

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarter ended January 31, 1999

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

Commission File Number 0-22846

CMGI, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

04-2921333
(I.R.S. Employer Identification No.)

100 Brickstone Square, First Floor
Andover, Massachusetts
(Address of principal executive offices)

01810
(Zip Code)

(978) 684-3600
(Registrant's telephone number, including area code)

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 No

Number of shares outstanding of the issuer's common stock, as of March 12, 1999

Common Stock, par value \$.01 per share	46,679,750
-----	-----
Class	Number of shares outstanding

INDEX

	Page Number

Part I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets January 31, 1999 and July 31, 1998	3
Consolidated Statements of Operations Three and six months ended January 31, 1999 and 1998	4
Consolidated Statements of Cash Flows Six months ended January 31, 1999 and 1998	5
Notes to Interim Consolidated Financial Statements	6-14
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	15-23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	24
Part II. OTHER INFORMATION	
Item 2. Changes in Securities and Use of Proceeds	25
Item 4. Submission of Matters to a Vote of Security Holders	26
Item 6. Exhibits and Reports on Form 8-K	26-27
SIGNATURE	28

CMGI, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)
(in thousands, except share and per share amounts)

	January 31, 1999	July 31, 1998
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 106,318	\$ 61,537
Available-for-sale securities	957,480	5,764
Accounts receivable, trade, less allowance for doubtful accounts	23,780	21,431
Inventories	10,324	8,250
Prepaid expenses	2,913	2,991
Net current assets of discontinued operations	1,052	482
Other current assets	--	2,364
	-----	-----
Total current assets	1,101,867	102,819
Property and equipment, net	13,076	13,402
Investments in affiliates	55,495	66,188
Cost in excess of net assets of subsidiaries acquired, net of accumulated amortization	47,053	49,301
Net non-current assets of discontinued operations	1,101	1,246
Other assets	21,290	2,238
	-----	-----
	\$1,239,882	\$235,194
	=====	=====
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 22,700	\$ 27,656
Current installments of long-term debt	16,631	16,594
Accounts payable	12,183	10,809
Accrued income taxes	5,612	10,085
Accrued expenses	24,067	18,731
Deferred revenues	7,874	4,932
Deferred income taxes	359,639	--
Other current liabilities	899	1,228
	-----	-----
Total current liabilities	449,605	90,035
Long-term debt, less current installments	1,000	1,373
Deferred income taxes	7,680	10,528
Other long-term liabilities	4,322	4,428
Minority interest	51,767	11,045
Commitments and contingencies		
Preferred stock, \$.01 par value. Authorized 5,000,000 shares; issued 50,000 shares Series B convertible, redeemable preferred stock at January 31, 1999, interest at 4% per annum	50,030	--
Stockholders' equity:		
Common stock, \$.01 par value. Authorized 100,000,000 shares; issued 46,661,835 shares at January 31, 1999 and 46,067,886 shares at July 31, 1998	467	461
Additional paid-in capital	110,369	91,029
Net unrealized gain (loss) on available-for-sale securities	484,930	(436)
Unearned compensation	(913)	(1,442)
Retained earnings	80,625	28,173
	-----	-----
Total stockholders' equity	675,478	117,785
	-----	-----
	\$1,239,882	\$235,194
	=====	=====

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

CMGI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)
(in thousands, except per share amounts)

	Three months ended January 31,		Six months ended January 31,	
	1999	1998	1999	1998
Net revenues	\$ 38,972	\$ 15,230	\$ 76,377	\$ 37,825
Operating expenses:				
Cost of revenues	37,043	14,275	72,588	27,950
Research and development	5,239	4,513	10,592	10,560
In-process research and development	--	875	--	875
Selling	6,932	5,211	15,170	15,748
General and administrative	10,366	3,993	18,302	8,527
Total operating expenses	59,580	28,867	116,652	63,660
Operating loss	(20,608)	(13,637)	(40,275)	(25,835)
Other income (deductions):				
Interest income	748	296	1,307	1,139
Interest expense	(1,165)	(716)	(2,233)	(1,486)
Gain on sale of data warehouse product rights	--	--	--	8,437
Gain on sale of Lycos, Inc. stock	44,503	10,764	46,521	17,088
Gain on sale of Premiere Technologies, Inc. stock	--	--	--	4,174
Gain on sale of Amazon.com, Inc. stock	7,002	--	7,002	--
Gain (loss) on stock issuance by Lycos, Inc.	(21)	8	19,161	(86)
Gain on stock issuance by GeoCities	4,382	--	28,514	--
Gain on sale of investment in Sage Enterprises, Inc.	--	--	19,057	--
Gain on sale of investment in Reel.com, Inc.	--	--	23,158	--
Equity in losses of affiliates	(6,071)	(2,987)	(8,660)	(4,516)
Minority interest	103	--	204	(28)
	49,481	7,365	134,031	24,722
Income (loss) from continuing operations before income taxes	28,873	(6,272)	93,756	(1,113)
Income tax expense (benefit)	14,601	(336)	40,800	2,104
Income (loss) from continuing operations	14,272	(5,936)	52,956	(3,217)
Income (loss) from discontinued operations of CMG Direct Corporation, net of income taxes	(148)	102	(279)	68
Net income (loss)	\$ 14,124	\$ (5,834)	\$ 52,677	\$ (3,149)
Basic earnings (loss) per share:				
Income (loss) from continuing operations	\$0.30	\$ (0.15)	\$ 1.14	\$(0.08)
Income (loss) from discontinued operations of CMG Direct Corporation, net of income taxes	--	--	(0.01)	--
Net income (loss)	\$0.30	\$ (0.15)	\$ 1.13	\$(0.08)
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	\$0.28	\$ (0.15)	\$ 1.05	\$(0.08)
Income (loss) from discontinued operations of CMG Direct Corporation, net of income taxes	--	--	(0.01)	--
Net income (loss)	\$0.28	\$ (0.15)	\$ 1.04	\$(0.08)
Shares used in computing earnings (loss) per share:				
Basic	46,260	40,160	46,160	39,312
Diluted	51,257	40,160	50,650	39,312

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

CMGI, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands)

	Six months ended January 31,	
	1999	1998
Cash flows from operating activities:		
Income (loss) from continuing operations	\$ 52,956	\$ (3,217)
Adjustments to reconcile net income to net cash used for continuing operations:		
Depreciation and amortization	4,898	2,795
Deferred income taxes	20,607	(1,534)
Non-operating gains, net	(143,414)	(29,613)
Equity in losses of affiliates	8,660	4,516
Minority interest	(204)	28
In-process research and development	--	875
Changes in operating assets and liabilities, excluding effects from divestitures of subsidiaries:		
Trade accounts receivable	(3,905)	(3,251)
Inventories	(2,074)	(3,273)
Prepaid expenses	(209)	(1,999)
Accounts payable and accrued expenses	7,473	1,704
Deferred revenues	5,956	1,922
Refundable and accrued income taxes, net	10,497	3,906
Other assets and liabilities	(227)	(289)
Net cash used for continuing operations	(38,986)	(27,430)
Net cash provided by (used for) discontinued operations	(704)	106
Net cash used for operating activities	(39,690)	(27,324)
Cash flows from investing activities:		
Additions to property and equipment	(3,689)	(2,852)
Purchase of available-for-sale securities	(31,123)	--
Proceeds from sale of Lycos, Inc. common stock	53,106	18,798
Proceeds from sale of Amazon.com, Inc. common stock	27,177	--
Proceeds from sale of Premiere Technologies, Inc. common stock	--	7,555
Proceeds from sale of data warehouse product rights	--	9,543
Investments in affiliates	(14,013)	(7,387)
Reduction in cash due to deconsolidation of Lycos, Inc.	--	(41,017)
Other	1,536	(154)
Net cash provided by (used for) investing activities	32,994	(15,514)
Cash flows from financing activities:		
Net proceeds from (repayments of) notes payable	(3,956)	206
Repayments of long-term debt	(335)	(1,531)
Net proceeds from issuance of Series B convertible preferred stock	49,805	--
Net proceeds from issuance of common stock	3,500	12,142
Net proceeds from issuance of stock by subsidiaries	2,805	477
Other	(342)	1,895
Net cash provided by (used for) financing activities	51,477	13,189
Net increase (decrease) in cash and cash equivalents	44,781	(29,649)
Cash and cash equivalents at beginning of period	61,537	59,762
Cash and cash equivalents at end of period	\$ 106,318	\$ 30,113

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

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of Presentation

The accompanying consolidated financial statements have been prepared by CMGI, Inc. ("CMGI" or "the Company") in accordance with generally accepted accounting principles. In the opinion of management, the accompanying consolidated financial statements contain all adjustments, consisting only of those of a normal recurring nature, necessary for a fair presentation of the Company's financial position, results of operations and cash flows at the dates and for the periods indicated. While the Company believes that the disclosures presented are adequate to make the information not misleading, these consolidated financial statements should be read in conjunction with the audited financial statements and related notes for the year ended July 31, 1998 which are contained in the Company's Annual Report on Form 10-K. The results for the three and six month periods ended January 31, 1999 are not necessarily indicative of the results to be expected for the full fiscal year. Certain prior year amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to conform with current year presentation.

Financial information related to CMG Direct Corporation (CMG Direct) has been presented as discontinued operations. (see Note B). Certain prior period amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to reflect CMG Direct as discontinued operations.

B. Discontinued Operations

On March 11, 1999, the Company announced the signing of a binding agreement to sell its wholly owned subsidiary, CMG Direct to Marketing Services Group, Inc (MSGI). As a result, CMG Direct's operations have been reflected as income (loss) from discontinued operations. CMG Direct's net assets, which included accounts receivable, prepaid expenses, net property and equipment, net goodwill, other assets, accounts payable, accrued expenses and other liabilities are reported as net current and non-current assets of discontinued operations at January 31, 1999.

C. Deconsolidation of Vicinity

Beginning in November, 1998, CMGI's ownership interest in Vicinity was reduced to below 50% as a result of employee stock option exercises. As such, beginning in November, 1998, the Company began to account for its remaining investment in Vicinity under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Vicinity were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Vicinity were consolidated with those of CMGI's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal quarter ended October 31, 1998 included Vicinity sales of \$1,454,000 and operating losses of \$621,000.

D. Deconsolidation of Lycos, Inc.

During the first quarter of fiscal year 1998, the Company owned in excess of 50% of Lycos, Inc. (Lycos) and accounted for its investment under the consolidation method. Through the subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos was reduced to below 50% beginning in November, 1997. As such, beginning in November, 1997, the Company began accounting for its remaining investment in Lycos under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Lycos were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Lycos were consolidated with those of CMG's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal quarter ended October 31, 1997 included Lycos sales of \$9,303,000 and operating losses of \$433,000. As a result of additional Lycos stock sales, beginning in January, 1999, CMGI's ownership in Lycos was further reduced below 20%. Accordingly, CMGI began accounting for its investment in Lycos (net of shares attributable to CMG@Ventures I, LLC's profit members and shares which may be required to be sold to Lycos pursuant to employee stock option exercises) as available-for-sale securities, carried at fair value (see Note J.)

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

D. Deconsolidation of Lycos, Inc. (continued)

The following table contains summarized financial information for Lycos for the quarters ended October 31, 1998 and January 31, 1999:

(in thousands)

Condensed Statement of Operations:

	Quarter Ended October 31, 1998	Quarter Ended January 31, 1999
	-----	-----
Net revenues	\$24,784	\$30,552
	=====	=====
Operating loss	\$(26,673)	\$(10,900)
	=====	=====
Net loss	\$(14,656)	\$(9,285)
	=====	=====

Note: Lycos' operating and net loss for the quarter ended October 31, 1998 includes an in-process research and development charge of \$15,400,000 related to Lycos' acquisition of WhoWhere? Inc. during the quarter.

Condensed Balance Sheet:

	October 31, 1998	January 31, 1999
	-----	-----
Current assets	\$203,041	\$198,209
Noncurrent assets	193,454	191,636
	-----	-----
Total assets	\$396,495	\$389,845
	=====	=====
Current liabilities	\$52,817	\$50,612
Noncurrent liabilities	30,750	29,086
Stockholders' equity	312,928	310,147
	-----	-----
Total liabilities and stockholders' equity	\$396,495	\$389,845
	=====	=====

E. Two-For-One Common Stock Split

On January 11, 1999, the Company effected a two-for-one common stock split in the form of a stock dividend. Accordingly, the consolidated financial statements have been retroactively adjusted for all periods presented to reflect this event.

F. Sale of CMG@Ventures Investments and Investment in Hollywood Entertainment

In August, 1998, the Company's subsidiary, CMG@Ventures II, LLC (CMG@Ventures II) converted its holdings in Sage Enterprises, Inc. (Sage Enterprises) into 225,558 shares of Amazon.com, Inc. (Amazon.com) common stock as part of a merger wherein Amazon.com acquired Sage Enterprises. CMG@Ventures II invested \$4.5 million in Sage Enterprises beginning in June, 1997. The Company recorded a pre-tax gain of \$19,057,000 on the conversion of its investment in Sage Enterprises during the fiscal quarter ended October 31, 1998. Such gain was recorded net of the 20% interest attributable to CMG@Ventures II's profit members.

In October, 1998, CMG@Ventures II's holdings in Reel.com, Inc. (Reel.com) were converted into 1,943,783 restricted common and 485,946 restricted, convertible preferred shares of Hollywood Entertainment Corporation (Hollywood Entertainment) as part of a merger wherein Hollywood Entertainment acquired Reel.com. The preferred shares were convertible into common shares on a 1-for-1 basis, subject to approval by Hollywood Entertainment shareholders. CMG@Ventures II invested \$6.9 million in Reel.com beginning in July, 1997. The Company recorded a pre-tax gain of \$23,158,000 on the conversion of its investment in Reel.com during the fiscal quarter ended October 31, 1998. The gain was reported net of the 20% interest attributable to CMG@Ventures II's profit members.

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

F. Sale of CMG@Ventures Investments and Investment in Hollywood Entertainment
(continued)

Also in October, 1998, in a separate transaction, the Company purchased 1,524,644 restricted common and 803,290 restricted, convertible preferred shares of Hollywood Entertainment for a total cash purchase price of \$31.1 million. The preferred shares were convertible into common shares on a 1-for-1 basis, subject to approval by Hollywood Entertainment shareholders. In December, 1998, CMGI's and CMG@Ventures II's entire holdings in Hollywood Entertainment preferred stock were converted into common shares.

G. Gain on Stock Issuances by Lycos, Inc. and GeoCities

In August, 1998, the Company's affiliate, GeoCities, completed its initial public offering of common stock, issuing approximately 5.5 million shares at a price of \$17.00 per share, which raised \$84.5 million in net proceeds for GeoCities. As a result of the initial public offering, the Company's ownership interest in GeoCities was reduced from approximately 34% to approximately 28%. The Company, through its subsidiaries, CMG@Ventures I, LLC (CMG@Ventures I) and CMG@Ventures II, has invested a total of \$5.9 million in GeoCities beginning in January, 1996. In December, 1998, GeoCities issued additional stock in conjunction with its acquisition of Starseed, Inc. (known as WebRing). CMGI recorded a pre-tax gain of \$24,132,000 on the issuance of stock by GeoCities during the fiscal quarter ended October 31, 1998 and a pre-tax gain of \$4,382,000 on the issuance of stock by GeoCities during the second fiscal quarter ended January 31, 1999. These pre-tax gains represent the increase in the book value of the Company's net equity in GeoCities, primarily as a result of the initial public offering and acquisition of Starseed, Inc. The gains were recorded net of the interests attributable to CMG@Ventures I's and II's profit members.

The Company recorded a pre-tax gain of \$19,182,000 in the first quarter of fiscal 1999 resulting from the issuance of stock by Lycos. The gain for the quarter was primarily related to the issuance of 4.1 million shares by Lycos during August, 1998 in its acquisition of WhoWhere? Inc., net of the impact of an in-process research and development charge recorded by Lycos related to the acquisition. As a result of the issuance of stock by Lycos for the acquisition of WhoWhere? Inc., the Company's ownership interest in Lycos was reduced from approximately 24% to approximately 22%. The gain was recorded net of the interest attributable to CMG@Ventures I's profit members.

H. Commitment to Fund CMG@Ventures III, LLC

In December, 1998, CMGI announced the close of the @Ventures III venture capital fund. This fund has secured \$212 million in capital commitments from outside investors, which will be invested in emerging Internet service and technology companies through two newly formed entities, @Ventures III L.P. and @Ventures III Foreign Fund, L.P. CMGI does not have a direct ownership interest in either of these newly created entities, but is entitled to 2% of the net capital gains realized by both entities. Management of these entities, including investment and sale decisions, is the responsibility of @Ventures Partners III, LLC, whose members include David S. Wetherell, CMGI's President and Chief Executive Officer, and Andrew J. Hajducky III, CMGI's Chief Financial Officer. The Company has committed to contribute \$54 million to its newly formed limited liability company subsidiary, CMG@Ventures III, LLC. CMG@Ventures III, LLC will take strategic positions side by side with @Ventures III L.P. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMG@Ventures III, LLC. @Ventures Partners III, LLC is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III, LLC.

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. Investments in Affiliates

During the first quarter of fiscal year 1999, the Company, through its limited liability company subsidiary, CMG@Ventures III, LLC, invested a total of \$1,142,000 to acquire initial minority ownership interests in three Internet companies, including Raging Bull, Asimba and Virtual Ink. Raging Bull is a financial Web message board service that offers the ability to filter content and tailor personally relevant financial information to meet users' needs. Asimba is creating a content rich, personalized, online community for the competitive and recreational sports market. Virtual Ink is a newly launched company focused on the development of Digital Meeting Assistant TM (DMA) technologies. During the second quarter of fiscal year 1999, through CMG@Ventures III, LLC, CMGI acquired initial minority ownership interests in six additional Internet companies, including Ancestry.com, Furniture.com, ONElist, and three others, for an aggregate total of \$5,825,000. Ancestry.com is a provider of community, content and commerce resources for families via the Internet, including the Web's largest repository of searchable genealogy data. Furniture.com is an e-commerce provider of a broad selection of furniture and home furnishing accessories. ONElist provides free e-mail communities via the Internet, allowing users to search for or subscribe to tens of thousands of communities on different topics or create their own community. Also during the second half of fiscal year 1999, CMG@Ventures II, LLC invested \$1.9 million to participate in follow on equity rounds raised by Critical Path and KOZ. The Company anticipates synergies between these strategic positions and CMGI's core businesses, including speeding technological innovation and access to markets. Each of the new investments made by CMG@Ventures II, LLC and CMG@Ventures III, LLC during the first six months of fiscal 1999 are carried at cost in CMGI's consolidated financial statements.

Also during the first fiscal quarter of 1999, the Company invested an additional \$2 million in Magnitude Network, LLC (Magnitude Network), increasing CMGI's ownership percentage in Magnitude Network to 23% at October 31, 1998 from 5% at July 31, 1998. Accordingly, beginning October 22, 1998, the Company began accounting for its investment in Magnitude Network under the equity method of accounting, rather than the cost method (also see Note S.)

J. Sales of Lycos and Amazon.com stock

During the first quarter of fiscal year 1999, CMG@Ventures I distributed 3,585,207 of its shares of Lycos common stock to the Company, and 558,317 shares to CMG@Ventures I's profit members. During the first quarter of fiscal 1999 the Company sold 70,000 of its Lycos shares on the open market. As a result of the sale, the Company received proceeds of \$2.5 million, and recognized a pre-tax gain of \$2,018,000, reported net of the associated interest attributed to CMG@Ventures I's profit members. During the second quarter of fiscal 1999 the Company sold 748,000 of its Lycos shares on the open market. As a result of second quarter Lycos sales, the Company received proceeds of \$50.6 million, and recognized a pre-tax gain of \$44,503,000, reported net of the associated interest attributed to CMG@Ventures I's profit members. As a result of the Company's sale of Lycos shares, during January, 1999, the Company's ownership interest in Lycos fell below 20% of Lycos' outstanding shares. With this decline in ownership below 20%, CMGI began accounting for its investment in Lycos (net of shares attributable to CMG@Ventures I's profit members and shares which may be required to be sold to Lycos pursuant to employee stock option exercises) as available-for-sale securities, carried at fair value, rather than under the equity method.

In November, 1998, CMGI received a distribution of 169,538 shares of Amazon.com stock from CMG@Ventures II LLC. The Company sold these shares for total proceeds of \$27.2 million in November, 1998, and recognized a pre-tax gain of \$7,002,000, reported net of the associated interest attributed to CMG@Ventures II's profit members.

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

K. Segment Information

The Company's continuing operations are classified in two primary business segments: (i) investment and development and (ii) fulfillment services. The Company's list and database services segment is reported as discontinued operations (see Note B.) During the quarter ended January 31, 1999, non-consolidated related parties accounted for approximately 16% of net revenues in the investment and development segment. Summarized financial information by business segment for continuing operations is as follows:

	Three months ended January 31,		Six months ended January 31,	
	1999	1998	1999	1998
Net revenues:				
Investment and development	\$ 4,902,000	\$ 1,760,000	\$ 9,814,000	\$ 12,331,000
Fulfillment services	34,070,000	13,470,000	66,563,000	25,494,000
	\$ 38,972,000	\$ 15,230,000	\$ 76,377,000	\$ 37,825,000
Operating income (loss):				
Investment and development	\$(21,513,000)	\$(14,786,000)	\$(41,437,000)	\$(28,045,000)
Fulfillment services	905,000	1,149,000	1,162,000	2,210,000
	\$ (20,608,000)	\$ (13,637,000)	\$ (40,275,000)	\$ (25,835,000)

Operating income in the fulfillment services segment was adjusted during the fourth quarter of fiscal year 1998 to correct prior quarters' understatements of cost of sales by SalesLink's subsidiary company, Pacific Link. The cost of sales understatement was caused by estimates used in determining the material content in cost of sales. As a result, previous quarterly results had understated cost of sales and overstated inventory. Had such adjustments been recorded in the period in which they occurred, quarterly fulfillment services segment operating income (loss) would have been as follows:

	October 31, 1997	Three Months Ended			Total
		January 31, 1998	April 30, 1998	July 31, 1998	
As Reported	\$1,061,000	\$1,149,000	\$1,547,000	\$(2,313,000)	\$1,444,000
As Restated	\$ 279,000	\$ 335,000	\$ 656,000	\$ 174,000	\$1,444,000

L. Borrowing Arrangements

The Company's \$20 million collateralized corporate borrowing facility became payable in full on January 20, 1999. Upon its maturity, CMGI renewed this \$20 million note for another one-year period, with similar terms as the expiring note. This borrowing is now secured by 762,465 of CMGI's shares of Lycos common stock. Under this agreement, CMGI could become subject to additional collateral requirements under certain circumstances. The Company expects to again seek the renewal of this note upon its next maturity on January 20, 2000. SalesLink had an outstanding line of credit balance of \$2.7 million as of January 31, 1999 and an additional \$1.2 million reserved in support of outstanding letters of credit for operating leases. SalesLink also has a \$15.5 million bank term note outstanding at January 31, 1999, which provides for repayment in quarterly installments beginning January, 1999 through November, 2002. The obligations of SalesLink under the bank line of credit and bank term loans have been guaranteed by CMGI. As of July 31, 1998 and January 31, 1999, SalesLink did not comply with certain covenants of their borrowing arrangements. SalesLink is working with the bank to cure the non-compliance as of January 31, 1999, and prospectively, through waivers or amendments to the covenant terms. SalesLink has not yet received such waivers or amendments, nor is there any assurance that such waivers or amendments will be obtained. Accordingly, all of SalesLink's bank borrowings have been classified as current liabilities in the January 31, 1999 balance sheet.

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

M. Issuance of Series B Convertible Redeemable Preferred Stock

On December 22, 1998, CMGI completed a \$50 million private placement of 50,000 shares of newly issued Series B convertible preferred stock. Each preferred share has a stated value of \$1,000 per share, and accretes an incremental conversion premium at a rate of 4% per year. Subject to certain limitations, the Series B convertible preferred stock plus accreted conversion premium may be converted into shares of the Company's common stock at a fixed price of \$52 per common share for one year or until the earlier occurrence of certain specified events. Under certain circumstances, the Company has the option to redeem the Series B convertible preferred stock; and under certain circumstances the Company may be required to redeem the Series B convertible preferred stock. After one year or the earlier occurrence of certain specified events, if the Series B convertible preferred stock has not been redeemed, the conversion price is based upon a formula which is tied to the undiscounted market price of the Company's common stock. Subject to waiver by the Company, the maximum number of shares of the Company's common stock into which the Series B convertible preferred stock may convert is 2,083,334. The Series B convertible preferred stock automatically converts into common stock on December 22, 2000. Preferred shareholders have preference over common stockholders in dividends and liquidation rights. Proceeds of the private placement were raised to be used for acquisitions of controlling positions in companies and working capital purposes.

N. Earnings Per Share

The Company calculates earnings per share in accordance with Statement of Financial Accounting Standards (SFAS) No. 128, "Earnings per Share". Basic earnings per share is computed based on the weighted average number of common shares outstanding during the period. The dilutive effect of common stock equivalents are included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive.

If a subsidiary has dilutive stock options or warrants outstanding, diluted earnings per share is computed by first deducting from income (loss) from continuing operations, the income attributable to the potential exercise of the dilutive stock options or warrants of the subsidiary. The effect of income attributable to dilutive subsidiary stock equivalents was immaterial for the three and six months ended January 31, 1999.

The following table sets forth the reconciliation of the numerators and denominators for the earnings per share calculations per SFAS No. 128:

(in thousands)	Three months ended January 31,		Six months ended January 31,	
	1999	1998	1999	1998
Basic earnings per share:				
Income (loss) from continuing operations	\$14,272	\$(5,936)	\$52,956	\$(3,217)
Less: Convertible preferred stock interest	(225)	--	(225)	--
Income (loss) from continuing operations available to common stockholders	14,047	(5,936)	52,731	(3,217)
Income (loss) from discontinued operations	(148)	102	(279)	68
Net income (loss) available to common stockholders	\$13,899	\$(5,834)	\$52,452	\$(3,149)
Weighted average common shares outstanding	46,260	40,160	46,160	39,312

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

N. Earnings Per Share (continued)

(in thousands)	Three months ended January 31,		Six months ended January 31,	
	1999	1998	1999	1998
Diluted earnings per share:				
Income (loss) from continuing operations available to common stockholders	\$ 14,047	\$(5,936)	\$52,731	\$(3,217)
Add: Convertible preferred stock interest	225	--	225	--
Less: Net effect of income attributable to dilutive subsidiary stock equivalents	--	(19)	--	(102)
Income (loss) from continuing operations used in computing diluted earnings per share	14,272	(5,955)	52,956	(3,319)
Income (loss) from discontinued operations	(148)	102	(279)	68
Net income (loss) used in computing diluted earnings per share	\$ 14,124	\$ (5,853)	\$ 52,677	\$ (3,251)
Weighted average common shares outstanding	46,260	40,160	46,160	39,312
Effect of dilutive securities	4,997	--	4,490	--
Shares used in computing diluted earnings per share	51,257	40,160	50,650	39,312

O. Comprehensive Income

As of August 1, 1998, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes new rules for the reporting and display of comprehensive income and its components; however, it has no impact on the Company's net income or stockholders' equity. SFAS No. 130 requires all changes in equity from non-owner sources to be included in the determination of comprehensive income.

The components of comprehensive income (loss), net of income taxes, are as follows:

(in thousands)	Three months ended January 31,		Six months ended January 31,	
	1999	1998	1999	1998
Net income (loss)	\$ 14,124	\$(5,834)	\$ 52,677	\$(3,149)
Net unrealized holding gain arising during period	489,574	--	489,485	1,603
Less: reclassification adjustment for gain realized in net income (loss)	(4,119)	--	(4,119)	(2,455)
Comprehensive income (loss)	\$499,579	\$(5,834)	\$538,043	\$(4,001)

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

P. Consolidated Statements of Cash Flows Supplemental Information

(in thousands)	Six months ended January 31,	
	----- 1999	----- 1998
	-----	-----
Cash paid during the period for:		
Interest	\$1,833	\$1,334
	=====	=====
Income taxes	\$9,476	\$ 383
	=====	=====

During the six months ended January 31, 1999, significant non-cash investing activities included the sale of the Company's equity interest in Reel.com in exchange for Hollywood Entertainment available-for-sale securities valued at \$32,801,000, as well as the sale of the Company's minority investment in Sage Enterprises in exchange for Amazon.com available-for-sale securities valued at \$26,519,000 (See Note F).

Q. Available-for-Sale Securities

At January 31, 1999, available-for-sale securities include 234,393 shares of Lycos common stock and 143,330 shares of USWeb Corporation common stock held by CMG@Ventures I. Available-for-sale securities at January 31, 1999 also include the following securities held by CMG@Ventures II: 67,668 shares of Amazon.com common stock (as adjusted for Amazon.com's 3-for-1 stock split in December 1998) and 2,429,729 shares of Hollywood Entertainment common stock. Subject to the terms of CMG@Ventures I and II's operating agreements, certain of the shares held by these entities may be allocated to CMG @Ventures I and II's profit members in the future.

Additionally, available-for-sale securities at January 31, 1999 include the following securities held by CMGI, Inc. directly or through its other subsidiaries: 5,523,845 shares of Lycos, Inc. common stock; 142,896 shares of Informix Corporation (formerly Red Brick Systems) common stock; 386,473 shares of Open Market, Inc. common stock; and 2,327,934 shares of Hollywood Entertainment common stock.

Available-for-sale securities are carried at fair value as of January 31, 1999, based on quoted market prices, net of a market value discount to reflect the remaining restrictions on transferability on certain of these securities. A net unrealized holding gain of \$484,930,000, net of deferred income taxes of \$338,179,000, has been reflected in the equity section of the consolidated balance sheet based on the change in market value of the available-for-sale securities from dates of acquisition to January 31, 1999.

CMG@Ventures II also holds 45,177 shares of Amazon.com stock at January 31, 1999 which have been allocated to its profit members and, therefore, have not been classified as available-for-sale securities in the accompanying consolidated balance sheet. At January 31, 1999, CMG@Ventures I also holds approximately 1.4 million shares of Lycos common stock which have been allocated to its profit members and approximately 750,000 Lycos shares which CMG@Ventures I may be obligated to sell to Lycos in the future, as necessary, to provide for shares issuable upon the exercise of certain stock options granted by Lycos under its 1995 stock option plan. These shares of Lycos common stock have not been classified as available-for-sale securities in the accompanying consolidated balance sheet.

CMG@Ventures II's shares of Amazon.com stock are being held in escrow by an outside trustee until August 27, 1999 as indemnification related to Amazon.com's acquisition of Sage Enterprises.

The Hollywood Entertainment common shares held by CMGI and CMG@Ventures II are subject to restrictions on transferability until September 1, 1999.

CMGI, INC. AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

R. New Accounting Pronouncements

In March, 1998, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants, issued SOP 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use," which requires the capitalization of certain internal costs related to the implementation of computer software obtained for internal use. The Company is required to adopt this standard in the first quarter of fiscal year 2000. The Company expects that the adoption of SOP 98-1 will not have a material impact on the Company's financial position or its results of operations.

In June, 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities. SFAS No. 133 requires the recognition of all derivatives as either assets or liabilities in the statement of financial position and the measurement of those instruments at fair value. The Company is required to adopt this standard in the first quarter of fiscal year 2000. The Company expects that the adoption of SFAS No. 133 will not have a material impact on the Company's financial position or its results of operations.

S. Subsequent Events

During February, 1999, CMGI exercised its right to invest an additional \$22 million to increase its ownership in Magnitude Network from 23% to 92%. CMGI had previously invested a total of \$2.5 million in Magnitude Network in July and October, 1998. Accordingly, beginning February, 1999, CMGI began accounting for our investment in Magnitude Network under the consolidation method of accounting, rather than the equity method. The acquisition accounting and valuation for CMGI's investment in Magnitude Network may result in a significant portion of the investment being identified as in-process research and development, in accordance with valuation methodologies provided by the Securities and Exchange Commission, which is expected to be charged to operating results in the fourth quarter when the amount is determined.

On February 1, 1999, the Company announced that it had signed a definitive agreement to acquire 2CAN Media, Inc., a site -focused online advertising representation firm. 2CAN Media will be combined with the Company's subsidiary, ADSmart. The transaction includes the 5 sales divisions of 2CAN Media Pinnacle Interactive, WebRep, ECG, MediaPlus and Grupo NetFuerza.

On March 1, 1999, CMGI announced a binding letter of intent to purchase Internet Profiles Corporation (I/PRO), a leader in World Wide Web traffic verification, analysis and research. I/PRO analyzes, correlates and validates Web site activity, which enables marketers to understand their online business and improve the effectiveness of their site. The Company plans to merge I/PRO with its subsidiary, Engage Technologies.

On March 4, 1999, the Company announced a binding letter of intent to acquire Activerse, Inc., a provider of open standard Internet messaging technologies. With this acquisition, CMGI will invest in the rapidly expanding market for tools and technologies that enable live communication via the Internet. Activerse's products address the complex dynamics of Web communication by providing instant access to Internet-connected communities, workgroups, social groups and individuals. The Ding! suite of products from Activerse utilizes current and emerging open Internet standards, including Java and HTML, and allows both consumer and corporate audiences to enhance online communities through the convenience of instant messaging.

Subsequent to January 31, 1999, CMG@Ventures III, LLC made a follow-on investment in Virtual Ink and acquired minority ownership interests in Boston Financial Network and one other investment. Boston Financial Network offers an integrated set of Web-based financial applications targeted at small businesses. Subsequent to January 31, 1999, CMG@Ventures II, LLC made a follow-on investments in Silknet and ThingWorld.com.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The matters discussed in this report contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that involve risks and uncertainties. All statements other than statements of historical information provided herein are forward-looking statements and may contain information about financial results, economic conditions, trends and known uncertainties. The Company's actual results could differ materially from those discussed herein. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this section and elsewhere in this report, the risks discussed in the "Risk Factors" section included in the Company's registration statement on Form S-3 filed with the SEC on February 5, 1999, as amended and the risks discussed in the Company's other filings with the SEC. These risks and uncertainties could cause actual results to differ materially from those reflected in the forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis, judgment, belief or expectation only as of the date hereof. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof.

Deconsolidation of Lycos beginning in the second quarter of fiscal year 1998

During the first quarter of fiscal year 1998, the Company owned in excess of 50% of Lycos and accounted for its investment under the consolidation method. Through the subsequent sale and distribution of Lycos shares, the Company's ownership percentage in Lycos was reduced to below 50% beginning in November, 1997. As such, beginning in November, 1997, the Company began accounting for its remaining investment in Lycos under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Lycos were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Lycos were consolidated with those of CMGI's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal quarter ended October 31, 1997 included Lycos sales of \$9,303,000 and operating losses of \$433,000.

Deconsolidation of Vicinity beginning in the second quarter of fiscal year 1999

Beginning in November, 1998, CMGI's ownership interest in Vicinity was reduced to below 50% as a result of employee stock option exercises. As such, beginning in November, 1998, the Company began to account for its remaining investment in Vicinity under the equity method of accounting, rather than the consolidation method. Prior to these events, the operating results of Vicinity were consolidated within the operating results of the Company's investment and development segment, and the assets and liabilities of Vicinity were consolidated with those of CMGI's other majority owned subsidiaries in the Company's consolidated balance sheets. The Company's historical quarterly consolidated operating results for the fiscal quarter ended October 31, 1998 included Vicinity sales of \$1,454,000 and operating losses of \$621,000.

Fiscal 1998 Fulfillment Segment Results

Operating income in the fulfillment services segment was adjusted during the fourth quarter of fiscal year 1998 to correct prior quarters' understatements of cost of sales by SalesLink's subsidiary company, Pacific Link. The cost of sales understatement was caused by estimates used in determining the material content in cost of sales. As a result, previous quarterly results had understated cost of sales and overstated inventory. Had such adjustments been recorded in the period in which they occurred, quarterly fulfillment services segment operating income (loss) would have been as follows:

	Three Months Ended				
	October 31, 1997	January 31, 1998	April 30, 1998	July 31, 1998	Total
	-----	-----	-----	-----	-----
As Reported	\$1,061,000	\$1,149,000	\$1,547,000	\$(2,313,000)	\$1,444,000
	=====	=====	=====	=====	=====
As Restated	\$279,000	\$ 335,000	\$ 656,000	\$ 174,000	\$1,444,000
	=====	=====	=====	=====	=====

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Discontinued Operations

On March 11, 1999, the Company announced the signing of a binding agreement to sell its wholly owned subsidiary, CMG Direct to Marketing Services Group, Inc (MSGI). As a result, CMG Direct's operations have been reflected as income (loss) from discontinued operations. CMG Direct's net assets, which included accounts receivable, prepaid expenses, net property and equipment, net goodwill, other assets, accounts payable, accrued expenses and other liabilities are reported as net current and non-current assets of discontinued operations at January 31, 1999. Certain prior period amounts in the consolidated financial statements have been reclassified in accordance with generally accepted accounting principles to reflect CMG Direct as discontinued operations.

Three months ended January 31, 1999 compared to three months ended January 31, 1998

Net revenues for the quarter ended January 31, 1999 increased \$23,742,000, or 156%, to \$38,972,000 from \$15,230,000 for the quarter ended January 31, 1998. The increase was largely attributable to an increase of \$20,600,000 in net revenues for the Company's fulfillment services segment, reflecting increased volume of turnkey business from Cisco Systems and the acquisitions of On-Demand Solutions and InSolutions during the fourth quarter of fiscal 1998. Additionally, net revenues in the Company's investment and development segment increased \$3,142,000. Vicinity net revenues for last year's second quarter ended January 31, 1998 were \$1,233,000. Absent the impact of Vicinity, net revenues in the investment and development segment increased by \$4,375,000, or 830%, reflecting improved sales by Engage, Navisite, Planet Direct and ADSmart, and the acquisitions of Accipiter and Servercast during the second half of fiscal 1998. During the quarter ended January 31, 1999, non-consolidated related parties accounted for approximately 16% of net revenues in the investment and development segment. The Company believes that its subsidiary companies will continue to develop and introduce their products commercially, actively pursue increased revenues from new and existing customers, and look to expand into new market opportunities during fiscal 1999. Additionally, subsequent to January 31, 1999 the Company signed agreements to acquire three additional Internet companies, 2CAN Media, Internet Profiles Corporation and Activerse, and in early February, CMGI exercised its right to increase its ownership in Magnitude Network from 23% to 92%. Therefore, as a result of both increased sales by existing companies, and incremental revenues from new acquisitions, the Company expects to report future revenue growth.

Cost of revenues increased \$22,768,000, or 159%, to \$37,043,000 in the second quarter of fiscal 1999 from \$14,275,000 for the corresponding period in fiscal 1998, reflecting increases of \$18,805,000 and \$3,963,000 in the fulfillment services and investment and development segments, respectively. Adjusted for the \$814,000 impact of prior year understatements, cost of sales increased \$17,991,000 in the fulfillment services segment resulting from higher revenues, the acquisitions of On-Demand Solutions and InSolutions, and incremental costs incurred in fiscal 1999 associated with relocating SalesLink's Boston and Chicago operations to more efficient facilities. Investment and development segment cost of sales increases were primarily attributable to higher revenues and the acceleration of operations in the segment, partially offset by \$872,000 lower cost of sales resulting from the deconsolidation of Vicinity beginning in the second quarter of fiscal 1999. Revenue increases as start up of Internet operations has begun to ramp during early stages, offset in part by the impact of deconsolidating Vicinity, is the primary reason cost of revenues as a percentage of revenues in the investment and development segment decreased to 159% in the second quarter of fiscal 1999 from 218% in the prior year. After adjusting for prior year understatements, fulfillment services segment cost of revenues as a percentage of net revenues increased to 86% in the second quarter of fiscal 1999 from 84% in the second quarter of fiscal 1998, primarily reflecting the impact of facilities relocation costs incurred.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Research and development expenses increased \$726,000, or 16%, to \$5,239,000 in the quarter ended January 31, 1999 from \$4,513,000 in the prior year's second quarter. All research and development expenses in both periods were incurred within the Company's investment and development segment. The \$726,000 increase over prior year was primarily due to increased development efforts at Engage and incremental costs associated with the development of NaviNet's technology platform, partially offset by a reduction due to the deconsolidation of Vicinity. The Company anticipates it will continue to devote substantial resources to product development and that these costs may substantially increase in future periods.

Selling expenses increased \$1,721,000 or 33% to \$6,932,000 in the second quarter ended January 31, 1999 from \$5,211,000 for the corresponding period in fiscal 1998, primarily reflecting a \$1,641,000 increase in the Company's investment and development segment. The increased costs in the investment and development segment reflects sales and marketing efforts related to several product launches and continued growth of sales and marketing infrastructures, partially offset by reduced selling expenses due to the deconsolidation of Vicinity. Selling expenses in the fulfillment services segment increased by \$80,000 in comparison with last year's second quarter due to the acquisitions of On-Demand Solutions and InSolutions, offset by headcount reductions by PacificLink. Selling expenses decreased as a percentage of net revenues to 18% in the second quarter of fiscal 1999 from 34% for the corresponding period in fiscal 1998, primarily reflecting the impact of increased revenues. As the Company completes the acquisitions of 2CAN Media, Internet Profiles Corporation and Activerse, and as existing subsidiaries continue to introduce new products and expand sales, the Company expects to incur significant promotional expenses, as well as expenses related to the hiring of additional sales and marketing personnel and increased advertising expenses, and anticipates that these costs will substantially increase in future periods.

General and administrative expenses increased \$6,373,000, or 160%, to \$10,366,000 in the second quarter of fiscal 1999 from \$3,993,000 for the corresponding period in fiscal 1998. The investment and development segment experienced an increase of \$4,414,000, primarily due to the building of management infrastructures in several of the Company's Internet investments. General and administrative expenses in the fulfillment services segment increased by \$1,959,000 in comparison with last year's second quarter, largely due to the acquisitions of On-Demand Solutions and InSolutions, including approximately \$650,000 higher goodwill charges. General and administrative expenses as a percentage of net sales remained virtually level at 26%. The Company anticipates that it's general and administrative expenses will continue to increase significantly as the Company adds newly acquired subsidiaries and as existing subsidiaries continue to grow and expand their administrative staffs and infrastructures.

Gain on sale of Lycos, Inc. common stock reflects the Company's net gain realized on the sale of 748,000 shares in the second quarter of fiscal 1999 and 340,000 shares in the second quarter of fiscal 1998. Gain on sale of Amazon.com, Inc. stock reflects the Company's net gain realized on the sale of 169,538 Amazon.com shares in the second quarter of fiscal 1999. Gain on stock issuance by GeoCities in fiscal 1999 arose primarily as a result of the sale of stock by GeoCities in its acquisition of Starseed, Inc. (known as WebRing) in December, 1998.

Interest income increased \$452,000 to \$748,000 in the second fiscal quarter of 1999 from \$296,000 in fiscal 1998, reflecting increased income associated with higher average corporate cash equivalent balances compared with prior year. Interest expense increased \$449,000 compared with the second quarter of fiscal 1998, primarily due to higher corporate collateralized borrowings and borrowings incurred in conjunction with the Company's acquisition of InSolutions.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates for the quarter ended January 31, 1999 include the results from the Company's minority ownership in Lycos (until January 1999 when the Company's ownership in Lycos was reduced below 20%), GeoCities, ThingWorld.com (formerly Parable), Silknet, Speech Machines, Mother Nature, Vicinity, Engage Japan JV, and Magnitude Network. Equity in losses of affiliates for the quarter ended January 31, 1998 included the results from the Company's minority ownership in Ikonix Interactive, Inc., ThingWorld.com, Silknet, GeoCities, Reel.com, Lycos, Chemdex, Planet All and Speech Machines. The Company expects its affiliate companies to continue to invest in development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Income tax expense in the second quarter of fiscal 1999 was \$14,601,000. Exclusive of taxes provided for significant, unusual or extraordinary items that will be reported separately, the Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings. In determining the Company's effective rate for the second quarter of fiscal 1999, gains on sales of Lycos, Inc. and Amazon.com, Inc. common stock and gain on stock issuance by GeoCities were excluded.

Six months ended January 31, 1999 compared to six months ended January 31, 1998

Net revenues for the six months ended January 31, 1999 increased \$38,552,000, or 102%, to \$76,377,000 from \$37,825,000 for the six months ended January 31, 1998. The increase was largely attributable to an increase of \$41,069,000 in net revenues for the Company's fulfillment services segment, reflecting increased volume of turnkey business from Cisco Systems and the acquisitions of On-Demand Solutions and InSolutions during the fourth quarter of fiscal 1998. Net revenues in the Company's investment and development segment decreased \$2,517,000 primarily reflecting the impact of the deconsolidation of Lycos and Vicinity. Lycos and Vicinity net revenues for the six months ended January 31, 1998 were \$9,303,000 and \$2,143,000 respectively, while Vicinity net revenues for the quarter ended October 31, 1999 were \$1,454,000. Absent the impact of Lycos and Vicinity, net revenues in the investment and development segment increased by \$7,475,000 reflecting improved sales by Engage, Navisite, Planet Direct and ADSmart, and the acquisitions of Accipiter and Servercast during the second half of fiscal 1998. The Company believes that its subsidiary companies will continue to develop and introduce their products commercially, actively pursue increased revenues from new and existing customers, and look to expand into new market opportunities during fiscal 1999. Additionally, subsequent to January 31, 1999, the Company signed agreements to acquire three additional Internet companies, 2CAN Media, Internet Profiles Corporation and Activerse, and in early February, 1999, CMGI exercised its right to increase its ownership in Magnitude Network from 23% to 92%. Therefore, as a result of both increased sales by existing companies and incremental revenues from new acquisitions, the Company expects to report future revenue growth.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Cost of revenues increased \$44,638,000, or 160%, to \$72,588,000 for the six months ended January 31, 1999 from \$27,950,000 for the corresponding period in fiscal 1998, reflecting increases of \$38,120,000 and \$6,518,000 in the fulfillment services and investment and development segments, respectively. Adjusted for the \$1,596,000 impact of prior year understatements, cost of sales increased \$36,524,000 in the fulfillment services segment, primarily resulting from higher revenues, the acquisitions of On-Demand Solutions and InSolutions, and incremental costs incurred in fiscal 1999 associated with relocating SalesLink's Boston and Chicago operations to more efficient facilities. Investment and development segment cost of sales increases were primarily attributable to higher revenues and the acceleration of operations in the segment, partially offset by \$1,878,000 lower cost of sales resulting from the deconsolidation of Lycos beginning in the second quarter of fiscal 1998, as well as lower cost of sales resulting from the deconsolidation of Vicinity beginning in the second quarter of fiscal 1999. The start up of Internet operations with minimal revenues during early stages, and the impact of deconsolidating Lycos and Vicinity, are the primary reasons cost of revenues as a percentage of revenues in the investment and development segment increased to 152% in the first six months of fiscal 1999 from 68% in the prior year. After adjusting for prior year understatements, fulfillment services segment cost of revenues as a percentage of net revenues increased to 87% in the first six months of fiscal 1999 from 83% in the first six months of fiscal 1998, reflecting operating inefficiencies during a period of high volume growth and the impact of incremental facilities relocation costs.

Research and development expenses increased \$32,000, or less than 1%, to \$10,592,000 for the six months ended January 31, 1999 from \$10,560,000 for the corresponding period in fiscal 1998. All research and development expenses in both periods were incurred within the Company's investment and development segment. The net increase in research and development expenses primarily reflects a \$1,870,000 reduction due to the deconsolidation of Lycos and Vicinity, offset by increased development efforts at Engage and incremental costs associated with the development of NaviNet's technology platform. The Company anticipates it will continue to devote substantial resources to product development and that these costs may substantially increase in future periods.

Selling expenses decreased \$578,000 or 4% to \$15,170,000 for the six months ended January 31, 1999 from \$15,748,000 for the corresponding period in fiscal 1998, primarily reflecting a \$915,000 decrease in the Company's investment and development segment. Investment and development results include a \$5,479,000 decrease due to the deconsolidation of Lycos, offset by sales and marketing efforts related to several product launches and continued growth of sales and marketing infrastructures. Selling expenses in the fulfillment services segment increased by \$337,000 in comparison with the corresponding period in fiscal 1998 due to the acquisitions of On-Demand Solutions and InSolutions, partially offset by headcount reductions by PacificLink. Selling expenses decreased as a percentage of net revenues to 20% for the first six months of fiscal 1999 from 42% for the corresponding period in fiscal 1998, primarily reflecting the deconsolidations of Lycos and Vicinity as well as the impact of increased revenues. As the Company completes the acquisitions of 2CAN Media, Internet Profiles Corporation and Activerse, and as existing subsidiaries continue to introduce new products and expand sales, the Company expects to incur significant promotional expenses, as well as expenses related to the hiring of additional sales and marketing personnel and increased advertising expenses, and anticipates that these costs will substantially increase in future periods.

General and administrative expenses increased \$9,775,000, or 115%, to \$18,302,000 for the six months ended January 31, 1999 from \$8,527,000 for the corresponding period in fiscal 1998. The investment and development segment experienced an increase of \$6,115,000, primarily due to the building of management infrastructures in several of the Company's Internet investments. Such increases were somewhat offset by reductions associated with the deconsolidations of Lycos and Vicinity in the amount of \$1,119,000. General and administrative expenses in the fulfillment services segment increased by \$3,660,000 in comparison with last year's corresponding period, largely due to the acquisitions of On-Demand Solutions and InSolutions, including approximately \$800,000 higher goodwill charges. General and administrative expenses increased as a percentage of net sales to 24% for the six months ended January 31, 1999 from 23% for the corresponding period in fiscal 1998. The Company anticipates that its general and administrative expenses will continue to increase significantly as the Company adds newly acquired subsidiaries and as existing subsidiaries continue to grow and expand their administrative staffs and infrastructures.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Gain on sale of Lycos, Inc. common stock reflects the Company's net gain realized on the sale of 818,000 Lycos shares in fiscal 1999 and 560,000 shares in fiscal 1998. Gain on stock issuance by Lycos, Inc. resulted primarily from the issuance of stock by Lycos for the first quarter fiscal 1999 acquisition of WhoWhere? Gain on stock issuance by GeoCities in fiscal 1999 arose as a result of the sale of stock by GeoCities in an initial public offering in August, 1998 and the sale of stock by GeoCities in its acquisition of Starseed, Inc. (known as WebRing) in December, 1998. Gain on sale of investment in Sage Enterprises, Inc. occurred during the first quarter of fiscal year 1999 when CMG @Ventures II's holdings in Sage Enterprises were converted into 225,558 shares of Amazon.com, Inc. common stock as part of a merger wherein Amazon.com, Inc. acquired Sage Enterprises. Gain on sale of investment in Reel.com, Inc. occurred in October, 1998, when CMG @Ventures II's holdings in Reel.com were converted into 1,943,783 restricted common and 485,946 restricted, convertible preferred shares of Hollywood Entertainment Corporation (Hollywood Entertainment) as part of a merger wherein Hollywood Entertainment acquired Reel.com. Gain on sale of data warehouse product rights occurred when the Company's subsidiary, Engage, sold certain rights to its Engage.Fusion TM and Engage.Discover TM data warehouse products to Red Brick Systems, Inc. (Red Brick) for \$9.5 million and 238,160 shares of Red Brick common stock. Gain on sale of Amazon.com, Inc. stock reflects the Company's net gain realized on the sale of 169,538 shares in the second quarter of fiscal 1999. Gain on sale of Premiere Technologies, Inc. stock reflects the Company's net gain on the sale of 224,795 shares of Premiere Technologies, Inc. stock during the first quarter of fiscal 1998.

Interest income increased \$168,000 to \$1,307,000 for the six months ended January 31, 1999 from \$1,139,000 in fiscal 1998, reflecting increased income associated with higher average corporate cash equivalent balances compared with prior year, partially offset by a \$540,000 decrease from the deconsolidation of Lycos. Interest expense increased \$747,000 compared with the corresponding period in fiscal 1998, primarily due to higher corporate collateralized borrowings and borrowings incurred in conjunction with the Company's acquisition of InSolutions.

Equity in losses of affiliates resulted from the Company's minority ownership in certain investments that are accounted for under the equity method. Under the equity method of accounting, the Company's proportionate share of each affiliate's operating losses and amortization of the Company's net excess investment over its equity in each affiliate's net assets is included in equity in losses of affiliates. Equity in losses of affiliates for the six months ended January 31, 1999 include the results from the Company's minority ownership in Lycos (until January 1999 when the Company's ownership in Lycos was reduced below 20%), GeoCities, ThingWorld.com, Silknet, Speech Machines, Mother Nature, Vicinity, Engage Japan JV, and Magnitude Network. Equity in losses of affiliates for the six months ended January 31, 1998 included the results from the Company's minority ownership in Ikonix, ThingWorld.com, Silknet, GeoCities, Reel.com, Lycos, Chemdex, Planet All and Speech Machines. The Company expects its affiliate companies to continue to invest in development of their products and services, and to recognize operating losses, which will result in future charges recorded by the Company to reflect its proportionate share of such losses.

Income tax expense for the six months ended January 31, 1999 was \$40,800,000. Exclusive of taxes provided for significant, unusual or extraordinary items that will be reported separately, the Company provides for income taxes on a year to date basis at an effective rate based upon its estimate of full year earnings. In determining the Company's effective rate for fiscal 1999, gains on stock issuances by Lycos and GeoCities, gains on sales of investments in Sage Enterprises, Inc. and Reel.com, Inc., and gains on sales of Lycos, Inc. and Amazon.com, Inc. common stock were excluded.

Liquidity and Capital Resources

During January, 1999, CMGI also sold 748,000 shares of Lycos, Inc. stock for total proceeds of \$50.6 million. As a result of the Company's sale of Lycos shares, during January, 1999, the Company's ownership interest in Lycos fell below 20% of Lycos' outstanding shares. With this decline in ownership below 20%, CMGI began accounting for its investment in Lycos as available-for-sale securities, carried at fair value, rather than under the equity method. Excluding shares attributable to profit members of CMG@Ventures I, LLC and shares which may be required to be sold to Lycos pursuant to employee stock option exercises, at January 31, 1999, the carrying value of the Lycos shares was approximately \$780 million.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Working capital at January 31, 1999 increased to \$653 million compared to \$13 million at July 31, 1998. Approximately \$590 million of the net increase in working capital is attributable to increased amounts of available-for sale securities, net of associated deferred tax liabilities. The largest contributing factor to this increase was the change in the Company's method of accounting for its investment in Lycos to available-for-sale securities, carried at fair value, rather than under the equity method. The Company's principal sources of capital during the first six months of fiscal 1999 were \$53.1 million received from the sale of Lycos stock, \$49.9 million from issuance of Series B convertible preferred stock, and \$27.2 million received from the sale of Amazon.com stock. The Company's principal uses of capital during the first six months of fiscal 1999 were \$39 million for funding of operations, primarily those of start-up activities in the Company's investment and development segment, \$31.1 million for the purchase of Hollywood Entertainment stock, \$14 million for investments in affiliates, \$4 million for net repayments of notes payable, and \$3.7 million for purchases of property and equipment.

The Company's \$20 million collateralized corporate borrowing facility became payable in full on January 20, 1999. Upon its maturity, CMGI renewed this \$20 million note for another one-year period, with similar terms as the expiring note. This borrowing is now secured by 762,465 of CMGI's shares of Lycos common stock. Under this agreement, CMGI could become subject to additional collateral requirements under certain circumstances. The Company expects to again seek the renewal of this note upon its next maturity on January 20, 2000. SalesLink had an outstanding line of credit balance of \$2.7 million as of January 31, 1999 and an additional \$1.2 million reserved in support of outstanding letters of credit for operating leases. SalesLink also has a \$15.5 million bank term note outstanding at January 31, 1999, which provides for repayment in quarterly installments beginning January, 1999 through November, 2002. The obligations of SalesLink under the bank line of credit and bank term loans have been guaranteed by CMGI. As of July 31, 1998 and January 31, 1999, SalesLink did not comply with certain covenants of its borrowing arrangements. SalesLink is working with the bank to cure the non-compliance as of January 31, 1999, and prospectively, through waivers or amendments to the covenant terms. SalesLink has not yet received such waivers or amendments, nor is there any assurance that such waivers or amendments will be obtained. Accordingly, all of SalesLink's bank borrowings have been classified as current liabilities in the January 31, 1999 balance sheet.

In December 1998, CMGI announced the close of the @Ventures III venture capital fund. This fund has secured \$212 million in capital commitments from outside investors, which will be invested in emerging Internet service and technology companies through two newly formed entities, @Ventures III L.P. and @Ventures III Foreign Fund, L.P. CMGI does not have a direct ownership interest in either of these newly created entities, but CMGI is entitled to 2% of the net capital gains realized by both entities. Management of these entities, including investment and sale decisions, is the responsibility of @Ventures Partners III, LLC, whose members include David S. Wetherell, CMGI's President and Chief Executive Officer, and Andrew J. Hajducky III, CMGI's Chief Financial Officer. The Company has committed to contribute \$54 million to its newly formed limited liability company subsidiary, CMG@Ventures III, LLC. CMG@Ventures III, LLC will take strategic positions side by side with @Ventures III L.P. CMGI owns 100% of the capital and is entitled to 80% of the net capital gains realized by CMG@Ventures III, LLC. @Ventures Partners III, LLC is entitled to the remaining 20% of the net capital gains realized by CMG@Ventures III, LLC.

During the second quarter of fiscal year 1999, through CMG@Ventures III, LLC, CMGI acquired initial minority ownership interests in six Internet companies, including Ancestry.com, Furniture.com, ONElist, and three others, for an aggregate total of \$5,825,000. Ancestry.com is a provider of community, content and commerce resources for families via the Internet, including the Web's largest repository of searchable genealogy data. Furniture.com is an e-commerce provider of a broad selection of furniture and home furnishing accessories. ONElist provides free e-mail communities via the Internet, allowing users to search for or subscribe to tens of thousands of communities on different topics or create their own community. The Company anticipates synergies between these strategic positions and CMGI's core businesses, including speeding technological innovation and access to markets. Each of the six new investments made by CMG@Ventures III, LLC during the second fiscal quarter are carried at cost in CMGI's consolidated financial statements.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

During February, 1999, CMGI exercised its right to invest an additional \$22 million to increase its ownership in Magnitude Network from 23% to 92%. CMGI had previously invested a total of \$2.5 million in Magnitude Network in July and October, 1998. Accordingly, beginning February, 1999, CMGI began accounting for its investment in Magnitude Network under the consolidation method of accounting, rather than the equity method. The acquisition accounting and valuation for CMGI's investment in Magnitude Network may result in a significant portion of the investment being identified as in-process research and development, in accordance with valuation methodologies provided by the Securities and Exchange Commission, which is expected to be charged to operating results in the fourth quarter when the amount is determined.

On February 1, 1999, the Company announced that it had signed a definitive agreement to acquire 2CAN Media, Inc., a site -focused online advertising representation firm. 2CAN Media will be combined with the Company's subsidiary, ADSmart. The transaction includes the 5 sales divisions of 2CAN Media Pinnacle Interactive, WebRep, ECG, MediaPlus and Grupo NetFuerza.

On March 1, 1999, CMGI announced a binding letter of intent to purchase Internet Profiles Corporation (I/PRO), a leader in World Wide Web traffic verification, analysis and research. I/PRO analyzes, correlates and validates Web site activity, which enables marketers to understand their online business and improve the effectiveness of their site. The Company plans to merge I/PRO with its subsidiary, Engage Technologies.

On March 4, 1999, the Company announced a binding letter of intent to acquire Activerse, Inc., a provider of open standard Internet messaging technologies. With this acquisition, CMGI will invest in the rapidly expanding market for tools and technologies that enable live communication via the Internet. Activerse's products address the complex dynamics of Web communication by providing instant access to Internet-connected communities, workgroups, social groups and individuals. The Ding! suite of products from Activerse utilizes current and emerging open Internet standards, including Java and HTML, and allows both consumer and corporate audiences to enhance online communities through the convenience of instant messaging.

Subsequent to January 31, 1999, CMG@Ventures III, LLC made a follow-on investment in Virtual Ink and acquired minority ownership interests in Boston Financial Network and one other investment. Boston Financial Network offers an integrated set of Web-based financial applications targeted at small businesses. Subsequent to January 31, 1999, CMG@Ventures II, LLC made a follow-on investments in Silknet and ThingWorld.com.

Along with CMGI's other Internet subsidiaries, Magnitude Network, 2CAN Media, IPRO and Activerse are in early stages of business development and therefore are expected to require additional cash funding by the Company to fund their operations. The Company intends to continue to fund existing and future Internet and interactive media investment and development efforts, and to actively seek new CMG@Ventures investment opportunities. The Company believes that existing working capital and the availability of available-for-sale securities which could be sold or posted as additional collateral for additional loans, will be sufficient to fund its operations, investments and capital expenditures for the foreseeable future. Additionally, the Company may also choose to raise additional capital through private placement. Should additional capital be needed to fund future investment and acquisition activity, the Company may seek to raise additional capital through public or private offerings of the Company's or its subsidiaries' stock, or through debt financing. It is also contemplated that the Company may look to raise a fourth Internet investment fund, which could seek to secure outside investment commitments of up to \$1 billion in the near future.

CMGI, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
(Continued)

Year 2000 Compliance

Many currently installed computer systems and software products are coded to accept only two digit entries in the date code field. These date code fields will need to accept four digit entries to distinguish 21st century dates from 20th century dates. As a result, many companies will need to update or replace their software and computer systems in order to comply with such "Year 2000" requirements. CMGI is in the process of evaluating the Year 2000 compliance of its products and services. The Company is also evaluating the Year 2000 compliance of third party equipment and software that CMGI uses in both information technology and non-information technology applications in our business. Examples of non-information technology systems include our building security and voice mail systems.

The Company's Year 2000 project plan is coordinated by a committee that reports to senior management, as well as to CMGI's Board of Directors on a periodic basis. The Company's Year 2000 readiness efforts consist of the following four phases:

- (1) Identification of all software products, information technology systems and non-information technology systems the Company offers or uses. The Company has substantially completed this phase for its existing systems.
- (2) Testing and assessment of these products and systems to determine repair or replacement requirements for each. The Company expects to complete this phase by May 1999 for its existing systems.
- (3) Repair or replacement of products and systems, where required to achieve Year 2000 compliance. The Company expects to complete this phase by July 1999 for its existing business-critical systems.
- (4) Creation of contingency plans in the event of Year 2000 failures. The Company expects that its initial contingency plan will be completed by May 1999.

To date the Company has incurred expenditures of approximately \$900,000 in connection with Year 2000 readiness efforts. Preliminary cost estimates for the Company to evaluate and address its Year 2000 issues for CMGI's existing business-critical systems are in the range of \$4 million to \$5 million. The Company also anticipates that CMGI will continue to expand its business and add new systems after July 1999; particularly as the Company's NaviSite subsidiary continues to build-out existing and add new data centers, and as CMGI expands its NaviNet network. The Company anticipates that readiness efforts for such new systems could continue until March 2000 and cost in the range of \$600,000 to \$1,000,000. There is no assurance though that our Year 2000 costs will not exceed these estimated amounts.

The Company's business model includes expansion through the acquisition of businesses, technologies, products and services from other businesses. As the Company continues to expand in this manner throughout calendar 1999, the scope and cost estimates of CMGI's Year 2000 efforts may increase substantially.

The Company's failure to resolve Year 2000 issues with respect to its products and services could damage CMGI's business and revenues and result in liability on the Company's part for such failure. The Company's business and its prospects may be permanently affected by either the liability the Company incurs to third parties or the negative impact on CMGI's business reputation. The Company also relies upon various vendors, utility companies, telecommunications service companies, delivery service companies and other service providers who are outside of CMGI's control. There is no assurance that such companies will not suffer a Year 2000 business disruption, which could harm CMGI's business and financial condition. Furthermore, if third-party equipment or software CMGI uses in its business fails to operate properly with regard to the year 2000 CMGI may need to incur significant unanticipated expenses to remedy any such problems.

PART I: FINANCIAL INFORMATION (CONTINUED)

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company is exposed to equity price risks on the marketable portion of its equity securities. The Company's available-for-sale securities at January 31, 1999 includes strategic equity positions in companies in the Internet industry sector, including Lycos, Inc., Amazon.com, Inc. and Open Market, Inc., many of which have experienced significant historical volatility in their stock prices. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. A 20% adverse change in equity prices, based on a sensitivity analysis of the Company's available-for-sale securities portfolio as of January 31, 1999, would result in an approximate \$191.5 million decrease in the fair value of the Company's available-for-sale securities.

The carrying values of financial instruments including cash and cash equivalents, accounts receivable, accounts payable and notes payable, approximate fair value because of the short maturity of these instruments. The carrying value of long-term debt approximates its fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

The Company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates on its borrowing arrangements. The Company does not enter into derivative financial instruments for trading purposes. As a matter of policy all derivative positions are used to reduce risk by hedging underlying economic exposure. The derivatives the Company uses are straightforward instruments with liquid markets. At January 31, 1999, the Company was primarily exposed to the London Interbank Offered Rate (LIBOR) interest rate on the outstanding borrowings under its line of credit and other bank borrowing arrangements.

The Company has historically had very low exposure to changes in foreign currency exchange rates, and as such, has not used derivative financial instruments to manage foreign currency fluctuation risk. As the Company expands globally, the risk of foreign currency exchange rate fluctuation may dramatically increase. Therefore, in the future, the Company may consider utilizing derivative instruments to mitigate such risks.

CMGI, INC. AND SUBSIDIARIES
PART II: OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

(a) and (b) On December 22, 1998, the Registrant issued 50,000 shares of its newly designated Series B Convertible Preferred Stock to RGC International Investors, LDC and RGC Investments II, L.P. (the "Investors"). The rights and preferences of the Series B Convertible Preferred Stock are as set forth in a Certificate of Designations, Preferences and Rights of Series B Convertible Preferred Stock ("Certificate of Designations") which was filed with the Secretary of State of the State of Delaware on December 22, 1998 designating 50,000 shares of the Registrant's blank check preferred stock as Series B Convertible Preferred Stock. The Certificate of Designations was filed as part of Exhibit 99.3 to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 7, 1999.

The description of the Series B Convertible Preferred Stock contained herein is qualified in its entirety by reference to the Certificate of Designations. The Series B Convertible Preferred Stock possesses a liquidation preference equal to a stated value of \$1,000 per share plus interest accreted on such stated value at an annual rate of 4% from the date of issue of the Series B Convertible Preferred Stock. The approval of the holders of a majority of the then outstanding shares of Series B Convertible Preferred Stock is required for the Registrant to take certain actions.

The Series B Convertible Preferred Stock may be converted into shares of the Registrant's common stock at a fixed price (116% of the average closing price for the Company's common stock for the three trading days preceding December 21, 1998) for one year or until the earlier occurrence of certain specified events. Under certain circumstances, the Registrant has the option to redeem the Series B Convertible Preferred Stock. Upon the occurrence of other specified events the Registrant is obligated to redeem the Series B Convertible Preferred Stock.

After one year, or the earlier occurrence of certain enumerated events, if the Series B Convertible Preferred Stock has not been redeemed, the conversion price is based upon a formula which is tied to the undiscounted market price of the Registrant's common stock. Subject to waiver by the Registrant, there is a maximum number of shares of the Registrant's common stock into which the Series B Convertible Preferred Stock may convert.

(c) On December 22, 1998 the Registrant issued 50,000 shares of Series B Convertible Preferred Stock to the Investors for an aggregate purchase price of \$50,000,000. No underwriter was engaged in connection with the foregoing issuance of shares of Series B Convertible Preferred Stock. The shares of Series B Convertible Preferred Stock were issued in a private placement in reliance upon the exemption from registration provided by Rule 506 promulgated under the Securities Act of 1933, as amended (the "Securities Act"). See the description above concerning the conversion of shares of Series B Convertible Preferred Stock into shares of the Registrant's common stock.

CMGI, INC. AND SUBSIDIARIES
PART II: OTHER INFORMATION (Continued)

Item 4. Submission of Matters to a Vote of Security Holders

On December 17, 1998 the Company held its annual meeting of stockholders. At the annual meeting the following matters were approved:

1. William H. Berkman was elected as a Class II Director with 15,349,024 shares of Common Stock voting for such election and 33,675 shares of Common Stock abstaining.
2. John A. McMullen was elected as a Class II Director with 15,348,762 shares of Common Stock voting for such election and 33,937 shares of Common Stock abstaining.
3. An amendment to the Company's Restated Certificate of Incorporation changing the name of the Company from "CMG Information Services, Inc." to "CMGI, Inc." was approved. 15,334,402 shares of Common Stock were voted for such amendment, 21,532 shares of Common Stock were voted against such amendment and 22,865 shares of Common Stock abstained from the vote. 3,900 shares of common stock were subject to non-votes.
4. An amendment to the Company's Restated Certificate of Incorporation to provide for an increase in the number of authorized shares of Common Stock, \$0.01 par value per share, from 40,000,000 to 100,000,000 was approved. 13,711,914 shares of Common Stock were voted for such amendment, 1,204,999 shares of Common Stock were voted against such amendment and 461,886 shares of Common Stock abstained from the vote. 3,900 shares of common stock were subject to non-votes.
5. The appointment of KPMG Peat Marwick LLP as the Company's independent accountants for the current fiscal year was ratified. 15,307,702 shares of Common Stock were voted for such ratification, 46,368 shares of Common Stock were voted against such ratification and 28,629 shares of Common Stock abstained from the vote.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibits are filed herewith or incorporated by reference pursuant to Rule 12b-32 under the Securities Exchange Act of 1934:

Exhibit No.	Title	Method of Filing
3 (I)	Restated Certificate of Incorporation, as amended	Incorporated by reference from Exhibit 99.3 to the Current Report on Form 8-K filed with the SEC on January 7, 1999.
3 (ii)	Restated By-Laws	Incorporated by reference from Registration Statement on Form S-1, as amended, filed on November 10, 1993 (Registration No. 33-71518).
4	Specimen stock certificate representing the common stock	Incorporated by reference from Registration Statement on Form S-1, as amended, filed on November 10, 1993 (Registration No. 33-71518).

CMGI, INC. AND SUBSIDIARIES
PART II: OTHER INFORMATION (Continued)

Item 6. Exhibits and Reports on Form 8-K (continued)

(b) Exhibits (continued)

Exhibit No.	Title	Method of Filing
10.1	ISDA Master Swap Agreement (the "Swap Agreement"), dated January 15, 1999, between BankBoston, N.A. and CMGI, Inc.	Filed herewith.
10.2	Schedule to the Swap Agreement, dated January 15, 1999.	Filed herewith.
10.3	Confirmation to the Swap Agreement, dated January 15, 1999.	Filed herewith.
10.4	ISDA Credit Support Annex, dated January 15, 1999, between BankBoston, N.A. and CMGI, Inc.	Filed herewith.
10.5	Agreement for the Assignment of Voting Rights, dated January 15, 1999, between CMGI, Inc. and Long Lane Master Trust.	Filed herewith.
10.6	Long Lane Floating Rate Trust Certificates Purchase Agreement, dated January 15, 1999, between CMGI, Inc. and Long Lane Master Trust.	Filed herewith.
10.7	Repurchase Agreement, dated January 15, 1999, between CMGI, Inc. and Long Lane Master Trust.	Filed herewith.
10.8	Unlimited Guaranty, dated as of October 30, 1998, by CMG Information Services, Inc. in favor of BankBoston, N.A.	Filed herewith.
10.9	CMGI and Participating Subsidiaries Deferred Compensation Plan, effective as of December 1, 1998.	Filed herewith.
27.1	Restated Financial Data Schedule for the six months ended January 31, 1998.	Filed herewith.
27.2	Financial Data Schedule for the six months ended January 31, 1999.	Filed herewith.

(b) Reports on Form 8-K.

On January 7, 1999, the Company filed a Current Report on Form 8-K in conjunction with the issuance of 50,000 shares of its newly designated Series B Convertible Preferred Stock to RGC International Investors, LDC and RGC Investments II, L.P.

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.

CMGI, Inc.

By: /s/ Andrew J. Hajducky III

Andrew J. Hajducky III, CPA
Chief Financial Officer and Treasurer
(Principal Financial and Accounting
Officer)

Date: March 17, 1999

(Local Currency - Single Jurisdiction)

ISDA(R)

MASTER AGREEMENT

dated as of January 15, 1999

BankBoston, N.A.

and CMGI, Inc.

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:

1. INTERPRETATION

(a) DEFINITIONS. The terms defined in Section 12 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.

(b) INCONSISTENCY. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.

(c) SINGLE AGREEMENT. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. OBLIGATIONS

(a) GENERAL CONDITIONS.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other

party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) CHANGE OF ACCOUNT. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) NETTING. If on any date amounts would otherwise be payable:

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of an such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of branches or offices through which the parties make and receive payments or deliveries.

(d) DEFAULT INTEREST; OTHER AMOUNTS. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. REPRESENTATIONS

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into) that:

(a) BASIC REPRESENTATIONS.

(i) STATUS. It is duly organized and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing;

(ii) POWERS. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorize such execution, delivery and performance;

(iii) NO VIOLATION OR CONFLICT. Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) CONSENTS. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) OBLIGATIONS BINDING. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) ABSENCE OF CERTAIN EVENTS. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) ABSENCE OF LITIGATION. There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) ACCURACY OF SPECIFIED INFORMATION. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

4. AGREEMENTS

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:

(a) FURNISH SPECIFIED INFORMATION. It will deliver to the other party any forms, documents or certificates specified in the Schedule or any Confirmation by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) MAINTAIN AUTHORISATIONS. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) COMPLY WITH LAWS. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

5. EVENTS OF DEFAULT AND TERMINATION EVENTS

(a) EVENTS OF DEFAULT. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:

(i) FAILURE TO PAY OR DELIVER. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) BREACH OF AGREEMENT. Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(d) or to give notice of a Termination Event) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) CREDIT SUPPORT DEFAULT.

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in

accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document refers without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document.

(iv) MISREPRESENTATION. A representation made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) DEFAULT UNDER SPECIFIED TRANSACTION. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction for such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) CROSS DEFAULT. If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default, or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) BANKRUPTCY. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or tails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or

for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) MERGER WITHOUT ASSUMPTION. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) TERMINATION EVENTS. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an illegality if the event is specified in (i) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to (ii) below or an Additional Termination Event if the event is specified pursuant to (iii) below:

(i) ILLEGALITY. Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party which will be the Affected Party:

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or deliver in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction.

(ii) CREDIT EVENT UPON MERGER. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(iii) ADDITIONAL TERMINATION EVENT. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) EVENT OF DEFAULT AND ILLEGALITY. If an event or circumstance which would otherwise constitute or Give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. EARLY TERMINATION

(a) RIGHT TO TERMINATE FOLLOWING EVENT OF DEFAULT. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the

institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) RIGHT TO TERMINATE FOLLOWING TERMINATION EVENT.

(i) NOTICE. If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) TWO AFFECTED PARTIES. If an Illegality under Section 5(b)(i)(1) occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iii) RIGHT TO TERMINATE. If:

(1) an agreement under Section 6(b)(ii) has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality other than that referred to in Section 6(b)(ii), a Credit Event Upon Merger or an Additional Termination Event occurs.

either party in the case of an Illegality, any Affected Party in the case of an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) EFFECT OF DESIGNATION.

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(d) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(c).

(d) CALCULATIONS.

(i) STATEMENT. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) PAYMENT DATE. An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective on the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment), from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) PAYMENTS ON EARLY TERMINATION. If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) EVENTS OF DEFAULT. If the Early Termination Date results from an Event of Default:

(1) First Method and Market Quotation. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party over (B) the Unpaid Amounts owing to the Defaulting Party.

(2) First Method and Loss. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) Second Method and Market Quotation. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Unpaid Amounts owing to the Non-defaulting Party less (B) (the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) Second Method and Loss. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) TERMINATION EVENTS. If the Early Termination Date results from a Termination Event:

(1) ONE AFFECTED PARTY. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that., in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) TWO AFFECTED PARTIES. If there are two Affected Parties:

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions- and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Unpaid Amounts owing to X less (II) the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X;
if it is a negative number, X will pay the absolute value of that
amount to Y.

(iii) ADJUSTMENT FOR BANKRUPTCY. In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) PRE-ESTIMATE. The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. TRANSFER

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

- (a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement; and
- (b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

Any purported transfer that is not in compliance with this Section will be void.

8. MISCELLANEOUS

- (a) ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- (b) AMENDMENTS. No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- (c) SURVIVAL OF OBLIGATIONS. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) REMEDIES CUMULATIVE. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) COUNTERPARTS AND CONFIRMATIONS.

(i) This Agreement (and each amendment, modification and waiver in respect of its may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.

(f) NO WAIVER OF RIGHTS. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) HEADINGS. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

9. EXPENSES

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

10. NOTICES

(a) EFFECTIVENESS. Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or it may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested) on the date that mail is delivered or its delivery is attempted; or

(v) if sent by electronic messaging system, on the date that electronic message is received.

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) CHANGE OF ADDRESSES. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given it.

11. GOVERNING LAW AND JURISDICTION

(a) GOVERNING LAW. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) JURISDICTION. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) WAIVER OF IMMUNITIES. Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use, all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which mm or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

12. DEFINITIONS

As used in this Agreement:

"ADDITIONAL TERMINATION EVENT" has the meaning specified in Section 5(b).

"AFFECTED PARTY" has the meaning specified in Section 5(b).

"AFFECTED TRANSACTIONS" means (a) with respect to any Termination Event consisting of an illegality, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"AFFILIATE" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"APPLICABLE RATE" means:

- (a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;
- (b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;
- (c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and
- (d) in all other cases, the Termination Rate.

"CONSENT" includes a consent, approval, action, authorization, exemption, notice, filing, registration or exchange control consent.

"CREDIT EVENT UPON MERGER" has the meaning specified in Section 5(b).

"CREDIT SUPPORT DOCUMENT" means any agreement or instrument that is specified as such in this Agreement.

"CREDIT SUPPORT PROVIDER" has the meaning specified in the Schedule.

"DEFAULT RATE" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"DEFAULTING PARTY" has the meaning specified in Section 6(a).

"EARLY TERMINATION DATE" means the date determined in accordance with Section 6(a) or 6(b)(iii).

"EVENT OF DEFAULT" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"ILLEGALITY" has the meaning specified in Section 5(b).

"LAW" includes any treaty, law, rule or regulation and "LAWFUL" and "UNLAWFUL" will be construed accordingly.

"LOCAL BUSINESS DAY" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"LOSS" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its termination, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 9. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"MARKET QUOTATION" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the panics under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"NON-DEFAULT RATE" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"NON-DEFAULTING PARTY" has the meaning specified in Section 6(a).

"POTENTIAL EVENT OF DEFAULT" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"REFERENCE MARKET-MAKERS" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"SCHEDULED PAYMENT DATE" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"SET-OFF" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on such payer.

"SETTLEMENT AMOUNT" means, with respect to a parts and any Early Termination Date, the sum of:

(a) the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"SPECIFIED ENTITY" has the meaning specified in the Schedule.

"SPECIFIED INDEBTEDNESS" means, subject to the Schedule, any obligation (whether present or future contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"SPECIFIED TRANSACTION" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"TERMINATED TRANSACTIONS" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"TERMINATION EVENT" means an Illegality or, if specified to the applicable, a Credit Event Upon Merger or an Additional Termination Event.

"TERMINATION RATE" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost to each party (as certified by such party) if it were to fund or of funding such amounts.

"UNPAID AMOUNTS" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) to such party under Section 2(a)(i); on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document,

BankBoston, N.A.

CMGI, Inc.

(Name of Party)

(Name of Party)

By: /s/ Liam Stokes

By: /s/ Andrew J. Hajducky

Name: Liam Stokes
Title: Director
Date:

Name:
Title
Date:

SCHEDULE

dated as of January 15, 1999

to the

Master Agreement

dated as of January 15, 1999

between

BankBoston, N.A. ("Bank") and CMGI, Inc. (the "Counterparty")

Part 1

Termination Provisions

In this Agreement:

- (1) "Specified Entity":
 - (a) means, in relation to Bank, none, and
 - (b) means, for purposes of Sections 5(a)(v), 5(a)(vi), 5(a)(vii) and 5(b)(ii) in relation to the Counterparty, all wholly-owned subsidiaries of the Counterparty, including, without limitation, Engage Technologies, Inc., Saleslink Corporation, Insolutions Incorporated and Pacific Direct Marketing Corp.
- (2) "Specified Transaction" will have the meaning specified in Section 12 of this Agreement.
- (3) The "Cross Default" provisions of Section 5(a)(vi) will apply to Bank and the Counterparty, and for such purpose:
 - (a) "Specified Indebtedness" means (i) with respect to either party hereto, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money and (ii) with respect to the Counterparty, the Amended and Restated Revolving Credit and Term Loan Agreement, dated as of June 11, 1998, among the Bank, Saleslink Corporation, Insolutions Incorporated, Pacific Direct Marketing Corp., and the other lending institutions set forth on Schedule I thereto, and Bank as Agent as amended, modified or supplemented from time to time.
 - (b) "Threshold Amount" means (i) in relation to Bank, an amount equal to 3 percent of the total stockholders' equity of Bank and (ii) in relation to the Counterparty, U.S. \$500,000.

- (4) "Termination Currency" means United States Dollars.
- (5) The "Credit Event Upon Merger" provisions of Section 5b(ii) of the Agreement will apply to Bank and the Counterparty.
- (6) For purposes of Section 5(b)(iii), any default by the Counterparty on its obligations under the Repurchase Agreement, dated as of January 15, 1999, between the Counterparty and Long Lane Master Trust, shall constitute an Additional Termination Event for which the Counterparty shall be the Affected Party.
- (7) The "Automatic Early Termination" provisions of Section 6(a) will not apply to either party.
- (8) For purposes of computing amounts payable on early termination.
 - (a) Market Quotation will apply to this Agreement, and
 - (b) The Second Method will apply to this Agreement.

Part 2

 Agreement to Deliver Documents

For the purpose of Section 4(a), each party agrees to deliver the following documents, as applicable.

Party required to deliver document -----	Form/Document Certificate -----	Date by which to be delivered -----	Covered by Section 3(d) Representation -----
Counterparty	An executed United States Internal Revenue Service form W-9 (or any successor thereto).	Upon execution of this Agreement	
Party required to deliver document -----	Form/Document -----	Date by which to be delivered -----	Covered by Section 3(d) Representation -----
Counterparty and Bank	A certificate of an authorized officer for such party certifying the authority, names and true signatures of the officers signing this Agreement and each Confirmation reasonably satisfactory in form and substance to each party.	Upon execution of this Agreement and as deemed necessary for any further documentation.	Yes
Counterparty	Certified copies of documents evidencing each action taken by Counterparty to authorize its execution of this Agreement, and each Confirmation, and the performance of its obligations hereunder as well as its bylaws and articles of incorporation.	Upon execution of this Agreement.	Yes
Counterparty	Annual audited financial statements prepared in accordance with generally accepted accounting principles in the United States.	Promptly upon request.	Yes
Counterparty	Quarterly unaudited financial statements prepared in accordance with generally accepted accounting principles in the United States.	Promptly upon request.	Yes

Counterparty	A written opinion of legal counsel to Counterparty reasonably satisfactory in form and substance to Bank.	Upon execution of this Agreement if requested and as deemed necessary.	No
Counterparty	Such other documents as Bank may reasonably request in connection with each transaction.	Promptly upon request.	Yes

Part 3

Miscellaneous

(1) Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.

(2) Notices.

(a) In connection with Section 10, all notices to Bank shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation, and any notice for purposes of Section 5 or 6 shall be sent to the address, telex number or facsimile number specified below.

BankBoston, N.A.
100 Federal Street
Boston, MA 02110
Attention:
Telex:
Answerback:
Facsimile No.:

(b) In connection with section 10, all notices to the Counterparty shall, with respect to any particular Transaction, be sent to the address, telex number or facsimile number specified in the relevant Confirmation and any notice for purposes of Section 5 or 6 shall be sent to the address, telex number or facsimile number specified below:

CMGI, Inc.
100 Brickstone Square
First Floor
Andover, MA 01810
Attention: Chief Financial Officer
Telex:
Answerback:
Facsimile No.: (978)684-3672

(3) Netting of Payments. Section 2(c)(ii) of this Agreement will apply with respect to all Transactions under this Agreement.

(4) Credit Support Documents

With respect to this Agreement, Credit Support Document means the ISDA Credit Support Annex, dated the date hereof, between the parties hereto.

(5) Credit Support Provider

None.

Part 4

Other Provisions

(1) ISDA Definitions. Reference is hereby made to the 1991 ISDA Definitions

(the "ISDA Definitions") each as published by the International Swaps and Derivatives Association, Inc., which are hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the ISDA Definitions shall have the meaning set forth therein.

(2) Set-off. "Set-off" shall, for purposes of this Agreement and any Credit

Support Document, have the meaning set forth in Section 12 and shall include without limitation the rights in Section 6(f). Section 6 of this Agreement is modified to include the following additional sub-clause (f):

"(f) Set-off. Any amount (the "Early Termination Amount") payable to one party (the "Payee") by the other party (the "Payer") under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party will, at the option of the party ("X") other than the Defaulting Party or Affected Party (and without prior notice to same) be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the place of payment or booking office of such obligation) under any other agreement(s) between the Payee and the Payer or instrument(s) or undertaking(s) issued or executed by one party to, or in favor of, the other party (and the Other Agreement Amount(s) will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Section 6(f).

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off otherwise available to a party (whether by operation of law, contract, or otherwise)."

(3) Calculation Agent. The Calculation Agent will be Bank.

(4) Severability. In the event any one or more of the provisions contained in

this Agreement should be held invalid, illegal, or unenforceable in any respect, the

validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. The parties shall endeavor, in good faith negotiations, to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

(5) Non-Reliance. In connection with the negotiation of the entering into, and

the confirming of the execution of this Agreement, each Transaction, and any other documentation relating to this Agreement to which the Counterparty is a party or that the Counterparty is required by this Agreement to deliver:

- (i) the Counterparty is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary;
- (ii) the Counterparty is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel, or representations (whether written or oral) of the other party to this Agreement, each Transaction or such other documentation other than the representations expressly set forth in this Agreement, and in any Confirmation; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction;
- (iii) the Counterparty has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisors to the extent it has deemed necessary, and it has made its own investment, hedging and trading decisions (including decisions regarding the suitability of any Transaction pursuant to this Agreement) based upon any advice from such advisors as it has deemed necessary and not upon any view expressed by the other party to this Agreement, each Transaction or such other documentation;
- (iv) the Counterparty is capable of assessing the merits of and evaluating and understanding (on its own behalf or through independent professional advice), and it has a full understanding of all the terms, conditions, and risks (economic and otherwise) of the Agreement, each Transaction, and such other documentation and is capable of assuming and willing to assume (financially and otherwise) those risks;
- (v) the Counterparty is entering into this Agreement, each Transaction, and such other documentation for the purposes of managing its borrowings or investments, hedging its underlying assets or liabilities or in connection with a line of business and not for purposes of speculation;
- (vi) the Counterparty is entering into this Agreement, each Transaction, and such other documentation as principal, and not as agent or in any other capacity, fiduciary or otherwise; and

(vii) the Bank (a) is not acting as a fiduciary or financial, investment or commodity trading advisor for it; (b) has not given to the Counterparty (directly or indirectly through any other person) any assurance, guaranty or representation whatsoever as to the merits (either legal, regulatory, tax, financial, accounting or otherwise) of this Agreement, each Transaction, and such other documentation; and (c) has not committed to unwind the Transactions.

(6) Waiver of Jury Trial. Each party hereby irrevocably waives any and all

right to trial by jury in any proceedings arising out of or relating to this Agreement or any transaction contemplated hereby.

(7) Confidentiality. The existence of this Agreement, its contents and the

existence of and contents and all other instruments and documents relating to this Agreement, and any information made available by one party to the other party with respect to this Agreement or any Transaction hereunder is confidential and shall not be discussed with or disclosed to any third party (nor shall any public announcement or press release relating to this Agreement or any Transaction hereunder be made by either party, except with the prior written consent of the other party hereto), except for such information (i) as may become generally available to the public, (ii) as may be required or appropriate in response to any summons, or otherwise in connection with any litigation or to comply with any applicable law, order, regulation, ruling, or accounting disclosure rule or standard (iii) as may be obtained from a non-confidential source that disclosed such information in a manner that did not violate its obligations to the other party in making such disclosure, or (iv) as may be furnished to that party's auditors, attorneys, advisors, or financial institutions with which the party has a written agreement or which are otherwise required to keep the information that is disclosed in confidence.

(8) Further Agreements of Counterparty. The Counterparty agrees that until the

termination of this Agreement and the satisfaction in full of the Counterparty's obligations hereunder, the Counterparty will, and will cause each of its wholly-owned subsidiaries to comply with, its obligations as set forth throughout this Agreement and;

(a) to furnish the Bank (i) as soon as available but in any event within ninety (90) days after the close of each fiscal year, the Counterparty's audited consolidated and consolidating Financials for such fiscal year, certified by the Counterparty's accountants, and the Counterparty's consolidating Financials for such fiscal period; (ii) as soon as available but in any event within forty-five (45) days after the end of each fiscal quarter of the Counterparty, the Counterparty's unaudited consolidated and consolidating Financials for such quarter, certified by its chief financial officer; (iii) together with the quarterly and annual audited Financials, a certificate of the Counterparty setting forth computations demonstrating compliance with the Counterparty's financial covenants set forth in Section 8(b) hereof, and certifying that no Event of Default or Termination Event has occurred hereunder, or if it has the actions taken by the Counterparty with respect thereto; (iv) within forty-five (45) days after the end of each fiscal quarter or at such earlier time as the Bank may request, a certificate of the Counterparty setting forth computations demonstrating compliance with Section 4(f) of the Confirmation hereof as

of the date thereof which shall also set forth in specific detail the amount of cash and/or equity shares maintained for purposes of compliance with Section 4(f); (v) contemporaneously with the delivery thereof, copies of all accountants' management letters delivered to the Counterparty or any of its wholly-owned subsidiaries; and (vi) from time to time such other financial data and information as the Bank may request; and

(b) For the purposes of Section 8(a) hereof, the following terms shall have the meaning set forth below:

(i) "Financials" mean in respect of any period, the consolidated balance sheet of the Counterparty and its wholly-owned subsidiaries as at the end of such period, and the related statement of income and consolidated statement of cash flow for such period, each setting forth in comparative form the figures for the previous comparable fiscal period, all in reasonable detail and prepared in accordance with GAAP; and

(ii) "GAAP" means generally accepted accounting principles consistent with those adopted by the Financial Accounting Standards Board and its predecessor, generally, as in effect from time to time.

(c) For the purpose of Section 8(a) hereof, Section 5(a)(ii) of the Master Agreement is hereby amended by deleting the words "thirtieth day" in the last line thereof and inserting "five Business Days" in lieu thereof.

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

BANKBOSTON, N.A.

By: /s/ Liam Stokes

Name: Liam Stokes
Title: Director

CMGI, INC.

By: /s/ Andrew J. Hajducky

Name:
Title:

January 15, 1999

CMGI, Inc.
100 Brickstone Square
First Floor
Andover, MA 01810
Attention: Andrew J. Hajducky III

Re: Transaction

The purpose of this letter is to confirm the terms and conditions of the Transaction entered into between us as of January 15, 1999 (the "Transaction").

This letter constitutes a "Confirmation" as referred to in the Master Agreement (Local Currency) entered into between us and dated as of January 15, 1999 (the "Swap Agreement") and incorporates by reference the 1991 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the "1991 Definitions").

This Confirmation supplements, forms a part of, and is subject to, the Swap Agreement. All provisions set forth in the 1991 Definitions or contained or incorporated by reference in the Swap Agreement shall govern this Confirmation except as expressly modified below. It is our intention to have this Confirmation serve as the final documentation for this trade and accordingly, no letter Confirmation will follow.

This Confirmation will be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine.

The terms of the Transaction to which this Confirmation relates are as follows:

1. Parties

The parties are:

(1) BankBoston, N.A. ("Bank")

Office through which this Transaction is booked and address for notices:

BankBoston, N.A.
100 Federal Street
Boston, MA 02110
Attention:
Telex:
Answerback:
Telecopy No.:

Account for
Payments: [To be advised]

(2) CMGI, Inc.
(the "Counterparty")

Office through which this Transaction is booked and address for notices:

CMGI, Inc.
100 Brickstone Square
First Floor
Andover, MA 01810

Attention: Chief Financial Officer
Telex No.:
Answerback:
Facsimile No.: (978) 684-3672
Telephone No.: (978) 684-3600

Account for Payments: [To be advised]

2. Payments

(a) On each Payment Date, the Counterparty shall pay to Bank a Floating Amount in USD (the "Counterparty Note Floating Amount") computed in accordance with Section 6.1 of the 1991 Definitions as follows:

- (i) "Calculation Amount" means USD \$20,000,000;
- (ii) "Floating Rate Option" means USD-LIBOR-BBA;
- (iii) "Designated Maturity" means 3 month;
- (iv) "Spread" means plus 1.750% per annum;
- (v) "Reset Date" means the first day of each Calculation Period;
and
- (vi) "Floating Rate Day Count Fraction" means Actual/360.

(b) On the Termination Date, the Bank and Counterparty shall pay the amounts set forth in this paragraph (b). Upon a repurchase of the Underlying Shares in accordance with the terms of the Repurchase Agreement, (i) the Bank shall pay or cause to be paid to the Counterparty an amount equal to the positive difference, if any, between the Liquidation Amount and the Final Payment Amount and (ii) the Counterparty shall pay to the Bank an amount equal to the positive difference, if any, between the Final Payment Amount and the Liquidation Amount. If the Underlying Shares have not been purchased in accordance with the terms of the Repurchase Agreement, (i) the Bank shall pay or cause to be paid to the Counterparty an amount in USD equal to the Liquidation Amount minus any liquidation expenses incurred by the Bank in connection with such liquidation and (ii) the Counterparty shall pay to the Bank an amount in USD equal to the Final Payment Amount.

(c) When paid by the Issuer and received by the holders of the Underlying Shares, Bank shall pay to the Counterparty within two Business Days of actual receipt by the Bank an aggregate amount equal to any payments in respect of dividends with respect to the Underlying Shares.

(d) Upon the occurrence of (i) a Termination Event relating to the Counterparty and the exercise by the Bank of its right to terminate this Agreement due to such termination Event or (ii) the exercise by the Counterparty of its optional right to terminate the Swap Agreement prior to the Termination Date, the Counterparty shall pay to the Bank a fee, in addition to the other amounts payable hereunder, equal to the product of (I) 175 basis points; (II) the Calculation Amount and (III) 1/360 payable for each calendar day elapsed from (and including) the Early Termination Date to (but excluding) the Termination Date. Additionally, if the Counterparty exercises its optional right to terminate the Swap Agreement prior to the Termination Date on any day that is not two London Banking Days prior to each Reset Date, the Counterparty shall pay to the Bank an additional fee, in addition to the other amounts payable hereunder, equal to the product of (i) the positive difference, if any, between (A) the Floating Rate Option for the Designated Maturity in effect during the Calculation Period in which the early termination date occurs and (B) the rate for deposits of U.S. Dollars for a period of three months which appears on Telerate Page 3750 as of 11:00 a.m. London time on the Early Termination Date (or if such rate does not appear on Telerate Page 3750 on such date, the USD-LIBOR-Reference Banks rate on such date); (ii) the Calculation Amount; and (iii) 1/360 payable for each calendar day elapsed from (and including) the Early Termination Date to (but excluding) the next succeeding Payment Date.

3. Definitions -----

In this confirmation:

"Calculation Agent" means Bank. All determinations and calculations by the Calculation Agent shall (a) be made in good faith and in the exercise of its commercially reasonable judgment and (b) be determined, where applicable, on the basis of then prevailing market rates or prices. All such determinations and calculations shall be binding on the Counterparty in the absence of manifest error.

"Effective Date" means January 20, 1999.

"Final Payment Amount" means an amount equal to USD 20,000,000.

"Issuer" means Lycos, Inc., a Delaware corporation.

"Liquidation Amount" means (i) if the Counterparty has repurchased the Underlying Shares pursuant to the Repurchase Agreement, an amount calculated three (3) Business Days prior to the Termination Date equal to the fair market value at the close of business on such date of the Underlying Shares as calculated by the Calculation Agent; or, (ii) if the Counterparty has defaulted on its obligation to repurchase the Underlying Shares pursuant to the Repurchase Agreement, an amount equal to the highest bid quotation received by the Calculation Agent on the Underlying Shares from three (3) registered broker/dealers selected by the Calculation Agent in its sole discretion.

"Payment Dates" means each April 20, July 20, October 20 and January 20 commencing on April 20, 1999 and ending on the Termination Date (with the final Payment Date to be the Termination Date), subject to adjustment in accordance with the Modified Following Business Day Convention.

"Repurchase Agreement" means the repurchase agreement, dated as of January 15, 1999, between CMGI, Inc. and Long Lane Master Trust relating to the repurchase of the Underlying Shares.

"Termination Date" means January 20, 2000.

"Underlying Shares" means the shares of common stock, par value of USD \$.01, of the Issuer, with an aggregate market value of \$20,000,000.

4. Other Provisions

(a) Business Day. As used herein, "Business Day" means a day on which

banks are open for business in Boston, Massachusetts and New York, New York other than a Saturday or a Sunday.

(b) Adjustment to Shares. In the event of a change affecting the

Underlying Shares, including without limitation, a capitalization issue, rights issue, share split, merger, consolidation, amalgamation, sub-division, capital reduction, recapitalization, reclassification, dissolution, liquidation, winding up or other similar event, which occurs after the Trade Date but before the Termination Date, the Calculation Agent shall (after consultation with the Counterparty), if necessary, (i) adjust the number of Underlying Shares and/or the Calculation Amount with respect to payments made pursuant to paragraph 2 of this Confirmation and (ii) determine the effective date of such adjustments, if any, to achieve as nearly as practicable the economic position the Counterparty would have been in had it been the holder of the Underlying Shares upon the occurrence of such event.

(c) Optional Termination Right. For purposes of this Transaction, the

Counterparty shall have the right, at its option and sole discretion, to terminate this Transaction, in whole only, upon delivery of written notice to the Bank five Business Days prior to such optional termination. Upon the exercise of such Optional Termination Right, the Counterparty shall owe the Bank, in addition to the other amounts due hereunder, the amount set forth in Section 2(d) of this Confirmation.

(d) Additional Event of Default.

(i) For purposes of this Transaction, it shall constitute an additional Event of Default of the Counterparty if the Counterparty fails to contribute an amount which is satisfactory to the Bank but no greater than \$10,000,000 of equity or subordinated debt that is junior to all other subordinated debt to Saleslink Corporation no later than January 31, 1999.

(ii) Notwithstanding anything to the contrary herein, any Event of Default which would otherwise exist on the date hereof as a result of a default by the Counterparty under Specified Indebtedness shall not constitute an Event of Default hereunder unless either (A) the Counterparty fails to comply with Section 4(d)(i) of this Confirmation. Nothing herein shall be deemed to constitute a waiver of any other default or event of default which occurs with respect to Specified Indebtedness or with respect to this Agreement after the date hereof. Additionally, the foregoing shall not constitute a waiver by the Bank of its rights hereunder or under the agreement set forth in clause (ii) of the definition of Specified Indebtedness in the Schedule attached hereto.

(e) Additional Terms for Credit Support Annex. For purposes of this

Transaction, the Credit Support Annex, dated as of the date hereof, between the parties hereto, shall have the following additional terms:

(i) Eligible Collateral shall, with the consent of the Bank, include, shares of Lycos, Inc. (LCOS) and any other publicly traded shares, up to a limit of 12% of the outstanding shares of such Issuer on the Trade Date. The Valuation Percentage on any such shares shall be 100%.

(ii) Independent Amount shall mean \$25,500,000.

(iii) Valuation Date shall mean every other day that is a Business Day in New York.

(iv) Posted Collateral shall include the collateral transferred by Party B to Long Lane Master Trust on or prior to the Effective Date. Notwithstanding anything herein to the contrary, Party B shall be required to post additional Eligible Collateral at the times and manner specified herein for any Valuation Date on which the aggregate market value of the Posted Collateral is equal to or less than \$45,500,000.

(v) Notwithstanding Section 4(b) of the Credit Annex, Transfer of Eligible Credit Support or Posted Credit Support shall be made not later than the close of business on the third Local Business Day following a demand therefor.

(f) Additional Agreement. The Counterparty agrees that until the

termination of this Transaction and the satisfaction in full of the Counterparty's obligations hereunder, the Counterparty shall maintain for the purpose of making of payments of any indebtedness of cash and/or equity shares which are freely tradeable without any restrictions (except for restrictions imposed by Rule 144 of the Securities Act of 1993, as amended (the "1933 Act"); (S)16 of the Securities Exchange Act of 1934, as amended; or, insider trading policies promulgated by the Counterparty or affiliates thereof (as defined in Rule 405 of the 1933 Act) and which are listed on a national stock exchange or the NASDAQ national market system in an amount at least equal to three times the Notional Amount of this Transaction. Notwithstanding the foregoing, any equity shares maintained as set forth in this Section 4(f) shall be free of any liens, encumbrances, mortgages, pledges, hypothecations, charges or security interests of any kind of any person or entity (other than the Bank) and shall not be subject to any lock-up agreements or other type of restriction (other than those set forth in the preceding sentence) of any kind that would prevent the immediate sale of such equity shares in the public market. For purposes of this Section 4(f), Section 5(a)(ii) is hereby amended by deleting the words "thirtieth day" in the last line thereof and inserting "five Business Days" in lieu thereof.

Please confirm your agreement to be bound by the terms of the foregoing by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Very truly yours,

BANKBOSTON, N.A.

By: /s/ Liam Stokes

Name: Liam Stokes
Title: Director

Accepted and confirmed as of
the date first above written

CMGI, INC.

By: /s/ Andrew J. Hajducky

Name:
Title:

(Bilateral Form)

(ISDA Agreements Subject to New York Law Only)

ISDA(R)

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

to the Schedule to the

ISDA Master Agreement (Local Currency)

dated as of January 15, 1999

between

BankBoston, N.A.

and

CMGI, Inc.

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:--

PARAGRAPH 1. INTERPRETATION

(a) DEFINITIONS AND INCONSISTENCY. Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) SECURED PARTY AND PLEDGOR. All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; provided, however, that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party will respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

PARAGRAPH 2. SECURITY INTEREST

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted

Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

PARAGRAPH 3. CREDIT SUPPORT OBLIGATIONS

(a) DELIVERY AMOUNT. Subject to Paragraphs 4 and 5, upon a demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "DELIVERY AMOUNT" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) RETURN AMOUNT. Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "RETURN AMOUNT" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party

exceeds

(ii) the Credit Support Amount.

"CREDIT SUPPORT AMOUNT" means, unless otherwise specified in Paragraph 13, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; provided, however, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

PARAGRAPH 4. CONDITIONS PRECEDENT, TRANSFER TIMING, CALCULATIONS AND SUBSTITUTIONS

(a) CONDITIONS PRECEDENT. Each Transfer obligation of the Pledgor under Paragraphs 3 and 5 and of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) TRANSFER TIMING. Subject to Paragraphs 4(a) and 5 and unless otherwise specified, if a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of the business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) CALCULATIONS. All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) SUBSTITUTIONS.

(i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the "Substitute Credit Support"); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13 (the "Substitution Date"); provided that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support.

PARAGRAPH 5. DISPUTE RESOLUTION

If a party (a "Disputing Party") disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above,

(3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute;

(B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; provided that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may be used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction); and

(C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.

(ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support, the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

PARAGRAPH 6. HOLDING AND USING POSTED COLLATERAL

(a) CARE OF POSTED COLLATERAL. Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) ELIGIBILITY TO HOLD POSTED COLLATERAL; CUSTODIANS.

(i) GENERAL. Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral, the Secured Party will be entitled to

hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) FAILURE TO SATISFY CONDITIONS. If the Secured Party or its Custodian fails to satisfy any conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) LIABILITY. The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) USE OF POSTED COLLATERAL. Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraph 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor, and

(ii) register any Posted Collateral in the name of the Secured Party, its Custodian or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support or Posted Credit Support pursuant to Paragraph 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral pursuant to (i) or (ii) above.

(d) DISTRIBUTIONS AND INTEREST AMOUNT.

(i) DISTRIBUTIONS. Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Local Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent

(and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) INTEREST AMOUNT. Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor at the times specified in Paragraph 13 the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

PARAGRAPH 7. EVENTS OF DEFAULT

For purposes of Section 5(a)(iii)(1) of this Agreement, an Event of Default will exist with respect to a party if:

(i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;

(ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or

(iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

PARAGRAPH 8. CERTAIN RIGHTS AND REMEDIES

(a) SECURED PARTY'S RIGHTS AND REMEDIES. If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

(i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support, if any;

(iii) the right to Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) PLEDGOR'S RIGHTS AND REMEDIES. If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement):

(i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and

(iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) DEFICIENCIES AND EXCESS PROCEEDS. The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) FINAL RETURNS. When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement), the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

PARAGRAPH 9. REPRESENTATIONS

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;

(iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and

(iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

PARAGRAPH 10. EXPENSES

(a) GENERAL. Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.

(b) POSTED CREDIT SUPPORT. The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit Support held by the Secured Party upon becoming aware of the same, regardless of whether any portion of

that Posted Credit Support is subsequently disposed of under Paragraph 6(c), except for those taxes, assessments and charges that results from the exercise of the Secured Party's rights under Paragraph 6(c).

(c) LIQUIDATION/APPLICATION OF POSTED CREDIT SUPPORT. All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

PARAGRAPH 11. MISCELLANEOUS

(a) DEFAULT INTEREST. A Secured Party that fails to make, when due, any Transfer of Posted Collateral or the Interest Amount will be obligated to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) FURTHER ASSURANCES. Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.

(c) FURTHER PROTECTION. The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).

(d) GOOD FAITH AND COMMERCIALY REASONABLE MANNER. Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(e) DEMANDS AND NOTICES. All demands and notices made by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.

(f) SPECIFICATIONS OF CERTAIN MATTERS. Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

PARAGRAPH 12. DEFINITIONS

As used in this Annex:--

"CASH" means the lawful currency of the United States of America.

"CREDIT SUPPORT AMOUNT" has the meaning specified in Paragraph 3.

"CUSTODIAN" has the meaning specified in Paragraphs 6(b)(i) and 13.

"DELIVERY AMOUNT" has the meaning specified in Paragraph 3(a).

"DISPUTING PARTY" has the meaning specified in Paragraph 5.

"DISTRIBUTIONS" means with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral under Paragraph 6(c). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

"ELIGIBLE COLLATERAL" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"ELIGIBLE CREDIT SUPPORT" means Eligible Collateral and Other Eligible Support.

"EXPOSURE" means for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Transactions (or Swap Transactions) were being terminated as of the relevant Valuation Time; provided that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation").

"INDEPENDENT AMOUNT" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"INTEREST AMOUNT" means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

- (x) the amount of that Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360

"INTEREST PERIOD" means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

"INTEREST RATE" means the rate specified in Paragraph 13.

"LOCAL BUSINESS DAY", unless otherwise specified in Paragraph 13, has the meaning specified in the Definitions Section of this Agreement, except that references to a payment in clause (b) thereof will be deemed to include a Transfer under this Annex.

"MINIMUM TRANSFER AMOUNT" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"NOTIFICATION TIME" has the meaning specified in Paragraph 13.

"OBLIGATIONS" means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

"OTHER ELIGIBLE SUPPORT" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"OTHER POSTED SUPPORT" means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

"PLEDGOR" means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support under Paragraph 3(a).

"POSTED COLLATERAL" means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or release by the Secured Party under Paragraph 8. Any interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in the form of Cash.

"POSTED CREDIT SUPPORT" means Posted Collateral and Other Posted Support.

"RECALCULATION DATE" means the Valuation Date that gives rise to the dispute under Paragraph 5; provided, however, that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the "Recalculation Date" means the most recent Valuation Date under Paragraph 3.

"RESOLUTION TIME" has the meaning specified in Paragraph 13.

"RETURN AMOUNT" has the meaning specified in Paragraph 3(b).

"SECURED PARTY" means either party, when that party (i) makes a demand for or is entitled to received Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

"SPECIFIED CONDITION" means, with respect to a party, any event specified as such for that party in Paragraph 13.

"SUBSTITUTE CREDIT SUPPORT" has the meaning specified in Paragraph 4(d)(i).

"SUBSTITUTION DATE" has the meaning specified in Paragraph 4(d)(ii).

"THRESHOLD" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"TRANSFER" means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

(i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;

(iii) in the case of securities that can be paid or delivered by book-entry, the giving of written instructions to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient, and

(iv) in the case of Other Eligible Support or Other Posted Support, as specified in Paragraph 13.

"VALUATION AGENT" has the meaning specified in Paragraph 13.

"VALUATION DATE" means each date specified in or otherwise determined pursuant to Paragraph 13.

"VALUATION PERCENTAGE" means, for any item of Eligible Collateral, the percentage specified in Paragraph 13.

"VALUATION TIME" has the meaning specified in Paragraph 13.

"VALUE" means for any Valuation Date or other date for which Value is calculated and subject to Paragraph 5 in the case of a dispute, with respect to;

- (i) Eligible Collateral or Posted Collateral that is:
 - (A) Cash, the amount thereof; and
 - (B) a security, the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any;
- (ii) Posted Collateral that consists of items that are not specified as Eligible Collateral, zero; and
- (iii) Other Eligible Support and Other Posted Support, as specified in Paragraph 13.

PARAGRAPH 13. ELECTIONS AND VARIABLES

(a) SECURITY INTEREST FOR "OBLIGATIONS". The term "Obligations" as used in this Annex included the following additional obligations:

With respect to Party A: None_____

With respect to Party B: None_____

(b) CREDIT SUPPORT OBLIGATIONS.

(i) DELIVERY AMOUNT, RETURN AMOUNT AND CREDIT SUPPORT AMOUNT.

(A) "DELIVERY AMOUNT" has the meaning specified in Paragraph 3(a), unless otherwise specified here: _____

(B) "RETURN AMOUNT" has the meaning specified in Paragraph 3(b), unless otherwise specified here: _____

(C) "CREDIT SUPPORT AMOUNT" has the meaning specified in Paragraph 3, unless otherwise specified here: _____

(ii) ELIGIBLE COLLATERAL. The following items will qualify as "ELIGIBLE" COLLATERAL for the party specified:

	PARTY A	PARTY B	VALUATION PERCENTAGE
(A) Cash	[]	[X]	[]% 100%
(B) negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of not more than one year ("Treasury Bills")	[]	[X]	[]% 100%
(C) negotiable debt obligations issued by the U.S. Treasury Department having an original	[]	[X]	[]% 99%

maturity at issuance of more than one year but not more than 10 years ("Treasury Notes")

- (D) negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of more than 10 years ("Treasury Bonds") % 98%
- (E) other: U.S. dollar denominated certificates of deposit with a maturity date of one year or less issued by a U.S. financial institution whose deposits are insured by the FDIC and which has a long-term unsecured debt rating of at least A by both Standard & Poor's Corporation and Moody's Investors Service Inc. % 97%

(iii) OTHER ELIGIBLE SUPPORT. The following items qualify as "OTHER ELIGIBLE SUPPORT" for the party specified:

	PARTY A	PARTY B
(A) _____	<input type="checkbox"/>	<input type="checkbox"/>
(B) _____	<input type="checkbox"/>	<input type="checkbox"/>

(iv) THRESHOLDS.

- (A) "INDEPENDENT AMOUNT" means with respect to Party A: \$NONE _____
"INDEPENDENT AMOUNT" means with respect to Party B: \$ the meaning, if any, specified in the Confirmation
- (B) "THRESHOLD" means with respect to Party A: \$0 _____
"THRESHOLD" means with respect to Party B: \$0 _____
- (C) "MINIMUM TRANSFER AMOUNT" means with respect to Party A: \$100,000 _____
"MINIMUM TRANSFER AMOUNT" means with respect to Party B: \$ 20,000 _____
- (D) ROUNDING. The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of \$1,000, respectively.

(c) VALUATION AND TIMING.

(i) "VALUATION AGENT" means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraph 6(d), the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable, unless otherwise specified here:

(ii) "VALUATION DATE" means: Unless otherwise specified in the Confirmation, every day that is a Business Day in New York.

(iii) "VALUATION TIME" means:

the close of business in the city of the Valuation Agent on the Valuation Date or date of calculation, as applicable;

the close of business on the Local Business Day before the Valuation Date or date of calculation, as applicable;

provided that the calculations of value and Exposure will be made as of approximately the same time on the same date.

(iv) "NOTIFICATION TIME" means 1:00 p.m., New York time, on a Local Business Day, unless otherwise specified here:.....

(d) CONDITIONS PRECEDENT AND SECURED PARTY'S RIGHTS AND REMEDIES. The following Termination Event will be a "SPECIFIED CONDITION" for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party):

	PARTY A	PARTY B
Illegality		
Tax Event	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tax Event Upon Merger	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Credit Event Upon Merger	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Additional Termination Event(s):/1/	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>

(e) SUBSTITUTION

(i) "SUBSTITUTION DATE" has the meaning specified in Paragraph 4(d)(ii), unless otherwise specified here:

/1/If the parties elect to designate an Additional Termination Event as a "Specified Condition", then they should only designate one or more Additional Termination Events that are designated as such in their Schedule.

(ii) CONSENT. The Pledgor must obtain the Secured Party's consent which consent shall not be unreasonably withheld to any substitution pursuant to Paragraph 4(d) except that the Pledgor may substitute cash for any publicly traded shares without the Secured Party's consent./2/

(f) DISPUTE RESOLUTION.

(i) "RESOLUTION TIME" means 1:00 p.m., New York time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5, unless otherwise specified here:_____

(ii) VALUE. For the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support will be calculated as follows:_____

(iii) ALTERNATIVE. The provisions of Paragraph 5 will apply, unless an alternative dispute resolution procedure is specified here:_____

(g) HOLDING AND USING POSTED COLLATERAL

(i) ELIGIBILITY TO HOLD POSTED COLLATERAL; CUSTODIANS. Party A and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied;

(1) Party A is not a Defaulting Party.

(2) Posted Collateral may be held only in the following jurisdictions

(3) _____

Initially, the CUSTODIAN for Party A is Brown Brothers Harriman & Co.

Party B and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); provided that the following conditions applicable to it are satisfied:

(1) Party B is not a Defaulting Party_____

(2) Posted Collateral may be held only in the following jurisdictions:_____

(3) _____

Initially, the Custodian for Party B is

/2/ Parties should consider selecting "applicable" where substitution without consent could give rise to a registration requirement to perfect properly the security interest in Posted Collateral (e.g., where a party to the Annex is the New York branch of an English bank).

(ii) USE OF POSTED COLLATERAL. The provisions of Paragraph 6(c) will not apply to the party specified here:

Party A

Party B
and [that party/those parties/3/] will not be permitted to:

(h) DISTRIBUTIONS AND INTEREST AMOUNT.

(i) INTEREST RATE. The "INTEREST RATE" will be: 0.0% _____

(ii) TRANSFER OF INTEREST AMOUNT. The Transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3(b), unless otherwise specified here: _____

(iii) ALTERNATIVE TO INTEREST AMOUNT. The provisions of Paragraph 6(d) (ii) will apply, unless otherwise specified here: _____

(i) ADDITIONAL REPRESENTATION(S). [Party A/Party B/4/] represents to the other party (which representation(s) will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) _____

(ii) _____

(j) OTHER ELIGIBLE SUPPORT AND OTHER POSTED SUPPORT.

(i) "VALUE" with respect to Other Eligible Support and Other Posted Support means: _____

(ii) "TRANSFER" with respect to Other Eligible Support and Other Posted Support means: _____

(k) DEMAND AND NOTICES. All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

Party A: BankBoston, N.A., 100 Federal Street, Boston, MA 02110 _____

/3/ Delete as applicable.

/4/ Delete as applicable.

Party B: CMGI, Inc., 100 Brickstone Square, Second Floor, Andover, MA
01810

(l) ADDRESSES FOR TRANSFERS.

Party A: To be advised _____

Party B: To be advised _____

(m) OTHER PROVISIONS.

AGREEMENT FOR THE ASSIGNMENT
OF VOTING RIGHTS

This Agreement, dated as of January 15, 1999, by and between CMGI, Inc., a Delaware corporation ("CMGI") and Long Lane Master Trust, a Delaware business trust (the "Trust").

WHEREAS, CMGI has entered into a ISDA Master Swap Agreement, and a schedule and confirmation thereto, each dated as of January 15, 1999 (collectively, the "Swap Agreement") with BankBoston, N.A. (the "Bank") whereby the Bank has agreed to provide financing to CMGI in accordance with the terms of the Swap Agreement;

WHEREAS, in connection with such financing, the Bank will cause the Trust to issue securities, the proceeds of which will be utilized to provide such funds to CMGI;

WHEREAS, simultaneously with the execution of this Agreement and the Swap Agreement, CMGI will transfer to the Trust shares of common stock issued by Lycos, Inc., (the "Shares") with an aggregate market value equal to at least \$20,000,000 to secure the obligations of CMGI to the Bank;

WHEREAS, the parties hereto have also entered into a repurchase agreement, dated as of January 15, 1999, relating to the repurchase of the Shares by CMGI;

WHEREAS, the Trust wishes to assign the voting rights relating to the Shares to CMGI in accordance with the terms of this Agreement.

NOW, THEREFORE BE IT RESOLVED, the parties hereto agree as follows:

1. ASSIGNMENT OF VOTING RIGHTS

While this Agreement is in effect, the Trust hereby agrees to assign to CMGI the voting rights on the Shares in accordance with the terms hereof. Any liquidation of the Shares by the Trust shall result in automatic extinguishment of the right of CMGI to exercise the voting right of Shares.

2. EXERCISE OF VOTING RIGHTS

Whenever a general shareholders meeting of Lycos, Inc. is convened or any proxies or other documentation requiring the actions of holders of the Shares is delivered to such holders, CMGI shall send a written notice to the Trust. Such notice will include:

- . a copy of the notice of the respective general shareholders meeting of Lycos, Inc.
- . instructions on the manner in which to vote the Shares.
- . the name of the person or persons, if any, who will represent the Trust in the respective general shareholders meeting of Lycos, Inc.

Said notice shall be remitted by CMGI to the Trust no later than the fifth day before the date proposed for the general meeting in question to be held, or as soon as possible with respect to any other consents or actions to be taken by the holders of the Shares. The Trust shall in no way be liable for any failure by CMGI to provide appropriate

instructions with respect to the Shares. If the Trust has not received written instructions from CMGI on the manner in which to vote the Shares, the Trust shall abstain from voting the Shares.

To comply with the instructions on the vote or abstention, as appropriate, given by CMGI in connection with the Shares, CMGI may designate a representative or representatives for each general shareholders meeting of Lycos, Inc. to act on behalf of the Trust at such meeting. The Trust hereby agrees to consent to the appointment of any such representative and agrees to execute any documents reasonably necessary to effectuate the foregoing.

3. TERM

This Agreement shall automatically terminate, without notice, on the earlier of (i) January 20, 2000 or (ii) the day on which the Trust disposes of the Shares as a result of (A) an event of default under the Trust Indenture, dated as of January 13, 1998, as supplemented by an indenture supplement, dated as of January 14, 1999 between the Trust and U.S. Bank Trust, as indenture trustee or (B) the termination of the Swap Agreement in accordance with the terms thereof.

4. CHANGES AFFECTING THE SHARES

In the event that Lycos, Inc. is the subject of merger, spin-off, recapitalization or other similar transaction, any Shares received by the Trust as the result of such transactions and of the redemption of the Shares included shall be covered by this Agreement.

Furthermore, the voting rights assigned hereunder shall remain in full force and effect in the event that the Shares are the subject of exchange, remuneration or the increase or reduction of their par value.

5. NOTICES

All notices between the parties shall be made by telefacsimile or by mail, return receipt requested, to the following numbers and addresses:

The Trust

To: Long Lane Master Trust
c/o Delaware Trust Capital Management, Inc.
300 Delaware Avenue
Wilmington, DE 19801
Attn: Sterling C. Correia
Tel: (302) 888-7528
Fax: (302) 888-7544

CMGI

To: CMGI, Inc.
100 Brickstone Square
First Floor
Andover, MA 01810
Attn: Chief Financial Officer
Tel: (978) 684-3600
Fax: (978) 684-3672

6. APPLICABLE LAW

The Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of laws provisions thereof.

7. COUNTERPARTS

This Agreement may be executed in counterparts, each of which shall constitute an original, but all of which shall together constitute one Agreement.

8. OWNER TRUSTEE

The Owner Trustee (as such term is defined in the Trust Agreement referred to herein) is executing this document solely in its capacity as trustee under the Amended and Restated Trust Agreement, dated as of January 13, 1998, as supplemented by a trust supplement dated as of January 14, 1999, and, as such, the Owner Trustee shall incur no personal liability in connection therewith.

IN WITNESS WHEREOF, the parties hereto have caused to be executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

LONG LANE MASTER TRUST

By: DELAWARE TRUST CAPITAL
MANAGEMENT, INC.
not in its individual
capacity but solely as
Owner Trustee

Name:
Title:

CMGI, INC.

By: /s/ Andrew J. Hajducky

Name:
Title:

LONG LANE MASTER TRUST

LONG LANE FLOATING RATE TRUST CERTIFICATES

PURCHASE AGREEMENT

January 15, 1999

CMGI, Inc.
100 Brickstone Square
First Floor
Andover, MA 01810

Long Lane Master Trust, a Delaware business trust (the "Trust" or "Issuer"), hereby agrees with you (sometimes referred to herein as the "Purchaser") as follows:

Section 1. The Certificates. The Trust proposes to sell its Long Lane

Trust Certificates, Series 1999-A (the "Certificates") which will be issued pursuant to an Amended and Restated Trust Agreement, dated as of January 14, 1997, as supplemented by a supplemental trust agreement relating to the Certificates, dated as of January 14, 1999 (together, the "Trust Agreement"), between BankBoston, N.A. (formerly The First National Bank of Boston), as grantor and Delaware Trust Capital Management, Inc., as owner trustee (the "Owner Trustee"). The Certificates are separately secured by an ISDA master swap agreement (the "Swap Agreement"), dated as of January 13, 1998 and a schedule and confirmation thereto, each dated as of January 15, 1999, with BankBoston, N.A. (the "Swap Counterparty") in favor of U.S. Bank Trust National Association, as indenture trustee (the "Indenture Trustee") under a trust indenture, dated as of January 13, 1998, as supplemented by an indenture supplement relating to such Series, dated as of January 14, 1999. Capitalized terms not otherwise defined herein have the meanings ascribed thereto in the Trust Agreement.

An Offering Memorandum, dated January 13, 1998 and an Offering Supplement, dated January 14, 1999 (together, the "Offering Memorandum"), have been prepared in connection with the sale of the Certificates. Copies of the Offering Memorandum have been delivered to you.

Section 2. Purchase of the Certificates. Subject to the terms and

conditions and in reliance upon the representations and warranties herein set forth, the Trust agrees to sell to you and you agree to purchase, on January 20, 1999, or such other time as shall be mutually agreed upon (the "Closing Date"), Certificates in an aggregate principal amount set forth in Exhibit A attached hereto. The expected purchase price for the Certificates to be purchased by you (the "Purchaser's Certificates") shall be set forth in Exhibit A attached hereto. Payments shall include the purchase price plus, if such Purchase Price is not timely received by the Trust on the Closing Date, the cost of funds (as defined by the Trust) to the Trust from the Closing Date to the date payment is received.

Section 3. Payment and Delivery. Payment and delivery of the Purchaser's

Certificates shall take place on the Closing Date at such time and in such manner as shall be mutually agreed

upon by the Purchaser and BancBoston Robertson Stephens Inc., as placement agent, on behalf of the Trust.

Section 4. Representations, Warranties and Covenants of the Purchaser.

This Agreement is made with you in reliance upon your representations, warranties and covenants to the Trust as follows:

(a) You represent and warrant to the Trust that you understand that the Purchaser's Certificates have not been registered under the 1933 Act, in reliance upon the exemption provided in Section 4(2) of such Act, or the securities or "Blue Sky" laws of any state, and you hereby covenant and agree that you will not sell or otherwise transfer the Purchaser's Certificates or any part thereof without registration under the 1933 Act or pursuant to an exemption therefrom and except upon compliance with the provisions hereof and with the applicable provisions of the Trust Agreement, including obtaining and transmitting to the Owner Trustee copies of certain documents in the form contemplated by the Trust Agreement. You represent and warrant to the Trustee that you fully understand and agree that you must bear the economic risk of the purchase of the Purchaser's Certificates for an indefinite period of time.

(b) You represent and warrant to the Trust that you are acquiring the Certificates purchased by you for your own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which you exercise sole investment discretion.

(c) You represent and warrant to the Trust that you are either an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act) or a "qualified institutional buyer" (as defined in Rule 144A promulgated under the 1933 Act) and have knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of your investment in the Certificates, and you and any accounts for which you are acting are each able to bear the economic risks of your or their investment.

(d) You represent and warrant to the Trust that you understand that any subsequent transfer of the Certificates is subject to certain restrictions and conditions set forth in the Trust Agreement, and you agree to be bound by and not to resell, pledge or otherwise transfer the Certificates except in compliance with such restrictions and conditions and the Securities Act of 1933, as amended (the "Securities Act").

(e) You represent and warrant to the Trust that with respect to any proposed resale of any Certificates, you will furnish to the Trustee such certificates, legal opinions and other information as the Trustee may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. You further warrant and represent that the Certificates purchased by you will bear a legend to the foregoing effect.

(f) You represent and warrant to the Trust that neither the Trustee nor any person acting on the Certificateholder's or the Trustee's behalf has made any representations concerning the offer and sale of the Certificates, except as set forth in the Offering Memorandum.

(g) You represent and warrant to the Trust that if you are acquiring any of the Certificates as fiduciary or agent for one or more accounts, you have sole investment discretion with respect to each such account and that you have full power to make the foregoing acknowledgements, representations and agreements with respect to each such account.

(h) You represent and warrant to the Trust that you are duly authorized to enter into and have duly executed and delivered this Agreement, and this Agreement constitutes a legal, valid and binding obligation enforceable against you in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency moratorium or similar laws affecting the rights of creditors generally and general principles of equity.

Section 5. Separability Clause. Any part, representation, or warranty of

this Agreement which is prohibited or is held to be void or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

Section 6. Miscellaneous. This Agreement is to be governed by, and

construed in accordance with, the laws of the State of New York; it may be executed in two or more counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement supersedes all prior agreements and understandings relating to the subject matter hereof. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. Owner Trustee. Delaware Trust Capital Management, Inc. is

executing this Agreement solely in its capacity as trustee under the Trust Agreement and Delaware Trust Capital Management, Inc. shall incur no personal liability in connection herewith except by reason of its own gross negligence, willful misconduct or negligence in the handling of funds.

If you are in agreement with the foregoing, please sign a counterpart hereof and return the same to the Trustee whereupon this Agreement shall become a binding agreement between you and the Trustee.

Very truly yours,

LONG LANE MASTER TRUST

By: Delaware Trust Capital
Management, Inc., not
in its individual capacity
but solely as Owner Trustee

By: _____
Name:
Title:

Accepted and Agreed:

CMGI, INC.

By: /s/ Andrew J. Hajducky

Name: Andrew J. Hajducky
Title:

Date: January 15, 1999

EXHIBIT A

Aggregate principal amount of Certificates to be purchased:	\$198,000
Purchase price:	100%

REPURCHASE AGREEMENT

This Repurchase Agreement, dated as of January 15, 1999, is made by and between CMGI, Inc., a Delaware corporation ("CMGI") and Long Lane Master Trust, a Delaware business trust (the "Trust").

WHEREAS, CMGI has entered into an ISDA Master Swap Agreement and a schedule and confirmation thereto, each dated as of January 15, 1999 (collectively, the "Swap Agreement") with BankBoston, N.A. (the "Bank") whereby the Bank has agreed to provide funds to CMGI in accordance with the terms of the Swap Agreement;

WHEREAS, in connection with such financing, the Bank will cause the Trust to issue securities (the "Securities"), the proceeds of which will be utilized to provide such funds to CMGI;

WHEREAS, in conjunction with the issuance of such securities by the Trust, CMGI will transfer to the Trust its right, title and interest to shares of common stock of Lycos, Inc. with an aggregate market value of at least \$20,000,000 (the "Shares") to secure the obligations of CMGI to the Bank;

NOW THEREFORE, BE IT RESOLVED, the parties hereto agree as follows:

1. HOLDING OF SHARES. CMGI has transferred to the Trust and the Trust

 hereby accepts delivery of the Shares and shall pledge such Shares to U.S. Bank Trust National Association, as indenture trustee for the Securities in accordance with the terms of the Amended and Restated Trust Agreement, dated as of January 13, 1998, as supplemented by a trust supplement dated as of January 14, 1999, each between the Bank, as grantor and the Trust. The Trust further agrees that it will not sell, pledge or hypothecate and/or otherwise transfer of the Shares except in accordance with this Agreement; provided, however, that the parties hereto acknowledge that the Trust will pledge the Shares to U.S. Bank Trust National Association, as indenture trustee for the Securities.

2. REPURCHASE OF SHARES. The parties hereto agree that upon the earlier

 to occur of (i) the termination of the Swap Agreement in accordance with its terms; (ii) the liquidation of the Shares in accordance with the terms of the Trust Indenture, dated as of January 13, 1998, as supplemented by an indenture supplement, dated as of January 14, 1999, each between the Trust and U.S. Bank Trust National Association, as indenture trustee due to the occurrence of an event of default thereunder or (iii) January 20, 2000, CMGI shall repurchase the Shares from the Trust in the manner set forth herein. The Trust shall send immediate written notification to CMGI upon the occurrence of an event described in clauses (i) or (ii) above. No notification shall be required with respect to the repurchase of Shares on January 20, 2000. Within one business day of receipt of such notification, CMGI shall send written notification to the Trust of its intent to repurchase the Shares, together with a request for wiring instructions for the purchase price of the Shares.

3. PURCHASE PRICE. The purchase price for the Shares shall be the fair

market value of the Shares, as determined by the Bank, three business days prior to the date of delivery of such Shares to CMGI. CMGI shall deposit the purchase price, in immediately available funds, at the account designated by the Trust on or prior to the date of delivery of such Shares to CMGI.

4. RELEASE OF LIEN. Upon receipt of notification that the purchase price

has been received from CMGI, the Trust will cause the lien created on the Shares pursuant to the Trust Indenture to be released and shall cause the Shares to be delivered to CMGI or its designee.

5. OBLIGATION UNCONDITIONAL. The obligation of CMGI to repurchase the

Shares hereunder is absolute and unconditional without any right of offset or counterclaim.

6. DEFAULT BY CMGI. CMGI hereby agrees that if CMGI fails to repurchase

the Shares at the times and manner set forth herein, the Trust shall be free to sell the Shares without restriction to any other party without further notice to CMGI.

7. VOTING OF SHARES. The parties hereto agree that the Shares shall be

voted in accordance with the Assignment of Voting Rights Agreement, dated as of January 15, 1999, between the Trust and CMGI.

8. GOVERNING LAW. The Agreement shall be governed by and construed in

accordance with the laws of the State of New York without regard to the conflict of law provisions thereof.

9. COUNTERPARTS. This Agreement may be executed in counterparts, each of

which shall constitute an original, but all of which shall together constitute one Agreement.

10. OWNER TRUSTEE. The Owner Trustee is executing this document solely in

its capacity as trustee under the Trust Agreement and, as such, the Owner Trustee shall incur no personal liability in connection therewith.

IN WITNESS WHEREOF, the parties hereto have caused to be executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

LONG LANE MASTER TRUST

By: DELAWARE TRUST CAPITAL
MANAGEMENT, INC.
not in its individual
capacity but solely as
Owner Trustee

Name:
Title:

CMGI, INC.

Name: /s/ Andrew J. Hajducky

Title:

UNLIMITED GUARANTY

UNLIMITED GUARANTY, dated as of October 30, 1998, by CMG INFORMATION SERVICES, INC., a Delaware (the "Guarantor") in favor of (a) BANKBOSTON, N.A., a national banking association, as agent (hereinafter, in such capacity, the "Agent") for itself and the other banking institutions (hereinafter, collectively, the "Banks") which are or may become parties to the Amended and Restated Revolving Credit and Term Loan Agreement dated as of June 11, 1998 (as amended and in effect from time to time, the "Credit Agreement"), among SALES LINK CORPORATION, a Massachusetts corporation (the "Company"), InSolutions Incorporated ("InSolutions", and, collectively with the Company, the "Borrowers"), Pacific Direct Marketing Corp. ("Pacific Direct"), the Banks and the Agent and (b) each of the Banks.

WHEREAS, the Borrowers, Pacific Direct and the Guarantor are members of a group of related corporations, the success of any one of which is dependent in part on the success of the other members of such group;

WHEREAS, the Guarantor expects to receive substantial direct and indirect benefits from any extensions of credit to the Borrowers by the Banks pursuant to the Credit Agreement (which benefits are hereby acknowledged);

WHEREAS, as a result of the occurrence of certain Events of Default (as such term is defined in the Credit Agreement), the Banks are under no obligation to make any loans or other extensions of credit to the Borrowers under the Credit Agreement, and any loans or other extensions of credit so made are done so in the sole and absolute discretion of the Banks and constitute Obligations under the Credit Agreement; and

WHEREAS, the Guarantor wishes to guaranty the Borrowers' obligations to the Banks and the Agent under or in respect of the Credit Agreement and otherwise all as provided herein;

NOW, THEREFORE, the Guarantor hereby agrees with the Banks and the Agent as follows:

1. DEFINITIONS. The term "Obligations" shall mean all indebtedness,

obligations and liabilities of the Borrowers and their Subsidiaries to any of the Banks and the Agent, existing on the date hereof or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, arising or incurred under the Credit Agreement, any other Loan Document or any other agreement, document or instrument with the Agent or any Bank, or in respect of any of the Loans or

any other advances or extensions or credit made or Reimbursement Obligations incurred or any of the Notes, Letter of Credit Applications, Letters of Credit, or arising or incurred in connection with any interest rate protection arrangements or any documents, agreements or instruments executed in connection therewith, or other instruments at any time evidencing any thereof. In addition, all other capitalized terms used herein without definition shall have the respective meanings provided therefor in the Credit Agreement.

2. GUARANTY OF PAYMENT AND PERFORMANCE. The Guarantor hereby guarantees to

the Banks and the Agent the full and punctual payment when due (whether at stated maturity, by required pre-payment, by acceleration or otherwise), as well as the performance, of all of the Obligations including all such which would become due but for the operation of the automatic stay pursuant to (S)362(a) of the Federal Bankruptcy Code and the operation of (S)(S)502(b) and 506(b) of the Federal Bankruptcy Code. This Guaranty is an absolute, unconditional and continuing guaranty of the full and punctual payment and performance of all of the Obligations and not of their collectibility only and is in no way conditioned upon any requirement that the Agent or any Bank first attempt to collect any of the Obligations from the Borrowers or resort to any collateral security or other means of obtaining payment. Should the Borrowers default in the payment or performance of any of the Obligations, the obligations of the Guarantor hereunder with respect to such Obligations in default shall, upon demand by the Agent, become immediately due and payable to the Agent, for the benefit of the Banks and the Agent, without demand or notice of any nature, all of which are expressly waived by the Guarantor. Payments by the Guarantor hereunder may be required by the Agent on any number of occasions. All payments by the Guarantor hereunder shall be made to the Agent, in the manner and at the place of payment specified therefor in the Credit Agreement, for the account of the Banks and the Agent.

3. GUARANTOR'S AGREEMENT TO PAY ENFORCEMENT COSTS, ETC. The Guarantor

further agrees, as the principal obligor and not as a guarantor only, to pay to the Agent, on demand, all costs and expenses (including court costs and legal expenses) incurred or expended by the Agent or any Bank in connection with the Obligations, this Guaranty and the enforcement thereof, together with interest on amounts recoverable under this (S)3 from the time when such amounts become due until payment, whether before or after judgment, at the rate of interest for overdue principal set forth in the Credit Agreement, provided that if such

interest exceeds the maximum amount permitted to be paid under applicable law, then such interest shall be reduced to such maximum permitted amount.

4. WAIVERS BY GUARANTOR; BANK'S FREEDOM TO ACT. The Guarantor agrees that

the Obligations will be paid and performed strictly in accordance with their respective terms, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Bank with respect thereto. The

Guarantor waives promptness, diligences, presentment, demand, protest, notice of acceptance, notice of any Obligations incurred and all other notices of any kind, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshalling of assets of the Borrowers or any other entity or other person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defenses generally. Without limiting the generality of the foregoing, the Guarantor agrees to the provisions of any instrument evidencing, securing or otherwise executed in connection with any Obligation and agrees that the obligations of the Guarantor hereunder shall not be released or discharged, in whole or in part, or otherwise affected by (a) the failure of the Agent or any Bank to assert any claim or demand or to enforce any right or remedy against any Borrower or any other entity or other person primarily or secondarily liable with respect to any of the Obligations; (b) any extensions, compromise, refinancing, consolidation or renewals of any Obligation; (c) any change in the time, place or manner of payment of any of the Obligations or any rescissions, waivers, compromise, refinancing, consolidation or other amendments or modifications of any of the terms or provisions of the Credit Agreement, the Note, the other Loan Documents or any other agreement evidencing, securing or otherwise executed in connection with any of the Obligations, (d) the addition, substitution or release of any entity or other person primarily or secondarily liable for any Obligation; (e) the adequacy of any rights which the Agent or any Bank may have against any collateral security or other means of obtaining repayment of any of the Obligations; (f) the impairment of any collateral security of the Obligations, including without limitation the failure to perfect or preserve any rights which the Agent or any Bank might have in such collateral security or the substitution, exchange, surrender, release, loss or destruction of any such collateral security; or (g) any other act or omission which might in any manner or to any extent vary the risk of the Guarantor or otherwise operate as a release or discharge of the Guarantor, all of which may be done without notice to the Guarantor. To the fullest extent permitted by law, the Guarantor hereby expressly waives any and all rights or defenses arising by reason of (i) any "one action" or "anti-deficiency" law which would otherwise prevent the Agent or any Bank from bringing any action, including any claim for a deficiency, or exercising any other right or remedy (including any right of set-off), against the Guarantor before or after the Agent's or such Bank's commencement or completion of any foreclosure action, whether judicially, by exercise of power of sale or otherwise, or (ii) any other law which in any other way would otherwise require any election of remedies by the Agent or any Bank.

5. UNENFORCEABILITY OF OBLIGATIONS AGAINST BORROWERS. If for any reason

either of the Borrowers has no legal existence or is under no legal obligation to discharge any of the Obligations, or if any of the Obligations have become irrecoverable from such Borrower by reason of such Borrower's insolvency, bankruptcy or reorganization or by other operation of law or for any other reason, this Guaranty shall nevertheless be binding on

the Guarantor to the same extent as if the Guarantor at all times had been the principal obligor on all such Obligations. In the event that acceleration of the time for payment of any of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of any Borrower, or for any other reason, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, the Note, the other Loan Documents or any other agreement evidencing, securing or otherwise executed in connection with any Obligation shall be immediately due and payable by the Guarantor.

6. SUBROGATION; SUBORDINATION.

6.1. WAIVER OF RIGHTS AGAINST BORROWERS. Until the final payment and performance in full of all of the Obligations, the Guarantor shall not exercise and hereby waives any rights against any Borrower arising as a result of payment by the Guarantor hereunder, by way of subrogation, reimbursement, restitution, contribution or otherwise, and will not prove any claim in competition with the Agent or any Bank in respect of any payment hereunder in any bankruptcy, insolvency or reorganization case or proceedings of any nature; the Guarantor will not claim any setoff, recoupment or counterclaim against any Borrower in respect of any liability of the Guarantor to any Borrower; and the Guarantor waives any benefit of and any right to participate in any collateral security which may be held by the Agent or any Bank.

6.2. SUBORDINATION. The payment of any amounts due with respect to any indebtedness of the Borrowers for money borrowed or credit received now or hereafter owed to the Guarantor is hereby subordinated to the prior payment in full of all of the Obligations. The Guarantor agrees that, after the occurrence of any default in the payment or performance of any of the Obligations, the Guarantor will not demand, sue for or otherwise attempt to collect any such indebtedness of the Borrowers to the Guarantor until all of the Obligations shall have been paid in full. If, notwithstanding the foregoing sentence, the Guarantor shall collect, enforce or receive any amounts in respect of such indebtedness while any Obligations are still outstanding, such amounts shall be collected, enforced and received by the Guarantor as trustee for the Banks and the Agent and be paid over to the Agent, for the benefit of the Banks and the Agent, on account of the Obligations without affecting in any manner the liability of the Guarantor under the other provisions of this Guaranty.

6.3. PROVISIONS SUPPLEMENTAL. The provisions of this (S) 6 shall be supplemental to and not in derogation of any rights and remedies of the Banks and the Agent under any separate subordination agreement which the Agent may at any time and from time to time enter into with the Guarantor for the benefit of the Banks and the Agent.

7. SECURITY; SETOFF. The Guarantor grants to each of the Agent and the

Banks, as security for the full and punctual payment and performance of all of the Guarantor's obligations hereunder, a continuing lien on and security interest in all securities or other property belonging to the Guarantor now or hereafter held by the Agent or such Bank and in all deposits (general or special, time or demand, provisional or final) and other sums credited by or due from the Agent or such Bank to the Guarantor or subject to withdrawal by the Guarantor. Regardless of the adequacy of any collateral security or other means of obtaining payment of any of the Obligations, each of the Agent and the Banks is hereby authorized at any time and from time to time, without notice to the Guarantor (any such notice being expressly waived by the Guarantor) and to the fullest extent permitted by law, to set off and apply such deposits and other sums against the obligations of the Guarantor under this Guaranty, whether or not the Agent or such Bank shall have made any demand under this Guaranty and although such obligations may be contingent or unmatured.

8. FURTHER ASSURANCES. The Guarantor agrees that it shall furnish to the

Agent and the Banks as soon as available but in any event within ninety days after the close of each fiscal year the Guarantor's audited consolidated and consolidating balance sheet and related statement of income and cash flow (the "Financials") for such fiscal year, certified by the Guarantor's accountants, and the Guarantor's consolidating Financials for such fiscal period, and as soon as available but in any event within forty-five (45) days after the end of each fiscal quarter of the Guarantor, the Guarantor's unaudited consolidated and consolidating Financials for such quarter, certified by its chief financial officer, and the Guarantor further agrees that it will from time to time, at the request of the Agent, do all such things and execute all such documents as the Agent may consider necessary or desirable to give full effect to this Guaranty and to perfect and preserve the rights and powers of the Banks and the Agent hereunder. The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Borrowers on a continuing basis all information desired by the Guarantor concerning the financial condition of the Borrowers and that the Guarantor will look to the Borrowers and not to the Agent or any Bank in order for the Guarantor to keep adequately informed of changes in the Borrowers' financial condition.

9. TERMINATION; REINSTATEMENT. This Guaranty shall remain in full force

and effect until the Agent is given written notice of the Guarantor's intention to discontinue this Guaranty, notwithstanding any intermediate or temporary payment or settlement of the whole or any part of the Obligations. No such notice shall be effective unless received and acknowledged by an officer of the Agent at the address of the Agent for notices set forth on the signature page of the Credit Agreement. No such notice shall affect any rights of the Agent or any Bank hereunder, including without limitation the rights set forth in (S)(S)4 and 6, with respect to any Obligations incurred or accrued prior to the receipt of such notice or any Obligations incurred or accrued pursuant to any contract or commitment in

existence prior to such receipt. This Guaranty shall continue to be effective or be reinstated, notwithstanding any such notice, if at any time any payment made or value received with respect to any Obligation is rescinded or must otherwise be returned by the Agent or any Bank upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, all as though such payment had not been made or value received.

10. SUCCESSORS AND ASSIGNS. This Guaranty shall be binding upon the

Guarantor, its successors and assigns, and shall inure to the benefit of the Agent and the Banks and their respective successors, transferees and assigns. Without limiting the generality of the foregoing sentence, each Bank may assign or otherwise transfer the Credit Agreement, the Note, the other Loan Documents or any other agreement or note held by it evidencing, securing or otherwise executed in connection with the Obligations, or sell participations in any interest therein, to any other entity or other person, and such other entity or other person shall thereupon become vested, to the extent set forth in the agreement evidencing such assignment, transfer or participation, with all the rights in respect thereof granted to such Bank herein, all in accordance with (S)13 of the Credit Agreement. The Guarantor may not assign any of its obligations hereunder.

11. AMENDMENTS AND WAIVERS. No amendment or waiver of any provision of

this Guaranty nor consent to any departure by the Guarantor therefrom shall be effective unless the same shall be in writing and signed by the Agent with the consent of the Majority Banks. No failure on the part of the Agent or any Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

12. NOTICES. All notices and other communications called for hereunder

shall be made in writing and, unless otherwise specifically provided herein, shall be deemed to have been duly made or given when delivered by hand or mailed first class, postage prepaid, or, in the case of telegraphic or telexed notice, when transmitted, answer back received, addressed as follows: if to the Guarantor, at the address set forth beneath its signature hereto, and if to the Agent, at the address for notices to the Agent set forth on the signature page of the Credit Agreement, or at such address as either party may designate in writing to the other.

13. GOVERNING LAW; CONSENT TO JURISDICTION. THIS GUARANTY IS INTENDED TO

TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. The Guarantor agrees that any suit for the enforcement of this Guaranty may be brought in the courts of the Commonwealth of Massachusetts or any federal court sitting therein and consents to the nonexclusive jurisdiction of such court and to service of process in any such suit being made upon the Guarantor by mail at the address specified by reference in (S) 12. The Guarantor hereby

waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit was brought in an inconvenient court.

14. WAIVER OF JURY TRIAL. THE GUARANTOR HEREBY WAIVES ITS RIGHT TO A JURY

TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS GUARANTY, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY OF SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Guarantor hereby waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Guarantor (a) certifies that neither the Agent or any Bank nor any representative, agent or attorney of the Agent or any Bank has represented, expressly or otherwise, that the Agent or any Bank would not, in the event of litigation, seek to enforce the foregoing waivers and (b) acknowledges that, in entering into the Credit Agreement and the other Loan Documents to which the Agent or any Bank is a party, the Agent and the Banks are relying upon, among other things, the waivers and certifications contained in this (S) 14.

15. MISCELLANEOUS. This Guaranty constitutes the entire agreement of the

Guarantor with respect to the matters set forth herein. The rights and remedies herein provided are cumulative and not exclusive of any remedies provided by law or any other agreement, and this Guaranty shall be in addition to any other guaranty of or collateral security for any of the Obligations. The invalidity or unenforceability of any one or more sections of this Guaranty shall not affect the validity or enforceability of its remaining provisions. Captions are for the ease of reference only and shall not affect the meaning of the relevant provisions. The meanings of all defined terms used in this Guaranty shall be equally applicable to the singular and plural forms of the terms defined.

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

CMG INFORMATION SERVICES, INC.

By: /s/ Andrew J. Hajducky

Title:

Address:

Telex: _____

CMGI AND PARTICIPATING SUBSIDIARIES
DEFERRED COMPENSATION PLAN

Article I
Establishment of Plan

1.1 Purpose. The CMGI Deferred Compensation Plan is hereby established by

the Board of Directors of CMG Information Services, Inc. ("CMGI"), a Delaware corporation, to provide deferred compensation benefits to selected executives of CMGI and certain related subsidiaries as more fully provided herein. The benefits provided under the Plan are intended to be in addition to other employee benefits programs offered by the Participating Employers (as defined in Section 2.18), including but not limited to tax-qualified employee benefit plans.

1.2 Effective Date and Term. CMGI adopts this unfunded deferred compensation

plan effective as of December 1, 1998, to be known as the CMGI and Participating Subsidiaries Deferred Compensation Plan, hereinafter referred to as the "Plan."

1.3 Applicability of ERISA. This Plan is intended to be a "top-hat" plan.

This Plan is an unfunded plan maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees within the meaning of ERISA.

Article II
Definitions

As used within this document, the following words and phrases have the meanings described in this Article II unless a different meaning is required by the context. Some of the words and phrases used in the Plan are not defined in this Article II, but for convenience, are defined as they are introduced into the text. Words in the masculine gender shall be deemed to include the feminine gender. Any headings used are included for ease of reference only, and are not to be construed so as to alter any of the terms of the Plan.

2.1 Annual Deferral. The amount of Base Salary and/or Bonuses which the

Participant elects to defer in each Deferral Period pursuant to Article 4.1 of the Plan Document.

2.2 Basic Salary. A Participant's base annual salary for the applicable Plan

Year.

2.3 Beneficiary. An individual or entity designated by a Participant in

accordance with Section 13.6.

2.4 Board or Board of Directors. The Board of Directors of CMGI.

2.5 Bonus. Earnings awarded to a Participant at the option of the

Participating Employer which may or may not occur during each Plan Year.

- 2.6 Code. The Internal Revenue Code of 1986. Reference to a section of the

Code shall include that section and any comparable section or sections of any
future legislation that amends, supplements or supersedes such section.
- 2.7 Committee. A committee of one or more individuals appointed by the Board

of Directors to administer the Plan.
- 2.8 Deferral Account. The account established for a Participant pursuant to

Section 5.1 of the Plan document.
- 2.9 Deferral Election. The election made by the Participant pursuant to

Section 4.1 of the Plan document.
- 2.10 Deferral Period. The Plan Year, or in the case of a newly hired or

promoted employee who becomes an Eligible Employee during a Plan Year, the
remaining portion of the Plan Year. In the case of the first Plan Year, the
Deferral Period commences December 1, 1998, and ends December 31, 1998.
- 2.11 Disability. A total and permanent disability, which qualifies the

Participant for early payout of benefits, as described in Section 7.2. The
existence of a Disability shall be determined by the Committee on the advice of
a physician chosen by the Committee.
- 2.12 Effective Date. December 1, 1998.

- 2.13 Eligible Employee. An employee of the Participating Employer who is

designated by the Board of Directors.
- 2.14 ERISA. The Employee Retirement Income Security Act of 1974, as amended.

- 2.15 IRS. The Internal Revenue Service.

- 2.16 Participant. Any individual who becomes eligible to participate in the

Plan pursuant to Article III of the Plan Document.
- 2.17 Participant Agreement and Deferral Election Form. The written agreement

to defer Salary and/or Bonuses made by the Participant. Such written agreement
shall be in a format designated by CMGI.
- 2.18 Participating Employer. CMGI and each related subsidiary of CMGI which

has adopted this Plan with the consent of CMGI. For purposes of this Plan, a
"related subsidiary" is a subsidiary that together with CMGI would be treated as
a single employer within the meaning of Code Section 414(b), (c), (m) or (o) of
the Code.
- 2.19 Plan. The CMGI and Participating Subsidiaries Deferred Compensation

Plan.

2.20 Plan Administrator. CMGI unless CMGI designates another individual or

entity to hold the position of the Plan Administrator.

2.21 Plan Year. For the initial Plan Year, the period beginning December 1,

1998, and ending on December 31, 1998. Thereafter, "Plan Year" means the 12-
month period beginning each January 1 and ending on the following December 31.

2.22 Rabbi Trust. The Rabbi Trust, which CMGI may, in its discretion,

establish for the Plan, as amended from time to time.

2.23 Specified Age. Age 65 or later age chosen by the Participant on his

Participation Agreement and Deferral Election Form.

2.24 Valuation Date. Each business day of the Plan Year.

2.25 Years of Service. Each consecutive twelve (12) month period during which

a Participant is continuously employed by the Participating Employer.

Article III
Eligibility and Participation

3.1 Participation - Eligibility and Initial Period. Participation in the

Plan is open only to Eligible Employees of a Participating Employer (as defined
in Section 2.13). Each Eligible Employee of a Participating Employer, as of the
Effective Date, may become a Participant for the Deferral Period from December
1, 1998, through December 31, 1998, if he submits a properly completed
Participation Agreement and Deferral Election Form to the Committee prior to
December 15, 1998. Any employee becoming an Eligible Employee after the
Effective Date, e.g., new hires or promoted employees or newly designated
participating subsidiaries, may become a Participant for the Deferral Period
commencing on or after he becomes an Eligible Employee if he submits a properly
completed Participation Agreement and Deferral Election Form within thirty (30)
days after becoming eligible for participation.

3.2 Participation - Subsequent Entry into Plan. An Eligible Employee who

does not elect to participate at the time of initial eligibility as set forth in
Section 3.1 shall remain eligible to become a Participant in subsequent Plan
Years as long as he continues his status as an Eligible Employee. In such
event, the Eligible Employee may become a Participant by submitting a properly
executed Participation Agreement and Deferral Election Form prior to January 1
of the Plan Year for which it is effective.

Article IV
Contributions

4.1 Deferral Election. Before the first day of each Plan Year, a Participant

may file with the Committee, a Participation Agreement and Deferral Election Form indicating the amount of Salary and/or Bonus Deferrals for that Plan Year. A Participant shall not be obligated to make a Deferral Election in each Plan Year. After a Plan Year commences, such Deferral Election shall continue for the entire Plan Year except that it shall terminate upon Termination of Employment.

4.2 Maximum Deferral Election. A Participant may elect to defer up to 100%

of Base Salary and/or up to 100% of Bonuses earned during the first Plan Year dated December 1, 1998 through December 31, 1998. Thereafter, a Participant may elect to defer up to 25% of Base Salary and/or up to 100% of Bonuses earned during the corresponding Deferral Period. The amount of deferral must be stated as a percent. A Deferral Election may be automatically reduced if the Committee determines that such action is necessary to meet Federal or State tax withholding obligations.

4.3 Minimum Deferral Election. For the initial Deferral Period commencing

December 1, 1998 and ending December 31, 1998, there shall be no minimum deferral; thereafter, a Participant must elect to defer at least \$2,000 during the Deferral Period from Base Salary, Bonuses, or a combination of Base Salary and Bonuses or no deferral during such Deferral Period.

4.4 Employer Contributions. Participating Employer may, in its sole

discretion, make a contribution to the Participants' Deferral Accounts.

Article V
Accounts

5.1 Deferral Accounts. Solely for recordkeeping purposes, the Plan

Administrator shall establish a Deferral Account for each Participant. A Participant's Deferral Account shall be credited with the contributions made by him or on his behalf by the Participating Employer under Section 4.4 and shall be credited (or charged, as the case may be) with the hypothetical or deemed investment earnings and losses determined pursuant to Section 5.3, and charged with distributions made to or with respect to him.

5.2 Crediting of Deferral Accounts. Salary contributions under Section 4.1

shall be credited to a Participant's Deferral Account as of the date on which such contributions were withheld from his Base Annual Salary. Bonus contributions under Section 4.1 shall be credited to a Participant's Deferral Account as of the date on which the contribution would have otherwise been paid in cash. Contributions under Section 4.4 shall be credited to the Participant's Deferral Account as of the date declared by the Participating Employer. Any distribution with respect to a Deferral Account shall be charged to that Account as of the date such payment is made by the Participating Employer or the trustee of any Rabbi Trust established for the Plan.

5.3 Earning Credits or Losses. Amounts credited to a Deferral Account shall

be credited with deemed net income, gain and loss, including the deemed net unrealized gain and loss based on hypothetical investment directions made by the Participant with respect to this Deferral Account on a form designated by CMGI, in accordance with investment options and procedures adopted by CMGI in its sole discretion, from time to time. Such earnings will continue to accrue during any period in which installments are paid pursuant to Article VII.

5.4 Hypothetical Nature of Accounts. The Plan constitutes a mere promise by

the Participating Employer to make the benefit payments in the future. Any Deferral Account established for a Participant under this Article V shall be hypothetical in nature and shall be maintained for the Participating Employer's recordkeeping purposes only, so that any contributions can be credited and so that deemed investment earnings and losses on such amounts can be credited (or charged, as the case may be). Neither the Plan nor any of the Accounts (or subaccounts) shall hold any actual funds or assets. The right of any individual or entity to receive one or more payments under the Plan shall be an unsecured claim against the general assets of the Participating Employer. Any liability of the Participating Employer to any Participant, former Participant, or Beneficiary with respect to a right to payment shall be based solely upon contractual obligations created by the Plan. The Participating Employer, the board of directors of any Participating Employer, the Committee and any individual or entity shall not be deemed to be a trustee of any amounts to be paid under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind, or a fiduciary relationship, between the Participating Employer and a Participant, former Participant, Beneficiary, or any other individual or entity. CMGI may, in its sole discretion, establish a Rabbi Trust as a vehicle in which to place funds with respect to this Plan. The Participating Employer does not in any way guarantee any Participant's Deferral Account against loss or depreciation, whether caused by poor investment performance, insolvency of a deemed investment or by any other event or occurrence. In no event shall the employee, officer, director, or stockholder of the Participating Employer be liable to any individual or entity on account of any claim arising by reason of the Plan provisions or any instrument or instruments implementing its provisions, or for the failure of any Participant, Beneficiary or other individual or entity to be entitled to any particular tax consequences with respect to the Plan or any credit or payment thereunder.

5.5 Statement of Deferral Accounts. The Plan Administrator shall provide to

each Participant quarterly statements setting forth the value of the Deferral Account maintained for such Participant.

Article VI
Vesting

6.1 Vesting. The Participating Employer's contributions credited to a

Participant's Deferral Account under Plan Section 4.4 and any deemed investment earnings attributable to these contributions shall be one hundred percent (100%) vested or nonforfeitable when the Participant has five Years of Service with the Participating Employer. Prior to the time a Participant has five

Years of Service with the Participating Employer, the Participating Employer's contributions to his account shall be zero percent (0%) vested. In addition, a Participant shall be one hundred percent (100%) vested in the Participating Employer's contributions, including any deemed investment earnings attributable to these contributions, upon his death or Disability while he is actively employed by the Participating Employer. All other amounts credited to a Participant's Deferral Account shall be one hundred percent (100%) vested at all times.

Article VII
Benefits

7.1 Attainment of Specified Age. Unless benefits have already commenced

pursuant to another section in this Article VII, a Participant shall be entitled to begin receipt of the vested amount credited to his Deferral Account as of the Valuation Date coinciding with the Specified Age chosen according to his Participation Agreement and Deferral Election Form. Payment of any amount under this Section shall commence within thirty (30) days of the Participant's Specified Age and in accordance with the payment method elected by the Participant on his Participation Agreement and Deferral Election Form. Payments shall commence on or after that age even if the Participant is still then employed.

7.2 Disability. If a Participant suffers a Disability while employed with

the Participating Employer and before he is entitled to benefits under this Article, he shall receive the amount credited to his Deferral Account as of the Valuation Date coinciding with the Date on which the Participant is determined to have suffered a Disability. Payment of any amount under this Section shall commence within thirty (30) days of when the Committee determines the existence of the Participant's Disability and in accordance with the payment method elected by the Participant on his Participation Agreement and Deferral Election Form.

7.3 Pre-Retirement Survivor Benefit. If a Participant dies before becoming

entitled to benefits under this Article, the Beneficiary or Beneficiaries designated under Section 13.6, shall receive in a single lump sum, a Pre-Retirement Survivor Benefit equal to two (2) times the Participant's Annual Salary (such Pre-Retirement Survivor Benefit not to exceed \$500,000) in addition to the vested amount credited to the Participant's Deferral Account as of the Valuation Date coinciding with the date of the Participant's death. Payment of any amount under this Section shall be made within thirty (30) days of the Participant's death, or if later, within thirty (30) days of when the Committee receives notification of or otherwise confirms the Participant's death.

7.4 Post-Retirement Survivor Benefit. If a Participant dies after benefits

have commenced, but prior to receiving complete payment of benefits under this Article, the Beneficiary or Beneficiaries designated under Section 13.6, shall receive in a single lump sum the vested amount credited to the Participant's Deferral Account as of the Valuation Date coinciding with the date of the Participant's death. Payment of any amount under this Section shall be made within thirty (30) days of the Participant's death, or if later, within thirty (30) days of when the Committee receives notification of or otherwise confirms the Participant's death.

7.5 Termination. If a Participant's employment terminates with the

Participating Employer before he becomes entitled to receive benefits by reason of any of the above Sections, he shall receive in a single lump sum the vested amount credited to his Deferral Account as of the Valuation Date coinciding with the date on which the Participant's employment terminates. Payment of any amount under this Section shall be made within thirty (30) days of when the Participant terminates his employment with the Participating Employer.

7.6 Change in Control. If a Change in Control occurs before a Participant

becomes entitled to receive benefits by reason of any of the above Sections or before the Participant has received complete payment of his benefits under this Article, he shall receive a lump sum payment of the amount credited to his Account as of the Valuation Date immediately preceding the date on which the Change in Control occurs. Payment of any amount under this section shall commence within thirty (30) days of when the Change in Control occurs.

For the purposes of this Plan, a Change in Control shall mean a change in control of the Participating Employer of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Participating Employer is in fact required to comply therewith; provided, that, without limitation, such a change in control for purposes of this Plan shall be deemed to have occurred if:

- (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than the Participating Employer, any trustee or other fiduciary holding securities under an employee benefit plan of the Participating Employer or a corporation owned, directly or indirectly, by the stockholders of the Participating Employer in substantially the same proportions as their ownership of stock of the Participating Employer is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Participating Employer representing thirty percent (30%) or more of the combined voting power of the Participating Employer's then outstanding securities; or
- (ii) during any period of twenty-four (24) consecutive months (not including any period prior to the effective date of this Plan), individuals who at the beginning of such period constitute the Participating Employer's Board of Directors and any new director (other than a director designated by a person who has entered into an agreement with the Participating Employer to effect a transaction described in paragraphs (i), (ii) or (iii) of this Section whose election by the board of directors of the Participating Employer or nomination for election by the stockholders of the Participating Employer was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or
- (iii) the stockholders of the Participating Employer approve a merger or consolidation of the Participating Employer with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Participating Employer 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 combined voting securities of the Participating Employer or such surviving entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a re-capitalization of the Participating Employer (or similar transaction) in which no "person" (as hereinabove defined) acquires thirty percent (30%) or more of the combined voting power of the Participating Employer's then outstanding securities; or

- (iv) the stockholders of the Participating Employer approve a plan of complete liquidation of the Participating Employer or an agreement for the sale or disposition by the Participating Employer of all or substantially all of the Participating Employer's assets.

7.7 Payment Methods. Unless otherwise provided in this Article VII, a

Participant may elect to receive payment of the vested amount credited to his Deferral Account in a single lump sum or in five (5), or ten (10) annual installments. This election must be made on the Participation Agreement and Deferral Election Form for the corresponding Plan Year. Any installment payments shall be paid annually on the first practicable day after the distributions are scheduled to commence. Each installment payment shall be determined by multiplying the Deferral Account Balance by a fraction, the numerator of which is one and the denominator of which is the number of remaining installment payments.

Article VIII In-Service Distributions

8.1 Election of In-Service Distributions. A Participant may elect in each

Deferral Period, for that particular Deferral Election, to receive in the future an In-Service Distribution from his Deferral Account. Such Deferral Election shall state the percentage or flat dollar amount and date on which such In-Service distribution is to be paid. Each election shall state the date on which such In-Service Distribution is to be paid; provided that such date is not earlier than five (5) years from January 1st of the Plan Year following the year of said election. For example: The earliest distribution date for the initial Plan Year ending December 31, 1998 would be January 1, 2004. This is calculated using January 1, 1999 as the "January 1/st/ of the Plan Year following" plus five (5).

8.2 Payment of In-Service Distributions. All In-Service Distributions shall

be made within thirty (30) days of the date stated on the Election Form. Distributions shall be in the form of a single lump sum payment.

8.3 Termination Prior to In-Service Distribution Date. Notwithstanding a

Participant's election of an In-Service Distribution, in the event a Participant's employment terminates for any reason pursuant to Section VII of the Plan Document and prior to such Participant receiving any In-Service Distribution, the Participant shall receive his Deferral Account according to the

payment method designated in Article VII or as elected on his Participation Agreement and Deferral Election Form.

Article IX
Hardship Withdrawals

9.1 Hardship Withdrawals. If a Participant incurs an unforeseeable

emergency, the Participant may make a written request to the Committee for a hardship withdrawal from his account. An unforeseeable emergency is a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or the Participant's dependent (as defined in Section 152(e) of the Code), loss of the Participant's property due to casualty or other similar extraordinary and unforeseen circumstances beyond the control of the Participant. Withdrawals of amounts because of unforeseeable emergencies are only permitted to the extent reasonably necessary to satisfy the emergency need. This section shall be interpreted in a manner consistent with Sections 1.457-2(h)(4) and 1.457-2(h)(5) of the Treasury Regulations. In the event of a Hardship Withdrawal, the Participant's deferrals for the remainder of the Plan Year shall be suspended. Deferrals may commence with the next following Plan Year provided the Participant completes the appropriate Participation Agreement and Deferral Election form prior to January 1 of the corresponding Plan Year.

Article X
Establishment of Trust

10.1 Establishment of Trust. CMGI may establish a Rabbi Trust for the Plan.

If established, all benefits payable under this Plan to a Participant shall be paid directly by the Participating Employer from the Rabbi Trust. To the extent that such benefits are not paid from the Rabbi Trust, the benefits shall be paid from the general assets of the Participating Employer. Any Rabbi Trust shall be an irrevocable grantor trust which conforms to the terms of the model trust as described in IRS Revenue Procedure 92-64, I.R.B. 1992-33. The assets of the Rabbi Trust are subject to the claims of the Participating Employer's creditors in the event of its insolvency. Except as to any amounts paid or payable to a Rabbi Trust, the Participating Employer shall not be obligated to set aside, earmark or escrow any funds or other assets to satisfy its obligations under this Plan, and the Participant and/or his designated Beneficiaries shall not have any property interest in any specific assets of the Participating Employer other than the unsecured right to receive payments from the Participating Employer, as provided in this Plan.

Article XI
Plan Administration

11.1 Plan Administration. The Plan shall be administered by the Committee,

and such Committee may designate an agent to perform the recordkeeping duties. The Committee shall construe and interpret the Plan, including disputed and doubtful terms and provisions and, in its

sole discretion, decide all questions of eligibility and determine the amount, manner and time of payment of benefits under the Plan. The determinations and interpretations of the Committee shall be consistently and uniformly applied to all Participants and Beneficiaries, including but not limited to interpretations and determinations of amounts due under this Plan, and shall be final and binding on all parties. The Plan at all times shall be interpreted and administered as an unfunded deferred compensation plan, and no provision of the Plan shall be interpreted so as to give any Participant or Beneficiary any right in any asset of the Participating Employer which is a right greater than the right of a general unsecured creditor of the Participating Employer.

Article XII
Non-alienation of Benefits

12.1 Non-alienation of Benefits. The interests of Participants and their

Beneficiaries under this Plan are not subject to the claims of their creditors and may not be voluntarily or involuntarily sold, transferred, alienated, assigned, pledged, anticipated, or encumbered, attached or garnished. Any attempt by a Participant, his Beneficiary, or any other individual or entity to sell, transfer, alienate, assign, pledge, anticipate, encumber, attach, garnish, charge or otherwise dispose of any right to benefits payable shall be void. The Participating Employer may cancel and refuse to pay any portion of a benefit which is sold, transferred, alienated, assigned, pledged, anticipated, encumbered, attached or garnished. The benefits which a Participant may accrue under this Plan are not subject to the terms of any Qualified Domestic Relations Order (as that term is defined in Section 414(p) of the Code) with respect to any Participant, and the Plan Administrator, board of directors of any Participating Employer, Committee and Participating Employer shall not be required to comply with the terms of such order in connection with this Plan. The withholding of taxes from Plan payments, the recovery of Plan overpayments of benefits made to a Participant or Beneficiary, the transfer of Plan benefit rights from the Plan to another plan, or the direct deposit of Plan Payments to an account in a financial institution (if not actually a part of an arrangement constituting an assignment or alienation) shall not be construed as assignment or alienation under this Article X.

Article XIII
Amendment and Termination

13.1 Amendment and Termination. CMGI reserves the right to amend, alter or

discontinue this Plan at any time. Such action may be taken in writing by any officer of CMGI who has been duly authorized by CMGI to perform acts of such kind. However, no such amendment shall deprive any Participant or Beneficiary of any portion of any benefit which would have been payable had the Participant's employment with CMGI terminated on the effective date of such amendment or termination. Notwithstanding the provisions of this Article XI to the contrary, CMGI may amend the Plan at any time, in any manner, if CMGI determines any such amendment is required to ensure that the Plan is characterized as providing deferred compensation for a select group of management or highly compensated employees and as described in ERISA Sections 201(2), 301(a)(3) and 401(a)(1) or to otherwise conform the Plan to the provisions of any applicable law including, but not limited to, ERISA and the Code.

Article XIV
General Provisions

14.1 Good Faith Payment. Any payment made in good faith in accordance with

provisions of the Plan shall be a complete discharge of any liability for the
making of such payment under the provisions of this Plan.

14.2 No Right to Employment. This Plan does not constitute a contract of

employment, and participation in the Plan shall not give any Participant the
right to be retained in the employment of the Participating Employer.

14.3 Binding Effect. The provisions of this Plan shall be binding upon the

Participating Employer and its successors and assigns and upon every Participant
and his heirs, Beneficiaries, estates and legal representatives.

14.4 Participant Change of Address. Each Participant entitled to benefits

shall file with the Plan Administrator, in writing, any change of post office
address. Any check representing payment and any communication addressed to a
Participant or a former Participant at this last address filed with the Plan
Administrator, or if no such address has been filed, then at his last address as
indicated on the Participating Employer's records, shall be binding on such
Participant for all purposes of the Plan, and neither the Plan Administrator,
the Participating Employer nor any other payer shall be obliged to search for or
ascertain the location of any such Participant. If the Plan Administrator is in
doubt as to the address of any Participant entitled to benefits or as to whether
benefit payments are being received by a Participant, it shall, by registered
mail addressed to such Participant at his last known address, notify such
Participant that:

(i) All unmailed and future Plan payments shall be withheld until Participant
provides the Plan Administrator with evidence of such Participant's continued
life and proper mailing address; and

(ii) Participant's right to any Plan payment shall, at the option of the
Committee, be canceled forever, if, at the expiration of five (5) years from
the date of such mailing, such Participant or his Beneficiary shall not have
provided the Committee with evidence of his continued life and proper mailing
address.

14.5 Notices. Each Participant shall furnish to the Plan Administrator any

information the Plan Administrator deems necessary for purposes of administering
the Plan, and the payment provisions of the Plan are conditional upon the
Participant furnishing promptly such true and complete information as the Plan
Administrator may request. Each Participant shall submit proof of his age when
required by the Plan Administrator. The Plan Administrator shall, if such proof
of age is not submitted as required, use such information as is deemed by it to
be reliable, regardless of the lack of proof, or the misstatement of the age of
individuals entitled to benefits. Any notice or information which, according to
the terms of the Plan or requirements of the Plan Administrator, must be filed
with the Plan Administrator, shall be deemed so filed if addressed

and either delivered in person or mailed to and received by the Plan Administrator, in care of CMGI at:

CMGI
100 Brickstone Square
Andover, MA 01810

14.6 Designation of Beneficiary. Each Participant shall designate, by name,

on Beneficiary designation forms provided by the Plan Administrator, the Beneficiary(ies) who shall receive any benefits which might be payable after such Participant's death. A Beneficiary designation may be changed or revoked without such Beneficiary's consent at any time or from time to time in the manner as provided by the Plan Administrator, and the Plan Administrator shall have no duty to notify any individual or entity designated as a Beneficiary of any change in such designation which might affect such individual or entity's present or future rights. If the designated Beneficiary does not survive the Participant, all amounts which would have been paid to such deceased Beneficiary shall be paid to any remaining Beneficiary in that class of beneficiaries, unless the Participant has designated that such amounts go to the lineal descendants of the deceased Beneficiary. If none of the designated primary Beneficiaries survive the Participant, and the Participant did not designate that payments would be payable to such Beneficiary's lineal descendants, amounts otherwise payable to such Beneficiaries shall be paid to any successor Beneficiaries designated by the Participant, or if none, to the Participant's spouse, or, if the Participant was not married at the time of death, the Participant's estate.

No Participant shall designate more than five (5) simultaneous Beneficiaries, and if more than one (1) Beneficiary is named, Participant shall designate the share to be received by each Beneficiary. Despite the limitation on five (5) Beneficiaries, a Participant may designate more than five (5) Beneficiaries provided such beneficiaries are the surviving spouse and children of the Participant. If a Participant designates alternative, successor, or contingent Beneficiaries, such Participant shall specify the shares, terms and conditions upon which amounts shall be paid to such multiple, alternative, successor or contingent beneficiaries. Any payment made under this Plan after the death of a Participant shall be made only to the Beneficiary or Beneficiaries designated pursuant to this Section.

14.7 Claims. Any claim for benefits must initially be submitted in writing to

the Plan Administrator. If such claim is denied (in whole or in part), the claimant shall receive notice from the Plan Administrator, in writing, setting forth the specific reasons for denial, with specific reference to applicable provisions of this Plan. Such notice shall be provided within ninety (90) days of the date the claim for benefits is received by the Plan Administrator, unless special circumstances require an extension of time for processing the claim, in which event notification of the extension shall be provided to the claimant prior to the expiration of the initial 90 day period. The extension notification shall indicate the special circumstances requiring the extension of time and the date by which the Plan Administrator expects to render its decision. Any such extension shall not exceed 90 days. Any disagreements about such interpretations and construction may be appealed in writing by the claimant within sixty (60) days to the Plan Administrator. The Plan Administrator shall respond to such appeal within sixty (60) days, with a notice in writing fully disclosing its decision and its reasons, unless special circumstances

require an extension of time for reviewing the claim, in which event notification of the extension shall be provided to the claimant prior to the expiration of the initial sixty (60) day period. Any such extension shall be provided to the claimant prior to the commencement of the extension. Any such extension shall not exceed 60 days. No member of the Board of Directors, or any committee thereof, shall be liable to any individual or entity for any action taken hereunder, except those actions undertaken with lack of good faith.

14.8 Action by Board of Directors. Any action required to be taken by the

board of directors of the Participating Employer pursuant to the Plan provisions may be performed by a committee of the board, to which the board of directors of the Participating Employer delegates the authority to take actions of that kind.

14.9 Governing Law. To the extent not superseded by the laws of the United

States, the laws of the State of Massachusetts shall be controlling in all matters relating to this Plan.

14.10 Severability. In the event any provision of this Plan shall be held

illegal or invalid for any reason, such illegality or invalidity shall not affect the remaining provisions of the Plan, and the Plan shall be interpreted and enforced as if such illegal and invalid provisions had never been set forth.

IT WITNESS WHEREOF, CMGI has adopted the foregoing instrument effective as of December 1, 1998.

CMGI

By: /s/ Susan Michelinie

Title: V.P. Human Resources

ATTEST:

THIS RESTATED SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF CMGI, INC. FOR THE PERIOD ENDED JANUARY 31, 1998 AS SET FORTH IN ITS FORM 10-Q FOR SUCH QUARTER AND FOR THE QUARTER ENDED JANUARY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS			
	JUL-31-1998		
	AUG-01-1997		
	JAN-31-1998		
			30,113
		1,200	
		12,590	
		0	
		6,351	
		55,212	
			8,182
		0	
		112,575	
	48,682		
			0
	0		
		0	
			412
		37,867	
112,575			
			37,825
		37,825	
			27,950
		27,950	
		35,710	
		0	
		1,486	
		(1,113)	
		2,104	
	(3,217)		
		68	
		0	
			0
		(3,149)	
		(0.08)	
		(0.08)	

RESTATEMENT REFLECTED HEREIN IS THE RESULT OF RECLASSIFICATION TO PRIOR PERIOD'S FINANCIAL STATEMENTS TO CONFORM TO THE CURRENT PERIOD PRESENTATION.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS IN THE QUARTERLY REPORT ON FORM 10-Q OF CMGI, INC. FOR THE QUARTER ENDED JANUARY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

6-MOS	
	JUL-31-1999
	AUG-01-1998
	JAN-31-1999
	106,318
	957,480
	23,780
	0
	10,324
1,101,867	13,076
	0
1,239,882	
449,605	0
50,030	467
	675,011
1,239,882	76,377
	76,377
	72,588
	72,588
	44,064
	0
2,233	
	93,756
	40,800
52,956	
	(279)
	0
	0
	52,677
	1.13
	1.04