Provision for income taxes	$ 2,097	$ 1,846	$ (251)	$ 4,064	$ 3,651	$ (413)
Percentage of total revenue	6%	5%		6%	5%	
Effective tax rate	43.4%	44.5%		46.3%	45.2%	

Three Months Ended June 30, 2012 and 2011—In the three months ended June 30, 2011 and 2012, we recorded a provision for income taxes of $2.1 million and $1.9 million, respectively, representing effective tax rates of 43.4% and 44.5%, respectively. Our effective tax rate in the three months ended June 30, 2012 was higher than our effective tax rate in the three months ended June 30, 2011, due primarily to an increase in tax shortfalls related to share-based payments.

Six Months Ended June 30, 2012 and 2011—In the six months ended June 30, 2011 and 2012, we recorded a provision for income taxes of $4.1 million and $3.7 million, respectively, representing effective tax rates of 46.3% and 45.2%, respectively. Our effective tax rate in the six months ended June 30, 2012 was lower than our effective tax rate in the six months ended June 30, 2011, due primarily to a decrease in tax shortfalls related to share-based payments.

Liquidity and Capital Resources

At June 30, 2012, our cash and cash equivalents totaled $122.1 million. Cash equivalents, which are comprised of financial instruments with an original maturity of 90 days or less from the date of purchase, primarily consist of money market funds. At December 31, 2011, our cash and cash equivalents totaled $123.6 million.

On June 14, 2011, we announced that our board of directors approved a stock repurchase program authorizing us to purchase up to an additional $30.0 million of our common stock. In February 2012, we completed this stock repurchase program, having repurchased an aggregate 2.2 million shares for approximately $30.0 million at an average price of $13.78 per share including commissions. Purchases under this repurchase program were made in the open market and complied with Rule 10b-18 under the Securities Exchange Act of 1934, as amended. The cost of the repurchased shares was funded from available working capital.

For accounting purposes, common stock repurchased under our stock repurchase programs was recorded based upon the settlement date of the applicable trade. Such repurchased shares are held in treasury and are presented using the cost method.

Stock repurchase activity under our stock repurchase programs during the six months ended June 30, 2012 is summarized as follows (dollars in thousands, except share and per share amounts):

	Total Number of Shares Purchased	Average Price Paid per Share (2)	Amount of Repurchase
Cumulative balance at December 31, 2011 (1)	5,797,806	$ 14.07	$ 81,557
Repurchases of common stock	554,284	$ 15.23	8,441
Cumulative balance at June 30, 2012 (1)	6,352,090	$ 14.17	$ 89,998

(1)Cumulative balances at December 31, 2011 and June 30, 2012 include shares repurchased in connection with our stock repurchase programs announced on July 27, 2010 and June 14, 2011, as well as a previous stock repurchase plan announced in 2008.

(2) Average price paid per share includes commissions.

In addition to the 6.4 million shares repurchased under our repurchase programs as of June 30, 2012, we have in treasury 0.2 million shares that were surrendered by employees to satisfy tax withholdings due in connection with the vesting of certain restricted stock units. As of December 31, 2011 and June 30, 2012, we had a total of 5.9 million shares and 6.5 million shares, respectively, held in treasury.

The following table presents a summary of our cash flows for the six months ended June 30, 2011 and 2012 (in thousands):

	Six Months Ended June 30,	
	2011	2012
Net cash provided by operating activities	$ 14,591	$ 12,725
Net cash used in investing activities	$ (5,008)	$ (8,389)
Net cash used in financing activities	$ (1,745)	$ (5,888)

The cash flow statement for the six months ended June 30, 2012 includes a $2.2 million cash flow benefit from deferred income taxes, of which approximately $1.0 million of tax benefit, primarily from the utilization of net operating loss carry forwards, is included in cash flow from operations and approximately $1.2 million of net operating loss carry forwards, from the utilization of excess tax benefits related to share-based payments. The utilization of excess tax benefits related to

share-based payments is also shown in the cash flow statement for the six months ended June 30, 2012 as both a decrease in cash flow from operating activities and an increase in cash flow from financing activities.

The cash flow statement for the six months ended June 30, 2011 includes a $6.2 million cash flow benefit from deferred income taxes, of which approximately $3.7 million of tax benefit, primarily from the utilization of net operating loss carry forwards, is included in cash flow from operations and $2.6 million of net operating loss carry forwards, from the utilization of excess tax benefits related to share-based payments. The utilization of excess tax benefits related to share-based payments is also shown in the cash flow statement for the six months ended June 30, 2011 as both a decrease in cash flow from operating activities and an increase in cash flow from financing activities.

Operating Activities

Cash provided by operating activities primarily consists of net income, adjusted for certain non-cash items including deferred income taxes, depreciation and amortization, including amortization of intangible assets, stock-based compensation expense, excess tax benefits from stock-based compensation, and the effect of changes in working capital and other activities.

The timing of the recognition of our commission revenue depends upon the timing of our receipt of commission reports and associated commission payments from health insurance carriers. If we were to experience a delay in receiving a commission payment from a health insurance carrier at the end of a quarter, our operating cash flows for that quarter could be adversely impacted. Additionally, commission override payments are reported to us in a more irregular pattern than premium commissions. For example, a carrier may make a commission override payment to us on an annual basis, which would positively impact our cash flows in the quarter the payment is received. The majority of our annual commission override payments is typically received during the first quarter of the year.

Historically, we have experienced a reduction in operating cash flows during the first quarter of the year compared to the other quarters due to the payment of annual performance bonuses to employees in the first quarter of the year. In the first quarter of 2012, we collected a substantial amount of lead referral payments related to Medicare leads sold during the annual enrollment period in the fourth quarter of 2011. The seasonal impact of Medicare lead referral collections is expected to be minimal in 2013 as we transition away from lead referral transactions. A significant portion of our marketing and advertising expenses are driven by the number of health insurance applications submitted on our ecommerce platform. Since our marketing and advertising costs are expensed as incurred and the revenue from approved applications is recognized as commissions are subsequently reported to us, our operating cash flows could be adversely impacted by a substantial increase in the volume of applications submitted during a quarter or positively impacted by a substantial decline in the volume of applications submitted during a quarter.

Six Months Ended June 30, 2012—Our operating activities generated cash of $12.7 million during the six months ended June 30, 2012 and consisted of net income of $4.4 million, increased by non-cash items of $6.3 million and cash provided by working capital and other activities of $2.0 million. Adjustments for non-cash items primarily consisted of $1.0 million of deferred income taxes, $3.0 million of stock-based compensation expense and $3.4 million of depreciation and amortization, including amortization of book-of-business consideration and amortization of intangible assets, partially offset by $1.2 million of excess tax benefits from stock-based compensation. Cash provided by working capital and other activities primarily consisted of a decrease of $4.4 million in accounts receivable, an increase of $1.9 million in other current liabilities, an increase of $1.4 million in accounts payable and a decrease of $0.7 million in prepaid expenses and other current assets, partially offset by a decrease of $3.0 million in accrued marketing expenses, an increase of $1.9 million in other assets and a decrease of $1.6 million in accrued compensation and benefits. Other assets increased primarily from book-of-business transfers. Accounts payable increased due primarily to the timing of payments to our vendors and accrued compensation and benefits decreased primarily due to the payment of performance bonuses to employees that were earned during 2011.

Six Months Ended June 30, 2011—Our operating activities generated cash of $14.6 million during the six months ended June 30, 2011 and consisted of net income of $4.7 million, increased by non-cash items of $7.3 million and cash provided by working capital and other activities of $2.6 million. Adjustments for non-cash items primarily consisted of $3.8 million of stock-based compensation expense, $3.7 million of deferred income taxes and $2.4 million of depreciation and amortization, including amortization of book-of-business consideration and amortization of acquired intangible assets, partially offset by approximately $2.6 million of excess tax benefits from stock-based compensation. Cash provided by working capital and other activities primarily consisted of a decrease of $6.6 million in accounts receivable and a decrease of $1.5 million in prepaid expenses and other current assets, partially offset by a decrease of $2.1 million in deferred revenue, a decrease of $1.2 million in accounts payable, a decrease of $1.1 million in other current liabilities and a decrease

of $0.7 million in accrued compensation and benefits. Accounts receivable decreased primarily due to collections of receivables from our government systems business as well as collection of Medicare lead referral receivables recorded during the Medicare annual enrollment period in the fourth quarter of 2010. Accounts payable decreased due primarily to the timing of payments to our vendors and accrued compensation and benefits decreased primarily due to the payment of performance bonuses to employees that were earned during 2010.

Investing Activities

Our investing activities primarily consist of purchases of computer hardware and software to enhance our website and to support our growth and include consideration paid to a partner in connection with the transfer to us of certain Medicare plan members for whom we expect to earn future commissions.

Six Months Ended June 30, 2012—Net cash used in investing activities of $8.4 million during the six months ended June 30, 2012 was attributable to cash consideration of $6.2 million paid to a partner related to the transfer of two books-of-business in the six months ended June 30, 2012, whereby we became the broker of record on the underlying policies for certain Medicare insurance members that were transferred to us, and capital expenditures of $2.1 million.

Six Months Ended June 30, 2011—Net cash used in investing activities of $5.0 million during the six months ended June 30, 2011 included a $3.0 million payment related to the transfer of a book-of-business in the six months ended June 30, 2011 and a $0.8 million final payment related to the transfer of a book-of-business in the fourth quarter of 2010. For both transfers, we became the broker of record on the underlying policies for certain Medicare insurance members that were transferred to us. Additionally, net cash used by investing activities included capital expenditures of $1.2 million.

Financing Activities

Six Months Ended June 30, 2012—Net cash used in financing activities of $5.9 million during the six months ended June 30, 2012 was due to $8.4 million used to repurchase 0.6 million shares of our common stock and $1.0 million used to net-share settle the tax obligation related to vesting equity awards, partially offset by $2.4 million of net proceeds from the exercise of common stock options and $1.2 million of excess tax benefits from stock-based compensation.

Six Months Ended June 30, 2011—Net cash used in financing activities of $1.7 million during the six months ended June 30, 2011 was due to $3.8 million used to repurchase 0.3 million shares of our common stock and $0.5 million used to net-share settle the tax obligation related to equity awards, partially offset by $2.6 million of excess tax benefits from stock-based compensation.

Future Needs

We believe that cash generated from operations and our current cash and cash equivalents will be sufficient to fund our operations for at least the next twelve months. Our future capital requirements will depend on many factors, including our level of investment in technology and advertising initiatives. We currently do not have any bank debt, line of credit facilities or other borrowing arrangements. To the extent that available funds are insufficient to fund our future activities, we may need to raise additional capital through public or private equity or debt financing to the extent such funding sources are available.

Contractual Obligations and Commitments

Operating Lease Obligations

We lease certain of our office, operating facilities, equipment and furniture and fixtures under various operating leases, the latest of which expires in August 2018. Certain of these leases have free or escalating rent payment provisions. We recognize rent expense on our operating leases on a straight-line basis over the terms of the leases, although actual cash payment obligations under certain of these agreements fluctuate over the terms of the agreements.

In March 2012, we entered into an agreement to lease a building to be constructed in Mountain View, California, adjacent to our headquarters office. The term of the operating lease is ten years from the date the building is delivered to us and the base rent is approximately $0.6 million for the first year of the lease. The base rent increases annually by 3%. Future minimum payments related to this operating lease are estimated to total $6.8 million over the ten-year term of the lease plus our proportionate share of certain operating expenses, insurance costs and taxes for each calendar year during the lease, but may differ depending on actual rentable square footage. Lease payments are expected to begin in the second or third quarter

of 2013, although the actual commencement of lease payments will depend upon the date of completion and delivery of the newly constructed building.

Upon signing the Mountain View, California lease agreement, we entered into a financial guarantee consisting of a standby letter of credit for $0.6 million, which may be reduced in increments of 25% of the original amount thereof on the first, second and third anniversaries of the commencement date, subject to our compliance with the applicable conditions to such reductions set forth in the lease.

In May 2012, we entered into an agreement to lease office space in South Jordan, Utah. The term of the operating lease is 65 months and commences in August 2012. The lease significantly increases our office space for our customer care and enrollment activities and replaces an expiring operating lease for office space at another location in South Jordan, Utah. Rent payments begin in January 2013 and total approximately $0.5 million per year through December 2017.

Service and Licensing Obligations

We have entered into service and licensing agreements with third party vendors to provide various services, including network access, equipment maintenance and software licensing. The terms of these services and licensing agreements are generally up to three years. We record the related service and licensing expenses on a straight-line basis, although actual cash payment obligations under certain of these agreements fluctuate over the terms of the agreements.

In March 2012, we entered into a service agreement with a vendor to support our customer care center telephonic system and equipment. Service obligations related to this agreement total $0.7 million over the three-year term of the agreement.

The following table presents a summary of our future minimum payments under non-cancellable operating lease agreements and certain contractual service and licensing obligations as of June 30, 2012 (in thousands):

Years Ending December 31,	Operating Lease Obligations	Service and Licensing Obligations	Total Obligations
2012 (six months)	$ 1,684	$ 394	$ 2,078
2013	1,769	756	2,525
2014	1,419	680	2,099
2015	1,215	138	1,353
2016	1,226	-	1,226
Thereafter	1,741	-	1,741
Sub-Total	$ 9,054	$ 1,968	$ 11,022
New building - Mountain View, California (estimated commitment) (1)	6,833	-	6,833
Total (estimate)	$ 15,887	$ 1,968	$ 17,855

(1) Future minimum payments related to the new Mountain View, California operating lease are estimated to total $6.8 million over the ten-year term of the lease, but may differ depending on actual rentable square footage. Lease payments are expected to begin in the second or third quarter of 2013, although the actual commencement of lease payments will depend upon the date of completion and delivery of the newly constructed building. This lease is generally non-cancellable, except in the case of non-delivery of the newly constructed building.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, investments in special purpose entities or undisclosed borrowings or debt. Additionally, we are not a party to any derivative contracts or synthetic leases.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments that are exposed to concentrations of credit risk principally consist of cash and cash equivalents and accounts receivable. As of December 31, 2011 and June 30, 2012, our cash and cash equivalents were invested as follows (in thousands):

	December 31, 2011	June 30, 2012
Cash (1)	$ 17,256	$ 13,698
Money market funds (2)	106,351	108,357
Total cash and cash equivalents	$ 123,607	$ 122,055

(1) We deposit our cash and cash equivalents in accounts with major banks and financial institutions and such deposits are in excess of federally insured limits. We also have deposits with major banks in China that are denominated in both U.S. dollars and Chinese Renminbi and are not insured by the U.S. federal government.

(2) At December 31, 2011 and June 30, 2012 money market funds consisted of U.S. government-sponsored enterprise bonds and discount notes, U.S. government treasury bills and notes and repurchase agreements collateralized by U.S. government obligations.

We do not require collateral or other security for our accounts receivable. As of December 31, 2011, one customer represented 73% of our $8.1 million outstanding accounts receivable balance. As of June 30, 2012, two customers represented 45% and 28%, respectively, for a combined total of 73% of our $3.7 million outstanding accounts receivable balance. No other customers represented 10% or more of our total accounts receivable at December 31, 2011 and June 30, 2012. We believe the potential for collection issues with any of our customers is minimal as of June 30, 2012. Accordingly, our estimate for uncollectible amounts at June 30, 2012 was not material.

Significant Customers

Substantially all revenue for the three and six months ended June 30, 2011 and 2012 was generated from customers located in the United States. Carriers representing 10% or more of our total revenue in the three months ended June 30, 2011 and 2012 are presented in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2012	2011	2012
Humana	5%	13%	4%	15%
WellPoint (1)	12%	15%	12%	13%
UnitedHealthcare (2)	15%	14%	14%	13%
Aetna	8%	8%	10%	8%

(1) Wellpoint includes other carriers owned by Wellpoint.

(2) UnitedHealthcare includes other carriers owned by UnitedHealthcare.

Foreign Currency Exchange Risk

To date, substantially all of our revenue has been derived from transactions denominated in United States Dollars. We have exposure to adverse changes in exchange rates associated with operating expenses of our foreign operations, which are denominated in Chinese Yuan Renminbi. Foreign currency fluctuations have not had a material impact historically on our results of operations; however, there can be no assurance that future fluctuations will not have material adverse effects on our results of operations. We have not engaged in any foreign currency hedging or other derivative transactions to date.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Our Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report on Form 10-Q.

Based on management's evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the three months ended June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our chief executive officer and chief financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of our business, we have received and may continue to receive inquiries from state regulators relating to various matters. We also have become, and may in the future become, involved in litigation in the ordinary course of our business.

ITEM 1A. RISK FACTORS

In addition to other information in this Quarterly Report on Form 10-Q and in other filings we make with the Securities and Exchange Commission, the following risk factors should be carefully considered in evaluating our business as they may have a significant impact on our business, operating results and financial condition. If any of the following risks actually occurs, our business, financial condition, results of operations and future prospects could be materially and adversely affected. Because of the following factors, as well as other variables affecting our operating results, past financial performance should not be considered as a reliable indicator of future performance and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Our Business

Changes and developments in the structure of the health insurance system in the United States could harm our business.

Our business depends upon the private sector of the United States health insurance system, its relative role in financing health care delivery and health insurance carriers' use of, and payment of commissions to, agents and brokers to market individual and family health insurance plans. In March 2010, the federal Patient Protection and Affordable Care Act and related amendments in the Health Care and Education Reconciliation Act were signed into law. These health care reform laws contain provisions that have and will continue to change the industry in which we operate in substantial ways. Among several other provisions, they include a mandate requiring individuals to be insured or face tax penalties; a mandate that certain employers offer their employees group health insurance coverage or face tax penalties; requirements relating to employer contribution to employee health coverage; prohibitions against insurance companies using pre-existing health conditions as a reason to deny an application for health insurance; prohibitions on rescission of health insurance; prohibitions on lifetime coverage limits; requirements for guaranteed renewability of health insurance plans; health insurance premium setting guidelines; limitations on deductibles and cost-sharing; medical loss ratio requirements that require each health insurance carrier to spend a certain percentage of their premium revenue on reimbursement for clinical services and activities that improve health care quality and, if they do not, to provide rebates to policyholders; minimum benefit levels for health insurance plans; establishment of state and/or federal health insurance exchanges to facilitate access to, and the purchase of, health insurance; open enrollment periods for individual health insurance; assistance for member run health insurance issuers; creation of multi-state health insurance plans to be offered on the exchanges and with oversight from the Office of Personnel Management; requirements for uniform disclosure relating to the costs and benefits of health insurance; government subsidized high risk pools; an expansion of Medicaid so that more individuals will be insured under state Medicaid programs; and subsidies and cost-sharing credits to make health insurance more affordable for those below certain income levels. Many aspects of health care reform do not go into effect until 2014, although certain provisions currently are effective, such as medical loss ratio requirements for individual, family and small business health insurance, a prohibition against insurance companies using pre-existing health conditions as a reason to deny the application of children for health insurance and a requirement that persons 26 years of age and younger be able to stay on a parent's health insurance plan. Health care reform legislation requires various departments of the executive branch to adopt regulations implementing its provisions. In addition, state governments have adopted, and will continue to adopt, changes to their existing laws and regulations in light of federal health care reform legislation and regulations.

The implementation of health care reform could increase our competition; reduce or eliminate the need for health insurance agents or demand for the health insurance for individuals, families or small businesses that we sell; decrease the number of health insurance plans that we sell as well as the number of health insurance carriers offering them; cause health insurance carriers to apply more rigorous underwriting standards (until provisions in health care reform legislation limiting underwriting go into effect in 2014) or change the benefits and/or premiums for the plans they sell; or cause health insurance carriers to reduce the amount they pay for our services or change our relationship with them in other ways, any of which could materially harm our business, operating results and financial condition. For instance, cost and benefit information relating to the health insurance plans we sell will become more readily accessible, which could facilitate additional competition beyond the competition we would face from health insurance exchanges themselves. Various aspects of health care reform also could cause health insurance carriers to determine to limit the type of health insurance plans we sell and the geographies in which we sell them, to exit the business of selling insurance plans in a particular jurisdiction, to eliminate certain categories of products or attempt to move members into new plans for which we receive lower commissions, any of which would materially harm our business, operating results and financial condition.

As a part of health care reform, and in addition to Medicaid expansion, individuals and families whose incomes are between 133% and 400% of the federal poverty level will generally be entitled beginning in 2014 to subsidies in connection with their purchase of health insurance. A federal regulation promulgated under the Patient Protection and Affordable Care

Act has been issued that clarifies that states may, but are not required to, allow agents and brokers such as us to market the plans that subsidy-eligible individuals must purchase in order to receive the subsidies. While there are details that need to be clarified by the federal government, states and health insurance carriers, it is clear that, in order to offer subsidy-eligible health insurance plans, agents and brokers must meet certain conditions, such as entering into an agreement with the state health insurance exchange, ensuring that the enrollment and subsidy application is completed through the state's health insurance exchange and complying with privacy, security and conflict of interest standards. In the event Internet-based agents and brokers such as us use the Internet for plan selection purposes, their websites are required to meet certain additional conditions, such as compliance with standards for display of health plan and related information; providing consumers the ability to view all subsidy-eligible plans offered on the state's exchange; displaying all subsidy-eligible health plan data on the state's exchange; and providing a mechanism for consumers to withdraw from the application process to the state exchange. We may experience difficulty in satisfying the conditions required to offer plans to individuals and families who are entitled to subsidies under health care reform, and even if we are able to satisfy them, we depend upon states to permit us to offer these plans and upon health insurance companies to allow us to sell them and to pay us commissions in connection with their sale. In the event we are not successful in gaining the ability to sell individual and family health insurance products to health care reform subsidy-eligible individuals, or if health insurance carriers pay us no commissions or reduced commissions in connection with the sale of these plans, we could lose a substantial number of existing and potential members and the related commission revenue we receive as a result of the sale of individual, family and small business health insurance products to them, which would materially harm our business, operating results and financial condition.

The medical loss ratio requirements that are a part of health care reform have harmed and will continue to harm our business.

The federal Patient Protection and Affordable Care Act enacted in March 2010 and related amendments in the Health Care and Education Reconciliation Act of 2010 contain provisions requiring health insurance carriers to maintain specified medical loss ratios. The medical loss ratio requirements for both individual and family and small business health insurance are effective for calendar year 2011 and later years and, among other things, require health insurance companies to spend 80% of their premium revenue in each of their individual and small group businesses on reimbursement for clinical services and activities that improve health care quality. The medical loss ratio requirement for Medicare Advantage plans is 85% and goes into effect in 2014. If a health insurance carrier fails to meet medical loss ratio requirements, the health insurance carrier is required to rebate a portion of its premium revenue to its members to make up for the difference.

Carrier reaction to the individual and family medical loss ratio requirements has been to significantly reduce the commissions we receive in connection with the sale of these plans. These commission rate reductions have and will continue to significantly impact our business and operating results. We previously estimated the amount by which our average individual and family plan base commission rate changed to be a decline from just over 10% of premium to just below 7%. The estimate of the change in the average rate was calculated by applying the changes in the first and subsequent year commission rates to our membership as of the end of the third quarter of 2010, as if all changes were effective immediately for all individual and family health insurance plan members. The commission rate changes applied prospectively to applicable commissions earned on or after January 1, 2011 and the majority of the changes applied only to commissions earned on new members approved in 2011 and thereafter. For the majority of members that were approved prior to the effective date of the commission rate changes, we continue to be paid commissions at the rates in effect prior to the changes. As a result, the new estimated average base commission rate is phasing in over time, and we expect our overall individual and family health insurance commission rate structure to stabilize by early 2013. Health insurance carriers may determine to further reduce our commissions as a result of the medical loss ratio requirements or other aspects of health care reform, which would harm our business, operating results and financial condition. In addition, if health insurance companies fail to meet medical loss ratio requirements, we may be required to pay back commissions that are related to any premium amounts the carriers are required to rebate policy holders as a result, which would harm our business, operating results and financial condition. The medical loss ratio requirements also may cause certain health insurance carriers to limit the geographies in which they sell health insurance or exit certain markets altogether, place less reliance on agents to distribute their plans, apply stricter underwriting standards (until provisions in health care reform registration limiting underwriting go into effect in 2014) or limit their health insurance offerings in any number of other ways, each of which would harm our business, operating results and financial condition. The implementation of medical loss ratio requirements has caused and could further cause health insurance carriers to reduce the amount they are willing to spend in connection with our sponsorship and advertising and technology licensing businesses, which also could harm our business, operating results and financial condition.

Our business may be harmed if we lose our relationship with health insurance carriers or our relationship with health insurance carriers is modified.

We typically enter into contractual agency relationships with health insurance carriers that are non-exclusive and terminable on short notice by either party for any reason. In many cases, health insurance carriers also may amend the terms of our agreements unilaterally on short notice. Carriers may be unwilling to allow us to sell their existing or new health insurance plans, or desire to amend our agreements with them, for a variety of reasons, including for competitive or regulatory reasons, as a result of health care reform, as a result of a reluctance to distribute their plans over the Internet or because they do not want to be associated with our brand. In the future, and as a result of health care reform or for other reasons, an increasing number of health insurance carriers may decide to rely on their own internal distribution channels, including traditional in-house agents and carrier websites, to sell their own plans and, in turn, could limit or prohibit us from selling their plans on our ecommerce platform. For instance, carriers may choose to exclude us from their most profitable or popular plans or may determine not to distribute insurance plans in the individual, family and small business markets in certain geographies or altogether. The termination or amendment of our relationship with a carrier could reduce the variety of health insurance plans we offer, which could harm our business, operating results and financial condition. We also could lose a source of or be paid reduced commissions for future sales and for past sales, which would materially harm our business, operating results and financial condition. Our business could also be harmed if in the future we fail to develop new carrier relationships and are unable to offer consumers a wide variety of health insurance plans.

The health insurance industry in the United States has experienced a substantial amount of consolidation over the past several years, resulting in a decrease in the number of health insurance carriers. In the future, we may be forced to offer insurance policies from a reduced number of insurance carriers or to derive a greater portion of our revenue from a more concentrated number of carriers as our business and the health insurance industry evolve. We derived 13% and 15% of our total revenue in the three and six months ended June 30, 2012, respectively, from Humana. We derived 15% and 13% of our total revenue in the three and six months ended June 30, 2012, respectively, from carriers owned by Wellpoint. We derived 14% and 13% of our total revenue in the three and six months ended June 30, 2012, respectively, from carriers owned by UnitedHealthcare. We have several agreements that govern our sale of individual health insurance plans with these health insurance carriers. Many of them may be unilaterally amended or terminated by the carrier on short notice and the amendment or termination could adversely impact or cause the termination of the commission payments that we receive from these health insurance carriers, which would harm our business, operating results and financial condition. Notwithstanding our separate agreements with various carriers directly or indirectly owned by the same entity, certain carriers have attempted and may continue to attempt to consolidate our relationship with them, which could increase the impact of carrier concentration on us, decrease the commission rates we receive and adversely affect our financial results, particularly in states where we offer health insurance from a relatively smaller number of carriers or where a small number of carriers dominates the market. The termination, amendment or consolidation of our relationship with these and other health insurance carriers could harm our business, operating results and financial condition.

Our revenues and earnings may continue to decline.

We have recently experienced a significant reduction in the commission rates that health insurance carriers pay us on the individual and family health insurance plans that we sell. We also have in the past and may in the future continue to make significant expenditures related to the development of our business, including expenditures relating to marketing, website technology development, the development of our business selling Medicare-related health insurance plans and the expansion of our technology licensing business to governmental entities. Our ability to resume revenue and earnings per share growth on a consistent basis will be dependent upon a number of factors, including the success of our Medicare plan marketing and sales business, our ability to attract individuals, families and small businesses to purchase health insurance through our ecommerce platform, our maintaining our relationships with health insurance carriers and the commission rates we receive for our sale of health insurance plans, our ability to maintain our relationship with existing members within historical levels and our success in entering into relationships with government entities to perform services and license our technology for use in the implementation of health insurance exchanges and other health care reform-related endeavors. If we are not successful in these areas, our business, operating results and financial condition will be harmed.

Our revenue will be adversely impacted if our membership does not grow. The commission rates that we receive are typically higher in the first twelve months of a policy. After the first twelve months, they generally decline significantly. Accordingly, to the extent that our net addition of new members slows or we experience a reduction in the number of our members, our revenue would be adversely impacted due to a decline in commissions we receive for members whose policies have been active for more than twelve months in addition to the reduction in revenue growth that would occur solely as a result of a decline in our membership growth rate. The commission rates we receive are impacted by a variety of other factors, including the particular health insurance policies chosen by our members, the carriers offering those policies, our members' states of residence, the laws and regulations in those jurisdictions and health care reform. Our commission rate per member has, and could in the future, decrease as a result of either reductions in contractual commission rates or

unfavorable changes in health insurance carrier override commission programs, each of which may be beyond our control and may occur on short notice. To the extent these and other factors cause our commission rate per member to decline, our rate of revenue growth may decline and our business, operating results and financial condition would be harmed.

We may not be successful in our efforts to market and sell Medicare-related health insurance plans as a health insurance agent.

We recently determined to actively market the availability of Medicare-related health insurance plans using our ecommerce platforms, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans. We refer to these plans as Medicare plans. We market Medicare plans to Medicare-eligible individuals, who are predominately senior citizens over the age of 65. The sale of Medicare Advantage and Medicare Part D prescription drug plans are subject to an annual enrollment period during the fourth quarter of each year, when a substantial percentage of the annual sales of these plans occur. The Medicare-related revenue we have generated consisted primarily of referral fees paid to us based on Medicare leads generated by our online platforms that are delivered and sold to third parties. However, we have begun to sell a greater percentage of these products directly as a health insurance agent using our websites and customer care centers.

We have a limited number of relationships with health insurance carriers to sell Medicare plans, and our Medicare plan related revenue is concentrated in a small number of health insurance carriers. The success of our entry into the market for Medicare plans as a health insurance agent will depend upon our ability to enter into and maintain relationships with health insurance carriers on favorable economic terms. We may temporarily or permanently lose the ability to market and sell Medicare plans for our Medicare plan carrier partners. For instance, a carrier may terminate our relationship. In addition, the Centers for Medicare and Medicaid Services, or CMS, has and will continue to penalize health insurance carriers for certain regulatory violations by not allowing them to market and sell Medicare plans for significant periods of time. Given the small number of our Medicare carrier relationships, if we lose a relationship with a health insurance carrier to market their Medicare plans temporarily or permanently for this or any other reason, our sales as a health insurance agent and Medicare plan related revenue could suffer significantly, and our business, operating results and financial condition would be harmed. In addition, the agreements that we have with health insurance carriers to sell Medicare plans may be unilaterally amended or terminated by the carrier on short notice and the amendment or termination could adversely impact, or cause the termination of, the commission payments that we receive for selling their Medicare plans, which would harm our business operating results and financial condition.

CMS must approve our websites and call center scripts for us to be able to generate Medicare plan demand and sell Medicare plans to Medicare-eligible individuals as a health insurance agent. Moreover, we use Medicare plan cost and benefit data collected and made publicly available by CMS. In the event that CMS disapproves, or delays approval, of our websites or call center scripts, or does not timely release Medicare plan cost and benefit data for the following year's Medicare plans prior to the annual enrollment period, we could lose a significant source of Medicare plan demand and our ability to sell Medicare plans would be adversely impacted, each of which would harm our business, operating results and financial condition.

Our success in expanding into the Medicare plan market as a health insurance agent will also depend upon a number of additional factors, including:

- our ability to continue to adapt our ecommerce platform to market Medicare plans, including our development or acquisition of marketing tools and features important in the sale of Medicare plans online and the modification of our existing user experience for new plans targeted at a different demographic;

- our success in marketing our ecommerce platform to Medicare-eligible individuals and in entering into business development relationships to drive Medicare-eligible individuals to our ecommerce platform;

- our effectiveness in entering into and maintaining relationships with marketing partners, including existing pharmacy chain partners that refer Medicare-eligible individuals to us;

- our ability to hire and retain additional employees with experience in Medicare, including our ability to timely implement Medicare sales expertise into our customer care centers;

- our ability to comply with the numerous, complex and changing laws and regulations and CMS guidelines relating to the marketing and sale of Medicare plans, including continuing to conform our online and offline sales processes to those laws and regulations; and

- the effectiveness with which our competitors market the availability of Medicare plans from sources other than our ecommerce platform.

As a result of these factors, we may prove unsuccessful in marketing Medicare plans and acting as a health insurance agent in connection with their sale, which would harm our business, operating results and financial condition. In addition, if our efforts to market Medicare plans during any annual enrollment period were impeded due to lack of health insurance carrier or CMS approval, or for other reasons, the impact on our business, operating results and financial condition would be significantly greater given the seasonality of our Medicare-related revenues and expenses and the fact that much of the sales of Medicare plans occur during this period.

Our ability to sell Medicare-related health insurance plans as a health insurance agent is dependent upon our ability to timely hire, train and retain licensed health insurance agents.

In addition to our websites, we rely upon our customer care centers to sell Medicare plans. The success of our customer care center operations is largely dependent on licensed health insurance agents. In order to sell Medicare-related health insurance plans, our health insurance agent employees must first be licensed by the state in which they are selling the plan and certified and appointed with the health insurance carrier that offers the plan in each state that the Medicare-related health insurance product is being sold. Because the vast majority of Medicare plans are sold in the fourth quarter each year during the Medicare annual enrollment period, we are required to hire and train a significant number of additional employees on a temporary or seasonal basis in a limited period of time. We must also ensure that these employees are timely licensed in a significant number of states and certified and appointed with the health insurance carriers whose products we sell. We depend upon state departments of insurance and health insurance carriers for their licensing, certification and appointment. We may not be successful in timely hiring a sufficient number of additional licensed agents for the Medicare annual enrollment period, and even if we are successful, these employees may experience delays in obtaining health insurance licenses and certifications and health insurance carrier appointments with our health insurance carrier partners. If we and our health insurance agent employees are not successful in these regards, our ability to sell Medicare-related health insurance plans will be impaired during the annual enrollment period, which would harm our business, operating results and financial condition.

Factors beyond our control may negatively impact our ability to market and sell Medicare plans.

We determined to enter into the Medicare plan market because we believe the number of individuals becoming eligible for Medicare is increasing and these individuals are increasingly using the Internet to shop for health insurance plans. We also believe that, on average, member retention rates and the commissions that health insurance carriers pay in connection with the sale of Medicare plans compare favorably to the member retention rates and commissions we receive in connection with our sale of individual and family health insurance. Should we prove to be wrong, or should these circumstances reverse, our success in marketing Medicare plans would be materially and adversely impacted, which could harm our business, operating results and financial condition. For instance, portions of health care reform impose significant changes to original Medicare and the Medicare Advantage program by, among other things, increasing the benefits original Medicare provides, reducing payments to Medicare Advantage plans and imposing medical loss ratio requirements for Medicare Advantage plans. In the event health care reform or other circumstances decrease the demand for Medicare Advantage plans or other alternatives to original Medicare, or cause a reduction in the amount paid to agents in connection with the sale of these plans, our business operating results and financial condition could be harmed.

The marketing and sale of Medicare plans are subject to numerous, complex and frequently changing laws and regulations, and any noncompliance with them could harm our business, operating results and financial condition.

The marketing and sale of Medicare plans are subject to numerous laws, regulations and guidelines at the federal and state level. The marketing and sale of Medicare Advantage and Medicare Part D prescription drug plans are principally regulated by CMS. The marketing and sale of Medicare Supplement plans are principally regulated on a state-by-state basis by state departments of insurance. The laws and regulations applicable to the marketing and sale of Medicare plans are numerous, ambiguous and complex, and, particularly with respect to regulations and guidance issued by CMS for Medicare Advantage and Medicare Part D prescription drug plans, change frequently. As a result of these laws, regulations and guidelines, we have altered, and likely will have to continue to alter, our websites and sales process to comply with several requirements that are not applicable to our sale of non-Medicare-related health insurance plans. For instance, many aspects

of our online platforms and our marketing material and processes, as well as changes to these platforms, materials and processes, including call center scripts, must be approved on a regular basis by CMS and by health insurance carriers in light of CMS requirements. In addition, certain aspects of our Medicare plan marketing partner relationships with pharmacy chains have been in the past, and will be in the future, subjected to CMS and health insurance carrier review. Changes to the laws, regulations and guidelines relating to Medicare plans, their interpretation or the manner in which they are enforced could be incompatible with these relationships, our platforms or our sale of Medicare plans. Due to changes in CMS guidance or enforcement or interpretation of existing guidance, or as a result of new regulations and guidelines, CMS, state departments of insurance or health insurance carriers may determine to object to or not to approve aspects of our online platforms or marketing material and processes and may determine that certain existing aspects of our Medicare-related business are not in compliance. As a result, the progress of our Medicare operations could be slowed or we could be prevented from operating aspects of our Medicare revenue generating activities altogether, which would harm our business, operating results and financial condition, particularly if it occurred during the Medicare annual enrollment period. It could also result in the write-down of the value of goodwill and intangible assets acquired in our PlanPrescriber acquisition.

The impact that health care reform legislation will have on the market for Medicare plans is unclear, but it could change demand for Medicare plans, the way these plans are delivered, the commissions that carriers pay to health insurance agents in connection with their sale or could adversely impact us in other ways. In the event that laws and regulations adversely impact our ability to market the availability of any type of Medicare plan on our ecommerce platform, or the amounts that health insurance agents are paid for selling these plans, our business, operating results and financial condition would be harmed.

We have reduced our cost of acquisition and other expenses in connection with the sale of our individual and family health insurance plans, which may harm our operating results.

As a result of the reduction in the commission rates we receive for selling individual and family health insurance plans, we reduced our marketing and advertising and other expenses in this area of our business, which reduced the number of individual and family health insurance plan approved members for which we will receive commission revenue. The maintenance of a lower cost of acquisition depends significantly on the rate at which visitors to our website submit health insurance applications, particularly with respect to paid search advertising, as our paid search costs are incurred on the referral of a potential member rather than on the submission of a health insurance application. As a result, we may not be successful in maintaining an acceptable individual and family health insurance cost of acquisition in the event we experience a decline in the rate at which visitors to our platform submit individual and family health insurance applications, which would harm our business, operating results and financial condition.

Our future operating results are likely to fluctuate and could fall short of expectations.

Our operating results are likely to fluctuate as a result of a variety of factors, including the factors described elsewhere in this “Risk Factors” section, many of which are outside of our control. As a result, comparing our operating results on a period-to-period basis may not be meaningful and you should not rely on our past results as an indication of our future performance, particularly as a result of the commission rate reductions that we have experienced in our individual and family health insurance business, which began impacting our financial results in 2011. If our revenue or operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially.

Our business model is characterized primarily by revenue based on commissions we receive from insurance carriers whose policies are purchased by our members. We receive commissions and record related revenue for an individual, family, small business or Medicare Supplement health insurance policy, typically on a monthly basis, until the health insurance policy is cancelled or we otherwise do not remain the agent on the policy. For both Medicare Advantage and Medicare Part D prescription drug plans, we record commission revenue on an annual basis but may receive commission payments from insurance carriers on either a monthly or annual basis typically for a period of up to six years, or longer depending on the carrier arrangement, provided that the policy remains active with us.

A significant component of our marketing and advertising expenses consists of expenses incurred in search engine advertising at the time a consumer clicks on an advertisement and payments owed to our marketing partners in connection with applications submitted on our ecommerce platform by potential members referred to us by our marketing partners. As a result of this timing difference between expense and associated revenue recognition, our operating results and cash flows may be adversely affected in periods where we experience a significant increase in new applicants. In addition, if we incur other unanticipated or one-time expenses in a particular quarter or if we lose a significant amount of our member base for any reason, we would likely be unable to offset these expenses by increasing sales within that quarter or to replace lost

revenue in the quarter with revenue from new members. As a result, our quarterly results may suffer due to unanticipated expenses, one-time charges or significant member turnover.

Current economic conditions and other factors beyond our control may negatively impact our business, operating results and financial condition.

Our revenue depends upon demand for health insurance in the individual, family and small business markets, which can be influenced by a variety of factors beyond our control. For instance, an increased number of individuals have become self-employed or unemployed. In addition, as a result of substantial health insurance premium inflation in recent years, we believe that many employers have sought to reduce the costs associated with providing health insurance to their employees, including offering fewer benefits to employees, reducing or eliminating dependent coverage, increasing employee health insurance premium contributions and eliminating health insurance benefits altogether. We have no control over the economic and other factors that influence these trends, and they may reverse, including as a result of health care reform legislation. If economic or other factors beyond our control negatively impact our business, our business, operating results and financial condition could be harmed.

We believe that demand for the health insurance and services we offer have been adversely impacted by recent economic conditions. We cannot be certain of the future impact that the recent recession and other economic conditions will have on our business. A further softening of demand for health insurance and services offered by us, whether caused by changes in customer preferences or a weak U.S. economy, including as a result of disruptions in the global financial markets or a decrease in general consumer confidence, will result in decreased revenue and growth. Consumers may attempt to reduce expenses by cancelling existing health insurance purchased through us, determine not to purchase new health insurance through us, or purchase health insurance plans with lower premiums for which we receive lower commissions. To the extent the economy or other factors adversely impact our membership retention or the number or type of health insurance applications submitted through us and that are approved by health insurance carriers, our rate of growth will decline and our business and operating results will be harmed. A continuing negative economic environment could also adversely impact the health insurance carriers whose plans are offered on our ecommerce platform, and they may determine to reduce their commission rates, change their underwriting practices so that fewer health insurance applications are approved or take other actions that would negatively impact our sale of health insurance as well as our sponsorship and technology licensing businesses.

Economic conditions have caused interest rates to decline. We have experienced a significant reduction in the rate of return on our investments both as a result of the decline in interest rates and as a result of our implementation of more conservative investment policies. Economic conditions could materially and adversely impact our investments in the future, including loss of our principal investment, despite our implementation of more conservative investment policies.

Our business may not grow if consumers are not informed about the availability and accessibility of affordable health insurance.

Numerous health insurance plans are available to consumers in any given market. Most of these plans vary by price, benefits and other policy features. Health insurance terminology and provisions are often confusing and difficult to understand. As a result, researching, selecting and purchasing health insurance can be a complex process. We believe that this complexity has contributed to a perception held by many consumers that individual health insurance is prohibitively expensive and difficult to obtain. We attempt to make the health insurance research and application process on our website understandable and user-friendly. We also attempt to use our website and other means to educate consumers about the accessibility and affordability of health insurance. If consumers are not informed about the availability and accessibility of affordable health insurance or our ecommerce platform is difficult to navigate, our business may not grow and our operating results and financial condition would be harmed.

If we are not successful in cost-effectively converting visitors to our website into members, our business and operating results would be harmed.

Our growth depends in large part upon growth in our membership. The rate at which consumers visiting our ecommerce platform and seeking to purchase health insurance are converted into members is a significant factor in the growth of our membership. A number of factors have influenced, and could in the future influence, the conversion rate for any given period, some of which are outside of our control. These factors include:

- changes in consumer shopping behavior due to circumstances outside of our control, such as economic conditions, consumers' ability or willingness to pay for health insurance, availability of unemployment benefits or proposed or enacted legislative or regulatory changes impacting our business;
- the quality of and changes to the consumer experience on our ecommerce platform or with our customer care center;
- regulatory requirements, including those that make the experience on our online platforms cumbersome or difficult to navigate;
- the variety and affordability of the health insurance plans that we offer;
- system failures or interruptions in the operation of our ecommerce platform or call center operations;
- changes in the mix of consumers who are referred to us through our direct, marketing partner and online advertising member acquisition channels;
- the health insurance carriers offering the health insurance plans for which consumers have expressed interest, and the degree to which our technology is integrated with those carriers;
- health insurance carrier underwriting practices and guidelines applicable to applications submitted by consumers and the amount of time a carrier takes to make a decision on that application; and
- competitive offerings.

Our conversion rates can be impacted by changes in the mix of consumers referred to us through our member acquisition channels. For example, our conversion rates have historically been lower with respect to consumers referred to us by Internet lead aggregators and relatively higher with respect to consumers coming to us through our direct member acquisition channel. In addition, we may make changes to our ecommerce platform or undertake other initiatives in an attempt to improve consumer experience or for other reasons. These changes in the past, and may in the future, have the unintended consequence of adversely impacting our conversion rates. A decline in the percentage of consumers who submit health insurance applications on our ecommerce platform and are converted into members could cause an increase in our cost of acquiring members on a per member basis. To the extent the rate at which we convert consumers visiting our ecommerce platform into members suffers, our membership growth rate may decline, which would harm our business, operating results and financial condition.

If we are unable to retain our members, our business and operating results would be harmed.

We receive revenue from commissions health insurance carriers pay to us for health insurance policies sold through our ecommerce platform. When one of these policies is cancelled, or if we otherwise do not remain the agent on the policy, we no longer receive the related commission revenue. Individuals, families and small businesses may choose to discontinue their health insurance policies for a variety of reasons. For example, individuals and families may replace a health insurance policy purchased through us with a health insurance policy provided by a new or existing employer or may determine that they cannot afford health insurance. In addition, our members may choose to purchase new policies using a different agent if, for example, they are not satisfied with our customer service or the health insurance plans that we offer. Consumers may also purchase health insurance policies from state health insurance exchanges after their implementation as a result of health care reform. Health insurance carriers may also terminate health insurance plans purchased and held by our members. If we are not successful in transferring members covered under a terminated plan to another policy that we offer, we will lose these members and associated commission revenue. Our cost in acquiring a new member is substantially greater than the cost involved in maintaining our relationship with an existing member. If we are not able to successfully retain existing members and limit member turnover, our revenue and operating margins will be adversely impacted and our business, operating results and financial condition would be harmed.

Changes in the quality and affordability of the health insurance plans that carriers offer on our ecommerce platform could harm our business and operating results.

The demand for health insurance marketed through our ecommerce platform is impacted by, among other things, the variety, quality and price of the health insurance plans we offer. If health insurance carriers do not continue to allow us to

sell a variety of high-quality, affordable health insurance plans in the individual, family and small business and Medicare markets, or if their offerings are limited or terminated as a result of consolidation in the health insurance industry, health care reform legislation or otherwise, our sales may decrease and our business, operating results and financial condition could be harmed.

Health insurance carriers could determine to reduce the commissions paid to us or change their underwriting practices in ways that reduce the number of insurance policies sold through our ecommerce platform, which could harm our business and operating results.

Our commission rates, and the commission override payments we receive from health insurance carriers for achieving sales volume thresholds or other objectives, are either set by each carrier or negotiated between us and each carrier. Carriers have altered, and may in the future alter, the contractual relationships we have with them on short notice, either by renegotiation or unilateral action. If these contractual changes result in reduced commissions, our business may suffer and our operating results and financial condition would be harmed. In addition, carriers periodically change the criteria they use for determining whether they are willing to insure individuals as well as other underwriting practices. At various times, carriers have applied more stringent underwriting criteria and practices to applications for health insurance. These practices result in a decrease in the rate at which insurance applications submitted through our ecommerce platform are approved. Changes in carrier underwriting criteria or practices could negatively impact sales of insurance policies on our ecommerce platform and could harm our business, operating results and financial condition.

If we are not able to maintain and enhance our brand, our business and operating results will be harmed.

We believe that maintaining and enhancing our brand identity is critical to our relationships with existing members, marketing partners and health insurance carriers and to our ability to attract new members, marketing partners and health insurance carriers. The promotion of our brand in these and other ways may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these branding initiatives may become increasingly difficult and expensive. Our brand promotion activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur and our operating results could be harmed. If we do not successfully maintain and enhance our brand, our business may not grow and we could lose our relationships with health insurance carriers, marketing partners and/or members, which would harm our business, operating results and financial condition.

In addition, we have historically received media attention in connection with our public relations efforts. While we cannot be certain of the impact of media coverage on our business, if it were to be reduced, the number of consumers visiting our platform could decrease, and our cost of acquiring members could increase as a result of a reduction in the number of members coming from our direct member acquisition channel, both of which could harm our business, operating results and financial condition.

System failures or capacity constraints could harm our business and operating results.

The performance, reliability and availability of our ecommerce platforms and underlying network infrastructures are critical to our financial results, our brand and our relationship with members, marketing partners and health insurance carriers. Although we regularly attempt to enhance our ecommerce platform and system infrastructure, system failures and interruptions may occur if we are unsuccessful in these efforts, if we are unable to accurately project the rate or timing of increases in our website traffic or for other reasons, some of which are completely outside our control. Although we have experienced only minor system failures and interruptions to date, we could experience significant failures and interruptions in the future, which would harm our business, operating results and financial condition.

We rely in part upon third-party vendors, including data center and bandwidth providers, to operate our ecommerce platforms. We cannot predict whether additional network capacity will be available from these vendors as we need it, and our network or our suppliers' networks might be unable to achieve or maintain a sufficiently high capacity of data transmission to allow us to process health insurance applications in a timely manner or effectively download data, especially if our website traffic increases. Any system failure that causes an interruption in or decreases the responsiveness of our services would impair our revenue-generating capabilities and harm our business and operating results and damage our reputation. In addition, any loss of data could result in loss of customers and subject us to potential liability. Our database and systems are vulnerable to damage or interruption from human error, earthquakes, fire, floods, power loss, telecommunications failures, physical or electronic break-ins, computer viruses, acts of terrorism, other attempts to harm our systems and similar events. In addition, our operations are vulnerable to earthquakes in the San Francisco Bay Area and elsewhere in Northern California.

Consumers may access our customer care centers for assistance in connection with submitting health insurance applications. We depend upon third parties, including telephone service providers and third party software providers, to operate our customer care centers. Any failure of the systems that we rely upon in the operation of our customer care center could negatively impact sales as well as our relationship with consumers and members, which could harm our business, operating results and financial condition.

If consumers or carriers opt for more traditional or alternative channels for the purchase and sale of health insurance, our business will be harmed.

Our success depends in part upon widespread consumer and health insurance carrier acceptance of the Internet as a marketplace for the purchase and sale of health insurance. Consumers and health insurance carriers may choose to depend more on traditional sources, such as individual agents, or alternative sources may develop, including as a result of health care reform legislation. Our future growth, if any, will depend in part upon:

- the growth of the Internet as a commerce medium generally, and as a market for consumer financial plans and services specifically;
- consumers' willingness to conduct their own health insurance research;
- our ability to make the process of purchasing health insurance online an attractive alternative to traditional and new means of purchasing health insurance;
- our ability to successfully and cost-effectively market our services as superior to traditional or alternative sources for health insurance to a sufficiently large number of consumers; and
- health insurance carriers' willingness to use us and the Internet as a distribution channel for health insurance plans.

If consumers and health insurance carriers determine that other sources for health insurance and health insurance applications are superior, our business will not grow and our operating results and financial condition would be harmed.

We depend upon Internet search engines to attract a significant portion of the consumers who visit our website, and if we are unable to effectively advertise on search engines on a cost-effective basis, our business and operating results would be harmed.

We derive a significant portion of our website traffic from consumers who search for health insurance through Internet search engines, such as Google, Bing and Yahoo!. A critical factor in attracting consumers to our website is whether we are prominently displayed in response to an Internet search relating to health insurance. Search engines typically provide two types of search results, algorithmic listings and paid advertisements. We rely on both algorithmic listings and paid advertisements to attract consumers to our websites.

Algorithmic search result listings are determined and displayed in accordance with a set of formulas or algorithms developed by the particular Internet search engine. The algorithms determine the order of the listing of results in response to the consumer's Internet search. From time to time, search engines revise these algorithms. In some instances, these modifications have caused our website to be listed less prominently in algorithmic search results, which has resulted in decreased traffic to our website. We may also be listed less prominently as a result of new websites or changes to existing websites that result in these websites receiving higher algorithmic rankings with the search engine. Our website may become listed less prominently in algorithmic search results for other reasons, such as search engine technical difficulties, search engine technical changes and changes we make to our website. In addition, search engines have deemed the practices of some companies to be inconsistent with search engine guidelines and decided not to list their website in search result listings at all. If we are listed less prominently in, or removed altogether from, search result listings for any reason, the traffic to our websites would decline and we may not be able to replace this traffic, which in turn would harm our operating results. If we decide to attempt to replace this traffic, we may be required to increase our marketing expenditures, which would also increase our cost of member acquisition and harm our operating results.

We purchase paid advertisements on search engines in order to attract consumers to our website. We typically pay a search engine for prominent placement of our name and website when particular health insurance-related terms are searched for on the search engine, regardless of the algorithmic search result listings. In some circumstances, the prominence of the

placement of our advertisement is determined by a combination of factors, including the amount we are willing to pay and algorithms designed to determine the relevance of our paid advertisement to a particular search term. As with algorithmic search result listings, search engines may revise the algorithms relevant to paid advertisements and websites other than our ecommerce platform may become more optimized for the algorithms. These changes may result in our having to pay increased amounts to maintain our paid advertisement placement in response to a particular search term. We could also have to pay increased amounts should the market share of major search engines continue to become more concentrated with a single search engine. Additionally, we bid against our competitors and others for the display of these paid search engine advertisements. Many of our competitors, including many health insurance carriers, have greater resources with which to bid and better brand recognition than we do. We have experienced increased competition from health insurance carriers and some of our marketing partners for both algorithmic search result listings and for paid advertisements, which has increased our marketing and advertising expenses. If this competition increases further, or if the fees associated with paid search advertisements increase as a result of algorithm changes or other factors, our advertising expenses could rise significantly or we could reduce or discontinue our paid search advertisements, either of which could harm our business, operating results and financial condition.

We rely significantly on marketing partners and our business and operating results would be harmed if we are unable to maintain effective relationships with our existing marketing partners or if we do not establish successful relationships with new marketing partners.

In addition to marketing through Internet search engines, we frequently enter into contractual marketing relationships with other online and offline businesses that promote us to their customers. These marketing partners include financial and online service companies, affiliate programs and online advertisers and content providers. We also have relationships with marketing partners, including pharmacy chains, that promote our Medicare platforms to their customers. We compensate many of our marketing partners for their referrals on a submitted health insurance application basis and, if they are licensed to sell health insurance, may share a percentage of the commission we earn from the health insurance carrier for each member referred by the marketing partner.

Many factors influence the success of our relationship with our marketing partners, including:

- the continued positive market presence, reputation and growth of the marketing partner;
- the effectiveness of the marketing partner in marketing our website and services, including whether the marketing partner is successful in maintaining the prominence of its website in algorithmic search result listings and paid Internet advertisements;
- the compliance of our marketing partners, and of the manner marketing partners refer consumers to our platforms, with applicable laws, regulations and guidelines;
- the interest of the marketing partner’s customers in the health insurance plans that we offer on our ecommerce platform;
- the contractual terms we negotiate with the marketing partner, including the marketing fees we agree to pay a marketing partner;
- the percentage of the marketing partner’s customers that submit applications or purchase health insurance policies through our ecommerce platform;
- the ability of a marketing partner to maintain efficient and uninterrupted operation of its website; and
- our ability to work with the marketing partner to implement website changes, launch marketing campaigns and pursue other initiatives necessary to maintain positive consumer experiences and acceptable traffic volumes.

For instance, we partner with Internet lead aggregators who refer a significant number of consumers to our online platforms. Major search engines have in the past and may in the future determine not to list lead aggregator websites prominently in search result listings for various reasons, which would cause a significant reduction in the number of consumers referred to us through our marketing partner channel. If we are unable to maintain successful relationships with our existing marketing partners or fail to establish successful relationships with new marketing partners, our business, operating results and financial condition will be harmed.

The impact that health care reform will have on our relationships with marketing partners is unclear. To the extent that health care reform makes it less profitable or desirable for marketing partners to promote us to their customers, we may lose relationships with existing marketing partners and may have difficulty entering into relationships with new marketing partners. We may also need to reduce the compensation that we pay to marketing partners to the extent that health care reform has the effect of reducing commissions for individual and family health insurance. There is no guarantee that we will be able to amend our agreements to reduce the compensation that we pay to acceptable levels in light of the commission rates that we receive. If we are not able to do so, our business, operating results and financial condition could be harmed. In addition, the promulgation of laws, regulations or guidelines, or the interpretation of existing laws, regulations and guidelines, by state departments of insurance or by CMS, could cause our relationships with our marketing partners to be in noncompliance with those laws, regulations and guidelines. For instance, as a result of our acquisition of PlanPrescriber, we have marketing partner relationships with pharmacy chains that utilize aspects of our platform and tools. Our relationships with these pharmacy chains result in the referral of a significant number of individuals to us who are interested in purchasing Medicare plans. If CMS or state departments of insurance were to change existing laws, regulations or guidelines, or interpret existing laws, regulations or guidelines, to prohibit these arrangements, we would experience a significant decline in the number of Medicare-eligible individuals who are referred to our platforms and call center, which would harm our business, operating results and financial condition and could result in a write-down of the value of goodwill and intangible assets acquired in our PlanPrescriber acquisition.

We rely on health insurance carriers to accurately and regularly prepare commission reports, and if these reports are inaccurate or not sent to us in a timely manner, our business and operating results could be harmed. We also may not recognize trends in our membership as a result of a lack of information from health insurance carriers.

For individual, family and small business health insurance plans, health insurance carriers typically pay us a specified percentage of the premium amount on a health insurance policy that we have sold during the period that a member maintains coverage under the policy. For both Medicare Advantage and Medicare Part D prescription drug policies, health insurance carriers typically pay us a fixed commission amount during the period the policy remains active, typically for up to six years, or longer depending on carrier the arrangement, provided that the policy remains active with us. We rely on health insurance carriers to timely and accurately report the amount of commissions earned by us, and we calculate our commission revenue, prepare our financial reports, projections and budgets and direct our marketing and other operating efforts based on the reports we receive from health insurance carriers. There have been instances where we have determined that policy cancellation data reported to us by a health insurance carrier has not been completely accurate. Although we recognize commissions reported to us net of estimated cancellations, the extent to which health insurance carriers are inaccurate in their reporting of policy cancellations could cause us to change our cancellation estimates, which could adversely impact our revenues. It is often difficult for us to independently determine whether or not carriers are accurately reporting commissions due to us. To the extent that health insurance carriers understate or fail to accurately report the amount of commissions due to us in a timely manner or at all, we will not recognize revenue to which we are entitled, which would harm our business, operating results and financial condition.

We also are dependent on health insurance carriers and others for data related to our membership. For instance, with respect to health insurance plans other than small business group health insurance, health insurance carriers do not directly report member cancellations to us, resulting in the need for us to determine cancellations using payment data that carriers provide. We infer cancellations from this payment data by analyzing whether payments from members have ceased for a period of time, and we may not learn of a cancellation for several months, given that some of our members pay on a schedule less frequently than monthly (e.g., quarterly). With respect to our small business group membership, many groups notify the carrier directly with respect to increases or decreases in group size and policy cancellations. Our insurance carrier partners often do not communicate this information to us, and it often takes a significant amount of time for us to learn about small business group cancellations and changes in our membership within the group itself. We often are not made aware of policy cancellations until the time of the group’s annual renewal.

After we have estimated membership for a period, we may receive information from health insurance carriers that would have impacted the estimate if we had received the information prior to the date of estimation. We may receive commission payments or other information that indicates that a member who was not included in our estimates for a prior period was in fact an active member at that time, or that a member who was included in our estimates was in fact not an active member of ours. We also reconcile information health insurance carriers provide to us and may determine that we were not historically paid commissions owed to us, which would cause us to have underestimated our membership. Additionally, health insurance carriers may require us to return commission payments paid in a prior period due to policy cancellations for members we previously estimated as being active. For these and other reasons, including if current trends in membership cancellation are inconsistent with past cancellation trends that we use to estimate our membership or if

carriers subsequently report changes to the commission payments that they previously reported to us, our actual membership could be different from our estimates, perhaps materially. Total revenue per estimated member for the period would also change if our estimated membership changed. Our estimate regarding the average amount of time our members maintain their health insurance plans also could be inaccurate as it is dependent upon the accuracy of our membership estimates.

Our operating results fluctuate depending upon health insurance carrier payment practices and the timing of our receipt of commission reports from health insurance carriers.

The timing of our revenue depends upon the timing of our receipt of commission reports and associated payments from health insurance carriers. There have been instances where their report of commissions and payment have been delayed, such as during holiday periods. Any delay could materially impact our financial results for a given quarter as we would not be able to recognize the related commission revenue in that quarter. In addition, much of our commission override revenue is not reported and paid to us in accordance with a scheduled pattern, and some is only reported and paid to us once per year. This could result in a large amount of commission revenue from a carrier being recorded in a given quarter that is not indicative of the amount of revenue we may receive from that carrier in subsequent quarters, causing fluctuations in our operating results. We could report revenue below the expectations of our investors or securities analysts in any particular period if a material report or payment from a health insurance carrier were delayed or not received within the time frame required for revenue recognition.

We may be unsuccessful in competing effectively against current and future competitors.

The market for selling health insurance plans is highly competitive. We compete with entities and individuals that offer and sell health insurance plans utilizing traditional distribution channels as well as the Internet. Our competitors include the tens of thousands of local insurance agents across the United States who sell health insurance plans in their communities. There are a number of agents that operate websites and provide an online shopping experience for consumers interested in purchasing health insurance. Some local agents use “lead aggregator” services that use the Internet to find consumers interested in purchasing health insurance and are compensated for referring those consumers to the traditional agent. In addition to health insurance brokers and agents, many health insurance carriers directly market and sell their plans to consumers through call centers and their own websites. Although we offer health insurance plans for many of these carriers, they also compete with us by offering their plans directly to consumers. We will also compete with state and federal health insurance exchanges implemented as a result of health care reform. Health care reform also will result in health insurance plan cost and benefit data being more readily accessible, which could facilitate additional competition. In connection with our marketing of Medicare plans, we also compete with the original Medicare program. In addition, CMS offers plan information, comparison tools, call centers and online enrollment for Medicare Advantage and Medicare Part D prescription drug plans.

In licensing our health insurance purchasing platform, we compete with companies providing technology that automates premium quoting, research and analysis of health insurance plans, member enrollment and other tools that support online sales efforts by health insurance carriers and their agents and brokers. We anticipate that in licensing our technology to government entities for health insurance exchange and other purposes, we will compete with these entities as well as system integrators, software companies, employee benefit service providers, technology consulting companies and others that have experience providing technology and services to the federal or state governments.

We may not be able to compete successfully against our current or future competitors. Some of our current and potential competitors have longer operating histories, larger customer bases, greater brand recognition and significantly greater financial, technical, marketing and other resources than we do. As compared to us, our current and future competitors may be able to:

- undertake more extensive marketing campaigns for their brands and services;
- devote more resources to website and systems development;
- negotiate more favorable commission rates and commission override payments; and
- make more attractive offers to potential employees, marketing partners and third-party service providers.

In addition, CMS has the ability to regulate our marketing and sale of Medicare Advantage and Medicare Part D prescription drug plans.

Competitive pressures may result in our experiencing increased marketing costs, decreased traffic to our website and loss of market share, or may otherwise harm our business, operating results and financial condition.

There are many risks associated with our operations in China.

A portion of our operations is conducted in China. Among other things, we use employees in China to maintain and update our ecommerce platform. This and other information is delivered to us through secured communications over the Internet. Our business would be harmed if this connection temporarily failed and we were prevented from promptly updating our software or implementing other changes to our database and systems. Our operations in China also expose us to different and unfamiliar laws, rules and regulations, including different intellectual property laws, which are not as protective of our intellectual property as the laws in the United States, and different labor and tax laws. United States and Chinese trade laws may impose restrictions on the importation of programming or technology to or from the United States. Additionally, we have recently experienced greater competition for qualified personnel in China, which has raised market salaries and increased our compensation costs related to employees in that location. If competition for personnel increases further, our compensation expenses could rise considerably or, if we determine to not increase compensation levels, our ability to attract and retain qualified personnel in China may be impaired, which could harm our business, operating results and financial condition. These risks could cause us to incur increased expenses and could harm our ability to effectively and successfully manage our operations in China, which in turn could cause our business, operating results and financial condition to suffer.

Our subsidiary in China has a subsidiary business insurance agency license in the Fujian province in China pursuant to which we are selling health, accident and life insurance in the Fujian province. Our license is up for renewal at the end of 2014. We have relationships with insurance companies to host on our technology platform certain of those companies' products that are offered throughout China. Additionally, we have entered, and may in the future continue to enter, into relationships with marketing partners to refer additional consumers to our website. We have limited experience marketing or selling insurance in China or in adapting our business and ecommerce platform to Chinese markets and cultures, legal and regulatory regimes or business customs. For instance, the laws and regulations applicable to our marketing and selling insurance online and assisting others in those efforts in China are unclear, and our operations may be in violation of them. In addition, insurance laws and regulations in China are in a state of development, and the laws and regulations may change to prohibit or restrict our marketing insurance online. The consequences of violating insurance and other applicable laws and regulations in China are unclear, but they could result in the termination of our license and our ability to host insurance products on our technology platform, payment of fines and damages and could harm our business as a whole. For various reasons, we may not expand in China, and even if we do, there can be no assurance that our ecommerce platform in China would ever generate a significant amount of revenue or otherwise be successful. Our success in establishing an insurance-related business in China is also dependent upon many of the factors that influence the success of our business in the United States, including, but not limited to, our receiving regulatory approvals (including the renewal of our license), acceptance of the Internet and our ecommerce platform as a marketplace for the purchase of insurance, our success in marketing our ecommerce platform and in retaining members who purchase insurance through that platform, our ability to enter into and maintain relationships with insurance carriers, commission rates, the affordability of the insurance products offered, insurance carrier business practices, the effectiveness with which we establish a brand identity, performance, reliability and availability of our ecommerce platform, competition, the regulatory environment and the manner in which health care delivery is financed and changes to such environment or manner, our ability to attract and retain qualified personnel and network security.

Our participation and success in the insurance market in China may be impacted by additional factors given that outside of Xiamen city, the insurance products offered on our website are offered directly by insurance carriers. As a result, our success in selling insurance outside of Xiamen city is dependent upon many factors, including our dependence on insurance carriers for the products on our website, the insurance carriers' relationship with consumers, our relationship with the insurance carriers, the insurance carriers' ability to maintain licenses and regulatory approvals, and the number, quality and attractiveness of the insurance products offered by the insurance carriers through our platform. While there is no certainty that we would be able to expand our presence in the insurance industry in China, we may attempt to do so. If we decide to do so, we will need to receive additional government licenses and approvals or enter into additional relationships and we may face disadvantages in doing so as a result of our subsidiary in China being wholly foreign owned.

Our sponsorship and advertising business may not be successful.

We sell advertising space to health insurance carriers on our website through our sponsorship and advertising program. Our sponsorship and advertising program allows carriers to purchase advertising space in specific markets in a sponsorship area on our website. Health insurance carriers have and may continue to determine to eliminate or reduce spending on our

sponsorship and advertising program as a result of various aspects of health care reform, including the medical loss ratio requirements that became effective in 2011. As a result, our business, operating results and financial condition could be harmed. To the extent that economic conditions, health care reform or other factors impact the amount health insurance carriers are willing to pay for advertising on our ecommerce platform, our sponsorship and advertising program will be adversely impacted. The success of our sponsorship and advertising program is dependent upon a number of other factors, including the effectiveness of the sponsorship and advertising program as a cost-effective method for carriers to obtain additional members, consumer and health insurance carrier adoption of the Internet and our ecommerce platform as a medium for the purchase and sale of health insurance, our ability to attract consumers visiting our ecommerce platform and convert those consumers into members, the existence of a relationship between us and a diverse group of carriers that offer a number of health insurance plans in the markets in which we attempt to sell advertising, the cost, benefit and brand recognition of the health insurance plan that is the subject of the advertising, the impact the advertising has on the sale of the health insurance plan that is the subject of the advertising and the effectiveness of the carrier's other means of advertising. In addition, while our practice of selling advertising is described on our ecommerce platform, it could cause consumers to perceive us as not objective, which could harm our brand and result in a decline in our health insurance sales. It also could adversely impact our relationship with health insurance carriers that do not purchase our advertising. As a result, our business, operating results and financial condition could be harmed.

We also develop, host and maintain carrier dedicated Medicare plan websites through our advertising program. Our success in doing so is dependent upon the same factors that could impact our sponsorship program. In addition, since we maintain relationships with a limited number of health insurance carriers to sell their Medicare plans, our Medicare plan-related advertising revenue is concentrated in a small number of health insurance carriers and our ability to generate Medicare plan-related advertising revenue would be harmed by the termination or non-renewal of any of these relationships. Moreover, in light of the regulations applicable to the marketing and sale of Medicare plans, and given that these regulations are often unclear, change frequently and are subject to changing interpretations, we may in the future not be permitted to sell Medicare plan related advertising. If we are not successful in generating Medicare plan related advertising revenue, our business operating results and financial condition could be harmed.

We may not be successful in licensing the use of our ecommerce technology to health insurance carriers and other third parties.

We license the use of our ecommerce technology to health insurance carriers and agents. Carriers use our platform to offer their own health insurance policies on their websites, and agents use it to power their quoting and online content. If we do not grow our revenue from the license of our technology, or if the rate of growth declines, our business, operating results and financial condition may be harmed. The impact that health care reform may have on our technology licensing business is unclear. Health care reform could reduce health insurance carrier and agent demand for our technology licensing platform as a result of the medical loss ratio requirements that became effective in 2011 or for other reasons, and health insurance carriers who currently use the platform could determine to cease using it, reduce the number and type of plans offered on the platform or renegotiate the fees that they pay, any of which would reduce the revenue we receive from our technology licensing business.

The business of licensing the use of our technology to others could facilitate carrier, health insurance agent and other third party competition with us in the sale of health insurance over the Internet and is subject to a number of additional risks and uncertainties, including consumer and health insurance carrier adoption of our ecommerce platform as a medium for the purchase and sale of health insurance, our ability to establish relationships with new health insurance carriers, the reliability and performance of our ecommerce platform and the relative cost of developing competing technology. If we are not able to offer health insurance carriers and other third parties a reliable platform to cost-efficiently offer their plans over the Internet, our technology licensing business will be unsuccessful.

We may not be successful in licensing the use of our technology or performing services pursuant to federal or state government contracts.

An element of our strategy is to license the use of our technology and provide services to government entities in connection with health care reform and its requirement that states establish health insurance exchanges. While we have been a party to a small number of government contracts as a prime contractor or as a subcontractor, we are new to government contracting. Generally, government contracts are offered through a competitive bidding process. A number of entities may compete for the award of any particular government contract or related subcontract, and we may not be able to outbid our competitors. Even if we are awarded a contract, unsuccessful bidders may protest or challenge the contract award, which could result in our losing the contract. Complicated rules apply to doing business with the federal and state

governments, including without limitation procurement laws and regulations. In addition, socio-economic obligations, including various restrictions relating to those of our employees that may perform under the government contract, may accompany government contracts. These requirements may require us to restructure aspects of our operations to perform under a contract, which may be difficult or impossible. As a government contractor, we are subject to audits, cost reviews and investigations by oversight agencies. We may not be successful in our effort to enter into government contracts, and even if we are, we may face difficulty and unanticipated expense in adapting our platform and software, and complying with applicable laws, regulations and contractual requirements. If we are not successful in our government contracting efforts, our business, operating results and financial condition could be harmed. In addition, if we fail to comply with the terms of one or more of our government contracts or applicable laws and regulations, we could be suspended or barred from future government projects for a significant period of time, as well as face civil or criminal fines and penalties, which would harm our business, operating results and financial condition.

Government contracts that we have entered into for the use of our services or licensing the use of our technology have short terms. Our government contracts may not be renewed for any reason, including as a result of performance of the contract, competing solutions or a change in the governmental entity's preferences. Furthermore, the contracts may be terminated as a result of our performance or as a result of the performance or actions of third parties involved in the contracts, such as a subcontractor or the prime contractor where we are a subcontractor. The termination or non-renewal of any of our government contracts could harm our business, operating results and financial condition and make it more difficult to successfully bid on future government contracting opportunities.

We may not be able to adequately protect our intellectual property, which could harm our business and operating results.

We believe that our intellectual property is an essential asset of our business and that our technology infrastructure currently gives us a competitive advantage in the distribution of individual, family and small business health insurance. We rely on a combination of copyright, trademark and trade secret laws as well as confidentiality procedures and contractual provisions to establish and protect our intellectual property rights in the United States. Although we have applied for patents in the United States, they may not result in issued patents. We have not filed for protection of our intellectual property in any foreign jurisdiction other than China. We have Chinese-registered computer software copyrights for an internally-developed software system and a project management tool and have certain trademarks in China. We have not filed any patent applications in China. The efforts we have taken to protect our intellectual property may not be sufficient or effective, and our trademarks, copyrights and patents if issued, may be held invalid or unenforceable. Moreover, the law relating to intellectual property is not as developed in China, and our intellectual property rights may not be as respected in China as they are in the United States. Any United States or other patents issued to us may not be sufficiently broad to protect our proprietary technologies, and given the costs of obtaining patent protection, we may choose not to seek patent protection for certain of our proprietary technologies. We may not be effective in policing unauthorized use of our intellectual property, trade secrets and other confidential information, and even if we do detect violations, litigation may be necessary to enforce our intellectual property rights. Any enforcement efforts we undertake, including litigation, could be time-consuming and expensive, could divert our management's attention and may result in a court determining that our intellectual property or other rights are unenforceable. If we are not successful in cost-effectively protecting our intellectual property rights, trade secrets and confidential information, our business, operating results and financial condition could be harmed.

We may in the future be subject to intellectual property rights claims, which are extremely costly to defend, could require us to pay significant damages and could limit our ability to use certain technologies in the future.

There are a large number of patents, copyrights, trademarks and trade secrets applicable to the internet and technology industries and entities frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. We have received, and may in the future receive, notices that claim we have misappropriated, infringed or misused other parties' intellectual property rights, and, to the extent we gain greater visibility, we face a higher risk of being the subject of intellectual property infringement claims. There may be third-party intellectual property rights, including issued or pending patents that cover significant aspects of our technologies or business methods or that cover third-party technology that we use as a part of our websites. Any intellectual property claim against us, with or without merit, could be time consuming, expensive to settle or litigate and could divert our management's attention and other resources. These claims also could subject us to significant liability for damages and could result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for third-party intellectual property, which may not be available on reasonable terms or at all. Even if a license is available, we could be required to pay significant royalties, which would increase our operating expenses. We may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If we cannot license or develop technology for

any infringing aspect of our business, we would be forced to limit our services and may be unable to compete effectively. Any of these results would harm our business, operating results and financial condition.

Any legal liability, regulatory penalties, or negative publicity for the information on our website or that we otherwise distribute or provide will likely harm our business and operating results.

We provide information on our website, through our customer care centers and in other ways regarding health insurance in general and the health insurance plans we market and sell, including information relating to insurance premiums, coverage, benefits, provider networks, exclusions, limitations, availability, plan comparisons and insurance company ratings. A significant amount of both automated and manual effort is required to maintain the considerable amount of insurance plan information on our website. Separately, from time to time, we use the information provided on our website and otherwise collected by us to publish reports designed to educate consumers, facilitate public debate, and facilitate reform at the state and federal level relating to the accessibility and affordability of health insurance. We also regularly provide health insurance plan information in our customer care centers. If the information we provide on our website, through our customer care centers or otherwise is not accurate or is construed as misleading, or if we do not properly assist individuals and businesses in purchasing health insurance, members, health insurance carriers and others could attempt to hold us liable for damages, our relationships with health insurance carriers could be terminated and regulators could attempt to subject us to penalties, revoke our licenses to transact health insurance business in a particular jurisdiction, and/or compromise the status of our licenses to transact health insurance business in other jurisdictions, which could result in our loss of our commission revenue. In the ordinary course of operating our business, we have received complaints that the information we provided was not accurate or was misleading. Although in the past we have resolved these complaints without significant financial cost, we cannot guarantee that we will be able to do so in the future. In addition, these types of claims could be time-consuming and expensive to defend, could divert our management's attention and other resources, and could cause a loss of confidence in our services. As a result, whether or not we are able to successfully resolve these claims, they could harm our business, operating results and financial condition.

In the ordinary course of our business, we have received and may continue to receive inquiries from state regulators relating to various matters. We have become, and may in the future become, involved in litigation in the ordinary course of our business. If we are found to have violated laws or regulations, we could lose our relationship with health insurance carriers and be subject to various fines and penalties, including revocation of our licenses to sell insurance, and our business, operating results and financial condition would be materially harmed. We would also be harmed to the extent that related publicity damages our reputation as a trusted source of information relating to health insurance and its affordability. It could also be costly to defend ourselves regardless of the outcome.

Changes in our management and key employees could affect our financial results.

Our success is dependent upon the performance of our senior management and key personnel. Our management and employees can terminate their employment at any time. Many of our senior management and key employees have sold shares of our common stock in the open market, and some have sold a significant portion of their vested holdings. These employees may be more likely to leave us given that they have liquidated some or a substantial percentage of their holdings. The loss of the services of any of our executive officers or key employees could harm our business. For example, we appoint a single writing agent with each insurance carrier. If we lose the service of our appointed writing agent, the duties of writing agent will need to be transitioned to other company personnel. Due to our national reach and the large number of carrier partners whose policies are purchased by our members, this transition may be difficult and requires a significant period of time to complete. If the transition is not successful or takes too long to complete, our agency relationship with particular insurance carriers may be terminated, our commission payments could be discontinued or delayed and, as a result, our business, operating results and financial condition would be harmed. Our success is also dependent upon our ability to attract additional personnel for all areas of our organization. We may not be successful in attracting and retaining personnel on a timely basis, on competitive terms or at all. If we are unable to attract and retain the necessary personnel, our business would be harmed.

We recently hired a new president and chief operating officer, and the employment of our executive vice president of business and corporate development and the employment of our chief technology officer recently terminated. We are likely to experience change in our operations as a result. If we are not effective in managing this transition in our leadership and changes in our operations, our business could be adversely impacted and our operating results and financial condition could be harmed.

If we fail to manage the expansion of our business, our business and operating results would be harmed.

We have expanded our operations significantly and have recently entered into the business of selling Medicare plans and providing the use of our technology and services to governmental entities. Our entering into these new areas of business places increasing and significant demands on our management, our operational and financial systems and infrastructure and our other resources. If we do not effectively manage this expansion, the quality of our services could suffer, which could harm our business, operating results and financial condition. In order to successfully expand our business, we need to hire, integrate and retain highly skilled and motivated employees. We also need to continue to improve our existing systems for operational and financial management, including our reporting systems, procedures and controls. These improvements could require significant capital expenditures and place increasing demands on our management. We may not be successful in managing or expanding our operations or in maintaining adequate financial and operating systems and controls. If we do not successfully implement improvements in these areas, our business, operating results and financial condition will be harmed.

Seasonality may cause fluctuations in our financial results.

The number of individual and family health insurance applications submitted through our ecommerce platform has generally increased in our first quarter compared to our fourth quarter and in our third quarter compared to our second quarter. Conversely, we have generally experienced a decline or flattening of individual and family submitted applications in our second quarter compared to our first quarter and in our fourth quarter compared to our third quarter. Since a significant portion of our marketing and advertising expenses are driven by the number of health insurance applications submitted on our ecommerce platform, those expenses are influenced by these patterns. The reasons for these seasonal patterns are not entirely clear.

The vast majority of Medicare plans are sold in the fourth quarter of each year during the Medicare annual enrollment period, when Medicare-eligible individuals are permitted to change their Medicare Advantage and Medicare Part D prescription drug coverage for the following year. As a result, we have generated the majority of our Medicare plan-related revenue in the fourth quarter of the year. Additionally, we recognize a majority of our renewal Medicare Advantage and Medicare Part D prescription drug plan commission revenue in the first quarter of each year as the majority of policies sold during the annual enrollment period typically renew on January 1 of each year.

In 2011, we significantly increased our temporary customer care center staff during the third quarter in preparation for the Medicare annual enrollment period. We employed our temporary customer care center staff until the end of the Medicare annual enrollment period in December 2011. As a result, our customer care center staffing costs were significantly higher in the third and fourth quarters of 2011 compared to the first and second quarters of 2011. We expect this seasonal trend to occur again in 2012. We also incurred significantly greater Medicare plan-related online advertising expenses during the third and fourth quarters of 2011 compared to the first and second quarters of 2011. We expect this seasonal trend to occur again in 2012. Because the majority of our Medicare plan-related revenue is not generated until the fourth quarter, our temporary customer care center staffing costs and Medicare-related online advertising expenses incurred in the third quarter have had a significant negative impact on our profitability during the third quarter.

Based on these seasonal trends, we expect our revenue to be highest in the fourth quarter of the year and we expect our profitability to be relatively higher in the first and fourth quarters and substantially lower in the third quarter of the year.

Acquisitions could disrupt our business and harm our financial condition and operating results.

We may decide to acquire businesses, products and technologies. Our ability as an organization to successfully make and integrate acquisitions is unproven. Acquisitions could require significant capital infusions and could involve many risks, including the following:

- an acquisition may negatively impact our results of operations because it will require us to incur transaction expenses, and after the transaction, may require us to incur charges and substantial debt or liabilities, may require the amortization, write down or impairment of amounts related to deferred compensation, goodwill and other intangible assets, or may cause adverse tax consequences, substantial depreciation or deferred compensation charges;

- an acquisition undertaken for strategic business purposes may negatively impact our results of operations;

- we may encounter difficulties in assimilating and integrating the business, technologies, products, personnel or operations of companies that we acquire, particularly if key personnel of the acquired company decide not to work for us;

- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;

- we may be required to implement or improve internal controls, procedures and policies appropriate for a public company at a business that prior to the acquisition lacked these controls, procedures and policies;

- the acquired businesses, products or technologies may not generate sufficient revenue to offset acquisition costs or to maintain our financial results;

- we may have to issue equity securities to complete an acquisition, which would dilute our stockholders' ownership and could adversely affect the market price of our common stock; and

- acquisitions may involve the entry into geographic or business markets in which we have little or no prior experience.

We cannot assure you that we will be able to identify or consummate any future acquisition on favorable terms, or at all. If we do pursue an acquisition, it is possible that we may not realize the anticipated benefits from the acquisition or that the financial markets or investors will negatively view the acquisition. Even if we successfully complete an acquisition, it could harm our business, operating results and financial condition.

If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements could be impaired, which could adversely affect our operating results, our ability to operate our business and our stock price.

We have a complex business organization, and we recently expanded our business operations into the areas of the sale of Medicare plans and government contracting. Ensuring that we have adequate internal financial and accounting controls and procedures in place to help ensure that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently and is complicated by the expansion of our business operations. Our management, including our chief executive officer and chief financial officer, does not expect that our internal control over financial reporting will prevent all errors or all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Over time, controls may become inadequate because changes in conditions or deterioration in the degree of compliance with policies or procedures may occur. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

As a result, we cannot assure that significant deficiencies or material weaknesses in our internal control over financial reporting will not be identified in the future. Any failure to maintain or implement required new or improved controls, or any difficulties we encounter in their implementation, could result in significant deficiencies or material weaknesses, cause us to fail to timely meet our periodic reporting obligations, or result in material misstatements in our financial statements. Any such failure could also adversely affect the results of periodic management evaluations and annual auditor attestation reports regarding disclosure controls and the effectiveness of our internal control over financial reporting required under Section 404 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. The existence of a material weakness could result in errors in our financial statements that could result in a restatement of financial statements, cause us to fail to timely meet our reporting obligations and cause investors to lose confidence in our reported financial information, leading to a decline in our stock price and potential lawsuits against us.

Changes in our provision for income taxes or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our results.

Our provision for income taxes is subject to volatility and could be adversely affected by earnings differing materially from our projections, changes in the valuation of our deferred tax assets and liabilities, expiration of or lapses in the research and development tax credit laws, tax effects of share-based compensation or by changes in tax laws, regulations, accounting principles, including accounting for uncertain tax positions, or interpretations thereof. For instance, in October 2010, the state of California approved budget legislation which substantially limited the utilization of net operating losses. The new law did not affect the amount of net operating losses and tax credits that we expect to ultimately use to offset future California taxes, but limited the amount we could utilize in 2010 and 2011, resulting in our paying higher cash taxes. To the

extent that our provision for income taxes is subject to volatility or adverse outcomes as a result of tax examinations, our operating results could be harmed.

Significant judgment is required to determine the recognition and measurement attribute prescribed in U.S. generally accepted accounting principles ("U.S. GAAP") relating to accounting for income taxes. In addition, U.S. GAAP applies to all income tax positions, including the potential recovery of previously paid taxes, which if settled unfavorably could adversely impact our provision for income taxes or additional paid-in capital. In addition, we are subject to examinations of our income tax returns by the Internal Revenue Service and other tax authorities. We assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. There may be exposure that the outcomes from these examinations will have an adverse effect on our operating results and financial condition.

Any expansion of our business into foreign countries involves significant risks.

We currently do not sell health insurance or license our technology platform outside the United States other than in China. We may attempt to expand aspects of our business to additional geographic regions. We face significant challenges in connection with expanding our business into any foreign country, since we have no prior experience marketing or selling insurance in any foreign jurisdiction. Additionally, demand for private health insurance is not significant in many foreign countries as a result of government-sponsored health care systems. In addition to facing many of the same challenges we face domestically, we also would have to overcome other obstacles such as:

- legal, political or systemic restrictions on the ability of United States companies to market insurance or otherwise do business in foreign countries;
- varied, unfamiliar and unclear legal and regulatory restrictions;
- less extensive adoption of the Internet as a commerce medium or information source and increased restriction on the content of websites; and
- the adaptation of our website and distribution model to fit the particular foreign country.

As a result of these obstacles, we may find it impossible or prohibitively expensive to expand our services internationally or we may be unsuccessful should we attempt to do so, either of which could harm our business, operating results and financial condition.

Risks Related to Insurance Regulation

Regulation of the sale of health insurance is subject to change, and future regulations could harm our business and operating results.

The laws and regulations governing the offer, sale and purchase of health insurance are subject to change, and future changes may be adverse to our business. For example, a long standing provision in each state's law that we believe is advantageous to our business is that once health insurance premiums are set by the carrier and approved by state regulators, they are fixed and not generally subject to negotiation or discounting by insurance companies or agents. Additionally, state regulations generally prohibit carriers, agents and brokers from providing financial incentives, such as rebates, to their members in connection with the sale of health insurance. As a result, we do not currently compete with carriers or other agents and brokers on the price of the health insurance plans offered on our website. If these regulations change, we could be forced to reduce prices or provide rebates or other incentives for the health insurance plans sold through our ecommerce platform, which would harm our business, operating results and financial condition.

States have, and will continue, to adopt new laws and regulations in response to health care reform legislation. It is too early to predict how these new laws and regulations will impact our business, but in some cases such laws and regulations could amplify the adverse impacts of health care reform, or may adopt new requirements that adversely impact our business, operating results and financial condition.

We are also subject to additional insurance regulatory risks, because we use the Internet as our distribution platform. In many cases, it is not clear how existing insurance laws and regulations apply to Internet-related health insurance advertisements and transactions. To the extent that new laws or regulations are adopted that conflict with the way we

conduct our business, or to the extent that existing laws and regulations are interpreted adversely to us, our business, operating results and financial condition would be harmed.

If we fail to comply with the numerous laws and regulations that are applicable to the sale of health insurance, our business and operating results would be harmed.

The sale of health insurance is heavily regulated by each state in the United States. For instance, state regulators require us to maintain a valid license in each state in which we transact health insurance business and further require that we adhere to sales, documentation and administration practices specific to that state. In addition, each employee who transacts health insurance business on our behalf must maintain a valid license in one or more states. Because we do business in all 50 states and the District of Columbia, compliance with health insurance-related laws, rules and regulations is difficult and imposes significant costs on our business. Each jurisdiction's insurance department typically has the power, among other things, to:

- grant and revoke licenses to transact insurance business;
- conduct inquiries into the insurance-related activities and conduct of agents and agencies;
- require and regulate disclosure in connection with the sale and solicitation of health insurance;
- authorize how, by which personnel and under what circumstances insurance premiums can be quoted and published and an insurance policy sold;
- approve which entities can be paid commissions from carriers and the circumstances under which they may be paid;
- regulate the content of insurance-related advertisements, including web pages, and other marketing practices;
- approve policy forms, require specific benefits and benefit levels and regulate premium rates;
- impose fines and other penalties; and
- impose continuing education requirements.

Due to the complexity, periodic modification and differing interpretations of insurance laws and regulations, we may not have always been, and we may not always be, in compliance with them. New insurance laws, regulations and guidelines also may not be compatible with the sale of health insurance over the Internet or with various aspects of our platform or manner of marketing or selling health insurance plans. Failure to comply with insurance laws, regulations and guidelines or other laws and regulations applicable to our business could result in significant liability, additional department of insurance licensing requirements, the revocation of licenses in a particular jurisdiction and/or our inability to sell health insurance plans, which could significantly increase our operating expenses, result in the loss of our commission revenue and otherwise harm our business, operating results and financial condition. Moreover, an adverse regulatory action in one jurisdiction could result in penalties and adversely affect our license status or reputation in other jurisdictions due to the requirement that adverse regulatory actions in one jurisdiction be reported to other jurisdictions. Even if the allegations in any regulatory or other action against us are proven false, any surrounding negative publicity could harm consumer, marketing partner or health insurance carrier confidence in us, which could significantly damage our brand. Because some consumers, marketing partners and health insurance carriers may not be comfortable with the concept of purchasing health insurance using the Internet, any negative publicity may affect us more than it would others in the health insurance industry and would harm our business, operating results and financial condition. Changes in insurance laws, regulations and guidelines may also be incompatible with various aspects of our business and require that we make significant modifications to our existing technology or practices, which may be costly and time-consuming to implement and could also harm our business, operating results and financial condition.

In addition, we have received, and may in the future receive, inquiries from regulators regarding our marketing and business practices. We typically respond by explaining how we believe we are in compliance with relevant regulations or may modify our practices in connection with the inquiry. Any modification of our marketing or business practices in response to future regulatory inquiries could harm our business, operating results or financial condition.

Risks Related to the Internet and Electronic Commerce

Our business is subject to security risks and, if we are unable to safeguard the security and privacy of confidential data, including personal health information, our business will be harmed.

Our services involve the collection and storage of confidential information of consumers and the transmission of this information to their chosen health insurance carriers. For example, we collect names, addresses, Social Security and credit card numbers, and information regarding the medical history of consumers in connection with their applications for health insurance. As a result, we are subject to various federal, state and international laws and regulations regarding the collection, maintenance, protection, use, transmission, disclosure and disposal of sensitive personal information. We cannot guarantee that our facilities and systems, and those of our third party service providers, will be free of security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Compliance with privacy and security laws, requirements and regulations may result in cost increases due to new constraints on our business, the development of new processes, the effects of potential non-compliance by third party service providers, and enforcement actions. We may be required to expend significant capital and other resources to protect against security breaches or to alleviate problems caused by security breaches. Despite our implementation of security measures, techniques used to obtain unauthorized access or to sabotage systems change frequently. As a result, we may be unable to anticipate these techniques or to implement adequate preventative measures. Additionally, although our third party service providers are required to implement appropriate security measures, we have limited control over their actions and practices.

Any compromise or perceived compromise of our security could damage our reputation and our relationship with our members, marketing partners and health insurance carriers, could reduce demand for our services and could subject us to significant liability and expense as well as regulatory action or private privacy-related lawsuits, which would harm our business, operating results and financial condition. In addition, in the event that data security laws are implemented, or our health insurance carrier or other partners determine to impose new requirements on us relating to data security, we may not be able to timely comply with such requirements or such requirements may not be compatible with our current processes. Changing our processes could be time consuming and expensive, and failure to timely implement required changes could result in our inability to sell health insurance plans in a particular jurisdiction or for a particular health insurance carrier or subject us to liability for non-compliance, any of which would damage our business, operating results and financial condition.

Government regulation of the Internet could adversely affect our business.

The laws governing general commerce on the Internet remain unsettled and it may take years to fully determine whether and how existing laws such as those governing intellectual property, privacy and taxation apply to the Internet. In addition, the growth and development of the market for electronic commerce may prompt calls for more stringent consumer protection laws that may impose additional burdens on companies conducting business over the Internet. Any new laws or regulations or new interpretations of existing laws or regulations relating to the Internet could harm our business and we could be forced to incur substantial costs in order to comply with them, which would harm our business, operating results and financial condition.

Our business could be harmed if we are unable to correspond with our consumers or market the availability of our ecommerce platform by email.

We use email to market our services to potential members and as the primary means of communicating with our existing members. The laws and regulations governing the use of email for marketing purposes continue to evolve and the growth and development of the market for commerce over the Internet may lead to the adoption of additional legislation. If new laws or regulations are adopted, or existing laws and regulations are interpreted, to impose additional restrictions on our ability to send email to our members or potential members, we may not be able to communicate with them in a cost-effective manner. In addition to legal restrictions on the use of email, Internet service providers, e-mail service providers and others attempt to block the transmission of unsolicited email, commonly known as “spam.” Many Internet and e-mail service providers have relationships with organizations whose purpose it is to detect and notify the Internet and e-mail service providers of entities that the organization believes is sending unsolicited e-mail. If an Internet or e-mail service provider identifies email from us as “spam” as a result of reports from these organizations or otherwise, we can be placed on a restricted list that will block our email to members or potential members. If we are unable to communicate by email with our members and potential members as a result of legislation, blockage or otherwise, our business, operating results and financial condition would be harmed.

Consumers depend upon third-party service providers to access our website, and our business and operating results could be harmed as a result of technical difficulties experienced by these service providers.

Consumers using our website depend upon Internet, online and other service providers for access to our website. Many of these service providers have experienced significant outages, delays and other difficulties in the past and could experience them in the future. Any significant interruption in access to our website or increase in our website's response time as a result of these difficulties could damage our relationship with insurance carriers, marketing partners and existing and potential members and could harm our business, operating results and financial condition.

Risks Related to the Ownership of Our Common Stock

The trading price of our common stock may be subject to significant fluctuations and volatility, and our stockholders may be unable to resell their shares at a profit.

The stock markets, in general, and the markets for high technology stocks in particular, have historically experienced high levels of volatility. The market for technology stocks has been extremely volatile and frequently reaches levels that bear no relationship to the past or present operating performance of those companies. These broad market fluctuations may adversely affect the trading price of our common stock. In addition, the trading price of our common stock has been subject to significant fluctuations and may continue to fluctuate or decline, particularly as a result of developments relating to health care reform legislation. Factors that could cause fluctuations in the trading price of our common stock include, but are not limited to, the following:

- price and volume fluctuations in the overall stock market from time to time;
- significant volatility in the market price and trading volume of technology companies in general, and companies in our industry;
- actual or anticipated changes in our results of operations or fluctuations in our operating results;
- actual or anticipated changes in the expectations of investors or securities analysts, including changes in financial estimates or investment recommendations by securities analysts who follow our business and changes in perceptions relating to the economy;
- speculation in the press or investment community;
- technological advances or introduction of new products by us or our competitors;
- actual or anticipated developments in our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both;
- actual or anticipated regulatory developments in the United States or foreign countries, including health care reform legislation in the United States;
- major catastrophic events;
- announcements or developments relating to the economy;
- our sale of common stock or other securities in the future;
- the trading volume of our common stock, as well as sales of large blocks of our stock; or
- departures of key personnel.

These factors, as well as general economic and political conditions and the announcement of proposed and completed acquisitions or other significant transactions, or any difficulties associated with such transactions, by us or our strategic partners, customers or our current competitors, may materially adversely affect the market price of our common stock in the future. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against that company. Such litigation could result in substantial cost and a diversion of management's attention and resources. In addition, volatility, lack of positive performance in our stock price or changes to

our overall compensation program, including our equity incentive program, may adversely affect our ability to retain key employees.

A limited number of stockholders have the ability to influence the outcome of director elections and other matters requiring stockholder approval.

A small number of greater than 5% stockholders and their affiliated entities beneficially owned more than 75% percent of our outstanding common stock as of June 30, 2012. These stockholders, if they act together, could exert substantial influence over matters requiring approval by our stockholders, including the election of directors, the amendment of our certificate of incorporation and bylaws and the approval of mergers or other business combination transactions. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company and might reduce our stock price. These actions may be taken even if they are opposed by other stockholders.

Certain provisions in our charter documents and Delaware law could discourage takeover attempts and lead to management entrenchment.

Our certificate of incorporation and bylaws contain provisions that could have the effect of delaying or preventing changes in control or changes in our management without the consent of our board of directors. These provisions include:

- a classified board of directors with three-year staggered terms, which may delay the ability of stockholders to change the membership of a majority of our board of directors;
- cumulative voting in the election of directors is prohibited, which limits the ability of minority stockholders to elect director candidates;
- the exclusive right of our board of directors to elect a director to fill a vacancy created by the expansion of the board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors;
- the ability of our board of directors to determine to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquiror;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the chairman of the board of directors, the chief executive officer or the board of directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and
- advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a stockholders' meeting, which may discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of us.

We are also subject to certain anti-takeover provisions under Delaware law. Under Delaware law, a corporation may, in general, not engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other things, the board of directors has approved the transaction.

ITEM 6. EXHIBITS

(a) Exhibits

Except as so indicated in Exhibits 32.1 and 32.2, the following exhibits are filed as part of, or incorporated by reference into, this quarterly report.

Exhibit Number		Description of Exhibit
10.11*	†	Employment Agreement, effective as of March 9, 2012, between eHealth, Inc. and William Shaughnessy.
10.17	†	Office Lease, effective May 7, 2012, between Lake Pointe Three, LC, and eHealthInsurance Services, Inc.
31.1	†	Certification of Gary L. Lauer, Chief Executive Officer of eHealth, Inc., pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	†	Certification of Stuart M. Huizinga, Chief Financial Officer of eHealth, Inc., pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	‡	Certification of Gary L. Lauer, Chief Executive Officer of eHealth, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	‡	Certification of Stuart M. Huizinga, Chief Financial Officer of eHealth, Inc., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

† Filed herewith.
‡ Furnished herewith.
* Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements 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 on the 9th day of August 2012.

/ s / Gary L. Lauer
Gary L. Lauer
Chief Executive Officer
(*Duly Authorized Officer on Behalf of the Registrant*)

/ s / Stuart M. Huizinga
Stuart M. Huizinga
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

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† Filed herewith.
‡ Furnished herewith.
* Indicates a management contract or compensatory plan or arrangement.

EHEALTH, INC.
EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is by and between eHealth, Inc. (the "Company) and William Shaughnessy ("Executive").

1. Duties and Scope of Employment.

(a) Positions and Duties. Commencing on or before April 1, 2012 (the employment start date is referred to herein as the "Effective Date"), Executive will serve as the Company's President and Chief Operating Officer, reporting directly to the Company's Chief Executive Officer (the "CEO"). As of the Effective Date, Executive will render such business and professional services in the performance of his duties, consistent with Executive's position within the Company, as will reasonably be assigned to him by the CEO. Executive's principal place of employment shall be at the Company's offices located at 440 East Middlefield Road, Mountain View, California. The period Executive is employed by the Company under this Agreement is referred to herein as the "Employment Term."

(b) Board Membership. Executive will be appointed to serve as a member of the Board of Directors (the "Board") as soon as is practicable following the Effective Date. Upon the termination of Executive's employment for any reason, unless otherwise requested by the Board, Executive will be deemed to have resigned from the Board (and all other positions held at the Company and its affiliates) voluntarily, without any further action by Executive, as of the end of Executive's employment and Executive, at the Board's request, will execute any documents necessary to reflect his resignation.

(c) Obligations. During the Employment Term, Executive will devote Executive's full business efforts and time to the Company and will use good faith efforts to discharge Executive's obligations under this Agreement to the best of Executive's ability and in accordance with the Company's Code of Business Conduct, For the duration of the Employment Term, Executive agrees not to actively engage in any other employment, occupation, or consulting activity, including membership of boards of directors or advisors, for any direct or indirect remuneration without the prior approval of the Board.

(d) Representation. Executive hereby represents and warrants to the Company that Executive is not party to any contract, understanding, agreement or policy, written or otherwise, that would be breached by Executive's entering into, or performing services under, this Agreement. Executive further represents that as of the date of this Agreement, other than those disclosed to the Company in writing, there are no threatened, pending, or actual claims against Executive of which he is aware as a result of his employment with any previous employer or his membership on any boards of directors.

(e) Other Entities. Executive agrees to serve and may be appointed, without additional compensation, as an officer and director for each of the Company's subsidiaries, partnerships, joint ventures, limited liability companies and other affiliates, including entities in which the Company has a significant investment as determined by the Company. As used in this

Agreement, the term “affiliates” will include any entity controlled by, controlling, or under common control of the Company.

2. At-Will Employment. Executive and the Company agree that Executive’s employment with Company constitutes “at-will” employment. Executive and the Company acknowledge that this employment relationship may be terminated at any time, upon written notice to the other party, with or without Cause or Good Reason (as each such term is defined in Section 8 below), at the option either of the Company or the Executive. However, as described in this Agreement, Executive may be entitled to severance benefits depending upon the circumstances of Executive’s termination of employment.

3. Compensation.

(a) Base Salary. As of the Effective Date, the Company will pay Executive an annual salary of $500,000 as compensation for his services (such annual salary, as is then effective, to be referred to herein as “Base Salary”). The Base Salary will be paid periodically in accordance with the Company’s normal payroll practices and is subject to the usual, required withholdings. Commencing in 2013, the Base Salary shall be reviewed by the compensation committee of the Board at least annually for possible adjustments.

(b) Annual Incentive. During the Employment Term, Executive will be eligible to receive an annual incentive equal to at least 60% of Executive’s Base Salary (pro rated for the first partial year), subject to the terms of the Company’s Performance Plan or the Company’s Bonus Plan for the first partial year (depending on Executive’s start date) and subject to the terms of the Company’s Performance Bonus Plan in future years. The actual earned annual incentive, if any, payable to Executive for any performance period will depend upon the extent to which the applicable performance goal(s) specified by are achieved or exceeded. In no event shall payment be made later than March 15th of the year following the year in which the incentive was earned.

(c) Sign-On Bonus. In 2012, Executive will receive a signing bonus of up to $225,000, (the precise amount to be determined by Executive in consultation with the Compensation Committee of the Board and the CEO) (the “Sign-On Bonus”) less applicable withholding; provided, however, that if Executive voluntarily resigns other than for Good Reason or is terminated for Cause (both as defined herein) prior to the second anniversary of the Effective Date, Executive will be obligated to repay the gross amount of the Sign-On Bonus to the Company within thirty (30) days of his termination of employment with the Company.

(d) Stock Option. On the third Tuesday of the month that is at least ten business days following the date of Compensation Committee approval and that is on or after the Effective Date, Executive will be granted a non-statutory stock option covering four hundred thousand (400,000) shares of Company common stock (the “Option”). The exercise price will be at a per share exercise price equal to the closing price per share of Company common stock on Nasdaq Global Market on the grant date. Subject to accelerated vesting upon certain terminations of employment as set forth herein, the Option will be scheduled to vest at a rate of 20% on the first anniversary of the Effective Date and as to l/60th of the originally covered shares each month thereafter, so as to be 100% vested on the five (5) year anniversary of the

Effective Date, subject to Executive's continued employment with the Company on each scheduled vesting date. The Option will have a maximum term of seven (7) years and will otherwise be subject to the terms and conditions of the 2006 Equity Incentive Plan and the standard form of stock option agreement thereunder, except as specified herein.

(e) Restricted Stock Units. On the third Tuesday of the month that is at least ten business days following the date of Compensation Committee approval and that is on or after the Effective Date, Executive will be granted a restricted stock unit covering 25,000 shares (the "RSU"). Subject to accelerated vesting upon certain terminations of employment as set forth herein, the RSU will be scheduled to vest at a rate of 25% on the covered units on each anniversary of the Effective Date, so as to be 100% vested on the four (4) year anniversary of the Effective Date, subject to Executive's continued employment with the Company on each scheduled vesting date.

4. Employee Benefits. Executive will be eligible to participate in accordance with the terms of all Company employee benefit plans, policies and arrangements that are applicable to other executive officers of the Company, as such plans, policies and arrangements may exist from time to time.

5. Term and Termination of Employment. In the event Executive's employment with the Company terminates for any reason, Executive will be entitled to any (a) unpaid Base Salary accrued up to the effective date of termination; (b) unpaid, but earned and accrued annual incentive for any completed fiscal year as of his termination of employment; (c) pay for accrued but unused vacation; (d) benefits or compensation as provided under the terms of any employee benefit and compensation agreements or plans applicable to Executive; (e) unreimbursed business expenses required to be reimbursed to Executive; and (f) rights to indemnification Executive may have under the Company's Articles of Incorporation, Bylaws or separate indemnification agreement, as applicable. In addition, if the termination is by the Company without Cause or Executive resigns for Good Reason, Executive will be entitled to amounts and benefits specified in Section 6.

6. Severance Benefits.

(a) Involuntary Termination Other than for Cause or Voluntary Termination for Good Reason During the Change of Control Period. If within the period beginning on the date the Company enters into a binding definitive agreement to effect a transaction that would be a Change in Control if consummated and ending twelve (12) months following the date of the ensuing Change of Control (the "Change of Control Period") (i) the Executive terminates his employment with the Company (or any parent or subsidiary of the Company) for "Good Reason" (as defined herein), or (ii) the Company (or any parent or subsidiary of the Company) terminates the Executive's employment for other than "Cause" (as defined herein), and the Executive signs and does not revoke a standard release of claims with the Company in a form substantially similar to that attached hereto as Exhibit A (the "Release"), then the Executive shall receive the following severance benefits from the Company:

(i) Severance Payment. The Executive shall receive a single lump-sum cash severance payment (less applicable withholding taxes) in an amount equal to twelve (12) months of Executive's then current annual base salary.

(ii) Pro-Rated Annual Bonus. A single lump-sum cash payment equal to the Executive's then target annual bonus, multiplied by a fraction, the numerator of which is the number of days in the Company's fiscal year prior to and including the date of Executive's termination of employment and the denominator of which is 365.

(iii) Acceleration of Vesting of Equity Compensation. One hundred percent (100%) of the Executive's outstanding and unvested awards relating to the Company's common stock (whether stock options, stock appreciation rights, shares of restricted stock, restricted stock units, performance shares or otherwise (collectively, the "Equity Awards")) will become vested and will otherwise remain subject to the terms and conditions of the applicable Equity Award agreement; provided, however, that any full-value awards subject to performance-based vesting as to which the performance period has not yet lapsed shall accelerate vesting at the target vesting amount,

(iv) Cash in lieu of Subsidized COBRA. In lieu of any subsidized COBRA payments, and payable whether or not Executive or his covered dependents elect COBRA, Executive shall receive a lump-sum payment of $36,000.

(b) Involuntary Termination Other than for Cause or Voluntary Termination for Good Reason Outside the Change of Control Period. If during the term of this Agreement and other than during the Change in Control Period, (i) the Executive terminates his or her employment with the Company (or any parent or subsidiary of the Company) for "Good Reason" (as defined herein), or (ii) the Company (or any parent or subsidiary of the Company) terminates the Executive's employment for other than "Cause" (as defined herein), and the Executive signs and does not revoke the Release, then the Executive shall receive the following severance benefits from the Company:

(i) Severance Payment. The Executive shall receive twelve (12) months continued payments of Executive's then current base salary.

(ii) Acceleration of Vesting of Equity Compensation. The vesting of Executive's Equity Awards will accelerate so that he is given credit for an additional twelve (12) months of vesting from the date his employment terminates and will otherwise remain subject to the terms and conditions of the applicable Equity Award agreement; provided, however, that any full-value awards subject to performance-based vesting as to which the performance period has not yet lapsed shall accelerate vesting at the target vesting amount on a pro-rata basis; provided, further, that any vesting cliff of more than one month's duration applicable to Executive's Equity Awards shall be waived proportionately.

(iii) Cash in lieu of Subsidized COBRA. In lieu of any subsidized COBRA payments, and payable whether or not Executive or his covered dependents elect COBRA, Executive shall receive twelve (12) monthly payments of $3,000.

(c) Voluntary Resignation; Termination for Cause; Death or Disability; Notice. If the Executive's employment with the Company terminates (i) voluntarily by the Executive other than for Good Reason (ii) for Cause by the Company, or (iii) due to Executive's death or Disability (as defined hereunder), then the Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans and practices or pursuant to other written agreements with the Company. Executive agrees to provide the Company with six (6) months written notice in the event of his voluntary termination of employment other than for Good Reason.

(d) Exclusive Remedy. The provisions of this Section 6 are intended to be and are the Executive's exclusive rights to severance payments and benefits in the event of termination of service. The parties hereto agree that nothing herein is intended to result in duplication of severance or any other benefits.

(e) Code Section 409A.

(i) Any amount paid under this Agreement that satisfies the requirements of the "short-term deferral" rule set forth in Section 1.409A-l(b)(4) of the regulations issued under Section 409A of the Code (the "Treasury Regulations") shall not constitute Deferred Compensation Separation Benefits for purposes of Section 6(e)(ii) below, and consequently shall be paid to Executive promptly following termination as otherwise required by this Agreement.

(ii) Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A of the Code, and the final regulations and any guidance promulgated thereunder ("Section 409A") at the time of Executive's separation from service (as such term is defined in Section 409A), then the cash severance benefits payable to Executive under this Agreement along with any other severance payments or separation benefits that may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits") that are otherwise due to Executive on or within the six (6) month period following Executive's separation from service shall accrue during such six (6) month period and shall become payable in a lump sum payment on the date six (6) months and one (1) day following the date of Executive's separation from service. All subsequent payments, if any, shall be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following his separation from service but prior to the six (6) month anniversary of his date of separation from service, then any payments delayed in accordance with this Section shall be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits shall be payable in accordance with the payment schedule applicable to each payment or benefit.

(iii) Any amount paid under this Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Section 1.409A-l(b)(9)(iii) of the Treasury Regulations that does not exceed the Section 409A Limit (as defined below) shall not constitute Deferred Compensation Separation Benefits for purposes of Section 6(e)(ii) above. For purposes of this Section 6(e), "Section 409A Limit" will mean the lesser of

two (2) times: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Company's taxable year preceding the Company's taxable year of Executive's termination of employment as determined under Treasury Regulation 1.409A-l(b)(9)(iii)(A)(l); or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

(iv) It is the intent of this Agreement to comply with the requirements of Section 409A so that none of the severance payments and benefits to be provided hereunder shall be subject to the additional tax imposed under Section 409A, and any ambiguities herein shall be interpreted to so comply. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition under Section 409A prior to actual payment to Executive.

(v) Notwithstanding any other provisions of this Agreement, Executive's receipt of severance payments and benefits under this Agreement is conditioned upon Executive signing and not revoking the Release and subject to the Release becoming effective within sixty (60) days following Executive's termination of employment (the "Release Period"). No severance will be paid or provided until the Release becomes effective. No severance will be paid or provided unless the Release becomes effective during the Release Period. Any severance payments to which Executive is entitled under this Agreement shall be paid by the Company to Executive in cash and in full arrears on the sixty-first (61st) day following Executive's employment termination date or such later date as is required to comply with Section 409A.

7. Golden Parachute Excise Tax Best Results. If any payment or benefit Executive would receive pursuant to this Agreement or otherwise ("Payment") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be reduced to the Reduced Amount. The "Reduced Amount" shall be either (x) the largest portion of the Payment that would result in no portion of the Payment being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount, after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in payments or benefits constituting "parachute payments" is necessary so that the Payment equals the Reduced Amount, reduction shall occur in the following order: (A) cash payments shall be reduced first and in reverse chronological order such that the cash payment owed on the latest date following the occurrence of the event triggering such excise tax will be the first cash payment to be reduced; (B) accelerated vesting of stock awards shall be cancelled/reduced next and in the reverse order of the date of grant for such stock awards (i.e., the vesting of the most recently granted stock awards will be reduced first); and (C) employee benefits shall be reduced last and in reverse chronological order such that the benefit owed on the latest date following the occurrence of the event triggering such excise tax will be the first benefit to be reduced.

The Company shall appoint a nationally recognized accounting firm to make the determinations required hereunder and perform the foregoing calculations. The Company shall bear all expenses with respect to the determinations by such accounting firm required to be made hereunder.

The accounting firm engaged to make the determinations hereunder shall provide its calculations, together with detailed supporting documentation, to the Company and Executive within fifteen (15) calendar days after the date on which right to a Payment is triggered (if requested at that time by the Company or Executive) or such other time as requested by the Company or Executive. If the accounting firm determines that no Excise Tax is payable with respect to a Payment, either before or after the application of the Reduced Amount, it shall furnish the Company and Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to such Payment. Any good faith determinations of the accounting firm made hereunder shall be final, binding and conclusive upon the Company and Executive.

8. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Cause. "Cause" shall mean (i) Executive's commission of any act of fraud, embezzlement or dishonesty, (ii) Executive's conviction of, or plea of nolo contendere to, a felony under the laws of the United States or any state thereof, (iii) Executive's continued failure to perform lawfully assigned duties for 30 days after receiving written notification from the Board of Directors, (iv) Executive's unauthorized use or disclosure of confidential information or trade secrets of the Company, or (v) any other intentional misconduct by Executive that adversely affects the business of the Company in a material manner.

(b) Change of Control. "Change of Control" means the occurrence of any of the following, in one or a series of related transactions:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities; or

(ii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or

(iii) The consummation of the sale, lease or other disposition by the Company of all or substantially all the Company's assets.

(c)Disability. “Disability” means Executive (i) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering Company employees,

(d)Good Reason. “Good Reason” means that Executive resigns his employment within 120 days after any of the following is undertaken by the Company (or its acquirer) without Executive’s express written consent: (i) a reduction in Executive’s title, (ii) a material reduction of Executive’s duties, authority or responsibilities; (ii) any material reduction of Executive’s Base Salary and potential bonus (other than a proportionate reduction in the Executive’s Base Salary that affects all senior management of the Company); (iii) a material change in the geographic location at which Executive must perform services; provided that in no instance will the relocation of Executive to a facility or location of thirty-five (35) miles or less from the Executive’s then current office location be deemed material for purposes of this Agreement; or (iv) prior to a Change of Control, Executive’s position as a member of the Board terminates as a result of the Board’s failing to nominate him for election or re-election thereto; provided, however, that Good Reason shall not exist unless Executive has provided written notice to the Board of Directors of the purported grounds for the Good Reason within 90 days of its initial existence and the Company has been provided at least 30 days to remedy the condition.

9.Successors.

(a)The Company’s Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 9(a) or which becomes bound by the terms of this Agreement by operation of law.

(b)The Executive’s Successors. The terms of this Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

10.Notice. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, (c) one (1) business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid or (d) one (1) business day after the business day of facsimile transmission, if delivered by facsimile transmission with copy by first class

mail, postage prepaid, and shall be addressed (i) if to Executive, at his or her last known residential address and (ii) if to the Company, at the address of its principal corporate offices (attention: Secretary), or in any such case at such other address as a party may designate by ten (10) days' advance written notice to the other party pursuant to the provisions above.

11. Notice of Termination. Any termination by the Company for Cause or by the Executive for Good Reason or as a result of a voluntary resignation shall be communicated by a notice of termination to the other party hereto given in accordance with Section 10 of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date (which shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive to include in the notice any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing his or her rights hereunder.

12. Indemnification. Subject to applicable law, Executive will be provided indemnification to the maximum extent permitted by the Company's Articles of Incorporation or Bylaws, including, if applicable, any directors and officers insurance policies, with such indemnification to be on terms determined by the Board or any of its committees, but on terms no less favorable than provided to any other Company executive officer or director and subject to the terms of any separate written indemnification agreement.

13. Confidential Information. Executive will execute simultaneously herewith the Company's standard form of Proprietary Information and Inventions Agreement.

14. Miscellaneous Provisions.

(a) No Duty to Mitigate. The Executive shall not be required to mitigate the amount of any payment contemplated by this Agreement, nor shall any such payment be reduced by any earnings that the Executive may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Headings. All captions and section headings used in this Agreement are for convenient reference only and do not form a part of this Agreement.

(d) Entire Agreement. This Agreement, the Proprietary Information and Inventions Agreement and Executive's written equity compensation agreements with the Company constitutes the entire agreement of the parties hereto and supersedes in their entirety all prior representations, understandings, undertakings or agreements (whether oral or written and whether expressed or implied), of the parties with respect to the subject matter hereof.

(e) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California (with the exception of its conflict of laws provisions).

(f) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(g) Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

(h) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this amended and restated Agreement, in the case of the Company by its duly authorized officer, as of the last date signed below.

EHEALTH, INC.

By: [Graphic appears]

Title:

Date: March 9 ,2012

EXECUTIVE

By: [Graphic appears]

Date: March 9th ,2012

EXHIBIT A

EHEALTH, INC.

RELEASE OF CLAIMS

This Release of Claims ("Agreement") is made by and between eHealth, Inc. (the "Company"), and William Shaughnessy ("Executive").

WHEREAS, Executive has agreed to enter into a release of claims in favor of the Company upon certain events specified in the Employment Agreement by and between Company and Executive (the "Employment Agreement").

NOW THEREFORE, in consideration of the mutual promises made herein, the Parties hereby agree as follows:

1. Termination. Executive's employment from the Company terminated on _____.

2. Confidential Information. Executive shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Proprietary Information and Inventions Agreement between Executive and the Company. Executive shall return all the Company property and confidential and proprietary information in his possession to the Company on the Effective Date of this Agreement.

3. Payment of Salary. Executive acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Executive.

4. Release of Claims. Except as set forth in the last paragraph of this Section 4, Executive agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Executive by the Company. Executive, on behalf of himself, and his respective heirs, family members, executors and assigns, hereby fully and forever releases the Company and its past, present and future officers, agents, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, parents, predecessor and successor corporations, and assigns, from, and agrees not to sue or otherwise institute or cause to be instituted any legal or administrative proceedings concerning any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that he may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation,

(a) any and all claims relating to or arising from Executive's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Executive's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation,

any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Executive Retirement Income Security Act of 1974, The Worker Adjustment and Retraining Notification Act, the California Fair Employment and Housing Act, and Labor Code section 201, *et seq.* and section 970, *et seq.* and all amendments to each such Act as well as the regulations issued thereunder;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination; and

(g) any and all claims for attorneys' fees and costs.

Executive agrees that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any severance obligations due Executive under the Employment Agreement. Nothing in this Agreement waives Executive's rights to indemnification or any payments under any fiduciary insurance policy, if any, provided by any act or agreement of the Company, state or federal law or policy of insurance.

5. Acknowledgment of Waiver of Claims under ADEA. Executive acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Executive and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement, Executive acknowledges that the consideration given for this waiver and release Agreement is in addition to anything of value to which Executive was already entitled. Executive further acknowledges that he has been advised by this writing that (a) he should consult with an attorney prior to executing this Agreement; (b) he has at least twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following the execution of this Agreement by the parties to revoke the Agreement; (d) this Agreement shall not be effective until the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by

federal law. Any revocation should be in writing and delivered to the Vice-President of Human Resources at the Company by close of business on the seventh day from the date that Executive signs this Agreement.

6. Civil Code Section 1542. Executive represents that he is not aware of any claims against the Company other than the claims that are released by this Agreement. Executive acknowledges that he has been advised by legal counsel and is familiar with the provisions of California Civil Code 1542, below, which provides as follows:

> **A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.**

Executive, being aware of said code section, agrees to expressly waive any rights he may have thereunder, as well as under any statute or common law principles of similar effect.

7. No Pending or Future Lawsuits. Executive represents that he has no lawsuits, claims, or actions pending in his name, or on behalf of any other person or entity, against the Company or any other person or entity referred to herein. Executive also represents that he does not intend to bring any claims on his own behalf or on behalf of any other person or entity against the Company or any other person or entity referred to herein.

8. Application for Employment. Executive understands and agrees that, as a condition of this Agreement, he shall not be entitled to any employment with the Company, its subsidiaries, or any successor, and he hereby waives any right, or alleged right, of employment or re-employment with the Company.

9. No Cooperation. Executive agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so.

10. No Admission of Liability. No action taken by the Company, either previously or in connection with this Agreement shall be deemed or construed to be (a) an admission of the truth or falsity of any claims heretofore made or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to the Executive or to any third party.

11. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

12. Authority. Executive represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement.

13. No Representations. Executive represents that he has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither party has relied upon any representations or statements made by the other party hereto which are not specifically set forth in this Agreement.
14. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.
15. Entire Agreement. This Agreement, along with the Employment Agreement, the Proprietary Information and Inventions Agreement, and Executive's written equity compensation agreements with the Company, represents the entire agreement and understanding between the Company and Executive concerning Executive's separation from the Company.
16. No Oral Modification. This Agreement may only be amended in writing signed by Executive and the Chairman of the Compensation Committee of the Board of Directors of the Company.
17. Governing Law. This Agreement shall be governed by the internal substantive laws, but not the choice of law rules, of the State of California.
18. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties.
19. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.
20. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have had the opportunity of being represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains;

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

eHealth, Inc.

Dated: March 9, 2012

By: /s/ Gary L. Lauer
Gary L. Lauer, Chief Executive Office

Dated: March 9th, 2012

/s/ William T. Shaughnessy
William T. Shaughnessy, an individual

OFFICE LEASE
[Lake Pointe Corporate Centre—Building Three]

between

LAKE POINTE THREE, LC,
a Utah limited liability company,
as landlord,

and

EHEALTHINSURANCE SERVICES, INC.,
a Delaware corporation,
as tenant

Dated May 7, 2012

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OFFICE LEASE
[Lake Pointe Corporate Centre—Building Three]

THIS OFFICE LEASE (this "Lease") is entered into as of the 7th day of May, 2012, between LAKE POINTE THREE, LC, a Utah limited liability company ("Landlord"), whose address is 10701 South River Front Parkway, Suite 135, South Jordan, Utah 84095, and EHEALTHINSURANCE SERVICES, INC., a Delaware corporation ("Tenant"), whose address is 440 East Middlefield Road, Mountain View, California 94043.

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, Landlord and Tenant agree as follows:

1. Definitions. As used in this Lease, each of the following terms shall have the meaning indicated:

1.1. "Base Year Operating Expenses" means the Operating Expenses (as defined in Paragraph 5.1.2) that are actually incurred in calendar year 2012.

1.2. "Basic Monthly Rent" means the following amounts per calendar month for the periods indicated (which amounts are based on 27,830 rentable square feet, which is subject to adjustment as set forth in Paragraph 1.8); provided, however, that if the Commencement Date occurs on a date other than the date set forth in Paragraph 1.4, the periods set forth below shall begin on such other date (as memorialized in the Commencement Date Certificate attached as Exhibit D) and shall shift accordingly:

Periods	Basic Monthly Rent	Annual Cost Per Rentable Square Foot
August 1, 2012 through December 31, 2012, inclusive	$-0-	$-0-
January 1, 2013 through December 31, 2013, inclusive	$40,863.72 per month	$17.62
January 1, 2014 through December 31, 2014, inclusive	$42,092.88 per month	$18.15
January 1, 2015 through December 31, 2015, inclusive	$43,345.23 per month	$18.69
January 1, 2016 through December 31, 2016, inclusive	$44,643.96 per month	$19.25
January 1, 2017 through December 31, 2017, inclusive	$45,989.08 per month	$19.83

1.3. "Building" means the building with the street address of 2875 South Decker Lake Drive, in West Valley City, Utah 84119.

1.4. "Commencement Date" means the earlier of (a) the date on which Landlord's construction obligations with respect to the Premises have been fulfilled, subject only to the completion by

Landlord of any " punch list" items that do not materially interfere with Tenant's use and enjoyment of the Premises, or (b) the date on which such obligations would have been fulfilled, but for Tenant Delay (as defined on the attached Exhibit C). The projected Commencement Date is August 1, 2012; provided, however, that if for any reason Landlord cannot deliver possession of the Premises to Tenant on or before such date, this Lease shall not be void or voidable, and Landlord shall not be liable to Tenant for any resultant loss or damage, except as provided in the immediately following sentence. Subject to force majeure (as described in Paragraph 22.2 of the Lease) and excluding Tenant Delay, if Landlord's construction obligations with respect to the Premises have not been substantially fulfilled, subject only to the completion by Landlord of any "punch list" items that do not materially interfere with Tenant's use and enjoyment of the Premises, and physical possession of the Premises is not delivered to Tenant, on or before the date (as delayed by force majeure and Tenant Delay, the "Outside Date") that is ninety (90) days after the date on which this Lease is fully executed and delivered by Landlord and Tenant, then Tenant shall receive a credit towards the first unpaid Basic Monthly Rent due under the Lease (that is, $17.62 per rentable square foot on an annual basis) equal to one (1) day of Basic Monthly Rent for each day after the Outside Date and prior to the date on which the Premises are delivered to Tenant.

1.5. "Expiration Date" means the date that is five (5) years and five (5) months after the Commencement Date, plus any partial calendar month occurring between the Commencement Date and the first day of the first full calendar month following the Commencement Date, if the Commencement Date does not occur on the first day of a calendar month, as such date may be extended in accordance with Paragraph 1 of the attached Rider to Office Lease (the "Rider").

1.6. "Improvements" means the Building and all other improvements related to the Building.

1.7. "Permitted Use" means general office (including as a call center or for telemarketing) purposes only, and no other purpose.

1.8. "Premises" means Suite 175 on the first floor, consisting of approximately 1,548 usable square feet and approximately 1,765 rentable square feet, and Suite 400 on the fourth floor, consisting of approximately 22,864 usable square feet and approximately 26,065 rentable square feet, comprising in the aggregate a total of approximately 24,412 usable square feet and approximately 27,830 rentable square feet, shown on the attached Exhibit B and located in the Building, which contains approximately 107,724 usable square feet and approximately 119,685 rentable square feet. The Premises do not include, and Landlord reserves, the exterior walls and roof of the Premises, the land and other area beneath the floor of the Premises, the pipes, ducts, conduits, wires, fixtures and equipment above the suspended ceiling of the Premises and the structural elements that serve the Premises or comprise the Building. Landlord's reservation includes the right to install, inspect, maintain, use, repair, alter and replace those areas and items and to enter the Premises in order to do so; provided, however, that except in the event of an emergency, any such entry into the Premises shall be during normal business hours after at least twenty-four (24) hours' notice to Tenant. For all purposes of this Lease, the calculation of "usable square feet" and "rentable square feet" contained within the Premises and the Building shall be subject to final measurement and verification by Landlord's architect according to ANSI/BOMA Standard Z65.1-1996 (or any successor standard), which shall be the sole and exclusive method used for the measurement and calculation of usable and rentable square feet under this Lease, and in the event of a variation, Landlord and Tenant shall amend this Lease accordingly, amending each provision that is based on usable or rentable square feet, including, without limitation, Basic Monthly Rent, Security Deposit, Tenant's Parking Stall Allocation and Tenant's Percentage of Operating Expenses.

1.9. "Property" means the Improvements and the land owned by Landlord and serving the Improvements.

1.10. "Security Deposit" means an amount equal to the Basic Monthly Rent for the final calendar month of the initial period constituting the Term.

1.11. "Tenant" means eHealthInsurance Services, Inc., a Delaware corporation, unless and until this Lease is assigned, in which event the assignee shall become the Tenant under this Lease, subject to the provisions of Paragraph 10. If more than one person is identified in any subsequent assignment instrument as Tenant, such persons' liability under this Lease shall be joint and several. If more than one Tenant exists, any notice required or permitted by the terms of this Lease may be given by or to any one Tenant, and shall have the same force and effect as if given by or to all persons comprising Tenant.

1.12. "Tenant's Occupants" means any assignee, subtenant, employee, agent, licensee or invitee of Tenant.

1.13. "Tenant's Parking Stall Allocation" means 6.5 parking stalls per 1,000 usable square feet of the Premises.

1.14. "Tenant's Percentage of Operating Expenses" means the percentage determined by dividing the rentable square feet of the Premises by the rentable square feet of the Building, multiplying the quotient by 100 and rounding to the third (3rd) decimal place.

1.15. "Term" means the period commencing at 12:01 a.m. of the Commencement Date and expiring at midnight of the Expiration Date.

2. Agreement of Lease; Work of Improvement.

2.1. Agreement of Lease. Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord for the Term, together with such rights of ingress and egress over and across the Property that are reasonably necessary for the use of the Premises, in accordance with the provisions set forth in this Lease.

2.2. Work of Improvement. The respective obligations (if any) of Landlord and Tenant to prepare the Premises for occupancy are described on the attached Exhibit C. Landlord and Tenant shall perform or have such work performed promptly, diligently and in a first-class and workmanlike manner. On occupancy of the Premises by Tenant, all of the obligations of Landlord set forth on the attached Exhibit C shall be deemed to be completed satisfactorily, except for any items set forth in a " punch list" prepared by Landlord and Tenant pursuant to a walk-through of the Premises within ten (10) days after the Commencement Date. Any improvements made to the Premises pursuant to Exhibit C, whether made by Landlord or Tenant, shall, on installation, be and remain the property of Landlord. Except as set forth on the attached Exhibit C, the Premises shall be delivered by Landlord and accepted by Tenant in their " as-is" condition, and Landlord shall not be obligated to make any improvements or repairs to the Premises.

3. Term; Commencement Date. Tenant's obligation to pay rent under this Lease shall commence on the Commencement Date (unless otherwise set forth in Paragraph 1.2), and shall be for the Term. On Landlord's request, Landlord and Tenant shall execute a written acknowledgement of the Commencement Date in the form of the attached Exhibit D, which acknowledgement shall be deemed to be a part of this Lease. If a dispute exists over when the Premises are ready for occupancy, the decision of

Landlord's architect or contractor shall be final. Notwithstanding any other provision of this Lease to the contrary, Tenant may use Suite 175 for training purposes during June 2012 without the payment of any rent therefor.

4..Basic Monthly Rent. Tenant covenants to pay to Landlord without abatement (except as expressly provided in this Lease), deduction, offset, prior notice or demand the Basic Monthly Rent in lawful money of the United States at such place as Landlord may designate, in advance on or before the first day of each calendar month during the Term, commencing on the Commencement Date (unless otherwise set forth in Paragraph 1.2). If the first day on which Basic Monthly Rent is due under this Lease is not the first day of a calendar month, on or before such due date the Basic Monthly Rent shall be paid for the initial fractional calendar month prorated on a per diem basis and for the first full calendar month following such due date. If this Lease expires or terminates on a day other than the last day of a calendar month, the Basic Monthly Rent for such fractional month shall be prorated on a per diem basis. Notwithstanding the foregoing, concurrently with its execution of this Lease, Tenant shall pay to Landlord in advance the Basic Monthly Rent for the first full calendar month following the Commencement Date in which full Basic Monthly Rent is payable (that is, $17.62 per rentable square foot on an annual basis).

5.Operating Expenses.

5.1. Definitions. As used in this Lease, each of the following terms shall have the meaning indicated:

5.1.1. "Estimated Operating Expenses" means the projected amount of Operating Expenses for any given Operating Year as estimated by Landlord, in Landlord's reasonable discretion.

5.1.2."Operating Expenses" means all reasonable costs, expenses and fees incurred or payable by Landlord in connection with this Lease and the ownership, operation, management, maintenance and repair of the Property, determined in accordance with the reasonable accounting procedures and business practices customarily employed by Landlord, including, without limitation, the costs, expenses and fees of the following: real and personal property taxes and assessments (and any tax levied in whole or in part in lieu of or in addition to such taxes and assessments); provided, that after the retirement of any special assessments, the Base Year Operating Expenses shall be reduced to eliminate such special assessments; rent and gross receipts taxes; assessments for the Lake Pointe Corporate Centre levied under a common maintenance regime; removal of snow, ice, trash and other refuse; landscaping, cleaning, janitorial, parking and security services; fire protection; utilities; supplies and materials; insurance; licenses, permits and inspections; administrative services, including, without limitation, reasonable legal, consulting and accounting services; labor and personnel; reasonable reserves for Operating Expenses; rental or a reasonable allowance for depreciation of personal property; improvements to and maintenance and repair of the Building and all equipment used in the Building; management services; and that part of office rent or the rental value of space in the Building or another building used by Landlord to operate the Property. All Operating Expenses shall be computed on an annual basis. Tenant shall have sole responsibility for and shall pay when due all taxes, assessments, charges and fees levied by any governmental or quasi-governmental authority on Tenant's use of the Premises or any personal property or fixtures kept or installed in the Premises by Tenant. Notwithstanding the foregoing, Operating Expenses shall not include those items set forth in Paragraph 8.1 of the Rider.

5.1.3."Operating Year" means each calendar year, all or a portion of which falls within the Term.

5.1.4. "Tenant's Estimated Share of Operating Expenses" means the result obtained by subtracting the Base Year Operating Expenses from the Estimated Operating Expenses, and then multiplying the difference by Tenant's Percentage of Operating Expenses. Tenant's Estimated Share of Operating Expenses for any fractional Operating Year shall be calculated by determining Tenant's Estimated Share of Operating Expenses for the relevant Operating Year and then prorating such amount over such fractional Operating Year.

5.1.5. "Tenant's Share of Operating Expenses" means the result obtained by subtracting the Base Year Operating Expenses from the Operating Expenses actually incurred in any given Operating Year, and then multiplying the difference by Tenant's Percentage of Operating Expenses. Tenant's Share of Operating Expenses for any fractional Operating Year shall be calculated by determining Tenant's Share of Operating Expenses for the relevant Operating Year and then prorating such amount over such fractional Operating Year. Notwithstanding anything to the contrary contained in this Paragraph 5, Tenant's obligations under this Paragraph 5 are subject to the limitation set forth in Paragraph 3 of the Rider.

5.2. Payment of Operating Expenses. In addition to the Basic Monthly Rent, Tenant covenants to pay to Landlord without abatement, deduction, offset, prior notice (except as provided in this Paragraph 5) or demand Tenant's Share of Operating Expenses in lawful money of the United States at such place as Landlord may designate, in advance on or before the first day of each calendar month during the Term, commencing on January 1, 2013, in accordance with the provisions of this Paragraph 5. On or prior to January 1, 2013 and prior to each Operating Year after January 1, 2013, if reasonably practicable, Landlord shall furnish Tenant with a written statement (the "Estimated Operating Expenses Statement") showing in reasonable detail the computation of Tenant's Estimated Share of Operating Expenses. On or prior to January 1, 2013, and on the first day of each month following January 1, 2013, Tenant shall pay to Landlord one-twelfth (1/12th) of Tenant's Estimated Share of Operating Expenses as specified in the Estimated Operating Expenses Statement for such Operating Year. If Landlord fails to give Tenant an Estimated Operating Expenses Statement prior to any applicable Operating Year, Tenant shall continue to pay on the basis of the Estimated Operating Expenses Statement for the prior Operating Year until the Estimated Operating Expenses Statement for the current Operating Year is received. If at any time it appears to Landlord that the Operating Expenses will vary from Landlord's original estimate, Landlord may deliver to Tenant a revised Estimated Operating Expenses Statement for such Operating Year, and subsequent payments by Tenant for such Operating Year shall be based on such revised Estimated Operating Expenses Statement. Within a reasonable time (not more than nine (9) months) after the expiration of any applicable Operating Year, Landlord shall furnish Tenant with a written statement (the "Actual Operating Expenses Statement") showing in reasonable detail the computation of Tenant's Share of Operating Expenses for such Operating Year and the amount by which Tenant's Share of Operating Expenses exceeds or is less than the amounts paid by Tenant during such Operating Year. If the Actual Operating Expenses Statement indicates that the amount actually paid by Tenant for the relevant Operating Year is less than Tenant's Share of Operating Expenses for such Operating Year, Tenant shall pay to Landlord such deficit within thirty (30) days after delivery of the Actual Operating Expenses Statement. Such payments by Tenant shall be made notwithstanding that the Actual Operating Expenses Statement is furnished to Tenant after the expiration of the Term or sooner termination of this Lease. If the Actual Operating Expenses Statement indicates that the amount actually paid by Tenant for the relevant Operating Year exceeds Tenant's Share of Operating Expenses for such Operating Year, such excess shall, at Landlord's option, either be applied against any amount then payable or to become payable by Tenant under this Lease, or promptly refunded to Tenant within thirty (30) calendar days after delivery to Tenant of the Actual Operating Expenses Statement. No failure by Landlord to require the payment of Tenant's Share of Operating Expenses for any period shall constitute a waiver of Landlord's right to collect Tenant's Share of

Operating Expenses for such period or for any subsequent period. If the Base Year Operating Expenses exceed the Operating Expenses for any full or partial Operating Year, Tenant shall not be entitled to any refund, credit or adjustment of Basic Monthly Rent. Notwithstanding the foregoing to the contrary, (a) the Operating Expenses that vary with occupancy and are attributable to any part of the Term in which less than ninety-five percent (95%) of the rentable area of the Building is occupied by tenants paying full rent (in contrast to free rent, half rent or similar reduction) will be adjusted by Landlord to the amount that the Operating Expenses would have been if ninety-five percent (95%) of the rentable area of the Building had been occupied by tenants paying full rent, and (b) if Landlord furnishes a service to tenants in the Building, the cost of which constitutes an Operating Expense, and a tenant other than Tenant has undertaken to perform such service itself, Operating Expenses shall be increased by the amount that Landlord would have incurred if Landlord had furnished such service to such tenant.

5.3. Resolution of Disagreement. Every statement given to Tenant by Landlord under this Lease, including, without limitation, any statement given to Tenant pursuant to Paragraph 5.2, shall be conclusive and binding on Tenant unless within ninety (90) days after the receipt of such statement Tenant notifies Landlord that Tenant disputes the correctness of such statement, specifying the particular respects in which the statement is claimed to be incorrect. Pending the determination of such dispute by agreement between Landlord and Tenant, Tenant shall, within thirty (30) days after receipt of such statement, pay the amounts set forth in such statement in accordance with such statement, and such payment shall be without prejudice to Tenant's position. If such dispute exists and it is subsequently determined that Tenant has paid amounts in excess of those then due and payable under this Lease, Landlord, at Landlord's option, shall either apply such excess to an amount then payable or to become payable under this Lease or return such excess to Tenant. Landlord shall grant to an independent certified public accountant retained by Tenant reasonable access to Landlord's books and records for the purpose of verifying Operating Expenses incurred by Landlord, at Tenant's sole cost, provided that (a) Tenant is not in default under this Lease, (b) neither Tenant nor Tenant's employees or agents may divulge the contents of such books and records or the results of such examination to any third party, (c) Tenant provides to Landlord, at no cost, copies of any draft and final reports of such examination within five (5) business days after receipt by Tenant, and (d) Tenant has not examined such books and records within the immediately preceding twelve (12) month period.

6. Security Deposit. On the date of this Lease, Tenant shall deposit with Landlord the Security Deposit as security for the faithful performance by Tenant under this Lease. The Security Deposit shall be returned (without interest) to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest under this Lease) after the expiration of the Term or sooner termination of this Lease and delivery of possession of the Premises to Landlord in accordance with Paragraph 17 if, at such time, Tenant is not in default under this Lease. If Landlord's interest in this Lease is conveyed, transferred or assigned, Landlord shall transfer or credit the Security Deposit to Landlord's successor in interest, and Landlord shall be released from any liability for the return of the Security Deposit. Landlord may intermingle the Security Deposit with Landlord's own funds, and shall not be deemed to be a trustee of the Security Deposit. If Tenant fails to pay or perform in a timely manner any obligation under this Lease, Landlord may, prior to, concurrently with or subsequent to, exercising any other right or remedy, use, apply or retain all or any part of the Security Deposit for the payment of any monetary obligation due under this Lease, or to compensate Landlord for any other expense, loss or damage that Landlord may incur by reason of Tenant's failure, including any damage or deficiency in the reletting of the Premises. If all or any portion of the Security Deposit is so used, applied or retained, Tenant shall immediately deposit with Landlord cash in an amount sufficient to restore the Security Deposit to the original amount. Landlord may withhold the Security Deposit after the expiration of the Term or sooner termination of this Lease until Tenant has paid in full Tenant's Share of Operating Expenses for the Operating Year in which such expiration or sooner termination occurs and all other amounts payable under this Lease. The Security Deposit is not a limitation

on Landlord's damages or other rights under this Lease, a payment of liquidated damages or prepaid rent and shall not be applied by Tenant to the rent for the last (or any) month of the Term, or to any other amount due under this Lease. If this Lease is terminated due to any default of Tenant, any portion of the Security Deposit remaining at the time of such termination shall immediately inure to the benefit of Landlord as partial compensation for the costs and expenses incurred by Landlord in connection with this Lease, and shall be in addition to any other damages to which Landlord is otherwise entitled.

7. Use. The Premises shall not be used or occupied for any purpose other than for the Permitted Use, and neither Tenant nor Tenant's Occupants shall do anything that may (a) increase the existing rate or violate the provisions of any insurance carried with respect to the Property, (b) create a public or private nuisance, commit waste or interfere with, annoy or disturb any other tenant or occupant of the Building or Landlord in the operation of the Building, (c) overload the floors or otherwise damage the structure of the Building, (d) constitute an improper, immoral or objectionable purpose, (e) increase the cost of any utility service beyond the level permitted by Paragraph 8, (f) violate any present or future laws, ordinances, regulations or requirements or any covenants, conditions and restrictions existing with respect to the Property, (g) subject Landlord or any other tenant to any liability to any third party, or (h) lower the first-class character of the Building. Tenant shall, at Tenant's sole cost, (v) use the Premises in a careful, safe and proper manner, (w) comply with all present and future laws, ordinances, regulations and requirements and any covenants, conditions and restrictions existing with respect to the Property, including, without limitation, those relating to hazardous substances, hazardous wastes, pollutants or contaminants and those relating to access by disabled persons, (x) comply with the requirements of any board of fire underwriters or other similar body relating to the Premises, (y) keep the Premises free of objectionable noises and odors, including, without limitation, cigar, pipe and similar smoke odors, and (z) not store, use or dispose of any hazardous substances, hazardous wastes, pollutants or contaminants on the Property. So long as the same is open and in operation, Tenant's employees may use the fitness center and common area break room currently located in the Building without charge, other than as contemplated by Paragraph 5 of the Lease with respect to Operating Expenses.

8. Utilities and Services.

8.1. Landlord's Obligations. Landlord shall cause to be furnished to the Premises electricity for normal lighting and office computers and equipment, heat and air conditioning, light janitorial services (emptying wastebaskets, dusting and vacuuming) and window washing, snow removal, landscaping, grounds keeping and elevator service. If Landlord provides electric current to the Premises in excess of normal office usage levels to enable Tenant to operate any data processing or other equipment requiring extra electric current, or if Landlord provides any other utility or service that is in excess of that typically required for routine office purposes, including additional cooling necessitated by Tenant's equipment, Landlord shall reasonably determine or calculate the cost of such additional electric current, utility or service, and Tenant shall pay such cost on a monthly basis to Landlord. In addition, in such event, Landlord may cause an electric or water meter to be installed in the Premises in order to measure the amount of electricity or water consumed for any such use, and the cost of such meter and any related wiring or plumbing shall be paid promptly by Tenant. Tenant, at Tenant's sole cost, shall provide telephone service to the Premises. Tenant may be separately billed for, and, if billed, shall pay the cost of, any lighting, heating, ventilating and air conditioning used during any period other than Monday through Friday from 7:00 a.m. to 6:00 p.m., and Saturday from 8:00 a.m. to 1:00 p.m. Tenant may connect to the Building generator to the extent of available capacity as elected by Tenant, provided that Tenant pays the Building standard connection fee therefor, which is a one-time fee of $600 per kilowatt for each kilowatt made available to Tenant. As of the date of this Lease, approximately 400 kilowatts are available, but that amount will change over time as tenants' use increases.

8.2. Landlord's Liability. Landlord shall not be liable for and Tenant shall not be entitled to terminate this Lease, to effectuate any abatement or reduction of rent or to collect any damages by reason of Landlord's failure to provide or furnish any of the utilities or services set forth in Paragraph 8.1 if such failure was occasioned by any strike or labor controversy, any act or default of Tenant, the inability of Landlord to obtain services from the company supplying the same or any other cause beyond the reasonable control of Landlord or by the making of necessary repairs or improvements to the Property. In no event shall Landlord be liable for loss or injury to persons or property, however arising, occurring in connection with or attributable to any failure to furnish such utilities or services even if within the control of Landlord, excepting only Landlord's willful misconduct or gross negligence.

9. Maintenance and Repairs; Alterations; Access to Premises.

9.1. Maintenance and Repairs. Landlord shall maintain or cause to be maintained in good order, condition and repair and in a clean and sanitary condition the Property, excepting the Premises and portions of the Building leased by persons not affiliated with Landlord. Tenant, at Tenant's sole cost, shall maintain the Premises and every part of the Premises (including, without limitation, all floors, walls and ceilings and their coverings, doors and locks, and Tenant's furnishings, trade fixtures, signage, leasehold improvements, equipment and other personal property from time to time situated in or on the Premises) in good order, condition and repair and in a clean and sanitary condition. The presence of mold may have adverse health effects for Tenant and Tenant's Occupants and may impact building materials. To reduce the likelihood and impact of mold growth within the Premises and the Building, Tenant shall notify Landlord or its designated property manager immediately in the event of any observed water intrusion/loss (e.g., plumbing leaks, roof leaks, large volume liquid spills, etc.) either within the Premises or within the interior or exterior common areas of the Building.

9.2. Alterations. Except as set forth in Exhibit C, Tenant shall not make any change, addition, improvement or repair to the Premises (including, without limitation, the attachment of any fixture or equipment, or the addition of any pipe, line, wire, conduit or related facility for water, electricity, natural gas, telephone, sewer or other utility), unless such change, addition, improvement or repair (a) equals or exceeds the then-current standard for the Building and utilizes only new and first-grade materials, (b) is in conformity with all applicable laws, ordinances, regulations and requirements, and is made after obtaining any required permits and licenses, (c) is made with the prior written consent of Landlord, (d) is made pursuant to plans and specifications approved in writing in advance by Landlord, (e) is made after Tenant has provided to Landlord such indemnification or bonds, including, without limitation, a performance and completion bond, in such form and amount as may be satisfactory to Landlord, to protect against claims and liens for labor performed and materials furnished, and to insure the completion of any change, addition, improvement or repair, (f) is carried out by persons approved in writing by Landlord, who, if required by Landlord, deliver to Landlord before commencement of their work proof of such insurance coverage as Landlord may require, with Landlord named as an additional insured, and (g) is done only at such time and in such manner as Landlord may reasonably specify. Any such change, addition, improvement or repair shall immediately become the property of Landlord. Tenant shall promptly pay the entire cost of any such change, addition, improvement or repair. Tenant shall indemnify, defend and hold harmless Landlord from and against all liens, claims, damages, losses, liabilities and expenses, including attorneys' fees, that may arise out of, or be connected in any way with, any such change, addition, improvement or repair. Within ten (10) days following the imposition of any lien resulting from any such change, addition, improvement or repair, Tenant shall cause such lien to be released of record by payment of money or posting of a proper bond.

9.3. Access to Premises. Landlord and Landlord's employees and contractors may enter the Premises at reasonable times (including during normal business hours) on reasonable notice to Tenant for the purpose of cleaning, inspecting, altering, improving and repairing the Premises or other parts of the Building and ascertaining compliance with the provisions of this Lease by Tenant. Landlord shall have free access to the Premises in an emergency. Landlord may also show the Premises to prospective purchasers, tenants or mortgagees during normal business hours on at least twenty-four (24) hours' notice to Tenant. Tenant waives any claim for any damage, injury or inconvenience to, or interference with, Tenant's business, occupancy or quiet enjoyment of the Premises and other loss occasioned by such entry, unless caused by Landlord's willful misconduct or gross negligence. Landlord shall at all times have a key with which to unlock all of the doors in the Premises (excluding Tenant's vaults, safes and similar areas designated in writing by Tenant in advance).

10. Assignment.

10.1. Prohibition. Tenant shall not, either voluntarily or by operation of law, assign, transfer, mortgage, encumber, pledge or hypothecate this Lease or Tenant's interest in this Lease, in whole or in part, permit the use of the Premises or any part of the Premises by any persons other than Tenant or Tenant's employees, or sublease the Premises or any part of the Premises, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed to the extent provided in, and subject to, the provisions set forth in Paragraph 2 of the Rider. Any transfer of this Lease from Tenant by merger, consolidation, liquidation or transfer of assets shall constitute an assignment for the purposes of this Lease. If Tenant is a corporation, unincorporated association, limited liability company, partnership or other entity, the assignment, transfer, mortgage, encumbrance, pledge or hypothecation of any stock or interest in such corporation, association, limited liability company, partnership or other entity in the aggregate in excess of forty-nine percent (49%) shall be deemed an assignment within the meaning of this Paragraph. Consent to any assignment or subleasing shall not operate as a waiver of the necessity for consent to any subsequent assignment or subleasing and the terms of such consent shall be binding on any person holding by, through or under Tenant. At Landlord's option, any assignment or sublease without Landlord's prior written consent shall be void ab initio (from the beginning).

10.2. Termination. If Tenant requests Landlord's consent to an assignment of this Lease or to a subleasing of the whole or any part of the Premises, Tenant shall submit to Landlord the terms of such assignment or subleasing, the name and address of the proposed assignee or subtenant, such information relating to the nature of such assignee's or subtenant's business and finances as Landlord may reasonably require and the proposed effective date (the "Effective Date") of the proposed assignment or subleasing (which Effective Date shall be neither less than thirty (30) nor more than ninety (90) days following the date of Tenant's submission of such information). On receipt of such request and all such information from Tenant, Landlord may, by notice within thirty (30) days after such receipt, terminate this Lease if the request is to assign this Lease or to sublease all of the Premises or, if the request is to sublease a portion of the Premises only, terminate this Lease with respect to such portion, in each case as of the Effective Date, unless within five (5) business days after notice from Landlord to Tenant of such termination, Tenant withdraws such request. Such right to terminate shall be for any reason, including, without limitation, the right to retain all profits of such assignment or sublease. If Landlord exercises such termination right, Tenant shall surrender possession of the entire Premises or the portion that is the subject of the right, as the case may be, on the Effective Date in accordance with the provisions of Paragraph 17. If this Lease is terminated as to a portion of the Premises only, the rent payable by Tenant under this Lease shall be reduced proportionately commencing as of the Effective Date, based on the percentage of the Premises as to which this Lease has been terminated.

10.3. Landlord's Rights. If this Lease is assigned or if all or any portion of the Premises is subleased or occupied by any person other than Tenant without obtaining Landlord's consent, Landlord may collect rent and other charges from such assignee or other party, and apply the amount collected to the rent and other charges payable under this Lease, but such collection shall not constitute consent or waiver of the necessity of consent to such assignment or subleasing, nor shall such collection constitute the recognition of such assignee or subtenant as Tenant under this Lease or a release of Tenant from the further performance of all of the covenants and obligations of Tenant contained in this Lease. No consent by Landlord to any assignment or subleasing by Tenant (and no assignment or subleasing by Tenant, whether made with or without Landlord's consent) shall relieve Tenant of any obligation to be paid or performed by Tenant under this Lease, whether occurring before or after such consent, assignment or subleasing, but rather Tenant and Tenant's assignee or subtenant, as the case may be, shall be jointly and severally primarily liable for such payment and performance, which shall be confirmed to Landlord in writing on Landlord's standard form. Tenant shall reimburse Landlord for Landlord's reasonable attorneys' and other fees and costs incurred in connection with both determining whether to give consent and giving consent. No assignment under this Lease shall be effective unless and until Tenant provides to Landlord an executed counterpart of the assignment agreement in form and substance reasonably satisfactory to Landlord, and Landlord has executed and delivered a written consent thereto in Landlord's standard form. No subleasing under this Lease shall be effective unless and until Tenant provides to Landlord fully executed counterparts of the sublease agreement and the Sublease Consent Agreement attached as Exhibit E, and Landlord has executed and delivered the Sublease Consent Agreement. Without affecting any of its other obligations under this Lease, if this Lease is assigned or all or any portion of the Premises is subleased and the rent, additional rent, compensation or other economic consideration received or to be received by Tenant in connection with such assignment or sublease (including, without limitation, any payment in excess of fair market value for services rendered by Tenant to the assignee or subtenant or for assets, fixtures, inventory, equipment or furniture transferred by Tenant to the assignee or subtenant) exceeds the Basic Monthly Rent and Tenant's Share of Operating Expenses payable by Tenant under this Lease for the period concerned (calculated on a per rentable square foot basis if less than all of the Premises is subleased), then Tenant shall pay fifty percent (50%) of such excess to Landlord when received. Prior to Landlord consenting to any such assignment or sublease, Tenant shall provide to Landlord a detailed written schedule of all rent, additional rent, compensation or other economic consideration received or to be received by Tenant in connection with such assignment or sublease, which schedule shall be certified by Tenant to Landlord as true, correct and complete in all respects, with such certification executed by Tenant. As used in the immediately preceding two sentences, the term " Tenant" refers to the assignor in the event of an assignment, and to the sublandlord in the event of a sublease.

11. Indemnity; Waiver and Release.

11.1. Indemnity. Tenant shall indemnify, defend and hold harmless Landlord from and against all demands, claims, causes of action, judgments, losses, damages, liabilities, fines, penalties, costs and expenses, including attorneys' fees, arising from any of the following, unless caused by Landlord's willful misconduct or gross negligence: (a) the occupancy or use of any portion of the Property by Tenant or Tenant's Occupants (including, without limitation, any slip and fall or similar accident on the Property involving Tenant or Tenant's Occupants, whether within or without the Premises, including, without limitation, within the common areas of the Property, even if such areas are " controlled" by Landlord); (b) the conduct of Tenant's business on the Property; (c) any act or omission done, contracted for, permitted or suffered by Tenant or any of Tenant's Occupants; (d) any hazardous substances, hazardous wastes, pollutants or contaminants deposited, released or stored by Tenant or Tenant's Occupants on the Property; (e) any injury or damage to the person, property or business of Tenant or Tenant's Occupants; or (f) any litigation commenced by or against Tenant to which Landlord is made a party. If any action or proceeding

is brought against Landlord by reason of any of the matters set forth in the preceding sentence, Tenant, on notice from Landlord, shall defend Landlord at Tenant's expense with counsel reasonably satisfactory to Landlord. The provisions of this Paragraph 11.1 shall survive the expiration of the Term or sooner termination of this Lease.

11.2. Waiver and Release. Tenant waives and releases all claims against Landlord and Landlord's employees with respect to all matters for which Landlord has disclaimed liability or responsibility pursuant to the provisions of this Lease. In addition, Landlord and Landlord's employees shall not be liable for any loss, injury, death or damage to persons, property or Tenant's business resulting from any theft, act of God, public enemy, injunction, riot, strike, insurrection, terrorism, war, court order, requisition, order of governmental body or authority, fire, explosion, falling object, steam, water, rain, snow, ice, wind and other weather-related occurrences, breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, construction, repair or alteration of the Premises or other cause beyond Landlord's reasonable control.

12. Insurance. On or before the date of this Lease, Tenant shall, at Tenant's sole cost, procure and continue in force the following insurance coverage: (a) commercial general liability insurance with a combined single limit for bodily injury and property damage of not less than $1,000,000 per occurrence, including, without limitation, contractual liability coverage for the performance by Tenant of the indemnity agreement set forth in Paragraph 11.1; (b) property insurance with special causes of loss including theft coverage, insuring against fire, extended coverage risks, vandalism and malicious mischief, and including boiler and sprinkler leakage coverage, in an amount equal to the full replacement cost (without deduction for depreciation) of all furnishings, trade fixtures, equipment and other personal property from time to time situated in or on the Premises; and (c) workers' compensation insurance satisfying Tenant's obligations under the workers' compensation laws of the state of Utah. Such minimum limits shall in no event limit the liability of Tenant under this Lease. Such liability insurance shall name Landlord and any other person specified from time to time by Landlord as an additional insured, such property insurance shall name Landlord as a loss payee as Landlord's interests may appear, and both such liability and property insurance shall be with companies acceptable to Landlord having a rating of not less than A:VII in the most recent issue of Best's Key Rating Guide, Property-Casualty. Tenant shall furnish Landlord with certificates of coverage. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty (30) days' prior written notice to Landlord by Tenant. All such policies shall be written as primary policies, not contributing with and not in excess of the coverage that Landlord may carry, and shall only be subject to such deductibles as may be approved in writing in advance by Landlord. Tenant shall, at least five (5) days after the expiration of such policies, furnish Landlord with renewals of, or binders for, such policies. All insurance policies of property insurance carried by Landlord or Tenant in covering the Premises, its contents, and the property of either of them in the Premises will waive any right of the insurer to subrogation against the other to the extent permitted by law. Landlord and Tenant agree that their policies will include such a waiver or an endorsement to them so long as the waiver or endorsement is available without cost. If a cost is imposed, the one whose insurer imposes it will advise the other of the cost and its amount and the other may pay it but will not be obligated to do so. The failure of any insurance policy to include such a waiver or endorsement will not affect this Lease. Any mortgage lender holding an interest in any part of the Property may, at Landlord's option, be afforded coverage under any policy required to be secured by Tenant under this Lease by use of a mortgagee's endorsement to the policy concerned.

13. Damage or Destruction. If the Premises are partially damaged or destroyed by any casualty insured against under any insurance policy maintained by Landlord, Landlord shall, on receipt of the insurance proceeds, repair the Premises to substantially the condition in which the Premises were

immediately prior to such damage or destruction. Landlord's obligation under the preceding sentence shall not exceed the lesser of the cost of the standard improvements installed by Landlord in the Premises, or the proceeds received by Landlord from any insurance policy maintained by Landlord. Until such repair is complete, the Basic Monthly Rent shall be abated proportionately commencing on the date of such damage or destruction as to that portion of the Premises rendered untenantable, if any. If (a) by reason of such occurrence the Premises are rendered wholly untenantable, (b) the Premises are damaged as a result of a risk not covered by insurance, (c) the Premises are damaged in whole or in part during the last twelve (12) months of the Term existing as of the date immediately prior to such damage or destruction, (d) the Premises or the Building (whether or not the Premises are damaged) is damaged to the extent of twenty-five percent (25%) or more of the then-replacement value of either or to the extent that it would take, in Landlord's opinion, in excess of ninety (90) days to complete the requisite repairs, or (e) insurance proceeds adequate to repair the Property are not available to Landlord for any reason, Landlord may either elect to repair the damage or cancel this Lease by notice of cancellation within thirty (30) days after such event, and on such notice, Tenant shall vacate and surrender the Premises to Landlord. If Landlord elects to repair any such damage, any abatement of Basic Monthly Rent shall end on notice given by Landlord to Tenant that the Premises have been repaired. If the damage is caused by the negligence of Tenant or Tenant's Occupants, Basic Monthly Rent shall not abate. Except for abatement of Basic Monthly Rent, if any, Tenant shall have no claim against Landlord for any loss suffered by reason of any such damage, destruction, repair or restoration, nor may Tenant terminate this Lease as the result of any statutory provision in effect on or after the date of this Lease pertaining to the damage and destruction of the Premises or the Building. The proceeds of all insurance carried by Tenant on Tenant's furnishings, trade fixtures, equipment and other personal property shall be held in trust by Tenant for the purpose of the repair and replacement of the same. Landlord shall not be required to repair any damage to, or to make any restoration or replacement of, any furnishings, trade fixtures, equipment and other personal property installed in the Premises by Tenant. Unless this Lease is terminated by Landlord pursuant to this Paragraph, Tenant shall be required to restore or replace such furnishings, trade fixtures, equipment and other personal property on damage or destruction in at least a condition equal to that existing prior to such event.

14. Condemnation. As used in this Paragraph, the term "Condemnation Proceedings" means any actions or proceedings in which any interest in the Property is taken for any public or quasi-public purpose by any lawful authority through exercise of the power of eminent domain or by purchase or other means in lieu of such exercise. If the whole of the Premises is taken through Condemnation Proceedings, this Lease shall automatically terminate as of the date of the taking. The phrase "as of the date of the taking" means the date of taking actual physical possession by the condemning authority or such earlier date as the condemning authority gives notice that it is deemed to have taken possession. If part, but not all, of the Premises is taken, either Landlord or Tenant may terminate this Lease. Landlord may terminate this Lease if any portion of the Property (whether or not including the Premises) is taken that, in Landlord's reasonable judgment, substantially interferes with Landlord's ability to operate or use the Property for the purposes for which the Property was intended. Any such termination must be accomplished through written notice given no later than thirty (30) days after, and shall be effective as of, the date of such taking. In all other cases, or if neither Landlord nor Tenant exercises its right to terminate, this Lease shall remain in effect. If a portion of the Premises is taken and this Lease is not terminated, the Basic Monthly Rent shall be reduced in the proportion that the floor area taken bears to the total floor area of the Premises immediately prior to the taking. Whether or not this Lease is terminated as a consequence of Condemnation Proceedings, all damages or compensation awarded for a partial or total taking, including any award for severance damage and any sums compensating for diminution in the value of or deprivation of the leasehold estate under this Lease, shall be the sole and exclusive property of Landlord, provided that Tenant shall be entitled to any award for the loss of, or damage to, Tenant's trade fixtures or loss of business and moving expenses, if a separate award is actually made to Tenant and if the same will not reduce Landlord's award.

Tenant shall have no claim against Landlord for the occurrence of any Condemnation Proceedings, or for the termination of this Lease or a reduction in the Premises as a result of any Condemnation Proceedings.

15. Landlord's Financing. This Lease shall be subordinate to any existing first mortgage, first deed of trust, ground lease, declaration of covenants, conditions, easements and restrictions (whether recorded on or after the date of this Lease) and all renewals, modifications, amendments, consolidations, replacements and extensions of any such instruments. No documentation other than this Lease shall be required to evidence such subordination. If the holder of any mortgage or deed of trust elects to have this Lease superior to the lien of its mortgage or deed of trust and gives written notice of such election to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust. Tenant shall execute such documents as may be required by Landlord to confirm such subordination or priority, or a subordination to any future first mortgage or first deed of trust and all renewals, modifications, amendments, consolidations, replacements and extensions of any such instruments, within ten (10) days after request, provided that the lender concerned concurrently provides to Tenant a non-disturbance agreement. Tenant shall from time to time if so requested by Landlord and if doing so will not materially and adversely affect Tenant's economic interests under this Lease, join with Landlord in amending this Lease so as to meet the needs or requirements of any lender that is considering making or that has made a loan secured by all or any portion of the Property. Any sale, assignment or transfer of Landlord's interest under this Lease or in the Premises, including any such disposition resulting from Landlord's default under a debt obligation, shall be subject to this Lease and Tenant shall attorn to Landlord's successors and assigns and shall recognize such successors or assigns as Landlord under this Lease, regardless of any rule of law to the contrary or absence of privity of contract. Landlord shall exercise commercially reasonable, good faith efforts to obtain a non-disturbance agreement in favor of Tenant (which will likely contain a subordination and attornment agreement) from Landlord's current mortgage lender. Tenant shall be solely responsible for any costs, expenses or fees payable to such lender or such lender's legal counsel in connection with such non-disturbance agreement. Notwithstanding anything to the contrary contained in this Lease, Tenant's agreement to subordinate this Lease to the lien of any mortgage or deed of trust is conditioned on the lender concerned entering into a subordination, non-disturbance and attornment agreement in form and substance reasonably acceptable to Tenant and such lender.

16. Default.

16.1. Default by Tenant. The occurrence of any of the following events shall constitute a default by Tenant under this Lease: (a) Tenant fails to pay any installment of Basic Monthly Rent, Tenant's Share of Operating Expenses or any other sum due under this Lease within five (5) business days after written notice is given to Tenant that the same is past due; (b) Tenant fails to observe or perform any other term, covenant or condition to be observed or performed by Tenant under this Lease within ten (10) business days after written notice is given to Tenant of such failure; provided, however, that if more than ten (10) business days is reasonably required to cure such failure, Tenant shall not be in default if Tenant commences such cure within such ten (10) day period and diligently prosecutes such cure to completion; (c) Tenant files a petition in bankruptcy, becomes insolvent, has taken against Tenant in any court, pursuant to state or federal statute, a petition in bankruptcy or insolvency or for reorganization or appointment of a receiver or trustee, petitions for or enters into an arrangement for the benefit of creditors or suffers this Lease to become subject to a writ of execution; or (d) Tenant vacates or abandons the Premises.

16.2. Remedies. On any default by Tenant under this Lease, Landlord may at any time, without waiving or limiting any other right or remedy available to Landlord, (a) perform in Tenant's stead any obligation that Tenant has failed to perform, and Landlord shall be reimbursed promptly for any cost incurred by Landlord with interest from the date of such expenditure until paid in full at the greater of (i) the

prime rate then charged by Zions First National Bank, Salt Lake City (or any other bank designated by Landlord), plus four percent (4%), or (ii) eighteen percent (18%) per annum (the " Interest Rate"), (b) terminate Tenant's rights under this Lease by written notice, (c) reenter and take possession of the Premises by any lawful means (with or without terminating this Lease), or (d) pursue any other remedy allowed by law. Tenant shall pay to Landlord the cost of recovering possession of the Premises, all costs of reletting, including reasonable renovation, remodeling and alteration of the Premises, the amount of any commissions paid by Landlord in connection with such reletting, and all other costs and damages arising out of Tenant's default, including attorneys' fees and costs, and if any payment of Basic Monthly Rent remains unpaid for more than thirty (30) days after written notice has been given by Landlord to Tenant of such failure, Tenant shall repay to Landlord all free rent and any other similar concession given to Tenant. Notwithstanding any termination or reentry, the liability of Tenant for the rent payable under this Lease shall not be extinguished for the balance of the Term, and Tenant agrees to compensate Landlord on demand for any deficiency, whether arising from (v) reletting the Premises at a lesser rent than applies under this Lease, (w) reletting the Premises for a term shorter than the remaining Term, (x) reletting less than all of the Premises, (y) any default in the payment of rent by any person to whom Landlord relets the Premises, or (z) any other cause whatsoever. No reentry to or taking possession of the Premises or other action by Landlord or Landlord's employees on or following the occurrence of any default by Tenant shall be construed as an election by Landlord to terminate this Lease or as an acceptance of any surrender of the Premises, unless Landlord provides Tenant written notice of such termination or acceptance.

16.3. Past Due Amounts. If Tenant fails to pay when due any amount required to be paid by Tenant under this Lease, such unpaid amount shall bear interest at the Interest Rate from the due date of such amount to the date of payment in full, with interest. In addition, Landlord may also charge a sum of five percent (5%) of such unpaid amount as a service fee. This late payment charge is intended to compensate Landlord for Landlord's additional administrative costs resulting from Tenant's failure to perform in a timely manner Tenant's obligations under this Lease, and has been agreed on by Landlord and Tenant after negotiation as a reasonable estimate of the additional administrative costs that will be incurred by Landlord as a result of such failure. The actual cost in each instance is extremely difficult, if not impossible, to determine. This late payment charge shall constitute liquidated damages and shall be paid to Landlord together with such unpaid amount. The payment of this late payment charge shall not constitute a waiver by Landlord of any default by Tenant under this Lease. All amounts due under this Lease are and shall be deemed to be rent or additional rent, and shall be paid without abatement, deduction, offset, prior notice or demand (unless expressly provided by the terms of this Lease). Landlord shall have the same remedies for a default in the payment of any amount due under this Lease as Landlord has for a default in the payment of Basic Monthly Rent.

16.4. Default by Landlord. Landlord shall not be in default under this Lease unless Landlord fails to perform an obligation required of Landlord under this Lease within thirty (30) days after written notice by Tenant to Landlord and the holder of any mortgage or deed of trust covering the Property whose name and address have been furnished to Tenant in writing, specifying the respects in which Landlord has failed to perform such obligation, and such holder fails to perform such obligation within a second thirty (30) day period commencing on the expiration of such first thirty (30) day period. If the nature of such obligation is such that more than thirty (30) days are reasonably required for performance or cure, Landlord shall not be in default if Landlord or such holder commences performance within their respective thirty (30) day periods and after such commencement diligently prosecutes the same to completion. In no event may Tenant terminate this Lease or withhold the payment of rent or other charges provided for in this Lease as a result of Landlord's default.

17. Expiration or Termination.

17.1. Surrender of Premises. Prior to the expiration of the Term or sooner termination of this Lease, Tenant shall, at Tenant's sole cost, (a) promptly and peaceably surrender the Premises to Landlord " broom clean," in good order and condition, (b) repair any damage to the Property caused by or in connection with the removal of any property from the Premises by or at the direction of Tenant, (c) repair, patch and paint in a good and workmanlike manner all holes and other marks in the floors, walls and ceilings of the Premises to Landlord's reasonable satisfaction, and (d) deliver all keys and access cards to the Premises to Landlord. Before surrendering the Premises, Tenant shall, at Tenant's sole cost, remove Tenant's movable personal property and trade fixtures (including signage) only, and all other property shall, unless otherwise directed by Landlord, remain in the Premises as the property of Landlord without compensation; however, Tenant shall not remove any personal property or trade fixtures from the Premises without Landlord's prior written consent if such removal will impair the structure of the Building or Tenant is in default under this Lease. Landlord may require Tenant to remove any personal property, trade fixtures, other property, alterations, additions and improvements made to the Premises by Tenant or by Landlord for Tenant, including, without limitation, any computer lines, wiring, cabling and facilities and other similar improvements, and to restore the Premises to their condition as of the Commencement Date. All personal property, trade fixtures and other property of Tenant not removed from the Premises on the abandonment of the Premises or on the expiration of the Term or sooner termination of this Lease for any cause shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed or otherwise disposed of by Landlord without notice to, and without any obligation to account to, Tenant or any other person. Tenant shall pay to Landlord all expenses incurred in connection with the disposition of such property in excess of any amount received by Landlord from such disposition. No surrender of the Premises shall be effected by Landlord's acceptance of the keys or of the rent or by any other means without Landlord's written acknowledgement of such acceptance as a surrender. Tenant shall not be released from Tenant's obligations under this Lease in connection with surrender of the Premises until Landlord has inspected the Premises and delivered to Tenant a written release.

17.2. Holding Over. Tenant shall indemnify, defend and hold harmless Landlord from and against all claims, liabilities and expenses, including attorneys' fees, resulting from delay by Tenant in surrendering the Premises in accordance with the provisions of this Lease. Tenant must obtain the prior written consent of Landlord in order to remain in possession of the Premises after the expiration of the Term or sooner termination of this Lease. If Tenant remains in possession of the Premises after the expiration of the Term or sooner termination of this Lease without obtaining the prior written consent of Landlord, such occupancy shall constitute an unlawful detainer of the Premises, for which period of occupancy Tenant shall pay to Landlord a rental (and not as a penalty) in the amount of one hundred fifty percent (150%) of the last monthly rental paid by Tenant to Landlord, plus all other charges payable under this Lease. If Tenant remains in possession of the Premises after the expiration of the Term or sooner termination of this Lease with the prior written consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental (and not as a penalty) in the amount of one hundred twenty-five percent (125%) of the last monthly rental, plus all other charges payable under this Lease, and on all of the terms of this Lease applicable to a month-to-month tenancy.

17.3. Survival. The provisions of this Paragraph 17 shall survive the expiration of the Term or sooner termination of this Lease.

18. Estoppel Certificate; Financial Statements.

18.1. Estoppel Certificate. Tenant shall, within ten (10) business days after receipt of Landlord's written request, execute and deliver to Landlord an estoppel certificate in favor of Landlord and such other persons as Landlord shall request setting forth the following: (a) a ratification of this Lease; (b) the Commencement Date and Expiration Date; (c) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (d) that all conditions under this Lease to be performed by Landlord have been satisfied or, in the alternative, those claimed by Tenant to be unsatisfied; (e) that no defenses or offsets exist against the enforcement of this Lease by Landlord or, in the alternative, those claimed by Tenant to exist; (f) the amount of advance rent, if any (or none if such is the case), paid by Tenant; (g) the date to which rent has been paid; (h) the amount of the Security Deposit; and (i) such other information as Landlord may request. Landlord's mortgage lenders and purchasers shall be entitled to rely on any estoppel certificate executed by Tenant.

18.2. Financial Statements. Tenant shall, within ten (10) days after Landlord's request, furnish to Landlord current financial statements for Tenant, prepared in accordance with generally accepted accounting principles consistently applied and certified by Tenant to be true and correct. If such financial statements are available online, Tenant shall have complied with the requirements of this Paragraph 18.2 if Tenant provides to Landlord in writing in a timely manner the website where such financial statements may readily be obtained by Landlord. Tenant's financial statements are currently available at www.ehealth.com.

19. Parking; Signage.

19.1. Parking. Tenant shall have the non-exclusive right to use a number of parking stalls located on the Property equal to Tenant's Parking Stall Allocation only, and shall not use a number of parking stalls greater than Tenant's Parking Stall Allocation; provided, however, that Tenant may use a greater number of parking stalls (not to exceed fifty percent (50%) of Tenant's Parking Stall Allocation) during employee work shift transition periods during the Medicare annual enrollment period (the "Enrollment Period") (which currently occurs in the fourth quarter of each calendar year), but which shall not be for longer than four (4) months in any calendar year without first obtaining Landlord's prior written consent; provided further, however, that if reasonably required to preserve adequate parking for Building tenants, Landlord may direct that such additional parking be in the overflow parking area for the Building located in what is currently known as the Maverick Center parking lot. Automobiles of Tenant and Tenant's Occupants shall be parked only within parking areas not otherwise reserved by Landlord or specifically designated for use by any other tenant or occupants associated with any other tenant. Landlord may from time to time designate parking spaces for Tenant and make such other rules and regulations as Landlord reasonably determines to be necessary or appropriate. Landlord and Landlord's employees may, without any liability to Tenant or Tenant's Occupants, cause to be removed any automobile of Tenant or Tenant's Occupants that may be parked wrongfully in a prohibited or reserved parking area, and Tenant agrees to indemnify, defend and hold harmless Landlord from and against all claims, liabilities and expenses, including attorneys' fees, arising in connection with such removal.

19.2. Signage. Tenant shall be entitled to Building standard signage on the Building interior directory and the entrance to the Premises without charge, other than as contemplated by Paragraph 5 with respect to Operating Expenses, and on the Building exterior multi-tenant monument sign, at Landlord's expense, as well as the Building crown signage described in Paragraph 7 of the Rider. Tenant shall not place or suffer to be placed on any exterior door, wall or window of the Premises, on any part of the inside of the Premises that is visible from outside of the Premises or elsewhere on the Property, any sign,

decoration, lettering, attachment, advertising matter or other thing of any kind, without first obtaining Landlord's written approval. Unless expressly permitted by this Lease, neither Tenant nor Tenant's Occupants shall erect, install, hold or place by any method any signage of any type outside of the Premises and on or around the Property, including, without limitation, any banner or placard sign held by individuals on any public property adjacent to or near the Property. Landlord may, at Tenant's cost, and without notice or liability to Tenant, remove any item erected in violation of this Paragraph, and may enter the Premises to do so where necessary. Landlord may establish rules and regulations governing the size, type and design of all such items and Tenant shall abide by such rules and regulations. All approved signs or letterings on doors shall be printed, painted and affixed at the sole cost of Tenant by a person approved by Landlord, and shall comply with the requirements of the governmental authorities having jurisdiction over the Property. At Tenant's sole cost, Tenant shall maintain all permitted signs and shall, on the expiration of the Term or sooner termination of this Lease, remove all such permitted signs and repair any damage caused by such removal.

20. [Intentionally omitted.]

21. Rules. Tenant and Tenant's Occupants shall faithfully observe and comply with all of the rules set forth on the attached Exhibit A, and Landlord may from time to time amend, modify or make additions to or deletions from such rules. Such amendments, modifications, additions and deletions shall be effective on notice to Tenant. On any breach of any of such rules, Landlord may exercise any or all of the remedies provided in this Lease on a default by Tenant under this Lease and may, in addition, exercise any remedies available at law or in equity including the right to enjoin any breach of such rules. Landlord shall not be responsible to Tenant for the failure of any other tenant or person to observe any such rules.

22. General Provisions.

22.1. No Partnership. Landlord does not by this Lease, in any way or for any purpose, become a partner or joint venturer of Tenant in the conduct of Tenant's business or otherwise.

22.2. Force Majeure. If either Landlord or Tenant is delayed or hindered in or prevented from the performance of any act required under this Lease by reason of acts of God, weather, strikes, lockouts, other labor troubles, inability to procure labor or materials, fire, accident, failure of power, restrictive governmental laws, ordinances, regulations or requirements of general applicability, riots, civil commotion, insurrection, terrorism, war or other reason not the fault of the party delayed, hindered or prevented and beyond the control of such party (financial inability excepted), performance of the action in question shall be excused for the period of delay and the period for the performance of such act shall be extended for a period equivalent to the period of such delay. The provisions of this Paragraph shall not, however, operate to excuse Tenant from the prompt payment of rent or any other amounts required to be paid under this Lease.

22.3. Notices. Any notice or demand to be given by Landlord or Tenant to the other shall be given in writing by personal service, express mail, Federal Express, DHL or any other similar form of courier or delivery service, or mailing in the United States mail, postage prepaid, certified, return receipt requested and addressed to such party as follows:

If to Landlord:

Lake Pointe Three, LC
10701 South River Front Parkway, Suite 135
South Jordan, Utah 84095

with a required copy to:

Victor A. Taylor, Esq.
Parr Brown Gee & Loveless
185 South State Street, Suite 800
Salt Lake City, Utah 84111

If to Tenant:

eHealthInsurance Services, Inc.
440 East Middlefield Road
Mountain View, California 94043
Attention: General Counsel

Either Landlord or Tenant may change the address at which such party desires to receive notice on written notice of such change to the other party. Any such notice shall be deemed to have been given, and shall be effective, on delivery to the notice address then applicable for the party to which the notice is directed; provided, however, that refusal to accept delivery of a notice or the inability to deliver a notice because of an address change that was not properly communicated shall not defeat or delay the giving of a notice.

22.4. Severability. If any provision of this Lease or the application of any provision of this Lease to any person or circumstance shall to any extent be invalid, the remainder of this Lease or the application of such provision to persons or circumstances other than those as to which such provision is held invalid shall not be affected by such invalidity. Each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

22.5. Brokerage Commissions. Except as agreed in writing by Landlord, Landlord represents and warrants that no claim exists for a brokerage commission, finder's fee or similar fee in connection with this Lease based on any agreement made by Landlord. Landlord shall indemnify, defend and hold harmless Tenant from and against any claim for a brokerage commission, finder's fee or similar fee in connection with this Lease based on an actual or alleged agreement made by Landlord. Tenant represents and warrants that no claim exists for a brokerage commission, finder's fee or similar fee in connection with this Lease based on any agreement made by Tenant. Tenant shall indemnify, defend and hold harmless Landlord from and against any claim for a brokerage commission, finder's fee or similar fee in connection with this Lease based on an actual or alleged agreement made by Tenant.

22.6. Use of Pronouns. The use of the neuter singular pronoun to refer to Landlord or Tenant shall be deemed a proper reference even though Landlord or Tenant may be an individual, partnership, association, limited liability company, corporation or a group of two or more individuals, partnerships, associations, limited liability companies or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where more than one Landlord or Tenant exists and to individuals, partnerships, associations, limited liability companies, corporations, males or females, shall in all instances be assumed as though in each case fully expressed.

22.7. Successors. Except as otherwise provided in this Lease, all provisions contained in this Lease shall be binding on and shall inure to the benefit of Landlord and Tenant and their respective heirs, personal representatives, successors and assigns. On any sale or assignment (except for purposes of security or collateral) by Landlord of the Premises or this Lease, Landlord shall, on and after such sale or assignment, be relieved entirely of all of Landlord's obligations under this Lease and such obligations shall, as of the time of such sale or assignment, automatically pass to Landlord's successor in interest.

22.8. Recourse by Tenant. Anything in this Lease to the contrary notwithstanding, Tenant shall look solely to the equity of Landlord in the Premises, subject to the prior rights of the holder of any mortgage or deed of trust, for the collection of any judgment (or other judicial process) requiring the payment of money by Landlord on any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed or performed by Landlord, and no other asset of Landlord or any other person shall be subject to levy, execution or other procedure for the satisfaction of Tenant's remedies.

22.9. Quiet Enjoyment. On Tenant paying the rent payable under this Lease and observing and performing all of the terms, covenants and conditions on Tenant's part to be observed and performed under this Lease, Tenant shall have quiet enjoyment of the Premises for the Term without interference from Landlord, or anyone claiming by, through or under Landlord, subject to all of the provisions of this Lease.

22.10. Waiver. No failure by any party to insist on the strict performance of any covenant, duty or condition of this Lease or to exercise any right or remedy consequent on a breach of this Lease shall constitute a waiver of any such breach or of such or any other covenant, duty or condition. Any party may, by notice delivered in the manner provided in this Lease, but shall be under no obligation to, waive any of its rights or any conditions to its obligations under this Lease, or any covenant or duty of any other party. No waiver shall affect or alter the remainder of this Lease but each other covenant, duty and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequently occurring breach.

22.11. Rights and Remedies. The rights and remedies of Landlord and Tenant shall not be mutually exclusive and the exercise of one or more of the provisions of this Lease shall not preclude the exercise of any other provisions. The parties confirm that damages at law may be an inadequate remedy for a breach or threatened breach by any party of any of the provisions of this Lease. The parties' respective rights and obligations under this Lease shall be enforceable by specific performance, injunction or any other equitable remedy.

22.12. Authorization. Each individual executing this Lease does represent and warrant to each other so signing (and each other entity for which another person may be signing) that such individual has been duly authorized to deliver this Lease in the capacity and for the entity set forth where such individual signs.

22.13. Attorneys' Fees. If any action is brought to recover any rent or other amount under this Lease because of any default under this Lease, to enforce or interpret any of the provisions of this Lease, or for recovery of possession of the Premises, the party prevailing in such action shall be entitled to recover from the other party reasonable attorneys' fees (including those incurred in connection with any appeal), the amount of which shall be fixed by the court and made a part of any judgment rendered. Tenant shall be responsible for all expenses, including, without limitation, attorneys' fees, incurred by Landlord in

any case or proceeding involving Tenant or any assignee or subtenant of Tenant under or related to any bankruptcy or insolvency law. The foregoing provisions of this Paragraph 22.13 shall survive the expiration of the Term or sooner termination of this Lease.

22.14. Merger. The surrender of this Lease by Tenant, the cancellation of this Lease by agreement of Landlord and Tenant or the termination of this Lease on account of Tenant's default shall not work a merger, and shall, at Landlord's option, either terminate any subleases of part or all of the Premises or operate as an assignment to Landlord of any of those subleases. Landlord's option under this Paragraph 22.14 may be exercised by notice to Tenant and all known subtenants in the Premises.

22.15. Entire Agreement. This Lease (including Exhibits A through E (with the Appendixes to Exhibit C) and the Rider attached to this Lease) exclusively encompasses the entire agreement of the parties, and supersedes all previous negotiations, understandings and agreements between the parties, whether oral or written, including, without limitation, any oral discussions, letters of intent and email correspondence. The parties hereby acknowledge and represent, by their signatures below, that the parties have not relied on any representation, understanding, information, discussion, assertion, guarantee, warranty, collateral contract or other assurance, except those expressly set forth in this Lease, made by or on behalf of any other party or any other person whatsoever, prior to the execution of this Lease. The parties hereby waive all rights and remedies, at law or in equity, arising or which may arise as the result of a party's reliance on such representation, understanding, information, discussion, assertion, guarantee, warranty, collateral contract or other assurance.

22.16. Miscellaneous. The captions to the Paragraphs of this Lease are for convenience of reference only and shall not be deemed relevant in resolving questions of construction or interpretation under this Lease. Exhibits referred to in this Lease and any addendums, riders and schedules attached to this Lease shall be deemed to be incorporated in this Lease as though a part of this Lease. Tenant shall not record this Lease or a memorandum or notice of this Lease. No amendment to this Lease shall be binding on Landlord or Tenant unless reduced to writing and signed by both parties. Unless otherwise set forth in this Lease, all references to Paragraphs are to Paragraphs in this Lease. Each provision to be performed by Tenant shall be construed to be both a covenant and a condition. This Lease shall be governed by and construed and interpreted in accordance with the laws of the state of Utah. Venue on any action arising out of this Lease shall be proper only in the District Court of Salt Lake County, state of Utah. **LANDLORD AND TENANT WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER ON ALL MATTERS ARISING OUT OF THIS LEASE OR THE USE AND OCCUPANCY OF THE PREMISES.** Time is of the essence of each provision of this Lease. The submission of this Lease to Tenant is not an offer to lease the Premises or an agreement by Landlord to reserve the Premises for Tenant. Landlord shall not be bound to Tenant until Tenant has duly executed and delivered duplicate original copies of this Lease to Landlord, and Landlord has duly executed and delivered one of those duplicate original copies to Tenant.

LANDLORD AND TENANT have executed this Lease on the respective dates set forth below, to be effective as of the date first set forth above.

LANDLORD:

LAKE POINTE THREE, LC,
by its Managing Member:

JFRG HOLDINGS, LC,
a Utah limited liability company

By /s/ Jeffrey C. Flamm
Jeffrey C. Flamm
Managing Member

Date May 9, 2012

TENANT:

EHEALTHINSURANCE SERVICES, INC.

By /s/ Stuart M. Huizinga

Print or Type Name of Signatory:

Stuart M. Huizinga

Its Chief Financial Officer

Date May 8, 2012

EXHIBIT A

to

OFFICE LEASE

RULES

The rules set forth in this Exhibit are a part of the foregoing Office Lease (the "Lease"). Whenever the term " Tenant" is used in these rules, such term shall be deemed to include Tenant and Tenant's Occupants. The following rules may from time to time be modified by Landlord in the manner set forth in the Lease. The terms capitalized in this Exhibit shall have the same meaning as set forth in the Lease.

1. Obstruction. Any sidewalks, entries, exits, passages, corridors, halls, lobbies, stairways, elevators or other common facilities of the Building shall not be obstructed by Tenant or used for any purpose other than ingress or egress to and from the Premises. Tenant shall not place any item in any of such locations, whether or not such item constitutes an obstruction, without the prior written consent of Landlord. Landlord may remove any obstruction or any such item without notice to Tenant and at the sole cost of Tenant. Any sidewalks, entries, exits, passages, corridors, halls, lobbies, stairways, elevators or other common facilities of the Building are not for the general public, and Landlord shall in all cases retain the right to control and prevent access to them by all persons whose presence, in the judgment of Landlord, would be prejudicial to the safety, character, reputation or interests of the Property or Landlord's tenants. Tenant shall not go on the roof of the Building.

2. Deliveries. All deliveries and pickups of supplies, materials, garbage and refuse to or from the Premises shall be made only through such access as may be designated by Landlord for deliveries and only during the ordinary business hours of the Building. Tenant shall not obstruct or permit the obstruction of such access. Tenant shall be liable for the acts and omissions of any persons making such deliveries or pickups.

3. Moving. Furniture and equipment shall be moved in and out of the Building only through such access as may be designated by Landlord for deliveries and then only during such hours and in such manner as may be prescribed by Landlord. If Tenant's movers damage any part of the Improvements, Tenant shall pay to Landlord on demand the amount required to repair such damage.

4. Heavy Articles. No safe or article, the weight of which may, in the reasonable opinion of Landlord, constitute a hazard of damage to the Building, shall be moved into the Premises. Other safes and heavy articles shall be moved into, from or about the Building only during such hours and in such manner as shall be prescribed by Landlord, and Landlord may designate the location of such safes and articles.

5. Building Security. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. that evening and 8:00 a.m. the following day, access to the Building, the halls, corridors, elevators or stairways in the Building or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge or has a pass and is properly identified. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the event of an invasion, mob, riot, public excitement or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors of the Building or any other reasonable method, for the safety of the tenants and

protection of the Building and property in the Building. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building. Tenant shall be entitled to receive a number of key cards for after-hours access to the Building equal to Tenant's Parking Stall Allocation. Replacement cards for any key cards that are lost or stolen may be issued by Landlord for a handling fee to be reasonably determined by Landlord, but such fee will not be less than $10 per replacement card.

6. Pass Key. The janitor of the Building may at all times keep a pass key to the Premises, and such janitor and other employees and contractors of Landlord shall at all times be allowed admittance to the Premises.

7. Locks, Access Cards and Keys. No additional lock or locks shall be placed by Tenant on any door in the Building and no existing lock shall be changed unless written consent of Landlord shall first have been obtained. A reasonable number of access cards and keys to the Premises and to the toilet rooms, if locked by Landlord, will be furnished by Landlord, and Tenant shall not have any additional access cards or keys made. At the termination of this tenancy, Tenant shall promptly return to Landlord all access cards and keys to offices and toilet rooms and provide Landlord with all combinations and keys for any locks, safes, cabinets and vaults remaining in the Premises. Tenant shall keep the doors of the Premises closed and securely locked when Tenant is not at the Premises.

8. Use of Water Fixtures. Water closets and other water fixtures shall not be used for any purpose other than that for which the same are intended. No foreign substances of any kind shall be placed in them, and any damage resulting to the same from use on the part of Tenant shall be paid for by Tenant. No persons shall waste water by tying back or wedging the faucets or in any other manner. On leaving the Premises, Tenant shall shut off all water faucets and major electrical apparatus located within the Premises.

9. No Animals; Excessive Noise. No animals shall be allowed in the Building, other than guide dogs for hearing or vision-impaired persons. No persons shall disturb the occupants of the Building or adjoining buildings or space by the use of any electronic equipment or musical instrument or by the making of loud or improper noises.

10. Bicycles. Bicycles and other vehicles shall not be permitted anywhere inside or on the sidewalks outside of the Building, except in those areas designated by Landlord for bicycle parking.

11. Trash. Tenant shall not allow anything to be placed on the outside of the Building, nor shall anything be thrown by Tenant out of the windows or doors, or down the corridors or ventilating ducts or shafts, of the Building. All trash and refuse shall be placed in receptacles provided by Landlord for the Building or by Tenant for the Premises.

12. Exterior Windows, Walls and Doors. No window shades, blinds, curtains, shutters, screens or draperies shall be attached or detached by Tenant and no awnings shall be placed over the windows without Landlord's prior written consent.

13. Hazardous Operations and Items. Tenant shall not install or operate any steam or gas engine or boiler, or carry on any mechanical business in the Premises without Landlord's prior written consent. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or other inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord. Explosives or other articles deemed extra hazardous shall not be brought into the Building.

14. Hours for Repairs, Maintenance and Alteration. Any repairs, maintenance and alterations required or permitted to be done by Tenant under the Lease shall be done only during the ordinary business hours of the Building unless Landlord shall have first consented in writing to such work being done at other times. If Tenant desires to have such work done by Landlord's employees on Saturdays, Sundays, holidays or weekdays outside of ordinary business hours, Tenant shall pay the extra cost for such labor.

15. No Defacing of Premises. Except as permitted by Landlord by prior written consent, Tenant shall not paint, mark on, place signs on, cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of the Premises or of the Building, and any defacement, damage or injury directly or indirectly caused by Tenant shall be paid for by Tenant. Pictures or diplomas shall be hung on tacks or small nails; Tenant shall not use adhesive hooks for such purposes.

16. Chair Pads. Tenant shall, at Tenant's sole cost, install and maintain under all caster chairs a chair pad to protect the carpeting.

17. Solicitation; Food and Beverages. Landlord reserves the right to restrict, control or prohibit canvassing, soliciting and peddling within the Building. Tenant shall not grant any concessions, licenses or permission for the sale or taking of orders for food or services or merchandise in the Premises, install or permit the installation or use of any machine or equipment for dispensing food or beverage in the Building, nor permit the preparation, serving, distribution or delivery of food or beverages in the Premises, without the prior written approval of Landlord and only in compliance with arrangements prescribed by Landlord. Only persons approved by Landlord shall be permitted to serve, distribute or deliver food and beverage within the Building or to use the public areas of the Building for that purpose. No cooking shall be done or permitted by Tenant on the Premises. Tenant may use a microwave oven and coffee pot in connection with its use of the Premises.

18. Directory. Any bulletin board, directory or monument sign for Building tenants shall be provided exclusively for the display of the name and location of Building tenants only and Landlord reserves the right to exclude any other names. Landlord reserves the right to review and approve all signage and directory listings. Tenant shall pay Landlord's reasonable charges for changing any directory listing at Tenant's request.

19. Building Name. Landlord may, without notice or liability to Tenant, name the Building and change the name, number or designation by which the Building is commonly known. Tenant shall not use the name of the Building for any purpose other than the address of the Building.

20. Expulsion. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.

21. Public Areas. Landlord may control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as Landlord deems best for the benefit of the tenants generally.

22. Building Hours. Systematic and continuous occupancy or operation in all or any portion of the Premises before or after the hours set forth in Paragraph 8.1 of the Lease is not permitted, except during the Enrollment Period. This includes, but is not limited to, any twenty-four (24) hour, seven (7) day a week operation or use of the Premises. Prior to any twenty-four (24) hour operation in the Premises (including during any Enrollment Period), Tenant shall (a) give Landlord at least thirty (30) days' prior

written notice of such operation, and (b) agree with Landlord on the payment of all reasonable, additional costs arising from such operation, which shall be in addition to the additional costs described in Paragraph 8.1 of the Lease.

EXHIBIT B

to

OFFICE LEASE

DESCRIPTION OF PREMISES

The Premises referred to in the foregoing instrument are shown on the attached diagram(s).

EXHIBIT C

to

OFFICE LEASE

PREPARATION OF PREMISES FOR OCCUPANCY

THIS EXHIBIT is attached to, and is a part of, the foregoing Office Lease (the " Lease"), entered into between LAKE POINTE THREE, LC, a Utah limited liability company, as landlord, and EHEALTHINSURANCE SERVICES, INC., a Delaware corporation, as tenant. All words capitalized in this Exhibit shall have the same meaning given in the Lease. If any conflict exists between the provisions of this Exhibit and the provisions of the Lease, the provisions of this Exhibit shall control.

1. Initial Improvements.

(a) The final space plans (the " Space Plans") mutually approved by Landlord and Tenant are attached as Appendix 1.

(b) Landlord shall cause the Base Building Improvements (the " Base Building Improvements") described on Appendix 2 to be completed in accordance with the plans and specifications (the " Building Plans") prepared by Landlord and the Building Standards and Specifications (the " Building Standards") attached as Appendix 3. The Base Building Improvements shall be made, and the Building Plans shall be prepared, at Landlord's sole cost and expense.

(c) Landlord shall also cause the Tenant Improvements (the " Tenant Improvements") described on Appendix 2 to be completed in accordance with the Space Plans, the plans and specifications (the " Tenant Improvement Plans") approved by Landlord and Tenant and the Building Standards. The Tenant Improvements shall be made, and the Tenant Improvement Plans shall be prepared, at Landlord's cost and expense, except to the extent that, at Tenant's direction, the Tenant Improvements vary from the Space Plans or the Building Standards. To the extent that, at Tenant's direction, the Tenant Improvements vary from the Space Plans or the Building Standards, such variance shall be made at Tenant's sole cost and expense.

(The Base Building Improvements and the Tenant Improvements are referred to in this Exhibit collectively as the " Initial Improvements.")

(d) Landlord shall cause the Tenant Improvement Plans to be prepared by a registered professional architect and mechanical and electrical engineer(s). Landlord shall furnish the initial draft of the Tenant Improvement Plans to Tenant for Tenant's review and approval. Tenant shall within two (2) weeks after receipt either provide comments to such Tenant Improvement Plans or approve the same. Tenant shall be deemed to have approved such Tenant Improvement Plans if Tenant does not timely provide comments on such Tenant Improvement Plans. If Tenant provides Landlord with comments to the initial draft of the Tenant Improvement Plans, Landlord shall provide revised Tenant Improvement Plans to Tenant incorporating Tenant's comments within one week after receipt of Tenant's comments. Tenant shall within one week after receipt then either provide comments to such revised Tenant Improvement Plans or approve such Tenant Improvement Plans. Tenant shall be deemed to have approved such revised Tenant Improvement Plans if Tenant does not timely provide comments on such Tenant Improvement Plans. The

process described above shall be repeated, if necessary, until the Tenant Improvement Plans have been finally approved by Tenant.

(e) Interior Construction Specialists or one of its affiliates shall perform the construction of the Initial Improvements, with Taylor Electric as the electrical engineer and contractor doing all of the electrical design and construction in the Building, and CCI Mechanical as the mechanical and plumbing engineer and contractor doing all of the HVAC and plumbing design and construction in the Building.

(f) Landlord shall use commercially reasonable efforts to cause the Initial Improvements to be substantially completed, except for minor " punch list" items, on or before the date set forth in Paragraph 1.4 of the Lease, subject to Tenant Delay (as defined in Paragraph 3 of this Exhibit) and force majeure (as described in Paragraph 22.2 of the Lease).

(g) Landlord or an employee of Landlord shall provide project management services in connection with the construction of the Initial Improvements and the Change Orders (defined below). Such project management services shall be performed, without cost to Tenant, except for Change Orders, which shall be performed for a fee of five percent (5%) of all costs related to the construction of the Change Orders.

2. Change Orders. If, prior to the Commencement Date, Tenant requires improvements or changes (individually or collectively, the " Change Orders") to the Premises in addition to, revision of, or substitution for, the Tenant Improvements, Tenant shall deliver to Landlord for its approval plans and specifications for such Change Orders. If Landlord does not approve of the plans for Change Orders, Landlord shall advise Tenant of the revisions required. Tenant shall revise and redeliver the plans and specifications to Landlord within five (5) business days of Landlord's advice or Tenant shall be deemed to have abandoned its request for such Change Orders. Tenant shall pay for all preparations and revisions of plans and specifications for, and the construction of, all Change Orders.

3. Commencement Date Delay. The Commencement Date shall be delayed until the Initial Improvements have been substantially completed, except to the extent that the delay is caused by any one or more of the following (each, a " Tenant Delay"):

(a) Tenant's request for Change Orders, whether or not any such Change Orders are actually performed;

(b) the contractor's performance of any Change Orders;

(c) Tenant's request for materials, finishes or installations requiring unusually long lead times;

(d) Tenant's delay in reviewing, revising or approving plans and specifications beyond the periods set forth herein;

(e) Tenant's delay in providing information critical to the normal progression of the project (Tenant shall provide such information as soon as reasonably possible, but in no event longer than one week after receipt of such request for information from Landlord);

(f) Tenant's delay in making payments to Landlord for costs of Change Orders; or

(g) any other act or omission by Tenant or its agents or contractors or persons employed by any of such persons.

If the Commencement Date is delayed by reason of Tenant Delay, then Landlord shall cause Landlord's architect to certify the date on which the Initial Improvements would have been completed but for such Tenant Delay, which shall be the Commencement Date for all purposes of the Lease.

4. Access by Tenant Prior to Commencement Date. Landlord shall permit Tenant and its agents to enter the Premises during the thirty (30) day period prior to the Commencement Date to prepare the Premises for Tenant's use and occupancy, including the installation of furniture, phones, computers and computer network cabling. Any such permission shall constitute a license only, conditioned on Tenant's:

(a) working in harmony with Landlord and Landlord's employees, contractors, workmen, mechanics and suppliers and with other tenants and occupants of the Building;

(b) obtaining in advance Landlord's approval of the contractors proposed to be used by Tenant and, if requested by Landlord, depositing with Landlord in advance of any work (i) security satisfactory to Landlord for the completion thereof, and (ii) the contractor's affidavit for the proposed work and the waivers of lien from the contractor and all subcontractors and suppliers of material; and

(c) furnishing Landlord with such insurance as Landlord may require against liabilities that may arise out of such entry.

Landlord shall not be liable in any way for any injury, loss or damage that may occur to any of Tenant's property or installations in the Premises prior to the Commencement Date. Tenant shall indemnify, defend and hold harmless Landlord from all claims, liabilities, losses, damages, costs and expenses (including, without limitation, attorneys' fees) arising out of the activities of Tenant or its agents, contractors, suppliers or workmen in the Premises or the Building. Any such activities shall be governed by Paragraph 9.2 and all other terms of the Lease.

5. Parties' Representatives. Tenant shall designate an individual to act as Tenant's representative with respect to all approvals, directions and authorizations pursuant to this Exhibit. Landlord shall designate an individual to act as Landlord's representative with respect to all approvals, directions and authorizations pursuant to this Exhibit.

Appendix 1

Space Plans

(See attached)

Appendix 2

Description of Base Building Improvements and Tenant Improvements

(See attached)

Exhibit C – Appendix 2
Lake Pointe Corporate Centre
Initial Improvements

Base Building Improvements
(to be provided at Landlord's sole cost and expense)

STRUCTURE AND SHELL
All footings and foundations
All structural steel associated with the Base Building (columns, beams, etc.)
All exterior finishes including EFIS, stone, glass, precast panels, etc.
Exterior doors and glass systems
Roof system (non-ballasted, welded membrane), including roof drains
Finished concrete slabs on all floors
Two sets of stairs for emergency exiting
Two ADA accessible elevators and associated elevator room

LANDSCAPING AND SITE
Asphalt paving for driveways and parking lots
Striping and signage for parking lots and ADA stalls
Site utilities (including required fire hydrants)
Landscaping consistent with Lake Pointe standards
Exterior Building and pole lighting

HVAC, PLUMBING, ELECTRICAL AND FIRE ALARM SYSTEM
Water service and sanitary service to Building
Main fire sprinkler loop, with temporary sprinkler heads in any unfinished space
Main electrical service to electrical room and main panels
Any exterior emergency entrance/exit illumination lighting, as required by building code
Main fire alarm system panel and controls
Building standard HVAC system with roof mounted chiller and boiler, floor-by-floor air handlers, and high-pressure duct loop
Drinking fountains in main lobby
The plumbing associated with Base Building restrooms and janitors closets

FINISHES, MISCELLANEOUS
All finishes for main Building lobbies and corridors, elevators and elevator room, electrical and mechanical rooms, and janitor closets
One set of men's and women's restrooms per floor (3-4 stalls per gender per floor) including toilets, sinks, counter tops, toilet partitions, wall tile (as required) and sheetrock walls, sheetrock ceiling, floor tile and exhaust fans
Interior stud walls around Building core areas (stairs, electrical and mechanical rooms, elevators and elevator room, restrooms, telephone rooms and janitor closets)
Finishes on inside of interior walls as required for Building core areas (stairs, electrical and mechanical room, elevators and elevator room, restrooms, telephone rooms and janitor closets)

Tenant Improvements

HVAC, ELECTRICAL AND FIRE ALARM SYSTEM
Building standard HVAC, including fan-powered VAV boxes, ductwork to VAV boxes, low-pressure ductwork, diffusers, thermostats and controls
Fire sprinkler drops and finish sprinkler heads
Building standard light fixtures
Illuminated exit lights in Tenant corridors and space
Building standard power outlets
Building standard voice and data boxes

FINISHES, MISCELLANEOUS
Building standard acoustical ceilings
Building standard sheetrock ceilings
Building standard paints, wall coverings, etc.
Building standard doors
Interior walls (framing, insulation, sheetrock, finishes, etc.)
Exterior " pony" walls (framing, insulation, sheetrock, finishes, etc.)
Tenant lobby and corridor finishes
Floor coverings (carpet, ceramic tile, VCT tile, etc.) including base

Tenant Property
(to be provided and paid for by Tenant)

Tenant signage/logo
Voice and data cabling
Tenant furniture, fixtures and equipment
All Tenant personal property

Appendix 3

Building Standards and Specifications

(See attached)

Exhibit C – Appendix 3
Lake Pointe Corporate Centre
Building Standards and Specifications

Doors

- Buell Solid Core Premium Grade A - 5 Ply Cherry Wood Veneer
- Face: P/S Cherry
- Finish: Natural/ Clear

Hardware

- 16ga Hollow Metal Door Frames w/Welded Corners
- Best 9K Lockset w/Satin Chrome Finish
- Best 1E Full Mortise Cylinder
- Hager Full Mortise Hinges BB 1279
- Dorma AF 8600 P
- Hager 236 Stop Stainless

Paint

- Sherwin Williams
- Walls: Moderate White / Pro Mar 200 Eggshell Latex
- Ceilings: Dover White / Pro Mar 400 Flat Latex
- Accents: Believable Buff / Pro Mar 200 Eggshell
- Accents: Putnam Ivory / Pro Mar 200 Eggshell (RP 1,2,3)
- Door Frames: Weathered Shingle Pro Mar 200 Semi Gloss Alkid
- Door Frames: Black Fox Pro Mar 200 Semi Gloss Alkid (RP 1,2,3)
- Use of other colors to be approved by Landlord

Carpet

- Minimum: 26 oz.
- Colors to be approved by Landlord
- Carpet base with bounded edge to match

VCT (Break Rooms)

- Approved Manufacturer: Armstrong
- Colors to be approved by Landlord

Ceilings

- Celotex BET 197 2x4

Exterior Window Coverings

- 1-Inch Aluminum
- Customizer by Springs Bali (Color-122 Greige)

Window Sills

- Painted MDF

Mechanical Specifications

- Fan-powered VAV boxes with hot water coils
- Perimeter 4-foot slot diffusers (Anamastat or equal)
- Interior 4-way step-down supply grilles (Anamastat or equal)

- Perforated return grilles
- Johnson Metasys Energy Management controls for HVAC and lighting; NAE Web based controls

Ducting

- Rectangular Low Pressure
- Concealed locations- 1 1/2”fiberglass duct board
- Exposed locations- Galvanized sheet metal
- Round Low Pressure- Single wall galvanized sheet metal with longitudinal or spiral wound seams
- Round Exhaust
- Rectangular Exhaust- Galvanized sheet metal
- Low Pressure Flexible- Polyethylene encapsulated steel wire helical duct with 1”fiberglass insulation (exterior) and polyethylene vapor barrier
- Rectangular Medium Pressure- Single wall-galvanized sheet metal with 1”acoustical liner (Where drawings show)
- Round Medium Pressure- Single wall galvanized sheet metal with spiral wound seams

Piping

- Underground Domestic Water: ½”-2”- Type “L”drawn temper seamless copper tubing ASTM B88 with 95% tin/5% antimony solder, ANSI B16 solder fittings
- Above Ground Domestic Water: ½”-2”- Type “L”drawn temper seamless copper tubing ASTM B88 with 95% tin/5% antimony solder, ANSI B16 solder fittings; 2 ½”-4”- Type “L”drawn temper seamless copper tubing ASTM B88 with grooved copper fittings and copper plated couplings
- Underground Sanitary Sewer and Vent, Underground Roof Drain, Above-Ground Vent (Not in plenum) Requires: standard weight; cast iron no-hub soil pipe and fittings, compression type neoprene; gaskets, stainless steel bands
- Above-Ground Sanitary Sewer, Above-Ground Roof and Overflow Drain, Above Ground Vent (in plenum) Requires: standard weight; cast iron no-hub soil pipe and fittings, compression type neoprene; gaskets, stainless steel bands
- Natural Gas- Sch40 ASTM A53 type ERW grade B carbon steel pipe with 125 lb. MI screwed fittings, coated/wrapped, if underground
- HVAC Piping: ½”-2”- Type “L”drawn temper seamless copper tubing ASTM B88 with 95% tin/5% antimony solder, ANSI B16 solder fittings; 2 ½”and larger- Sch40 ASTM A53 type ERW grade B pipe with grooved fittings and couplings or other approved fittings

Insulation

- Round Low Pressure Ductwork, Rectangular Medium Pressure
- Ductwork, Round Medium Pressure Ductwork requires: 1 ½”
- Fiberglass insulation wrap with foil vapor barrier
- HVAC Hot Water Piping, Domestic Hot Water, Roof and overflow
- Roof drain body, Horizontal roof drain piping in concealed location

Plumbing

- Water Heater Rheem EGSP-10 10 Gal 277 Volt single phase or equal
- Sink: Lkelkay CR3322-4 20 Gauge Stainless Steel or equal
- Faucet: Kohler K7827-K or equal
- Garbage Disposal: Insinkerator Badger 5 1/2 HP or equal

Electrical Specifications

The following are a list of fixtures that will be considered with Landlord's approval:

- T-1 Metalux 2 X 4, 18 cell parabolic 3 lamp electronic ballast 277 Volt
- T-2 Metalux 2 X 2, 9 cell parabolic 3 lamp electronic ballast 277 Volt
- T-5 Halo 65W incandescent dimmable recessed can light for use in conference rooms
- T-6 Portfolio 7-3/8"fluorescent recessed down light with two (2) 26 watt
- T-7 Portfolio 7-3/8"fluorescent recessed washer light with two (2) 26 watt
- EX Sure-Lites LED exit sign
- Emergency egress lights will be installed as required per code
- All lighting except for emergency egress and exit lighting will be controlled by the Building energy management system with Tenant override switching; any use of the electrical systems outside of the standard lease agreement occupancy times will have an after-hours charge
- Each 12 X 14 typical office is allotted 2 - 2 X 4 parabolic fixtures & 1- light switch
- Open areas are allotted for 1- 2 X 4 parabolic fixture per 72 sq. ft. w/ local switching by area
- Lighting load is not to exceed 2 watts per square foot
- Power & communication raceways and outlets as follows: Each 12 X 14 typical office is allotted 3-15Amp duplex outlets (6 to 8 per 20 amp circuit) and 1-voice/data J-box with 3/4"conduit stub to accessible ceiling
- Open area power will allow for either 1- 15 Amp duplex outlet (6 to 8 per 20 amp circuit) per 50 sq. ft. or a 3 circuit furniture feed for each group of 6 to eight cubicles or a 4 circuit feed for each group of 10 to 12 cubicles
- Open area voice/data J-boxes will allow for either 1- box and 3/4"stub per 150 sq. ft. or a box and 1-1/4"stub for feed for each group of 6 to eight cubicles or a box and two 1-1/4"stubs each group of 10 to 12 cubicles
- Fire alarm system installation of horn/strobes in conference rooms and located throughout the space as required to meet code
- The following items are excluded from the standard scope of the electrical installation and will require further discussion between Landlord and Tenant:
  - All voice/data cabling and equipment (refer to Lake Pointe Voice/Data Standards, Provisions and Tenant Responsibilities)
  - Access control system (card readers, magnetic locks, electronic door strikes
  - Security, camera and alarm systems
  - UPS systems, feeders, panels, branch wiring and outlets
  - Surge Protection systems
- Limited standby generator power is available, but the cost and quantity available need to be defined and determined with Landlord

EXHIBIT D
to
OFFICE LEASE

COMMENCEMENT DATE CERTIFICATE

THE UNDERSIGNED, Landlord and Tenant, respectively, under the Office Lease (the "Lease"), dated _____, 20___, agree that the " Commencement Date," as defined in Paragraph 1.4 of the Lease, is _____, 20___, and that the " Expiration Date," as defined in Paragraph 1.5 of the Lease, is _____, 20___. As used in the Lease, "Basic Monthly Rent" means the following amounts per calendar month for the periods indicated:

Periods	Basic Monthly Rent		Annual Cost Per Rentable Square Foot
through _____, inclusive	$_____	per month	$_____
_____through _____, inclusive	$_____	per month	$_____
_____through _____, inclusive	$_____	per month	$_____
_____through _____, inclusive	$_____	per month	$_____
_____through _____, inclusive	$_____	per month	$_____

LANDLORD AND TENANT have executed this Commencement Date Certificate on the respective dates set forth below, to be effective as of _____.

LANDLORD:

LAKE POINTE THREE, LC,
by its Managing Member:

JFRG HOLDINGS, LC,
a Utah limited liability company

By _____
Jeffrey C. Flamm
Managing Member

Date _____

TENANT:

EHEALTHINSURANCE SERVICES, INC.

By _____

Print or Type Name of Signatory:

_____

Its _____

Date _____

EXHIBIT E
to
OFFICE LEASE

SUBLEASE CONSENT AGREEMENT

(See attached)

SUBLEASE CONSENT AGREEMENT

THIS AGREEMENT (this "Agreement") is entered into as of the _____ day of _____, 20___, among the following:

(i) _____ ("Landlord"), whose address is _____, with a required copy for notice purposes to Victor A. Taylor, Esq., Parr Brown Gee & Loveless, 185 South State Street, Suite 800, Salt Lake City, Utah 84111;

(ii) _____ ("Tenant"), whose address is _____; and

(iii) _____ ("Subtenant"), whose address is _____.

(Landlord, Tenant and Subtenant are referred to in this Agreement collectively as the "Parties," and individually as a "Party.")

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. Definitions. As used in this Agreement, each of the following terms shall have the indicated meaning:

(a) "Lease" means the [_____], dated _____, [as amended by _____,] entered into between Landlord or its predecessor in interest, as landlord, and Tenant or its predecessor in interest, as tenant, a copy of which is attached as Exhibit A;

(b) "Premises" means the premises covered by the Lease;

(c) "Sublease" means the [Sublease], dated _____, entered into between Tenant, as sublandlord, and Subtenant, as subtenant, covering the Subleased Premises, a copy of which is attached as Exhibit B; and

(d) "Subleased Premises" means [Suite ____ on the _____ floor of the office building] [_____] located at _____, consisting of approximately _____ square feet and shown on the attached Exhibit C.

2. Consent to Sublease. Landlord consents to the subleasing by Tenant to Subtenant of the Subleased Premises; provided, however, that:

(a) such consent does not (i) relieve, release or discharge Tenant of any obligation to be paid or performed by Tenant under the Lease, including, without limitation, the payment of rent and other amounts when due under the Lease, whether occurring before or after such consent or the date of the Sublease, and Tenant will not be released from any liability under the Lease because of Landlord's failure to give notice of default under or with respect to any of the provisions of the Lease, but rather Tenant and, with respect to the Subleased Premises (except as expressly set forth in the Sublease with respect to the amount of rent or security deposit payable), Subtenant shall be jointly and severally primarily liable for such payment and performance, (ii) constitute consent by Landlord to, approval or ratification by Landlord of, or agreement by Landlord with, any particular provision of the Sublease or a representation or warranty by Landlord with respect to the Sublease, and Landlord shall not in any respect or for any purpose be bound or estopped by the Sublease, or (iii) constitute a consent to any change, alteration, addition, improvement or

repair to the Subleased Premises, including the installation of signage, which must be separately obtained from Landlord by Tenant in accordance with Paragraphs 9.2 or 19.2 (as the case may be) of the Lease;

(b) Subtenant may not further sublease the Subleased Premises, allow the Subleased Premises to be used by others or assign, transfer, mortgage, encumber, pledge or hypothecate the Sublease or Subtenant's interest in the Sublease, in whole or in part, without the prior written consent of Landlord in each instance, which consent may be withheld in accordance with the provisions of the Lease relating to assignment and subleasing of the Lease; this consent is not, and shall not be deemed or construed as, a consent to any future or other sublease, assignment or transfer, or a consent to a sublease term beyond the term of the Lease, or a renewal or extension of the Sublease;

(c) such consent shall not be deemed or construed to be an assignment or partial assignment of the Lease, or, except to the extent expressly provided by this Agreement, if at all, to create any privity of contract between Landlord and Subtenant with respect to the Lease;

(d) such consent shall not be deemed or construed to modify, amend, waive or affect any term, condition or other provision of the Lease, waive any breach of the Lease or any of the rights or remedies of Landlord, enlarge or increase Landlord's obligations or Tenant's rights under the Lease, grant to Subtenant rights that are greater than those granted to Tenant under the Lease, or waive or affect Tenant's obligations under the Lease, which shall continue to apply to the Premises and the occupants of the Premises as if the Sublease had not been made, with the Sublease remaining in all respects subject and subordinate to the Lease, as the same may be amended; if any conflict exists between the Lease or this Agreement and the Sublease (except, as to Subtenant, as expressly set forth in the Sublease with respect to the amount of rent or security deposit payable), then the Lease or this Agreement, as applicable, shall control and prevail;

(e) notwithstanding any provision of the Sublease to the contrary, Subtenant shall have no right to enforce any of Tenant's rights under the Lease directly against Landlord, all of such rights being personal to Tenant;

(f) Tenant and Subtenant shall not amend the Sublease in any respect without the prior written approval of Landlord, and in no event shall any such amendment, whether or not approved by Landlord, affect or modify or be deemed to affect or modify the Lease in any respect;

(g) for the benefit of Landlord, Subtenant agrees that Subtenant will be fully and completely bound by each and every term of the Lease relating to Subtenant's occupancy and use of the Subleased Premises, and, except as expressly set forth in the Sublease with respect to the amount of rent or security deposit payable, Subtenant expressly assumes and agrees to perform and comply with every obligation of Tenant under the Lease as to the Subleased Premises, as if Subtenant was the tenant under the Lease with respect to the Subleased Premises, including, without limitation, Tenant's obligation to indemnify Landlord in accordance with Paragraph 11.1 of the Lease and deliver financial statements in accordance with Paragraph 18.2 of the Lease; Subtenant acknowledges that Subtenant has examined and is familiar with all of the provisions of the Lease;

(h) Tenant shall be liable to Landlord for any default under the Lease, whether such default is caused by either or both Tenant and Subtenant or anyone claiming by, through or under either Tenant or Subtenant; subject to the notice and cure provisions given to Tenant and set forth in Paragraph 16.1 of the Lease, Landlord may proceed directly against Tenant without first exhausting Landlord's remedies against Subtenant, Landlord may proceed directly against Subtenant without first exhausting

Landlord's remedies against Tenant, or Landlord may proceed directly against Tenant and Subtenant simultaneously; therefore, such consent shall not be deemed to restrict or diminish any right that Landlord may have against Tenant or Subtenant pursuant to the Lease, or at law or in equity for violation of the Lease or otherwise, including, without limitation, the right to enjoin or otherwise restrain any violation of the Lease by Subtenant, and Landlord may at any time enforce the Lease against either or both Tenant and Subtenant; any breach of the Lease by either Tenant or Subtenant will entitle Landlord to avail itself of any remedy set forth in the Lease in the event of such breach, as well as any other remedy available at law to Landlord;

(i) notwithstanding anything to the contrary contained in this Agreement, Landlord shall not be liable at any time for any cost or obligation of any kind arising in connection with the Sublease, including, without limitation, brokerage commissions or other charges or expenses, improvements to the Subleased Premises, or any security required to be given by Subtenant under the Sublease; Tenant and Subtenant jointly and severally agree to indemnify, protect, defend and hold harmless Landlord from all claims, losses, liabilities, costs and expenses (including reasonable attorneys' fees) that Landlord may incur as a result of any claim to pay any person any commission, finder's fee or other charge in connection with the Sublease;

(j) to the extent that any provisions of the Sublease are contrary to the provisions of the Lease, such Sublease provisions are deemed revoked as to Landlord, and Tenant and Subtenant shall fully perform all provisions of the Lease; without limiting the generality of the foregoing, and notwithstanding anything to the contrary contained in the Sublease: (i) nothing in the Sublease shall expand the liability or obligations of Landlord, whether to Tenant, Subtenant or any other party, and Landlord withholds consent to anything in the Sublease that does expand or purports to expand the liability or obligations of Landlord; and (ii) Subtenant shall have no right to expand or relocate the Subleased Premises beyond the Premises, to extend or renew the term of the Sublease beyond the initial term of the Lease or to exercise any option to terminate, right of first offer or right of first refusal, regardless of whether Tenant may have any such right under the Lease, and Subtenant shall have no right to exercise Tenant's rights thereunder; Subtenant's sole remedy for any alleged or actual breach of its rights in connection with the Subleased Premises shall be solely and exclusively against Tenant; and

(k) pursuant to Paragraph 10.3 of the Lease, concurrently with the execution and delivery of this Agreement, Tenant shall pay to Landlord all of Landlord's reasonable and customary attorneys' fees and costs incurred in connection with the Sublease and this Agreement.

3. Payments under Sublease.

3.1. Payment to Landlord. As additional consideration for Landlord's consent to the Sublease, Tenant irrevocably, absolutely and unconditionally conveys, transfers and assigns to Landlord all rent and other amounts due to Tenant under the terms of the Sublease, together with the right, power and authority to collect such rent and other amounts, subject to Paragraph 10.3 of the Lease. Therefore, notwithstanding any Sublease provision to the contrary, Subtenant covenants to pay directly to Landlord without abatement, deduction, offset, prior notice or demand by Landlord all rent and other amounts payable to Tenant under the Sublease in lawful money of the United States at the address set forth above for Landlord or at such other place as Landlord may designate to Subtenant in writing, on or before the date due. To the extent of all rent and other amounts actually paid by Subtenant and received by Landlord, Tenant shall receive credit under the Lease against current amounts then payable by Tenant to Landlord under the Lease, and Subtenant shall receive credit under the Sublease for those amounts; provided, however, that the receipt by Landlord of any rent or other amounts from Subtenant shall not be deemed or

construed as releasing Tenant from Tenant's obligations under the Lease (except to the extent of such amounts actually received by Landlord) or the acceptance of Subtenant as a direct tenant.

3.2. Consideration. Tenant and Subtenant each represent and warrant to, and covenant with, Landlord that the rent expressly set forth in the Sublease (which shall be paid to Landlord in accordance with Paragraph 3.1 of this Agreement) is the only rent or other consideration paid or to be paid by Subtenant to Tenant in connection with the Sublease or the Subleased Premises, and that no other rent or consideration has been paid or is to be paid by Subtenant to Tenant, including, without limitation, any money, property, services or anything else of value (including, without limitation, the payment of costs, cancellation of indebtedness, discounts, rebates or any other items). Landlord may, at its expense, following at least five (5) business days' written notice to Tenant, audit and review Tenant's records and accounts relating to the Sublease and the Subleased Premises at any time or from time to time during normal business hours. If such audit and review reveals that Landlord has received less than the amount owed pursuant to Paragraph 10.3 of the Lease, then Tenant shall pay on demand the reasonable cost of such audit and review.

4. Termination of Sublease. If at any time prior to the expiration or sooner termination of the Sublease, (a) the Lease expires or terminates for any reason, including, without limitation, as a result of a Tenant default, a rejection of the Lease in Tenant bankruptcy proceedings, a voluntary termination agreed to by Landlord and Tenant, or the expiration of the term of the Lease, or (b) Tenant's right to possession terminates by surrender, as a result of an unlawful detainer proceeding, or by any other cause, without termination of the Lease, then the Sublease shall automatically and simultaneously terminate as a matter of law, and Subtenant shall vacate the Subleased Premises on or before the effective date of such expiration, termination or surrender, subject to the provisions of Paragraph 5 of this Agreement. If Subtenant fails to vacate the Subleased Premises in a timely manner, Landlord shall be entitled to all of the rights and remedies available to a landlord against a tenant wrongfully holding over after expiration of the term of a lease without Landlord's prior written consent, including, without limitation, the rights and remedies available to Landlord under Paragraph 17.2 of the Lease (including, without limitation, those provisions relating to increased rent). Landlord shall not be liable to Tenant or Subtenant for any claim or damage because of the termination.

5. Discretionary Continuance of Sublease. Notwithstanding anything to the contrary contained in Paragraph 4 of this Agreement, if at any time prior to the expiration or sooner termination of the Sublease, (i) the Lease expires or terminates for any reason (other than a termination under the provisions of the Lease relating to damage, destruction or condemnation), including, without limitation, as a result of a Tenant default, a rejection of the Lease in Tenant bankruptcy proceedings, a voluntary termination agreed to by Landlord and Tenant, or the expiration of the term of the Lease, or (ii) Tenant's right to possession terminates by surrender, as a result of an unlawful detainer proceeding, or by any other cause, without termination of the Lease, then Landlord may, at its sole option (which may be exercised in Landlord's sole and absolute discretion and without any obligation to do so), on written notice delivered to Subtenant not more than thirty (30) days after the effective date of such expiration, termination or surrender, and without any additional or further agreement of any kind by Subtenant (such notice being self-operative without the execution of any further instrument), elect to continue the Sublease without interruption with the same effect as if Landlord, as landlord, and Subtenant, as tenant, had entered into a lease as of the end of the Lease containing the same provisions as those contained in the Lease (except as expressly set forth in the Sublease with respect to the amount of rent or security deposit payable) for a term equal to the unexpired term of the Sublease, subject, however, to the right of Landlord, in its sole discretion, to terminate the Sublease thereafter on not less than thirty (30) days' advance written notice given by Landlord to Subtenant. That is, even if Landlord elects to continue the Sublease pursuant to this Paragraph 5, Landlord may nevertheless at any time thereafter, on at least thirty (30) days' written notice

to Subtenant, terminate the Sublease, in which case the Sublease and all right, title and interest of Subtenant under the Sublease shall terminate, and Subtenant shall vacate the Subleased Premises in accordance with the Sublease and the Lease, as of the effective date of such termination. If Landlord elects to continue the Sublease:

(a) Subtenant shall attorn to Landlord as tenant, and Landlord shall accept such attornment, subject, however, to the foregoing right of Landlord thereafter to terminate the Sublease, and Subtenant shall, within ten (10) days after the request of Landlord, confirm such attornment in writing;

(b) Landlord shall thereafter stand in the place and stead of Tenant under the Sublease, and all rent and other sums payable to Tenant under the Sublease, and all other obligations to be performed by Subtenant under the Sublease (together with all obligations to be paid or performed under the Lease, except as expressly set forth in the Sublease with respect to the amount of rent or security deposit payable), shall continue to be paid and performed when due by Subtenant to Landlord; provided, however, that in no event will Landlord (i) be liable for any act, omission or default of Tenant under the Sublease, (ii) be subject to any claims, offsets or defenses that Subtenant had or might have against Tenant, (iii) be obligated to cure any default of Tenant that occurred prior to the time that Landlord succeeded to the interest of Tenant under the Sublease, to perform any obligation under the Sublease to have been paid or performed by Tenant prior to the giving of such notice, or for any construction, improvement or repair that is not the obligation of Landlord under the Lease, (iv) be bound by any payment of rent or other payment made by Subtenant to Tenant in advance of any periods reserved for that payment in the Sublease, (v) be bound by any modification or amendment of the Sublease made without the written consent of Landlord, or (vi) be liable for the return of any security deposit not actually received by Landlord;

(c) neither Landlord's election under this Paragraph 5 nor its acceptance of any rent from Subtenant will be deemed a waiver by Landlord of any provisions of the Lease or this Agreement; and

(d) Landlord shall have the same remedies against Subtenant for the nonperformance of any agreement contained in the Sublease, for the recovery of rent, for the commission of any waste, and for any other default that Tenant had or would have had if the Lease had not ended.

6. Services. Landlord may furnish services to the Subleased Premises requested by Subtenant other than or in addition to those to be provided under the Lease, and bill Subtenant directly for such services for the convenience of, and without notice to, Tenant. Subtenant shall pay to Landlord all amounts that may become due for such services on the due dates therefor. If a separate submeter is installed to measure any utility furnished to the Subleased Premises, then payment for the utility so furnished will be made by Subtenant directly to Landlord as and when billed, and the furnishing of such utility will be in accordance with and subject to all of the applicable provisions of the Lease. If Subtenant fails to pay any such amount in a timely manner, then Tenant shall pay such amount to Landlord on written demand as additional rent under the Lease, and the failure of Tenant to pay such amount in a timely manner shall be a default under the Lease. Therefore, both Tenant and Subtenant shall be and continue to be liable for all bills rendered by Landlord for charges incurred by or imposed on Subtenant for services rendered and materials supplied to the Subleased Premises.

7. Insurance. Subtenant shall, with respect to Subtenant and the Subleased Premises, carry the insurance policies required to be carried by Tenant pursuant to Paragraph 12 of the Lease and shall deliver evidence of such policies to Landlord prior to occupancy of the Subleased Premises by Subtenant. The insurance shall name Landlord as an additional insured or as a loss payee, as applicable, and provide

that the policy will not be subject to cancellation or change except after at least thirty (30) days' prior written notice to Landlord and Tenant.

8. No Modifications to Sublease. Neither Subtenant nor its successors or assigns shall enter into any agreement that modifies, surrenders or merges the Sublease without the prior written consent of Landlord. Any agreement made in contravention of the immediately preceding sentence shall not affect or be binding on Landlord.

9. Sale of Subleased Premises. The term "Landlord" as used in this Agreement means only the owner of the Subleased Premises during the term of such owner's ownership, so that in the event of any sale or other transfer of Landlord's interest in the Subleased Premises, Landlord will be relieved of all covenants and obligations of Landlord thereafter arising under this Agreement. The provisions of this Agreement, however, shall bind any subsequent owner of the Subleased Premises.

10. Estoppel Certificate. Subtenant shall, within ten (10) days after Landlord's request, execute and deliver to Landlord an estoppel certificate in favor of Landlord and such other persons as Landlord shall reasonably request setting forth the following: (a) a ratification of the Sublease; (b) the commencement date and expiration date of the Sublease; (c) that the Sublease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writing as shall be stated); (d) that all conditions under the Sublease to be performed by Tenant have been satisfied or, in the alternative, those claimed by Subtenant to be unsatisfied; (e) that no defenses or offsets exist against the enforcement of the Sublease or, in the alternative, those claimed by Subtenant to exist; (f) the amount of advance rent, if any (or none if such is the case), paid by Subtenant; (g) the date to which rent has been paid; (h) the amount of any security deposit under the Sublease; and (i) such other information regarding the status of the Sublease as Landlord may reasonably request.

11. Notices. Any notice or demand to be given by one Party to another under this Agreement shall be given in writing by personal service, telecopy (provided that a hard copy of any such notice has been dispatched by one of the other means for giving notice within twenty-four (24) hours after telecopying), express mail, Federal Express, DHL or any other similar form of courier or delivery service, or mailing in the United States mail, postage prepaid, certified and return receipt requested, and addressed to such Party as set forth at the outset of this Agreement. Any Party may change the address at which such Party desires to receive notice on written notice of such change to the other Party. Any such notice shall be deemed to have been given, and shall be effective, on delivery to the notice address then applicable for the Party to which the notice is directed; provided, however, that refusal to accept delivery of a notice or the inability to deliver a notice because of an address change that was not properly communicated shall not defeat or delay the giving of a notice. Notwithstanding any provision of the Sublease to the contrary, Landlord shall have no obligation to deliver to Subtenant any notice or copy of any notice given under the Lease, and no obligation to accept, consider or respond to any request, inquiry, demand or other communication from Subtenant, whether of a type described in the Lease, the Sublease or otherwise, except as expressly set forth in this Agreement. Tenant and Subtenant shall each, concurrently with the mailing of any default notice to the other under the Sublease, provide a copy of such notice to Landlord in accordance with this Paragraph.

12. Attorneys' Fees. If any Party brings suit to enforce or interpret this Agreement, the prevailing Party shall be entitled to recover from the other Party or Parties the prevailing Party's reasonable attorneys' fees and costs incurred in any such action or in any appeal from such action, **in** addition to the other relief to which the prevailing Party is entitled.

13. Miscellaneous. This Agreement shall inure to the benefit of, and be binding on, the Parties and their respective successors and assigns, subject to the other provisions of this Agreement. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws (excluding the choice of laws rules) of the state of Utah. This Agreement may be executed in any number of duplicate originals or counterparts, each of which when so executed shall constitute in the aggregate but one and the same document. Each individual executing this Agreement represents and warrants that such individual has been duly authorized to execute and deliver this Agreement in the capacity and for the entity set forth where such individual signs. A modification of, or amendment to, any provision contained in this Agreement shall be effective only if the modification or amendment is in writing and signed by all of the Parties. Any oral representation or modification concerning this Agreement shall be of no force or effect. Each exhibit referred to in, and attached to, this Agreement is an integral part of this Agreement and is incorporated in this Agreement by this reference.

THE PARTIES have executed this Agreement on the respective dates set forth below, to be effective as of the date first set forth above.

LANDLORD:

_____

By _____
Its _____
Date _____

TENANT:

By _____

Print or Type Name of Signatory:

_____

Its _____

Date _____

SUBTENANT:

_____

By _____

Print or Type Name of Signatory:

_____

Its _____

Date _____

EXHIBIT A

to

SUBLEASE CONSENT AGREEMENT

LEASE

(See attached)

EXHIBIT B

to

SUBLEASE CONSENT AGREEMENT

SUBLEASE

(See attached)

EXHIBIT C

to

SUBLEASE CONSENT AGREEMENT

SUBLEASED PREMISES

(See attached)

RIDER TO OFFICE LEASE

THIS RIDER is attached to, and is a part of, the foregoing Office Lease (with its exhibits, the "Lease"), entered into between LAKE POINTE THREE, LC, a Utah limited liability company, as landlord, and EHEALTHINSURANCE SERVICES, INC., a Delaware corporation, as tenant. All words capitalized in this Rider shall have the same meaning given in the Lease. If any conflict exists between the provisions of this Rider and the provisions of the Lease, the provisions of this Rider shall control.

1. Options to Extend.

1.1. Options. Tenant shall have options to extend the initial period constituting the Term under the Lease for two (2) additional periods of five (5) years each, provided that Tenant gives Landlord written notice of the exercise of each such option on or before the date that is six (6) months prior to the expiration of the then-existing period constituting the Term under the Lease, and that at the time such notice is given and on the commencement of the extension term concerned, (a) the Lease is in full force and effect, (b) Tenant is not in default under the Lease beyond the expiration of any applicable notice and cure period given to Tenant in this Lease, (c) no circumstance or event exists which, with the passage of time or the giving of notice or both, would constitute such a default, and (d) Tenant has not assigned the Lease or subleased more than fifty percent (50%) of the Premises under any then-existing sublease. Each such extension term shall commence at 12:01 a.m. on the first day following the expiration of the immediately preceding period constituting the Term under the Lease. During any such extension term, all provisions of the Lease shall apply, except for any provision relating to the improvement of the Premises by Landlord or at Landlord's expense, and except that the amount of the Basic Monthly Rent for any such extension term shall be negotiated and determined by agreement between Landlord and Tenant, and shall be ninety-five percent (95%) of the then-market rent. The term "then-market rent" as used in this Paragraph shall mean the annual amount, projected during either such extension term, that a willing, comparable, non-equity tenant (excluding sublease and assignment transactions) would pay, and a willing, comparable landlord of a building located in the same market as the Building would accept, at arm's length for lease extensions or renewals (including what Landlord is accepting for current lease extension or renewal transactions for the Building), for space of similar leasable square footage and comparable quality and other attributes as the Building, taking into account the age, quality and layout of the then-existing improvements in the Building, and taking into account items that professional real estate appraisers customarily consider, including, but not limited to, rental rates, availability of similar space, size of the Building, but excluding consideration of tenant improvements allowances and lease concessions, if any, then being granted by Landlord or the landlords of such similar projects unless such lease concessions are then being offered in connection with lease extensions or renewals. If Landlord and Tenant are able to agree on the amount of the Basic Monthly Rent for any such extension term within thirty (30) calendar days after receipt by Landlord of Tenant's notice of extension, Landlord and Tenant shall promptly enter into an amendment to the Lease reflecting the new Basic Monthly Rent and the new Expiration Date of the Lease, as well as any other changes agreed to by Landlord and Tenant with respect to the Lease. If Landlord and Tenant, after exercising reasonable, good faith efforts, are unable to agree on the amount of the Basic Monthly Rent for any such extension term within such thirty (30) day period, such option to extend (and any subsequent option to extend) shall terminate and be of no further force or effect.

1.2. Exercise Covering Portion of Premises. Either such extension may be for less than all of the Premises then covered by the Lease (but may not be for less than fifty-one percent (51%) of the Premises covered by the Lease on the date on which such option is exercised), provided that the amount of space (the "Excluded Space") that is not to be covered by such extension: (a) is set forth in

Tenant's notice of exercise of such option (and if a lesser amount is not set forth in such notice, such extension shall be for all of the Premises covered by the Lease on the date on which such option is exercised); (b) is not less than 5,000 rentable square feet; and (c) is reasonably capable of being excluded from the Premises and reconfigured in a commercially reasonable manner so as to make it, in access, size and configuration, readily leasable to a new tenant. Landlord shall, in a commercially reasonable manner, select which portion of the Premises shall constitute the Excluded Space, so long as the portion selected is reasonably close in size to the amount of space requested to be excluded by Tenant in its notice of exercise. Any corridors, demising walls or other similar improvements reasonably required to make the Excluded Space readily leasable to a new tenant shall be installed by Landlord at Tenant's sole cost and expense. Tenant shall reimburse Landlord for such cost and expense within ten (10) business days after receipt by Tenant of an invoice therefor.

2. Assignment and Subleasing.

2.1. Reasonable Consent. If Landlord does not exercise its rights pursuant to Paragraph 10.2 of the Lease, and provided that the Lease is in full force and effect, Tenant is not in default under the Lease and no circumstance or event exists which, with the passage of time or the giving of notice or both, would constitute such a default, Landlord shall not unreasonably withhold, condition or delay its consent to an assignment of the Lease or a sublease of the whole of the Premises for substantially the remainder of the Term, provided that:

(a) Tenant provides to Landlord (i) the name and address of the proposed assignee or subtenant, (ii) the terms and conditions of (including all consideration for) the proposed assignment or sublease, (iii) any information reasonably required by Landlord with respect to the nature and character of the proposed assignee or subtenant and its business, activities and intended use of the Premises, (iv) any references and current financial information reasonably required by Landlord with respect to the net worth, credit and financial responsibility of the proposed assignee or subtenant, and (v) an executed counterpart of the assignment or sublease agreement that complies with Paragraph 10.3 of the Lease;

(b) the nature, character and reputation of the proposed assignee or subtenant and its business, activities and intended use of the Premises are suitable to and in keeping with the standards of the Building and the floor or floors on which the Premises are located, and in compliance with the Lease and all applicable laws, ordinances, regulations and requirements;

(c) the proposed assignee or subtenant is a reputable party whose net worth, credit and financial responsibility are, considering the responsibilities involved, reasonably satisfactory to Landlord, and, whether or not the Lease is then guaranteed, Landlord may require the principal(s) of any assignee also to guaranty the Lease;

(d) the proposed assignee or subtenant (or any person who controls, is controlled by, or under common control with, such proposed assignee or subtenant) is not then an occupant of any part of the Building or of any other building within the Lake Pointe Corporate Centre or a party who dealt with Landlord or any employee or representative of Landlord (directly or through a broker) with respect to space in the Building or of any other building within the Lake Pointe Corporate Centre during the twelve (12) months immediately preceding Tenant's request for Landlord's consent;

(e) Tenant shall have complied with the provisions of Paragraph 10.2 of the Lease and Landlord shall not have made any of the elections provided for in such Paragraph;

(f) the proposed assignee or subtenant is not a governmental entity or instrumentality thereof;

(g) in Landlord's reasonable judgment, the use of the Premises by the proposed assignee or subtenant will not entail any alterations which would lessen the value of the leasehold improvements in the Premises, and will not require increased services by Landlord;

(h) Landlord has not received from any prior landlord to the proposed assignee or subtenant a negative report concerning such prior landlord's experience with the proposed assignee or subtenant, a written statement of which negative report, if received, shall be provided to Tenant;

(i) Landlord has not experienced previous defaults by, and is not in litigation with, the proposed assignee or subtenant;

(j) (i) the proposed assignee's or subtenant's anticipated use of the Premises does not involve the generation, storage, use, treatment or disposal of hazardous substances, hazardous wastes, pollutants or contaminants ("Hazardous Material"); (ii) the proposed assignee or subtenant has not been required by any other landlord, lender or governmental authority to take remedial action in connection with Hazardous Material contaminating a property if the contamination resulted from such assignee's or subtenant's actions or use of the property in question; or (iii) the proposed assignee or subtenant is not subject to an enforcement order issued by any governmental authority in connection with the use, disposal or storage of a Hazardous Material;

(k) the use of the Premises by the proposed assignee or subtenant will not violate any applicable law, ordinance, regulation or requirement, and will not violate Paragraph 7 or any other provision of the Lease;

(l) in the case of a subletting of less than the entire Premises, the subletting would not result in the division of the Premises into more than two subparcels, and will not require access to be provided through space leased or held for lease to another tenant or improvements to be made outside of the Premises;

(m) the assignment or sublease is not prohibited by Landlord's lender;

(n) the proposed assignment or sublease will not violate any enforceable exclusive use or similar clause in another lease or give an occupant of the Building a right to cancel its lease;

(o) the proposed assignment or sublease will not result in a number of occupants on a floor that exceeds the design capacity of the Building systems; or

(p) the rent charged by Tenant to such assignee or subtenant during the term of such assignment or subtenancy is not less than the rent being quoted by Landlord at the time of such assignment or subleasing for comparable space in the Building for a comparable term, calculated using a present value analysis.

2.2. Declaratory Action. Notwithstanding anything to the contrary in the Lease, if Tenant believes that Landlord has unreasonably withheld, conditioned or delayed its consent, Tenant's

sole remedy shall be to seek a declaratory judgment that Landlord has unreasonably withheld, conditioned or delayed its consent or an order of specific performance or mandatory injunction of Landlord's agreement to give its consent. In no event shall Tenant have any right to recover damages or to terminate the Lease. Tenant shall indemnify, defend and hold harmless Landlord from all claims, damages, liabilities losses, actions, suits, costs and expenses, including reasonable attorneys' fees and expenses, involving any third party or parties (including, without limitation, Tenant's broker or proposed transferee) who claim they were damaged by Landlord's withholding or conditioning of Landlord's consent, unless it is determined by a court of competent jurisdiction that Landlord has withheld, conditioned or delayed its consent in bad faith.

2.3. Affiliate and Certain Other Assignments. Notwithstanding anything else to the contrary contained in Paragraph 10 of the Lease, Tenant may, without the consent of Landlord, assign the Lease or sublease the Premises to any affiliate of Tenant, any corporation or other business entity that acquires all or substantially all of the assets or stock of Tenant or any entity resulting from a merger or consolidation with Tenant, provided that Tenant gives Landlord written notice of such assignment or sublease within five (5) business days' thereafter and otherwise complies with (and such assignment shall be subject to) Paragraph 10.3 of the Lease, and provided that such assignee or subtenant has a net worth, cash balance and operating income immediately following such transaction that is reasonably sufficient to satisfy the financial obligations under the Lease or such sublease, as the case may be; provided, however, that (a) such assignment or sublease shall not be subject to the provisions of Paragraph 10.2 of the Lease, and (b) Tenant may retain any profit from such assignment or sublease. As used in the immediately preceding sentence, "affiliate" means an entity that directly or indirectly controls, is controlled by, or is under common control with, Tenant, where "control" is the holding of fifty percent (50%) or more of the outstanding voting interests, or the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

3. Limitation on Certain Operating Expenses.

3.1. Definitions. As used in this Paragraph 3, each of the following terms shall have the meaning indicated:

(a) "Base Year" means calendar year 2012.

(b) "Base Year Controllable Operating Expenses" means the Controllable Operating Expenses that are actually incurred in the Base Year, subject to the other provisions of this Paragraph 3.

(c) "Controllable Operating Expenses" means all Operating Expenses other than those not within the control of Landlord, determined in a commercially reasonable manner consistent with other comparable Class "A" suburban office buildings in the Salt Lake metropolitan area. Without limiting the generality of the immediately preceding sentence, those Operating Expenses not within the control of Landlord include, without limitation, (i) utilities, (ii) insurance premiums and deductibles, (iii) real and personal property taxes and assessments, (iv) snow removal costs, (v) expenditures for necessary capital repairs and replacements, and (vi) market-wide cost increases resulting from extraordinary circumstances, including force majeure, boycotts, strikes, conservation surcharges, embargoes or shortages.

(d) "Tenant's Share of Base Year Controllable Operating Expenses" means the result obtained by multiplying the Base Year Controllable Operating Expenses by Tenant's Percentage of Operating Expenses.

(e) "Tenant's Share of Controllable Operating Expenses" for any given Operating Year (other than the Base Year) means the result obtained by subtracting the Base Year Controllable Operating Expenses from the Controllable Operating Expenses actually incurred in the Operating Year concerned, and then multiplying the difference by Tenant's Percentage of Operating Expenses, subject to the limitations set forth below. Tenant's Share of Controllable Operating Expenses for any fractional Operating Year shall be calculated by determining what Tenant's Share of Controllable Operating Expenses would have been for the entire Operating Year concerned, and then prorating such amount over such fractional Operating Year, subject to the limitations set forth below.

3.2. Limitations.

(a) Notwithstanding the provisions of Paragraph 5.2 of the Lease to the contrary, Tenant's obligation to pay Tenant's Share of Operating Expenses shall be limited as set forth in this Paragraph 3 with respect to Controllable Operating Expenses (only). This Paragraph 3 shall not limit Tenant's obligation to pay Tenant's Share of Operating Expenses except as expressly set forth as to Controllable Operating Expenses.

(b) Tenant's Share of Controllable Operating Expenses for calendar year 2013 shall be the lesser of (i) Tenant's Share of Controllable Operating Expenses for calendar year 2013, or (ii) the sum of Tenant's Share of Base Year Controllable Operating Expenses, plus five percent (5%) (which is the initial "Cap Amount"), less Tenant's Share of Base Year Controllable Operating Expenses.

(c) Tenant's Share of Controllable Operating Expenses for each Operating Year thereafter shall be the lesser of (i) Tenant's Share of Controllable Operating Expenses for the applicable Operating Year, or (ii) the sum of the Cap Amount for the immediately preceding Operating Year, plus five percent (5%) (which would be the new "Cap Amount"), less Tenant's Share of Base Year Controllable Operating Expenses.

(d) The intent of this Paragraph 3 is to create a compounding, five percent (5%) per year cap on Tenant's Share of Controllable Operating Expenses over each immediately preceding calendar year's Cap Amount.

(e) Notwithstanding the foregoing to the contrary, for purposes of the calculations set forth in this Paragraph 3, (a) the Controllable Operating Expenses (including, without limitation, the Base Year Controllable Operating Expenses) that vary with occupancy and are attributable to any part of the Term in which less than ninety-five percent (95%) of the rentable area of the Building is occupied by tenants, will be adjusted by Landlord to the amount that the Controllable Operating Expenses would have been if ninety-five percent (95%) of the rentable area of the Building had been occupied by tenants, and (b) if Landlord furnishes a service to tenants in the Building, the cost of which constitutes a Controllable Operating Expense, and a tenant other than Tenant has undertaken to perform such service itself, Controllable Operating Expenses shall be increased by the amount that Landlord would have incurred if Landlord had furnished such service to such tenant.

3.3. Example. Assume, for example purposes only, that Tenant's Share of Base Year Controllable Operating Expenses is $100.00.

(a) In calendar year 2013, Tenant's Share of Controllable Operating Expenses would be the lesser of (i) Tenant's Share of Controllable Operating Expenses for that year, or (ii) $105.00 ($100.00 plus 5%, which would be the initial Cap Amount), less Tenant's Share of Base Year Controllable Operating Expenses. Therefore, in this example, Tenant's Share of Controllable Operating Expenses for calendar year 2013 would not exceed $5.00.

(b) In calendar year 2014, Tenant's Share of Controllable Operating Expenses would be the lesser of (i) Tenant's Share of Controllable Operating Expenses for that year, or (ii) $110.25 ($105.00 plus 5%, which would be the new Cap Amount), less Tenant's Share of Base Year Controllable Operating Expenses. Therefore, in this example, Tenant's Share of Controllable Operating Expenses for calendar year 2014 would not exceed $10.25.

4. Consent; Costs. Whenever in the Lease (including in the Exhibits attached to the Lease and this Rider): (a) the consent or approval of Landlord or Tenant is required for an action, such consent or approval shall not be unreasonably withheld, conditioned or delayed, except to the extent limited by Paragraph 2.1 of this Rider; and (b) there is a reference to costs, expenses, fees or other charges (including, without limitation, attorneys' fees and costs), such reference shall be deemed to be to reasonable, reasonably necessary and actual costs, expenses, fees and other charges, of which the party incurring such costs, expenses, fees or other charges provides to the other party some reasonable documentation, record or evidence.

5. Right of First Offer. During the Term, following written notice from Tenant to Landlord that Tenant needs additional space, which notice may be given at any time or from time to time, and provided that (a) the Lease is in full force and effect, (b) Tenant is not in default under the Lease beyond the expiration of any applicable notice and cure period given to Tenant in this Lease, (c) no circumstance or event exists which, with the passage of time or the giving of notice or both, would constitute such a default, (d) Tenant has not assigned the Lease or subleased more than fifty percent (50%) of the Premises under any then-existing sublease, and (e) on Landlord's request, if Tenant's financial statements are not then available online, Tenant provides to Landlord current financial statements for Tenant, prepared in accordance with generally accepted accounting principles consistently applied and certified by Tenant to be true and correct, demonstrating sufficient Tenant financial strength for additional space under the Lease, Landlord shall give Tenant written notice of any space (the "ROFO Space") in the Building that is available for lease to third parties. (For purposes of this Paragraph, any space covered by a renewal or extension option in any tenant's lease existing as of the date of the Lease, or any renewal or extension option given by Landlord to any then-existing tenant for its then-existing space, shall not be "available for lease" until after each such option or the rights created by such option have expired.) If Tenant gives Landlord written notice of Tenant's interest in leasing the ROFO Space within five (5) business days after notification by Landlord of the availability of the ROFO Space, Landlord and Tenant shall negotiate reasonably and in good faith to enter into a new lease (or an amendment to the Lease) covering the ROFO Space, which, unless otherwise agreed by Landlord and Tenant, shall (a) have a term that is coterminous with the Lease, (b) provide for Basic Monthly Rent for the ROFO Space at the same rate, on a per rentable square foot basis, as is payable for the Premises originally covered by the Lease during the period concerned, and (c) provide for a tenant improvement allowance for the ROFO Space equal to the actual costs (the "Original Allowance") incurred by Landlord for the Initial Improvements (as defined in Exhibit C of the Lease) to the Premises originally covered by the Lease; provided, however, that if the remaining term of the Lease on the commencement date for the ROFO Space is less than five (5) years, the tenant improvement allowance for the ROFO Space shall be determined by multiplying the Original Allowance by a fraction, the numerator of which is the number of full calendar months left in the remaining term of the Lease as of the commencement date for the ROFO Space, and the

denominator of which is sixty (60). The commencement date for the ROFO Space shall be the date on which Landlord's construction obligations with respect to the ROFO Space have been fulfilled, subject only to the completion by Landlord of any "punch list" items that do not materially interfere with Tenant's use and enjoyment of the ROFO Space. If either of the following occurs: (y) within such five (5) day period, Tenant either delivers written notice to Landlord that Tenant elects not to lease the ROFO Space or fails to deliver any written response to Landlord; or (z) after Tenant delivers written notice to Landlord that Tenant elects to lease the ROFO Space, Tenant fails to proceed in a timely manner to enter into an amendment to the Lease, adding the ROFO Space to the Lease in a manner consistent with such offered terms and conditions and this Paragraph, then such right of first offer with respect to such ROFO Space shall terminate and be of no further force or effect. If Tenant fails to lease any space of which Landlord gives Tenant notice pursuant to the foregoing provisions of this Paragraph, the foregoing right shall not again apply to such space.

6. Right of First Refusal. In addition to the right of first offer described in Paragraph 5 of this Rider, during the Term, and provided that (a) the Lease is in full force and effect, (b) Tenant is not in default under the Lease beyond the expiration of any applicable notice and cure period given to Tenant in this Lease, (c) no circumstance or event exists which, with the passage of time or the giving of notice or both, would constitute such a default, (d) Tenant has not assigned the Lease or subleased more than fifty percent (50%) of the Premises under any then-existing sublease, and (e) on Landlord's request, if Tenant's financial statements are not then available online, Tenant provides to Landlord current financial statements for Tenant, prepared in accordance with generally accepted accounting principles consistently applied and certified by Tenant to be true and correct, demonstrating sufficient Tenant financial strength for additional space under the Lease, if any other premises (the "ROFR Space") in the Building becomes available for lease, and Landlord receives a written offer that Landlord desires to accept to lease the ROFR Space, or sends out (or has decided to send out) a *bona fide* proposal to a specific, *bona fide* prospective tenant to lease the ROFR Space (either, a "Lease Offer") (but excluding any space covered by a renewal or extension option in any tenant's lease existing as of the date of the Lease, or any renewal or extension option given by Landlord to any then-existing tenant for its then-existing space, Landlord shall give to Tenant written notice of such Lease Offer. Tenant shall have a period of five (5) business days after such notice is given (determined in accordance with Paragraph 22.3 of the Lease) to elect to lease the ROFR Space on the same terms and conditions as are set forth in such Lease Offer. If within such five (5) day period, Tenant delivers written notice to Landlord that Tenant elects to lease the ROFR Space on such offered terms and conditions, Landlord and Tenant shall immediately proceed to enter into an amendment to the Lease, adding the ROFR Space to the Lease in a manner consistent with such terms and conditions. If either of the following occurs: (y) within such five (5) day period, Tenant either delivers written notice to Landlord that Tenant elects not to lease the ROFR Space or fails to deliver any written response to Landlord; or (z) after Tenant delivers written notice to Landlord that Tenant elects to lease the ROFR Space, Tenant fails to proceed in a timely manner to enter into an amendment to the Lease, adding the ROFR Space to the Lease in a manner consistent with such offered terms and conditions and this Paragraph, then such right of first refusal with respect to such ROFR Space shall terminate and be of no further force or effect.

7. Building Signage. Tenant may, at its sole cost and expense, but under Landlord's supervision, install, maintain and from time to time replace, on a nonexclusive basis, one (1) exterior Building crown sign on the Building, with the name "eHealth" (such sign, together with any lines, wires, conduits or related improvements installed by Tenant in connection therewith, are referred to collectively as the "Signage"), provided that (a) the size, location, design, color and all other aspects and specifications of the Signage are approved in advance in writing by Landlord and by the requisite municipal authority, and (b) Tenant shall, at its sole cost and expense, comply with all governmental requirements, the conditions of

any warranty or insurance maintained by Landlord on the Building and any applicable requirements of any covenants, conditions and restrictions affecting the Property (whether recorded on or after the date of the Lease). Tenant shall maintain the Signage at all times in a good, safe and clean condition. Tenant shall repair any damage to the Building caused by Tenant's installation, maintenance, replacement, use or removal of the Signage. The Signage shall remain the property of Tenant, and Tenant may, at its sole cost and expense, remove the Signage at any time during the Term. Tenant shall, at its sole cost and expense, remove the Signage prior to the expiration of the Term or sooner termination of the Lease. On removal of the Signage, Tenant shall repair and restore the area(s) of the Building concerned to their condition prior to the installation of the Signage. If Tenant is in default under the Lease beyond the expiration of any applicable notice and cure period given to Tenant in the Lease, and, as a result of such default, Landlord retakes possession of the Premises (with or without terminating the Lease), or if Tenant fails to remove the Signage prior to the expiration of the Term or sooner termination of the Lease, Landlord may, at Tenant's sole cost and expense, remove the Signage and repair and restore the area(s) of the Building concerned to their condition prior to the installation of the Signage, and Tenant shall promptly reimburse Landlord for all costs and expenses incurred by Landlord in connection with such removal, repair and restoration and any storage of the Signage. Tenant shall indemnify, defend and hold harmless Landlord from and against all claims, liabilities, losses, damages, costs and expenses, including, without limitation, attorneys' fees and costs, incurred by or asserted against Landlord and arising out of Tenant's installation, maintenance, replacement, use or removal of the Signage. Tenant's rights under this Paragraph shall be personal to the initial Tenant and shall not apply if Tenant vacates or abandons the Premises, nor shall any assignee or subtenant have any rights to the Signage.

8. Operating Expenses.

8.1. Exclusions from Operating Expenses. The following shall be excluded from Operating Expenses:

(a) depreciation of the Improvements;

(b) debt service related to the Property and points, prepayment penalties and refinancing costs for indebtedness secured by the Property;

(c) expenses incurred in connection with the marketing, negotiation, execution or enforcement of Building leases or making tenant improvements, including, without limitation, commissions and attorneys' fees;

(d) items for which Landlord is otherwise reimbursed;

(e) expenses resulting from the violation by Landlord of applicable law;

(f) penalties and interest for late payment by Landlord;

(g) Landlord's income, inheritance, estate, transfer or franchise taxes, and Landlord's general corporate overhead;

(h) to the extent of such excess, any expense paid to a related person that is in excess of the amount that would be paid in the absence of such relationship;

(i) expenses for repairs and other work caused by fire, windstorm or other insured casualty, due to construction defects or the failure of the Building to comply with existing laws, ordinances, regulations or requirements as of the date of the Lease, or caused by the exercise of the right of eminent domain;

(j) expenses incurred by Landlord as a result of the presence of asbestos-containing materials or other hazardous wastes in the Building;

(k) expenses in connection with services or other benefits provided on an ongoing basis to other Building tenants that are not available to Tenant;

(l) costs incurred by Landlord as a result of a violation of law by, or the gross negligence or willful misconduct of, Landlord or its employees;

(m) the costs incurred in connection with the initial development and improvement of the Property;

(n) costs for which Landlord is entitled to bill other tenants directly (other than as a part of Operating Expenses) under the provisions of such tenants' leases;

(o) costs that would have been covered by a warranty but for Landlord's failure to comply with the terms and conditions thereof;

(p) salaries, wages, benefits and other compensation paid to officers and employees of Landlord who are not assigned in whole or in part to the operation, management, maintenance or repair of the Property; and

(q) general organizational, administrative and overhead costs relating to maintaining Landlord's existence, either as a corporation, partnership or other entity, including general corporate, legal and accounting expenses incurred in connection therewith.

8.2. Capital Expenditures. The cost of any expenditure required to be capitalized for federal income tax purposes in excess of $5,000 made in connection with the ownership, operation, management, maintenance and repair of the Property (including, without limitation, replacement of existing equipment), together with interest thereon at the rate of ten percent (10%) per annum, shall be amortized by Landlord over the estimated useful life of the improvement concerned, such amortized cost and related interest shall only be included in Operating Expenses for that portion of the useful life of such improvement that falls within the Term, and only the amortized portion of such cost and related interest applicable to a given Operating Year shall be included within the Operating Expenses for such Operating Year. Notwithstanding the foregoing, Operating Expenses shall not include any expenditure required to be capitalized for federal income tax purposes that is in the nature of a new addition to the Property, such as the new addition of a structured parking terrace, as distinguished from such an expenditure (which *shall* be included in Operating Expenses) that is in the nature of a replacement of, or upgrade to, an existing improvement, such as a replacement HVAC unit or the replacement of parking area surfaces.

Exhibit 31.1

CERTIFICATION

I, Gary L. Lauer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of eHealth, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2012

/s/ GARY L. LAUER

Gary L. Lauer

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Stuart M. Huizinga, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of eHealth, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2012

/s/ STUART M. HUIZINGA

Stuart M. Huizinga

Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer, Pursuant to

18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of eHealth, Inc. on Form 10-Q (the "Form 10-Q") for the quarterly period ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary L. Lauer, Chief Executive Officer of eHealth, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Form 10-Q, to which this certification is attached as Exhibit 32.1, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of eHealth, Inc.

/s/ GARY L. LAUER

Gary L. Lauer

Chief Executive Officer

August 9, 2012

A signed original of this written statement required by Section 906 has been provided to eHealth, Inc. and will be retained by eHealth, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Certification of Chief Financial Officer, Pursuant to

18 U.S.C. Section 1350,

As Adopted Pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of eHealth, Inc. on Form 10-Q (the "Form 10-Q") for the quarterly period ended June 30, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stuart M. Huizinga, Chief Financial Officer of eHealth, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Form 10-Q, to which this certification is attached as Exhibit 32.2, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of eHealth, Inc.

/s/ STUART M. HUIZINGA

Stuart M. Huizinga

Chief Financial Officer

August 9, 2012

A signed original of this written statement required by Section 906 has been provided to eHealth, Inc. and will be retained by eHealth, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.