April 26, 1999

Mr. Jonathan Graff
RealSelect, Inc.
225 West Hillcrest Drive
Suite 100
Thousand Oaks, CA 91360

Dear Jon,

I have attached a proposal for integrating the *Rimfire™* system with Realtor.com. The *Rimfire™* system is what has been discussed with you—before the official launch—as *Prepare & Post™* and the *Media Acquisition and Distribution™* (MAD) system.

The proposal is segmented into three phases. The first phase—Instant Photo Submission™, Serving, and Mirroring—will begin immediately upon our agreement to the proposal. The next two phases will begin after *Instant Photo Submission™* is rolled out with all phases to be completed by the NAR convention this November.

I have outlined the timing and pricing of each Phase in the following proposal. For the basic service, we can have Agent Simple members image-enabled within a week of signing an Agreement.

We believe this is a terrific opportunity for both Realtor.com and PictureWorks Technology. To accelerate Realtors' use of *Instant Imaging™*, PictureWorks will commit $100,000 to Realtor.com in market development funds. Payment of these funds will be based on certain mutually-agreed criteria for marketing investment by Realtor.com.

 Jon, I look forward to kicking this off. If the response of Joe Gear is any indication of customer interest, we have a runaway best seller on our hands!

Sincerely,

Terrell W. Anderson
Vice President, Network Imaging

Proposal Overview

According to Rick Hopfer, Marty Frame and Roy Rainey, adding multiple photos to Realtor.com listings is a top priority. Our conversations with Joe Gear, a Realtor.com District Sales Manager confirmed it. PictureWorks' *Rimfire*™ system makes it easy even for technology-challenged Realtors to put additional photos into their listings. And, with PictureWorks more advanced tools, there is an upgrade path for Agent Simple members and additional sources of revenue for Realtor.com.

The following three-phase plan will image-enable Realtor.com users immediately. All of the software described in Phase 1 and 2 is browser based and does not require any software other than Internet Explorer or Netscape Navigator.

Phase 1 – *Instant Photo Submission*™, Serving, and Mirroring

Integrate *Rimfire*™ *Instant Photo Submission*™ into the Agent Simple Web site. This browser-based, easy-to-use tool will enable Agent Simple Realtors to put multiple images into their listings with a single mouse click, complete with preview and "right sizing" the image for use on the Realtor.com Web site.

Timing. Although a specific timetable will have to be agreed upon between PictureWorks and Realtor.com engineers, our experience has been that the integration process takes from half a day to four days.

Pricing. Agent Simple Realtors will pay $50 per year per subscriber for *Rimfire*™ *Instant Photo Submission*™. PictureWorks will pay Realtor.com 50% of sales in year one and 25% of sales thereafter.

Enable ALL Realtors to submit images to their listings. PictureWorks will create a custom, co-branded image submission portal for Realtor.com through which Realtors can submit additional photos of their listings. For a single use fee, PictureWorks will make available drag and drop simplicity to any Realtor who wants to post photos to their listings. This service will provide an additional revenue stream for Realtor.com and another channel through which Realtor.com can promote Agent Simple to Realtors.

Timing. Although a specific timetable will have to be agreed upon between PictureWorks and Realtor.com engineers, our experience has been that creating a basic, co-branded image submission portal takes about 45 days.

Pricing. Any Realtor can submit up to five additional photos to their Realtor.com listing for a one-time fee of $19.95. PictureWorks will pay Realtor.com 50% of sales and forward the customer information to Realtor.com for Agent Simple sales follow-up. Realtor.com will pay PictureWorks a bounty of 50% of the first year sign-up fee for each Realtor who subscribes to Agent Simple from this Web site.

PictureWorks will support the launch of *Rimfire*™ *Instant Photo Submission*™ with $100,000 in market development funds paid to RealSelect. Payment of these funds will be based on certain mutually-agreed criteria for marketing investment by Realtor.com.

PictureWorks will also bring at least one internationally-known hardware partner to promote the system through technical white papers, speaking events, and publicity.

PictureWorks will deliver the services described above through its *Rimfire*™ servers. The images that are prepared through *Prepare & Post*™ and the *Rimfire*™ servers will be mirrored to Realtor.com's servers per Realtor.com's delivery specifications.

Phase 2 – Additional Imaging Services

Add more upgrade services that Realtor.com can sell to its members. These additional services are the imaging "razor blades" that are added to the Agent Simple razor. The specific order of introduction will be agreed upon with the Realtor.com sales and marketing team and can include:
- Continuously running slide show of five (or more) photographs of a property, presented in a single window
- *Active Graphics*™ a Realtor can use to highlight a listing or particular features of a listing
- Panorama or a wide scene to show a home or a room to its best advantage

Timing. PictureWorks will work with Realtor.com sales and marketing immediately upon signing an Agreement to identify the particular features that are most applicable and have the greatest value to the Realtor.com sales force. Realtor.com will make available the sales and marketing personnel necessary to make product decisions. PictureWorks and Realtor.com will introduce the additional services at the 1999 National Association of Realtors convention.

Pricing. PictureWorks will pay Realtor.com 50% of sales of value-added services in year one and 25% of sales thereafter. Pricing of the additional services will be agreed upon between RealSelect and PictureWorks.

PictureWorks will deliver the services described above from its *Rimfire*™ servers. The images that are prepared through the *Rimfire*™ servers will be mirrored to Realtor.com's servers per Realtor.com's delivery specifications.

Phase 3 – Customized Realtor.com Desktop Portal

PictureWorks will create a Realtor.com-branded version of *Media Center*™ for RealSelect as a "desktop portal" for Agent Simple members. This desktop "weblication" will be the central, organizing software for Agent Simple users and will include a desktop organizer for all media types, a thumbnail gallery for photos, a launch bar for other software applications, and prominent Realtor.com brand identification. The Realtor.com sales force can sell placement of third-party software on the launch bar to software vendors who want to leverage this high visibility opportunity on the Realtor's desktop.

Timing. PictureWorks will create the Realtor.com version of *Media Center*™ and PictureWorks and Realtor.com will introduce the *Media Center*™ at the 1999 National Association of Realtors convention..

Pricing. PictureWorks will create a gold master version of *Media Center*™ that Realtor.com will duplicate and distribute to Agent Simple subscribers as an incentive for renewing their Agent Simple membership. PictureWorks will include a trial version of *NetCard*™—an e-mail prospecting tool that enables a Realtor to send via e-mail a photograph, slide show, or video of a new listing with a text and an audio description—on the *Media Center*™ launch bar with an upgrade offer to Realtors. Realtor.com will also pay PictureWorks 50% of sales of all advertising and product placement fees on *Media Center*™.

PictureWorks will create camera packages for the Realtor.com sales force to sell including:

- Digital film processing and desktop software for Realtors who want to continue to use traditional film cameras
- A selection of digital cameras with desktop software to image-enable Realtors who want to transition to digital photography

The appropriate camera and software will enable Realtors to capture digital photos of their listings so that they can be posted immediately to the Realtor.com Web site.

Timing. PictureWorks will create several camera bundle offers at various price points that the Realtor.com sales force can offer to its customers beginning in June 1999.

Pricing. The camera bundles are a service PictureWorks will offer the Realtor.com sales force. All revenue will be passed through to PictureWorks from Realtor.com.

Summary

Photographs are becoming an increasingly important part of the Internet and are quickly becoming the next benchmark used to distinguish a great site from a mediocre site. As consumers become more and more sophisticated, they will come to expect more and more images. PictureWorks can help Realtor.com ensure their status as the most image-rich real estate site on the Internet.

Making imaging easy is what PictureWorks has done for the past five years. Our many world-renowned technology partners agree. Now, we would like to help RealSelect make it easy for Realtors to get pictures onto the Web, both for technologically advanced agents and for those just beginning to see the possibilities afforded by it.