SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 1
TO
CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 18, 1999

CMGI, INC.
(Exact name of registrant as specified in its charter)

Delaware	0-22846	04-2921333
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 Brickstone Square, Andover, MA 01810
(Address of principal executive offices) (Zip Code)

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

Not Applicable
(Former name or former address, if changed since last report)

The undersigned Registrant hereby amends Item 7 of its Current Report on Form 8-K dated August 18, 1999 to read in its entirety as follows:

Item 7. Financial Statements and Exhibits

(a) Financial statements of business acquired:

See Exhibits 99.1, 99.2, 99.3 and 99.4. The exhibits filed with the Registrant's Current Report on Form 8-K dated June 29, 1999 are incorporated herein by reference.

(b) Pro forma financial information:

On August 18, 1999, CMGI, Inc. ("the Company" or "CMGI") acquired an 81.495% equity stake in the former AltaVista division of Digital Equipment Corporation ("the AltaVista Business") from Compaq Computer Corporation ("Compaq) and its wholly-owned subsidiary Digital Equipment Corporation ("Digital"), for consideration preliminarily valued at approximately $2.420 billion, including approximately $4 million of direct costs of the acquisition. The AltaVista Business includes the assets and liabilities constituting the AltaVista Internet search service ("AltaVista Search"), which was a division of Digital, and also includes former Compaq/Digital wholly-owned subsidiaries Zip2 Corporation and Shopping.com. In consideration for the acquisition, the Company issued 18,994,975 shares of its common stock valued at approximately $1.816 billion, 18,090.45 shares of its Series D Preferred Stock (which were converted into 1,809,045 shares of CMGI common stock on October 28, 1999) valued at approximately $173 million and promissory notes for an aggregate principal amount of $220 million. Additionally, AltaVista Business and CMGI stock options issued in the transaction, preliminarily valued at approximately $203 million and $4 million, respectively, have been included in the purchase consideration.

The unaudited Pro Forma Condensed Consolidated Statement of Operations (the "Pro Forma Statement of Operations") for the year ended July 31, 1999 gives effect to the acquisition of the AltaVista Business as if it had occurred on August 1, 1998. The Pro Forma Statement of Operations is based on historical results of operations of the Company for the year ended July 31, 1999 and the historical results of the components of the AltaVista Business as follows: the carve-out historical results of AltaVista Search and the historical results of Zip2 Corporation for the year ended June 30, 1999 and the historical results of Shopping.com for the year ended July 31, 1999. The unaudited Pro Forma Condensed Consolidated Balance Sheet as of July 31, 1999 (the "Pro Forma Balance Sheet") gives effect to the acquisition of the AltaVista Business as if the acquisition had occurred on that date. The Pro Forma Balance Sheet is based on the historical balance sheet of the Company as of July 31, 1999 and the historical balance sheet of the AltaVista Business as of June 30, 1999. The Pro Forma Statements of Operations and Pro Forma Balance Sheet and the accompanying notes (collectively the "Pro Forma Financial Information") should be read in conjunction with and are qualified by the historical financial statements of the Company and notes thereto.

The Pro Forma Financial Information is intended for informational purposes only and is not necessarily indicative of the future financial position or future results of operations of the consolidated company after the acquisition of the AltaVista Business, or of the financial position or results of operations of the consolidated company that would have actually occurred had the acquisition of the AltaVista Business been effected as of the dates described above.

CMGI, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET

July 31, 1999
(In thousands)

	CMGI, Inc.	AltaVista Business	Pro Forma Adjustments		Pro Forma As Adjusted
Assets					
Cash and cash equivalents	$ 468,912	$ 16,753	$ (16,753)	(A)	$ 468,912
Available-for-sale securities	1,532,327				1,532,327
Other current assets	56,095	32,383			88,478
Total current assets	2,057,334	49,136	(16,753)		2,089,717
Goodwill and other intangible assets, net of accumulated amortization	149,703	733,906	1,790,898	(A)	2,674,507
Other non-current assets	197,557	64,935			262,492
Total assets	$ 2,404,594	$ 847,977	$ 1,774,145		$ 5,026,716
Liabilities and Stockholders' Equity					
Deferred income taxes	$ 508,348	$ --	$		$ 508,348
Other current liabilities	167,981	55,462	4,000	(A)	227,443
Current liabilities	628,511	55,462	4,000		735,791
Non-current liabilities	70,007	3,811	220,000	(A)	293,818
Minority interest	184,514	--	142,849	(A)	327,363
Convertible, redeemable preferred stock	411,283	--	173,000	(A)	584,283
Stockholders' equity	1,062,461	788,704	1,234,296	(A)	3,085,461
Total liabilities and stockholders' equity	$ 2,404,594	$ 847,977	$ 1,774,145		$ 5,026,716

CMGI, INC.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share data)

	Twelve Months Ended July 31, 1999			
	CMGI, Inc.	AltaVista Business	Pro Forma Adjustments	Pro Forma As Adjusted
Net revenues	$ 175,666	$ 97,838	$	$ 273,504
Operating expenses:				
Cost of revenues	168,909	64,155		233,064
Research and development	22,478	27,105		49,583
In-process research and development	6,061	--		6,061
Selling	45,667	79,210		124,877
General and administrative	59,210	203,748	361,026 (B), (C)	623,984
Total operating expenses	302,325	374,218	361,026	1,037,569
Operating loss	(126,659)	(276,380)	(361,026)	(764,065)
Other income (expense):				
Interest income (expense), net	269	(7,555)	(23,100)(D)	(30,386)
Equity in losses of affiliates	(15,737)	--		(15,737)
Minority interest	2,331	--	75,870 (E)	78,201
Non-operating gains, net	889,041	--		889,041
	875,904	(7,555)	52,770	921,119
Income (loss) from continuing operations before income taxes	749,245	(283,935)	(308,256)	157,054
Income tax expense (benefit)	325,402	--	(191,971)(F)	133,431
Income (loss) from continuing operations	423,843	(283,935)	(116,285)	23,623
Preferred stock accretion	(1,662)	--		(1,662)
Income (loss) from continuing operations available to common stockholders	$ 422,181	$ (283,935)	$ (116,285)	$ 21,961
Basic income from continuing operations per share	$ 4.53			$ 0.19 (G)
Diluted income from continuing operations per share	$ 4.10			$ 0.18 (G)
Shares used in computing earnings (loss) from continuing operations per share:				
Basic	93,266			113,718 (G)
Diluted	103,416			124,220 (G)

CMGI, INC.

Notes to the Unaudited Pro Forma Condensed Consolidated Financial Information

(1) Pro Forma Adjustments and Assumptions

(A) The Company acquired an 81.495% equity stake in the AltaVista Business for consideration preliminarily valued at approximately $2.420 billion on August 18, 1999, including costs of acquisition (see description of the components of the consideration above). The following represents the allocation of the purchase price over 81.495% of the historical net book values of the acquired assets and liabilities of the AltaVista Business as of the date of the Pro Forma Balance Sheet, and is for illustrative purposes only. The actual purchase price allocation will be based on fair values of the acquired assets and liabilities as of the actual acquisition date (August 18, 1999). Assuming the transaction occurred on July 31, 1999, the allocation would have been as follows (in thousands):

Working capital deficit	$ (18,808)
Property, plant and equipment	34,301
Other non-current assets	18,618
Other non-current liabilities	(3,106)
Goodwill and other intangible assets	2,388,995
Purchase price	$ 2,420,000

The pro forma adjustment reconciles the historical balance sheet of the AltaVista Business to the allocated purchase price above and includes the accrual of approximately $4.0 million of estimated acquisition costs to be paid by CMGI. The cash and cash equivalents of the AltaVista Business as of August 18, 1999 were retained by Compaq at the date of acquisition and, accordingly, the pro forma adjustment and the allocation of the purchase price as of July 31, 1999 include the effect of this event.

(B) The pro forma adjustment includes $477.8 million in amortization of goodwill and other intangible assets (per the allocation in "(A)" above) that would have been recorded during the period covered by the Pro Forma Statement of Operations. The adjustment amount has been reduced by $132.8 million, which represents 81.495% of the amortization of goodwill and other intangible assets recorded in the historical financial statements of the AltaVista Business. The historical financial statements of the AltaVista Business represented in the Pro Forma Statement of Operations include amortization of goodwill and other intangible assets totaling $163.0 million. These amounts relate to Compaq's acquisition of Digital in June 1998 and Compaq/Digital's acquisitions of Shopping.com and Zip2 Corporation in January 1999 and April 1999, respectively. The pro forma adjustment also includes an increase in expense of $24.9 million, which represents 18.505% of the incremental amount of goodwill and other intangible assets amortization that would have been recorded in the historical financial statements of the AltaVista Business if Compaq/Digital's acquisitions of Shopping.com and Zip2 Corporation had occurred on August 1, 1998.

The pro forma adjustment is based on the assumption that the entire amount identified as goodwill and other intangible assets in CMGI's acquisition of the AltaVista Business will be amortized on a straight-line basis over a five-year period. The Company has not yet completed the valuation of the actual intangible assets acquired at August 18, 1999. When completed, certain amounts identified as intangible assets may be amortized over periods other than the five-year period represented in the Pro Forma Statement of Operations. Additionally, a portion of the purchase price may be identified as in-process research and development. This amount, if any, will be charged to operating results in the Company's fiscal 2000 when the acquisition accounting and valuation are determined. The Pro Forma Statement of Operations does not give effect to any potential in-process research and development charge related to the acquisition of the AltaVista Business.

(C) The pro forma adjustment is a reduction in expense of $8.9 million, which relates to stock-based compensation charges recorded in the historical financial statements of the AltaVista Business. The value of the stock options to which these charges related have been included in the calculation of the purchase consideration. Accordingly, on a pro forma basis, these expenses have been eliminated.

(D) The pro forma adjustment reflects the interest expense that would have been recorded by CMGI related to the $220 million of aggregate principal amounts of notes payable issued in the acquisition of the AltaVista Business. The notes bear interest at an annual rate of 10.5%.

(E) The pro forma adjustment reflects the 18.505% minority interest in the results of operations of the AltaVista Business assuming that CMGI's acquisition of 81.495% of the AltaVista Business occurred on August 1, 1998.

(F) The pro forma adjustment reflects the income tax benefit that would have been recorded by the Company in its consolidated statement of operations related to the AltaVista Business' net loss and the income tax effect, if any, of the other pre-tax pro forma adjustments. The pro forma adjustment assumes that the Company would be able to recognize a federal tax benefit for the amortization of goodwill and other intangible assets related to the acquisition of the AltaVista Business. The pro forma adjustment also assumes that the Company would record a valuation allowance for all state tax benefits associated with the AltaVista Business. Actual effective tax rates may differ from pro forma rates reflected herein.

(G) The pro forma basic income from continuing operations per common share is computed by dividing the income from continuing operations available to common stockholders by the weighted average number of common shares outstanding.

The calculation of the weighted average number of common shares outstanding assumes that the 18,994,975 shares of the Company's common stock issued in the acquisition of the AltaVista Business were outstanding for the entire period. The calculation of the weighted average number of common shares outstanding also assumes that the 18,090.45 shares of the Company's Series D preferred stock were converted into 1,809,045 shares of the Company's common stock on October 11, 1998 (the 71st day after the assumed acquisition date of August 1, 1998) and that such common shares were outstanding for the entire period thereafter. The Series D preferred shares were converted into common stock on October 28, 1999 (the 71st day after the actual acquisition date of August 18, 1999).

Item 7. Financial Statements and Exhibits

(c) Exhibits:

2.1* Purchase and Contribution Agreement, dated as of June 29, 1999, by and among CMGI, Inc., Compaq Computer Corporation, Digital Equipment Corporation, AltaVista Company and Zoom Newco Inc.

2.2* Amendment No. 1 to Purchase and Contribution Agreement, dated as of August 18, 1999, by and among CMGI, Inc., Compaq Computer Corporation, Digital Equipment Corporation, AltaVista Company and Zoom Newco Inc.

4.1* Certificate of Designations, Preferences and Rights of Series D Preferred Stock of CMGI, Inc.

4.2* Promissory Note, dated August 18, 1999, issued to Digital Equipment Corporation, in the principal amount of $138,000,000.

4.3* Promissory Note, dated August 18, 1999, issued to Compaq Computer Corporation, in the principal amount of $82,000,000.

23.1 Consent of PricewaterhouseCoopers LLP, independent accountants.

23.2 Consent of Singer Lewak Greenbaum & Goldstein LLP, independent auditors.

99.1** Audited financial statements of AltaVista as of and for the years ended December 31, 1996, 1997 and 1998 and unaudited financial statements of the AltaVista Business as of March 31, 1999 and for the three months ended March 31, 1999 and 1998.

99.2** Audited financial statements of Zip2 Corporation as of and for the years ended December 31, 1996, 1997 and 1998 and unaudited financial statements of Zip2 Corporation as of March 31, 1999 for the three months ended March 31, 1999 and 1998.

99.3** Audited financial statements of Shopping.com as of and for the years ended January 31, 1999, 1998 and 1997.

99.4 Unaudited financial statements of the AltaVista Business as of June 30, 1999 and for the six months ended June 30, 1999 and 1998.

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* Previously filed.

** Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated June 29, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 1, 1999   CMGI, INC.

By: /s/ Andrew J. Hajducky III

Andrew J. Hajducky III
Executive Vice President, Chief Financial
Officer and Treasurer

EXHIBIT INDEX

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99.3**	Audited financial statements of Shopping.com as of and for the years ended January 31, 1999, 1998 and 1997.
99.4	Unaudited financial statements of the AltaVista Business as of June 30, 1999 and for the six months ended June 30, 1999 and 1998.

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* Previously filed.

** Incorporated herein by reference to the Registrant's Current Report on Form 8-K dated June 29, 1999.

Exhibit 23.1

Consent of Independent Accountants

We hereby consent to the incorporation by reference in the Current Report on Form 8-K/A of our reports dated as follows:

- June 29,1999 relating to the financial statements of AltaVista,
- April, 2 1999 relating to the financial statements of Zip2 Corporation, and
- June 9, 1999, except as to Note 12, which is as of July 3, 1999 relating to the financial statements of Shopping.com

which appear in the CMGI, Inc. Current Report on Form 8-K dated June 29, 1999.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP

San Jose, California
November 1, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We hereby consent to the incorporation by reference of our report, dated June 17, 1997, except for Note 6, for which the date is June 9, 1999, relating to the financial statements of Shopping.com, previously filed in the Form 8-K dated June 29, 1999 of CMGI, Inc., in this current report on Form 8-K/A filed on November 1, 1999.

/s/ Singer Lewak Greenbaum & Goldstein LLP
SINGER LEWAK GREENBAUM & GOLDSTEIN LLP

Los Angeles, California
November 1, 1999

Exhibit 99.4

AltaVista Business

Unaudited Combined Financial Statements
June 30, 1999 and 1998

ALTAVISTA BUSINESS
INDEX TO UNAUDITED COMBINED FINANCIAL STATEMENTS

ALTAVISTA BUSINESS
UNAUDITED COMBINED BALANCE SHEETS
(in thousands)

	December 31, 1998	June 30, 1999
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 16,753
Accounts receivable, net	12,819	28,449
Prepaid expenses and other current assets	350	3,934
Total current assets	13,169	49,136
Property and equipment, less accumulated depreciation	24,173	42,090
Goodwill and other intangible assets, net	226,488	733,906
Investments	500	10,816
Receivable from Compaq	-	10,315
Other noncurrent assets	-	1,714
Total assets	$ 264,330	$ 847,977
Liabilities and Owner's Net Investment		
Current liabilities:		
Long-term debt, current portion	$ 658	$ 1,182
Capital lease obligation, current portion	-	1,225
Accounts payable	691	15,457
Salaries, wages and related items	455	1,950
Accrued partner fees	7,656	1,591
Deferred revenue	150	6,809
Other current liabilities	774	27,248
Total current liabilities	10,384	55,462
Commitments and contingencies		
Long-term debt	1,656	1,448
Capital lease obligation	-	2,363
Total liabilities	12,040	59,273
Net contribution from owner	321,856	1,173,313
Unearned compensation	-	(160,110)
Accumulated deficit	(69,566)	(226,335)
Accumulated other comprehensive income	-	1,836
Owner's net investment	252,290	788,704
Total liabilities and owner's net investment	$ 264,330	$ 847,977

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

ALTAVISTA BUSINESS

UNAUDITED COMBINED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands)

	January 1, 1998 to June 11, 1998	June 12, 1998 to June 30, 1998	Six Months Ended June 30, 1999
Advertising and service revenue, net	$ 13,622	$ 2,448	$ 40,994
Product revenue, net	-	-	14,828
Total revenue	13,622	2,448	55,822
Cost of advertising and service revenue	3,445	548	14,149
Cost of product revenue	-	-	15,548
Total cost of revenue	3,445	548	29,697
Gross profit	10,177	1,900	26,125
Operating expenses:			
Sales and marketing	5,425	1,505	41,741
Product development	5,413	665	13,798
General and administrative	1,744	300	9,133
Stock based compensation	-	-	8,906
Amortization of intangible assets	8	4,823	109,171
Loss from operations	(2,413)	(5,393)	(156,624)
Interest expense, net	79	10	145
Net loss	(2,492)	(5,403)	(156,769)
Other comprehensive income			
Unrealized gains on investments	-	-	1,836
Comprehensive loss	$ (2,492)	$ (5,403)	$ (154,933)

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

ALTAVISTA BUSINESS
UNAUDITED COMBINED STATEMENTS OF CHANGES IN OWNER'S NET INVESTMENT
(in thousands)

	Net Contribution from Owner	Unearned Compensation	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Owner's Net Investment
Balance, December 31, 1998	$ 321,856	-	$ (69,566)	$ -	$ 252,290
Net loss	-	-	(156,769)	-	(156,769)
Unearned compensation	169,016	(169,016)	-	-	-
Amortization of unearned compensation	-	8,906	-	-	8,906
Unrealized gain on investments	-	-	-	1,836	1,836
Net contribution from owner	682,441	-	-	-	682,441
Balance, June 30, 1999	$ 1,173,313	$ (160,110)	$ (226,335)	$ 1,836	$ 788,704

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

ALTAVISTA BUSINESS
UNAUDITED COMBINED STATEMENTS OF CASH FLOWS
(in thousands)

	January 1, 1998 to June 11, 1998	June 12, 1998 to June 30, 1998	Six Months Ended June 30, 1999
Cash flows from operating activities:			
Net loss	$ (2,492)	$ (5,403)	$ (156,769)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	2,078	5,140	113,775
Provision for bad debts and concessions	1,220	-	2,854
Stock based compensation	-	-	8,906
Changes in operating assets and liabilities:			
Accounts receivable	(3,248)	(1,010)	(16,757)
Prepaid expenses	(3,577)	1,042	958
Accounts payable	47	(582)	7,252
Salaries, wages and related items	371	29	1,495
Deferred revenue	(187)	(63)	309
Other current liabilities	(329)	291	3,928
Net cash used in operating activities	(6,117)	(556)	(34,049)
Cash flows from investing activities:			
Purchase of investments	-	(500)	(8,480)
Purchases of property and equipment	(5,419)	(1,853)	(17,092)
Acquisition of Shopping.com, net of cash acquired	-	-	(224,193)
Acquisition of Zip2, net of cash acquired	-	-	(294,761)
Increase in other assets	-	-	(303)
Net cash used in investing activities	(5,419)	(2,353)	(544,829)
Cash flows from financing activities:			
Borrowings of long-term debt	-	-	16
Repayment of long-term debt	-	-	(11,212)
Net contribution from owner	11,536	2,909	606,827
Net cash provided by financing activities	11,536	2,909	595,631
Net increase in cash	-	-	16,753
Cash at beginning of period	-	-	-
Cash and cash equivalents at end of period	$ -	$ -	$ 16,753
Non-cash investing and financing activities:			
Owner's stock options issued for acquisitions	$ -	$ -	$ 59,811
Compaq costs for acquisitions	$ -	$ -	$ 12,000
Unrealized gain on available-for-sale securities	$ -	$ -	$ 1,836
Unearned compensation	$ -	$ -	$ 169,016
Interest paid	$ 79	$ 10	$ 289

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

ALTAVISTA BUSINESS
NOTES TO UNAUDITED COMBINED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Description of the AltaVista Business

The AltaVista Business represents the AltaVista operation, including Shopping.com and Zip2 from their respective acquisition dates.

AltaVista provides Internet search and navigation technology, enabling the delivery of information through broad-based search capabilities. AltaVista's objective is to deliver the most personally relevant Internet results faster than anyone else on the Internet. With leverage from numerous partnerships, AltaVista is extending its services to delivering highly personalized e-Commerce offerings and local content through an integrated network of new media and e-Commerce partners.

Effective February 15, 1999, Compaq Computer Corporation ("Compaq") completed a cash tender offer for Shopping.com, an online retailer that offers users an array of consumer products to buy. This acquisition is intended to be included in the AltaVista Business. Accordingly, Shopping.com's operations are included in these combined financial statements from the date of acquisition. All significant intercompany balances and transactions have been eliminated. Shopping.com is an Internet-based electronic retailer marketing a broad range of products to both consumers and trade customers. Shopping.com employs proprietary information systems along with industry software to provide its customers with access to an automated marketplace of products, which consist of inventories of multiple manufacturers and distributors, price comparisons, detailed product descriptions, delivery status of products ordered and back order information.

Effective April 1, 1999, Compaq acquired Zip2, an Internet provider of localized editorial content, consumer information and advertising products by newspapers and other local media companies. This acquisition is intended to be included in the AltaVista Business. Accordingly, Zip2's operations are included in these combined financial statements from the date of acquisition. All significant intercompany balances and transactions have been eliminated.

Zip2 supports the delivery of localized editorial content, consumer information and advertising products by newspapers and other local media companies through a comprehensive suite of Web development solutions and service offerings.

Basis of presentation

The financial statements of AltaVista are derived from the historic books and records of Digital Equipment Corporation ("Digital") through June 11, 1998. As a result of the acquisition of Digital by Compaq on June 11, 1998, the financial statements of AltaVista after the acquisition date are derived from the historic books and records of Compaq and reflect the "pushdown" of Compaq's bases in the assets and liabilities. The operating results and financial position of Shopping.com and Zip2 are included from their respective dates of acquisition and reflect the "pushdown" of Compaq's bases in the assets and liabilities.

The statement of operations includes all revenues and costs directly attributable to the AltaVista Business including charges for shared facilities, functions and services used by the AltaVista Business and provided by Digital or Compaq. Certain costs and expenses have been allocated based on management's estimates of the cost of services provided to the AltaVista Business by Digital or Compaq. Such costs include corporate research and engineering expenses, corporate selling and marketing expenses and corporate general and administrative expenses. Such allocations and charges are based on either a direct cost pass-through or a percentage of total costs for the services provided based on factors such as headcount or the specific level of activity directly related to such costs (i.e., direct spending). Management believes that these allocations are based on assumptions that are reasonable under the circumstances. However, these allocations and estimates are not necessarily indicative of the costs and expenses which would have resulted if the AltaVista Business had been operated as a separate entity. The total amount of such allocations included in the accompanying statements of operations for the periods January 1, 1998 to June 11, 1998, June 12, 1998 to June 30, 1998, and for the six months ended June 30, 1999 were $1.0 million, $0.2 million, and $0.7 million, respectively.

The AltaVista Business has incurred recurring losses from operations through June 30, 1999. Compaq has committed to provide the funds required for the conduct of the AltaVista Business' operations at least through December 31, 1999 or to the date, if earlier, on which it ceases to be the controlling shareholder. The historical operating results may not be indicative of future results.

On June 29, 1999, Compaq announced it entered into an agreement to sell the AltaVista Business to CMGI, Inc. ("CMGI").

Cash and cash equivalents

When cash received from operations by the AltaVista Business is swept by Compaq or Digital it is recorded as reductions of net contribution from owner; disbursements made by Compaq or Digital on behalf of the AltaVista Business are recorded as increases to net contribution from owner. Effective as of the date of the acquisitions of Shopping.com and Zip2, these combined financial statements include the cash and cash equivalent balances carried by Shopping.com and Zip2.

The AltaVista Business considers all highly-liquid investments with a remaining maturity of three months or less to be cash equivalents.

Revenue Recognition

Advertising and service revenue

The AltaVista Business' revenues are derived primarily from short-term advertising contracts negotiated by DoubleClick in accordance with the terms of the Procurement and Trafficking Agreement (the "Agreement"). Prior to January 1, 1999, the AltaVista Business recorded as revenues its contractual percentage of the total revenues generated from the delivery of advertisements. Effective January 1, 1999, the AltaVista Business renegotiated the Agreement whereby the AltaVista Business may now form its internal sales force to sell advertisements directly to advertisers. DoubleClick only retains the exclusivity for delivering through its proprietary computer systems the advertisements negotiated either by DoubleClick or the AltaVista Business. Under the new agreement, the AltaVista Business bears the economic risk of the transactions. Accordingly, the AltaVista Business now records the full sales amount as revenue upon delivery of advertisements. Amounts payable to DoubleClick, for commissions and service fees are reported as selling and marketing expenses. The agreement is for a term of three years from the effective date and can be cancelled by either party with a 90 day notice period.

As a result of the acquisition of Zip2, these combined financial statements now include revenues from the delivery of Web development solutions, Web software applications hosting, technical and sales-related consulting services and from a share of advertising revenues generated by newspaper and other local media customers. Revenues from the delivery of Web development solutions combined with consulting, Web hosting and other continuing service obligations are recognized ratably as service revenues over the contract terms which range from one to six years. Revenues from technical and sales-related consulting services are recognized as services are provided. Provisions for contractual adjustments and losses are recorded in the period such items are identified. Deferred revenues represent the amount of cash received or invoices rendered prior to revenue recognition. Revenues from contractual rights to share in advertising revenues generated by newspaper and other local media customers are recognized as advertising revenues as the fees are earned and become receivable from the customer. Amounts due to newspaper and other local media customers from contractual rights to share in advertising revenues generated by Zip2 are recognized as costs of revenues in the period the related revenues are earned.

Product revenue

As a result of the acquisition of Shopping.com, these combined financial statements now include revenues from the sales of consumer products. Shopping.com recognizes revenue for such transactions at the time the vendor ships the product to the customer and provides an allowance for sales returns based on historical experience. To date, sales returns have not been material.

For the six months ended June 30, 1999, approximately 35% of Shopping.com revenues represented sales of Compaq PC's to Free PC.com, an AltaVista Business investee (see Note 5). Based on Compaq pricing, Shopping.com recognized a nominal gross profit on such revenues.

Goodwill and other intangible assets

Intangible assets consist of trademarks and goodwill resulting from the "pushdown" of the fair market value of the intangible assets attributable to the AltaVista Business as recorded on Compaq's books as part of the acquisition of Digital and from the acquisitions of Shopping.com and Zip2. Goodwill and other intangible assets are being amortized on a straight-line basis over their estimated useful lives of three years.

Impairment of long-lived assets

The AltaVista Business reviews for impairment of long-lived assets, certain identifiable intangibles and goodwill whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The AltaVista Business has not identified any such impairment losses.

Investments

The AltaVista Business accounts for investments in marketable equity securities in accordance with SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under SFAS No. 115, marketable equity securities are classified as available-for-sale.

Starting in 1998, Compaq obtained equity interests in several privately held companies which are intended to be included in the AltaVista Business. These investments resulted in the AltaVista Business owning less than 20% of the respective investees and are carried at the lower of cost or net realizable value. For these investments, the AltaVista Business' policy is to regularly review the assumptions underlying the operating performance and cash flow forecasts in assessing the carrying values. The AltaVista Business tests for impairment losses on investments when events and circumstances indicate that such assets might be impaired. To date, no such impairment has been recorded.

Available-for-sale securities are stated at fair value, with the unrealized gains and losses, net of taxes, reported in owner's net investment. Realized gains and losses and declines in value judged to be other than temporary on available-for-sale securities are included in results of operations. At June 30, 1999, the AltaVista Business held available-for-sale securities with estimated fair values of $1.8 million consisting of gross unrealized gains of $1.8 million and a cost basis of $0.

Interim results

The interim combined financial statements as of June 30, 1999 and for the periods January 1, 1998 to June 11, 1998, and June 12, 1998 to June 30, 1998, and for the six months ended June 30, 1999, have been prepared using the same accounting principles as were used in preparing the financial statements as of December 31, 1998 and for the period from January 1, 1998 to June 11, 1998 and from June 12, 1998 to December 31, 1998, respectively, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the AltaVista Business' financial position, results of operations and cash flows as of June 30, 1999 and for the periods January 1, 1998 to June 11, 1998, and June 12, 1998 to June 30, 1998, and for the six months ended June 30, 1999. The results for the six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the year ending December 31, 1999.

Recent accounting pronouncements

In June 1998, the Financial Accounting Standards Boards ("FASB") issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. The AltaVista Business does not expect SFAS No. 133 to have a material effect on its financial position or results of operations.

NOTE 2 - ACQUISITIONS

Compaq acquisition

On June 11, 1998, Compaq consummated its acquisition of Digital. The purchase price was allocated to the assets acquired and liabilities assumed related to the AltaVista Business based on Compaq's estimates of fair value. The fair value assigned to intangible assets acquired was based on a valuation prepared by an independent third party appraisal company and included intangibles aggregating $274.1 million (goodwill of $255.6 million and trademarks of $18.5 million).

Shopping.com and Zip2 acquisitions

Effective February 15, 1999, Compaq completed its acquisition of Shopping.com which is intended to be contributed to the AltaVista Business. The aggregate purchase price of $256.9 million consisted of $218.9 million in cash, the issuance of Compaq employee stock options with a fair value of $32.0 million and other acquisition costs of $ 6.0 million. The transaction was accounted for under the purchase method of accounting. The results of operations of the acquired entity and the estimated fair market values of the acquired assets and liabilities have been included in the AltaVista Business' combined financial statements from the date of acquisition. The aggregate purchase price including liabilities assumed has been allocated to the assets acquired, consisting primarily of goodwill of approximately $271 million that is being amortized over a three year period. The purchase price allocation was based on the results of an independent third party appraisal.

At the time of the acquisition by Compaq, Shopping.com was a defendant in various litigation matters for which Compaq agreed to assume any ultimate liability for such matters. Any unrecorded costs incurred in connection with resolving these matters will be added to the purchase accounting allocation or charged to expense. An equal amount will be recorded as a capital contribution from Compaq.

Effective April 1, 1999, Compaq completed its acquisition of Zip2 which is intended to be contributed to the AltaVista Business. The aggregate purchase price of $340.9 million consisted of $307.2 million in cash, the issuance of AltaVista employee stock options with a fair value of $27.7 million and other acquisition costs of $6.0 million. The results of operations of the acquired entity and the estimated fair market values of the acquired assets and liabilities have been included in the AltaVista Business' combined financial statements from the date of acquisition. The aggregate purchase price including liabilities assumed has been allocated to the assets acquired, consisting primarily of goodwill of approximately $335 million that is being amortized over a three year period. The purchase price allocation was based on the results of an independent third party appraisal.

The following unaudited pro forma consolidated amounts give effect to the acquisition of the AltaVista Business and the subsequent acquisitions of Shopping.com and Zip2 as if they occurred on January 1, 1998 (the pro forma results of operations for Shopping.com are based upon their fiscal year end of January 31):

	Year Ended December 31, 1998	Ended June 30, 1999
Net revenues	$ 49,319	$ 68,028
Net loss	$ (389,964)	$ (212,775)

NOTE 3 - UNEARNED STOCK-BASED COMPENSATION

In connection with certain stock option grants during the six months ended June 30, 1999, the AltaVista Business recognized unearned stock compensation of approximately $169 million, which was scheduled to be amortized over the four year vesting periods of the related options. The CMGI transaction will result in the immediate vesting of approximately 2.2 million options and, therefore, an acceleration of expense recognition. Amortization expense recognized during the six months ended June 30, 1999 totaled approximately $8.9 million of the approximately $49 million anticipated total expense recognition through the date of consummating the CMGI transaction. Stock options for approximately 9.8 million shares of AltaVista common stock were outstanding on June 30, 1999.

NOTE 4 - GOODWILL AND OTHER INTANGIBLE ASSETS

(in thousands)	December 31, 1998	June 30, 1999
Goodwill	$ 255,600	$ 861,342
Trademarks and patents	18,500	20,120
Other	-	9,400
Purchased URL sites	3,422	3,422
	277,522	894,284
Less: accumulated amortization	51,034	160,378
	$ 226,488	$ 733,906

NOTE 5 - INVESTMENTS

In December 1998, Compaq purchased on behalf of the AltaVista Business 500,000 shares of Series B preferred stock of Centraal Corporation ("Centraal"). The total consideration paid of approximately $500,000 resulted in the AltaVista Business owning less than 20% of the investee.

In January 1999, Compaq purchased on behalf of the AltaVista Business 2,023,635 shares of Series D preferred stock of Virage, Inc. ("Virage"). The total consideration paid of approximately $3,480,000 resulted in the AltaVista Business owning less than 20% of the investee.

In March 1999, Compaq purchased on behalf of the AltaVista Business 1,000,000 shares of Series B preferred stock of Free PC.com for approximately $5,000,000 resulting in the AltaVista Business owning less than 20% of the investee.

NOTE 6 - OTHER CURRENT LIABILITIES

(in thousands)	December 31, 1998	June 30, 1999
Accrued legal	$ -	$ 10,764
Accrued advertising expense	-	5,019
Accrued advertising commissions	-	3,509
Accrued relocation and recruiting	-	2,184
Other	774	5,772
Total other current liabilities	$ 774	$ 27,248

Note 7 - SUBSEQUENT EVENTS

CMGI acquisition

On August 18, 1999, CMGI completed its acquisition of the AltaVista Business including Shopping.com and Zip2 in a transaction under which Compaq retained less than a 20% minority interest.

iAtlas merger

On October 22, 1999, CMGI merged its recently acquired iAtlas subsidiary into the AltaVista Business in a transaction valued at approximately $27 million. Since its inception in April 1998, the operating results and net assets of iAtlas have not been significant in relation to the AltaVista Business.

Zip2

On October 20, 1999, the AltaVista Business distributed its investment in Zip2 to CMGI and Compaq according to their respective ownership percentages but retained certain Zip2 assets and technology rights. Operations of Zip2 after that date will not be included in the results of operations of the AltaVista Business.

Investment

In July 1999, the AltaVista Business purchased 2,171,809 shares of Series C preferred stock of 1st Up.com Corporation for approximately $2,500,000 resulting in the AltaVista Business owning less than 20% of the investee.

Litigation

On October 15, 1999, AltaVista and Digital Equipment Corporation ("Digital") were served a complaint by One Zero Media, Inc. ("One Zero"). The suit alleges breach of a Web Services Agreement entered into in May 1998 between One Zero and Digital. AltaVista and Digital have not yet filed their response to the complaint. The amount of any liability which might ultimately exist cannot reasonably be estimated and no provision for loss has been made in the accompanying combined financial statements. AltaVista and Digital intend to vigorously defend the suit.