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CMGI, Inc. and Subsidiaries
Consolidated Balance Sheets

(in thousands, except share and per share amounts)

	October 31, 1999	July 31, 1999
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 705,001	\$ 468,912
Available-for-sale securities	1,776,641	1,532,327
Accounts receivable, trade, less allowance for doubtful accounts	98,418	41,794
Inventories	17,650	8,367
Prepaid expenses and other current assets	29,064	5,934
	-----	-----
Total current assets	2,626,774	2,057,334
	-----	-----
Property and equipment, net	99,335	24,832
Investments in affiliates	65,524	44,623
Goodwill and other intangible assets, net of accumulated amortization	2,512,031	149,703
Other assets	128,018	128,102
	-----	-----
	\$5,431,682	\$2,404,594
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	\$ 20,000	\$ 20,000
Current installments of long-term debt	16,485	5,258
Accounts payable and accrued expenses	200,635	74,371
Accrued income taxes	37,057	11,777
Deferred income taxes	587,029	508,348
Deferred revenues	22,900	6,726
Other current liabilities	61,030	49,849
	-----	-----
Total current liabilities	945,136	676,329
	-----	-----
Long-term debt, less current installments	234,163	15,060
Long-term deferred revenues	1,468	1,509
Deferred income taxes	15,244	35,140
Other long-term liabilities	29,165	18,298
Minority interest	353,100	184,514
Commitments and contingencies		
Preferred stock, \$0.01 par value. Authorized 5,000,000 shares; issued 35,000 shares Series B convertible, redeemable preferred stock at October 31, 1999, conversion premium at 4% per annum and issued 375,000 Series C convertible, redeemable preferred stock at October 31, 1999, dividend at 2% per annum; both carried at liquidation value	413,511	411,283
Stockholders' equity:		
Common stock, \$0.01 par value per share. Authorized 400,000,000 shares; issued and outstanding 118,666,917 shares at October 31, 1999 and 95,584,140 shares at July 31, 1999	1,187	956
Additional paid-in capital	2,513,652	235,229
Deferred compensation	(32,925)	(180)
Retained earnings	395,755	518,102
	-----	-----
Accumulated other comprehensive income	2,877,669	754,107
	562,226	308,354
	-----	-----
Total stockholders' equity	3,439,895	1,062,461
	-----	-----
	\$5,431,682	\$2,404,594
	=====	=====

see accompanying notes to consolidated financial statements

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

(in thousands, except per share amounts)

	Three months ended October 31,	
	1999	1998
Net revenues	\$ 123,731	\$ 37,405
Operating expenses:		
Cost of revenues	108,173	35,543
Research and development	20,188	5,308
Selling	72,501	8,224
General and administrative	27,357	6,349
Amortization of intangible assets and stock-based compensation	170,039	2,109
Total operating expenses	398,258	57,533
Operating loss	(274,527)	(20,128)
Other income (deductions):		
Interest income	5,871	559
Interest expense	(5,700)	(1,068)
Gain on issuance of stock by subsidiaries and affiliates	46,368	44,506
Other gains, net	48,349	44,094
Equity in losses of affiliates	(1,796)	(3,359)
Minority interest	23,288	101
	116,380	84,833
Income (loss) from continuing operations before income taxes	(158,147)	64,705
Income tax expense (benefit)	(40,735)	26,316
Income (loss) from continuing operations	(117,412)	38,389
Discontinued operations, net of income taxes:		
Loss from operations of lists and database services segment	--	(131)
Net income (loss)	(117,412)	38,258
Preferred stock accretion and amortization of discount	(4,935)	--
Net income (loss) available to common stockholders	\$ (122,347)	\$ 38,258
Basic earnings per share:		
Income (loss) from continuing operations available to common stockholders	\$ (1.08)	\$ 0.42
Loss from discontinued operations of lists and database services segment	--	--
Net income (loss) available to common stockholders	\$ (1.08)	\$ 0.42
Diluted earnings per share:		
Income (loss) from continuing operations available to common stockholders	\$ (1.08)	\$ 0.38
Loss from discontinued operations of lists and database services segment	--	--
Net income (loss) available to common stockholders	\$ (1.08)	\$ 0.38
Weighted average shares outstanding:		
Basic	113,186	92,164
Diluted	113,186	99,864

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

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

(in thousands)

	Three months ended October 31,	
	1999	1998
Cash flows from operating activities:		
Income (loss) from continuing operations	\$ (117,412)	\$ 38,389
Adjustments to reconcile income (loss) from continuing operations to net cash used for continuing operations:		
Depreciation and amortization	175,430	2,809
Deferred income taxes	(118,918)	29,196
Non-operating gains, net	(94,717)	(88,600)
Equity in losses of affiliates	1,796	3,359
Minority interest	(23,288)	(101)
Changes in operating assets and liabilities, excluding effects of acquired companies:		
Trade accounts receivable	(18,821)	(4,871)
Inventories	(2,454)	(1,297)
Prepaid expenses	(10,953)	68
Accounts payable and accrued expenses	16,254	7,764
Deferred revenues	7,316	5,360
Refundable and accrued income taxes, net	25,280	(12,075)
Tax benefit from exercise of stock options	48,802	558
Other assets and liabilities	(5,218)	(167)
Net cash used for operating activities of continuing operations	(116,903)	(19,608)
Net cash used for operating activities of discontinued operations	--	(617)
Net cash used for operating activities	(116,903)	(20,225)
Cash flows from investing activities:		
Additions to property and equipment- continuing operations	(23,185)	(2,177)
Additions to property and equipment- discontinued operations	--	(5)
Purchase of available-for-sale securities	(6,500)	(31,123)
Proceeds from sale of Yahoo!, Inc. common stock	291,069	--
Proceeds from sale of Lycos, Inc. common stock	--	2,520
Investments in affiliates	(11,129)	(4,827)
Net cash acquired through acquisitions of subsidiaries	23,425	--
Other	--	1,793
Net cash provided by (used for) investing activities	273,680	(33,819)
Cash flows from financing activities:		
Net repayments of notes payable	--	(2,856)
Repayments of long-term debt	(887)	--
Net proceeds from issuance of common stock	5,569	261
Net proceeds from issuance of stock by subsidiaries	69,567	1,945
Other	5,063	(204)
Net cash provided by (used for) financing activities	79,312	(854)
Net increase (decrease) in cash and cash equivalents	236,089	(54,898)
Cash and cash equivalents at beginning of period	468,912	61,537
Cash and cash equivalents at end of period	\$ 705,001	\$ 6,639

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

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

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, 1999 which are contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("the SEC") on October 29, 1999. The results for the three months ended October 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.

B. OTHER GAINS, NET

In October 1999, the Company sold 1,640,000 shares of Yahoo! common stock on the open market. As a result of the sale, the Company received proceeds of \$291.1 million, and recognized a pre-tax gain of \$48.3 million. In August 1998, the Company's subsidiary, CMG@Ventures II, LLC (CMG@Ventures II) converted its holdings in Sage Enterprises, Inc. (Sage Enterprises) into shares of Amazon.com, Inc. (Amazon.com) common stock as part of a merger wherein Amazon.com acquired Sage Enterprises. 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 shares of Hollywood Entertainment Corporation (Hollywood Entertainment) as part of a merger wherein Hollywood Entertainment acquired Reel.com. 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.

C. GAIN ON STOCK ISSUANCES BY SUBSIDIARIES AND AFFILIATES

In October 1999, the Company's affiliate, NaviSite, commenced its initial public offering of common stock, issuing approximately 5.5 million shares at a price of \$14.00 per share, which raised \$69.6 million in net proceeds during the first fiscal quarter for NaviSite. As a result of the initial public offering, the Company's ownership interest in NaviSite was reduced from approximately 89.6% to approximately 71.8%. The Company recorded a pre-tax gain of \$46.4 million during the first quarter of fiscal year 2000 as a result of the initial public offering. The pre-tax gain represents the increase in the book value of the Company's net equity in NaviSite as a result of NaviSite's stock issuance.

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. The Company recorded a pre-tax gain of \$24,132,000 on the issuance of stock by GeoCities during the fiscal quarter ended October 31, 1998, representing the increase in the book value of the Company's net equity in GeoCities, primarily as a result of the initial public offering. The Company also recorded a pre-tax gain of \$20,374,000 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.

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

D. ACQUISITIONS AND INVESTMENTS

In August 1999, CMGI completed its acquisition of 81.5% of AltaVista Company (AltaVista), a web portal that integrates proprietary Internet technology and services to deliver relevant results for both individuals and Web-based businesses, for 18,994,975 CMGI common shares valued at approximately \$1.816 billion, 18,090.45 shares of the Company's Series D preferred stock, which were converted into approximately 1,809,045 million shares of CMGI common stock in October 1999 valued at approximately \$173 million, three-year notes totaling \$220 million and the exchange of CMGI and subsidiary stock options for AltaVista stock options. The AltaVista acquisition included the assets and liabilities constituting the AltaVista Internet search service and also included former Compaq subsidiaries Zip2 Corporation and Shopping.com. The shares issued by the Company in connection with the AltaVista acquisition are not registered under the Securities Act of 1933 and are subject to restrictions on transferability for a period of one year from the date of issuance. The total purchase price for AltaVista was valued at approximately \$2.4 billion, including costs of acquisition of \$4 million. The value of the Company's shares included in the purchase price was recorded net of a weighted average 10% market value discount to reflect the restrictions on transferability.

During the first quarter of fiscal year 2000, the Company also completed its acquisitions of Cha! Technologies Services, Inc. (Cha! Technologies), iAtlas, Inc. (iAtlas) and Signatures SNI, Inc. (Signatures Network) for combined consideration of approximately \$64 million in CMGI stock, convertible notes, cash and commitments to fund a total of approximately \$113 million in operating capital.

The acquisitions during the first quarter of fiscal 2000 have been accounted for using the purchase method, and, accordingly, the purchase prices have been allocated to the assets purchased and liabilities assumed based upon their fair values at the date of acquisition. Goodwill and other intangibles, totaling \$2.2 billion were recorded related to acquisitions, and are being amortized on a straight-line basis over three years. The acquired companies are included in the Company's consolidated financial statements from the dates of acquisition.

The purchase price for each of the above acquisitions was allocated as follows:

(in thousands)	AltaVista	Others	Total
	-----	-----	-----
Working capital, including cash (cash overdraft) acquired	\$ (39,604)	\$ 8,313	\$ (31,291)
Property, plant and equipment	44,460	1,257	45,717
Other assets (liabilities), net	15,786	20,622	36,408
Goodwill	2,199,426	35,331	2,234,963
Developed technology	128,128	--	128,128
Other identifiable intangible assets	40,575	--	40,575
	-----	-----	-----
Purchase price	\$2,388,771	\$65,729	\$2,454,500
	=====	=====	=====

The above allocation of the AltaVista purchase price, represents the Company's 81.495% interest in the fair values of the acquired underlying assets and liabilities of AltaVista. The purchase price allocations for each of the acquisitions which consummated during the first quarter of fiscal year 2000 are preliminary and are subject to adjustment upon finalization of the purchase accounting.

On October 29, 1999, CMGI purchased 250,000 shares of Akamai Technologies common stock at a cost of \$26 per share. During the first quarter of fiscal year 2000, the Company, through its limited liability company subsidiary, CMG@Ventures III, LLC, acquired initial or follow-on minority ownership interests in eleven Internet companies for an aggregate total of approximately \$10.6 million.

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

E. SEGMENT INFORMATION

In 1999, the Company adopted SFAS No. 131, which requires the reporting of segment information using the "management approach" versus the "industry approach" previously required. Based on the information provided to the Company's chief operating decision maker for purposes of making decisions about allocating resources and assessing performance, the Company's continuing operations have been classified in two primary business segments, (i) Internet and (ii) fulfillment services. The Internet segment focuses on strategic Internet opportunities afforded by the Internet and interactive media markets. The fulfillment services segment provides product and literature fulfillment and supply chain management, telemarketing, and outsourced e-business program management services. During the quarter ended October 31, 1999, one customer accounted for 24% of the net revenues of the Internet segment. Also included in Internet segment revenues in the quarter was approximately \$12 million recorded by the Company related to the completion of a large order for the sale of computer equipment purchased by a subsidiary from Compaq Computer Corporation (Compaq), an affiliate, and sold to Free PC, a subsidiary investee. Summarized financial information by business segment for continuing operations is as follows:

(in thousands)	Three months ended October 31,	
	1999	1998
	-----	-----
Net revenues:		
Internet	\$ 85,102	\$ 4,912
Fulfillment services	38,629	32,493
	-----	-----
	\$ 123,731	\$ 37,405
	=====	=====
Operating income (loss):		
Internet	\$ (277,367)	\$ (20,385)
Fulfillment services	2,840	257
	-----	-----
	\$ (274,527)	\$ (20,128)
	=====	=====

All of the acquisitions during the first quarter of fiscal year 2000 and the increase in the value of the available-for-sale securities relate to the Internet segment and are the primary reasons for the increase in the net assets of the Company. Other gains, net, minority interest and equity in losses of affiliates as reported in the Consolidated Statements of Operations for the quarters ended October 31, 1999 and 1998 relate to the Internet segment. All intercompany transactions have been eliminated, and intersegment revenues are not significant.

F. BORROWING ARRANGEMENTS

In conjunction with its acquisition of AltaVista, the Company issued three year notes totaling \$220 million to Compaq and Digital Equipment Corporation (Digital), a wholly-owned subsidiary of Compaq, due August 18, 2002. Interest on each note, at a rate of 10.5% per annum, is due and payable semiannually on each February 18 and August 18 until the note is paid in full. Principal and interest payments due on the notes are payable, at the option of CMGI, in cash, marketable securities (as defined in the note) or any combination thereof.

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

G. 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 and convertible preferred stock is included in the calculation of diluted earnings per share only when the effect of their inclusion would be dilutive. The effect of convertible preferred stock using the "if-converted" method and the dilutive effect of common stock equivalents were anti-dilutive for the three month period ended October 31, 1999 and, therefore, have been excluded from the calculation of diluted earnings per share.

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 months ended October 31, 1999 and 1998.

The reconciliation of the denominators of the basic and diluted earnings (loss) per share computations for the Company's reported net income (loss) is as follows:

	Three months ended October 31,	
	1999	1998
Weighted average number of common shares outstanding - basic	113,186	92,164
Weighted average number of dilutive common stock equivalents outstanding	--	7,700
Shares used in computing diluted earnings (loss) per share	113,186	99,864

H. COMPREHENSIVE INCOME

The components of comprehensive income, net of tax, are as follows:

	Three months ended October 31,	
(in thousands)	1999	1998
Net income (loss)	\$(117,412)	\$38,258
Net unrealized holding gain (loss) arising during period	282,313	(89)
Less: reclassification adjustment for gain realized in net income (loss)	(28,441)	--
Comprehensive income (loss)	\$ 136,460	\$38,169

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

I. CONSOLIDATED STATEMENTS OF CASH FLOWS SUPPLEMENTAL INFORMATION

(in thousands)	Three months ended October 31,	
	1999	1998
Cash paid during the period for:		
Interest	\$ 947	\$ 868
	=====	=====
Income taxes	\$2,962	\$8,567
	=====	=====

Substantially all of the consideration for acquisitions of businesses by the Company, or its subsidiaries, during fiscal 2000 included the issuance of shares of the Company's and the issuance of seller's notes.

J. AVAILABLE-FOR-SALE SECURITIES

At October 31, 1999, available-for-sale securities consist of common stock investments, carried at fair value and based on quoted market prices, net of a market value discount to reflect any remaining restrictions on transferability. Available-for-sale securities at October 31, 1999 primarily consisted of approximately: 3.0 million shares of Yahoo! Inc. valued at \$535 million, 13.0 million shares of Lycos Inc. valued at \$693 million, 2.8 million shares of Silknet Software, Inc. (Silknet) valued at \$220 million, 4.7 million shares of Hollywood Entertainment valued at \$67 million, 2.7 million shares of Chemdex Corporation (Chemdex) valued at \$100 million, 1.6 million shares of Critical Path, Inc. (Critical Path) valued at \$75 million and 250,000 shares of Akamai Technologies, Inc. (Akamai) valued at \$36 million. Shares of publicly traded companies held by CMG@Ventures I and II which have been allocated to CMG@Ventures I's and II's profit members have been classified in other non-current assets in the accompanying Consolidated Balance Sheet and valued at carrying value as of the date of allocation. Certain shares included in available-for-sale securities at October 31, 1999 may be required to be allocated to CMG@Ventures I's and II's profit members in the future. A net unrealized holding gain of \$562 million, net of deferred income taxes of \$394 million, 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 October 31, 1999.

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

K. NEW ACCOUNTING PRONOUNCEMENTS

In March 1998, the Accounting Standards Executive Committee of the American Institute of Certified Public Accountants ("AcSEC"), issued Statement of Position (SOP) 98-1, "Accounting for the Cost of Computer Software Developed or Obtained for Internal Use". SOP 98-1 requires the capitalization of various internal costs related to the implementation of computer software obtained for internal use. The Company has adopted this standard in the first quarter of fiscal year 2000. The adoption of SOP 98-1 did not have a material impact on its financial position or its results of operations.

In April 1998, AcSEC issued SOP 98-5, "Reporting Costs of Start-Up Activities". Under SOP 98-5, the cost of start-up activities should be expensed as incurred. Start-up activities are broadly defined as those one-time activities related to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, commencing some new operation or organizing a new entity. SOP 98-5 is effective for the Company's fiscal 2000 financial statements. The adoption did not have a material impact on its financial position or results of operations.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 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 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 2001 pursuant to SFAS No. 137 (issued in June 1999), which delays the adoption of SFAS 133 until that time. The Company expects that the adoption of SFAS 133 will not have a material impact on the its financial position or its results of operations.

In November 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 100, "Restructuring and Impairment Charges." In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements." SAB No. 100 expresses the views of the SEC staff regarding the accounting for and disclosure of certain expenses not commonly reported in connection with exit activities and business combinations. This includes the accrual of exit and employee termination costs and the recognition of impairment charges. SAB No. 101 expresses the views of the SEC staff in applying generally accepted accounting principles to certain revenue recognition issues. Although the Company is still in the process of analyzing the impact of SAB No. 100 and SAB No. 101, if any, the Company expects that there will be no material impact on its financial position or its results of operations.

L. PENDING ACQUISITIONS

On September 20, 1999, CMGI announced that it had signed a definitive agreement to acquire AdForce, Inc. (Nasdaq: ADFC), a provider of products and services that allow advertisers and publishers to target, deliver, measure and analyze Internet advertising programs, in a stock-for-stock merger valued at approximately \$500 million. Under the terms of the agreement, CMGI will issue 0.262 CMGI shares for every share of AdForce held on the closing date of the transaction. Closing of the merger is subject to customary conditions, including approval by AdForce stockholders, and is expected in January 2000.

On September 30, 1999, CMGI announced a definitive agreement to acquire Flycast Communications Corporation (Nasdaq: FCST), a provider of web-based direct response advertising solutions, in a stock-for-stock merger. Under the terms of the agreement, CMGI will issue 0.4738 CMGI shares for every share of Flycast held on the closing date of the transaction. Closing of the merger is subject to customary conditions, including approval by Flycast stockholders, and is expected in January 2000.

M. SUBSEQUENT EVENTS

Subsequent to October 31, 1999, the Company completed the acquisitions of 1stUp.com Corporation, Activate.net Corporation, Clara Vista Corporation and Tribal Voice, Inc. for combined total consideration of approximately \$200 million in CMGI stock. 1stUp.com is an Internet technology company that provides solutions that enable businesses to offer advertising, sponsorship, and e-commerce supported Internet access to their customers. Activate.net provides business-to-business broadcast communications on the Internet. Clara Vista is an information systems consulting and integration company specializing in analysis, design, and development of Internet/intranet/extranet business applications. Tribal Voice is a provider of instant messaging, interactive communications software and online community solutions.

Subsequent to October 31, 1999, the Company sold 1,060,000 shares of its Yahoo! stock and 260,000 shares of its Open Market stock for total proceeds of approximately \$240 million and \$9.1 million, respectively.

On November 18, 1999, the underwriters of NaviSite's initial public offering exercised their over-allotment option in full to purchase an additional 825,000 shares of common stock at \$14 per share, resulting in approximately \$10.4 million in net proceeds to NaviSite.

On November 29, 1999, AltaVista announced it had agreed to acquire Raging Bull in a stock-for-stock exchange of privately held shares of each company. (CMGI owns approximately 82% of AltaVista and CMG@Ventures III owns approximately 10% of Raging Bull's outstanding shares on a fully diluted basis.)

On November 29, 1999, the Company and Pacific Century CyberWorks Limited ("PCCW"), a company listed on The Stock Exchange of Hong Kong, completed their previously agreed to exchange of stock. The Company received 448,347,107 shares of PCCW stock in exchange for 4,057,971 shares of the Company's common stock. The PCCW shares acquired will be accounted for as available for sale securities as of the date of acquisition and will be carried at fair value and based on quoted market prices, net of a market value discount to reflect any remaining restrictions on transferability.

On September 23, 1999, CMGI signed a definitive agreement to acquire AdKnowledge Inc., a provider of Web marketing management services focused on the needs of online marketers and agencies, in a transaction valued at approximately \$193 million. Under the terms of the merger and contribution agreement, CMGI acquired control of AdKnowledge through the issuance of approximately \$170 million of CMGI common stock on November 30, 1999. The second step of the acquisition, the contribution of AdKnowledge shares held by AdKnowledge shareholders, including CMGI, to Engage in exchange for approximately \$193 million of Engage common stock, is expected to close shortly. Upon completion of the transaction, AdKnowledge will be a wholly owned subsidiary of Engage. The transaction is subject to certain conditions including approval by Engage stockholders.

On December 10, 1999, MotherNature.com completed its initial public offering at a price of \$13 per share. CMG@Ventures II currently holds 1.2 million shares of MotherNature.com common stock which it acquired at an average cost of \$3.23 per share. On November 4, 1999, Tickets.com, Inc. commenced its IPO. (CMG@Ventures II, LLC currently holds approximately 700,000 shares of Tickets.com common stock.)

On November 22, 1999, the Company announced the launch of the CMGI @Ventures B2B Fund, a new venture fund to be focused exclusively on business-to-business Internet venture capital investments. The fund is expected to reach up to \$1 billion in capital and will have CMGI as its sole limited investor. The Company expects to raise capital for the new fund through the sale of marketable securities, the issuance and sale of Company securities, borrowings or otherwise from outside sources, or a combination of the foregoing. There can be no assurance that the Company will be able to raise sufficient funds for the CMGI @Ventures B2B Fund or raise such funds on terms that are favorable to the Company.

On December 15, 1999, CMGI announced a definitive agreement to acquire yesmail.com (NASDAQ: YESM), a leading outsourcer of permission email marketing technologies and services, in a stock-for-stock merger transaction. Under the terms of the merger agreement, CMGI will issue .1252 CMGI shares for every share of yesmail.com held on the closing date of the transaction. Closing of the transaction is subject to customary regulatory approvals, including formal approval by yesmail.com shareholders, and is expected in March 2000.

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, and Section 27A of the Securities Act of 1933, as amended, that involve risks and uncertainties. All statements other than statements of historical information provided herein may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes", "anticipates", "plans", "expects" and similar expressions are intended to identify forward-looking statements. 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 "Factors That May Affect Future Results" section included in the Company's Annual Report on Form 10K filed with the SEC on October 29, 1999, 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.

BASIS OF PRESENTATION

Certain amounts for prior periods in the accompanying consolidated financial statements, and in the discussion below have been reclassified to conform with current period presentations.

THREE MONTHS ENDED OCTOBER 31, 1999 COMPARED TO THREE MONTHS ENDED OCTOBER 31, 1998

Net revenues for the quarter ended October 31, 1999 increased \$86,326,000, or 231%, to \$123,731,000 from \$37,405,000 for the quarter ended October 31, 1998. The increase was largely attributable to an increase of \$80,190,000 in net revenues for the Company's Internet segment due to the acquisitions of AltaVista and Signatures Network during the first quarter of fiscal 2000, the acquisitions of I/PRO and 2CAN during the third quarter of fiscal 1999, and increased net revenues from Engage, NaviSite and Adsmart. Included in Internet segment revenues in the quarter was approximately \$12 million recorded by AltaVista's Shopping.com subsidiary related to the completion of a large order for the sale of computer equipment purchased by Shopping.com from Compaq Computer and sold to FreePC, an AltaVista investee. Additionally, net revenues in the Company's fulfillment services segment increased \$6,136,000 primarily reflecting increased volume of turnkey business from Cisco and growth in Internet related fulfillment business, including the completion of an approximate \$4.3 million special project order from JuniorNet, a leading Web destination for children, during the first quarter of fiscal 2000. The Company believes that its portfolio of 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 2000. Additionally, the Company has signed agreements to acquire several additional Internet companies, including 1stUp.com, Activate.Net Corporation, AdForce, Inc., AdKnowledge, Inc., Flycast Communications Corporation, and Tribal Voice, Inc. The 1stUp.com Corporation, Activate.Net Corporation, AdKnowledge, Inc. and Tribal Voice, Inc. acquisitions have closed subsequent to October 31, 1999. The AdForce, Inc. and Flycast Communications Corporation acquisitions remain subject to customary closing conditions, including regulatory approval and target company stockholder approval. Therefore, as a result of both increased revenues from existing companies and incremental revenues from new acquisitions, the Company expects to report future revenue growth.

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Cost of revenues increased \$72,630,000 or 204%, to \$108,173,000 in the first quarter of fiscal 2000 from \$35,543,000 for the corresponding period in fiscal 1999, reflecting increases of \$1,506,000 and \$71,124,000 in the fulfillment services and Internet segments, respectively. Cost of revenues increased in the fulfillment services segment primarily as a result of higher revenues. Internet segment cost of revenues increases were primarily attributable to higher revenues as a result of the acquisitions of AltaVista and Signatures Network during the first quarter of fiscal 2000, the acquisitions of I/PRO and 2CAN during the third quarter of fiscal 1999, commencement of operations by NaviNet, and the acceleration of operations for other subsidiaries within the segment. Cost of revenues as a percentage of revenues in the Internet segment decreased to 92% in the first quarter of fiscal 2000 from 145% in the prior year, primarily as a result of the acquisitions of AltaVista and Signatures Network. Fulfillment services segment cost of revenues as a percentage of net revenues decreased to 77% in the first quarter of fiscal 2000 from 88% in the first quarter of fiscal 1999, primarily reflecting increased operating efficiencies related to turnkey operations.

Research and development expenses increased \$14,880,000, or 280%, to \$20,188,000 in the quarter ended October 31, 1999 from \$5,308,000 in the prior year's first quarter. All research and development expenses in both periods were within the Internet segment. The increase as compared to the prior year was primarily due to the acquisition of AltaVista and the increased development efforts at Engage, iCast, Cha! Technologies and MyWay.com. 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 \$64,277,000 or 782% to \$72,501,000 in the first quarter ended October 31, 1999 from \$8,224,000 for the corresponding period in fiscal 1999, primarily reflecting a \$64,659,000 increase in the Internet segment. The increased costs in the Internet segment are primarily due to the acquisitions of AltaVista and Signatures Network during the first quarter of fiscal 2000, the acquisitions of I/PRO and 2CAN during the third quarter of fiscal 1999 and the continued growth of sales and marketing efforts at various other CMGI subsidiaries related to product launches and infrastructure. Selling expenses in the fulfillment services segment decreased by \$382,000 in comparison with last year's first quarter due primarily to headcount reductions. Selling expenses increased as a percentage of net revenues to 59% in the first quarter of fiscal 2000 from 22% for the corresponding period in fiscal 1999, primarily reflecting the impact of the acquisition of AltaVista, including the impact of AltaVista advertising costs in support of the launch of its new media and commerce network, and the expansion of sales and marketing efforts related to product launches and infrastructure. As the Company's 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 \$21,008,000, or 331%, to \$27,357,000 in the first quarter of fiscal 2000 from \$6,349,000 for the corresponding period in fiscal 1999. The Internet segment experienced an increase of \$18,600,000, primarily due to the acquisitions of AltaVista and Signatures Network during the first quarter of fiscal 2000, the acquisitions of I/PRO and 2CAN during the third quarter of fiscal 1999 and the building of management infrastructures in several of the Company's Internet investments. General and administrative expenses in the fulfillment services segment increased by \$2,408,000 in comparison with last year's first quarter, largely due to and the building of management infrastructure. General and administrative expenses increased as a percentage of net revenues to 22% in the first quarter of fiscal 2000 from 17% in the first quarter of fiscal 1999. 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.

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Amortization of intangible assets and stock-based compensation increased \$167,930,000, or 7,963%, to \$170,039,000 in the first quarter of fiscal 2000 from \$2,109,000 for the corresponding period in fiscal 1999, reflecting a \$167,909,000 increase in the Internet segment, primarily due to the acquisitions of AltaVista and Signatures Network during the first quarter of fiscal 2000 and the acquisitions of I/PRO and 2CAN during the third quarter of fiscal 1999. Amortization of intangibles in the fulfillment services segment was flat as compared to last year's fiscal first quarter. The Company anticipates that its amortization of intangibles expense will continue to increase significantly as the Company and its subsidiaries continue to acquire new companies in the future.

Gain on issuance of stock by subsidiaries and affiliates in the first quarter of fiscal 2000 reflects the pre-tax gain of \$46,432,000 on the issuance of stock by NaviSite in its initial public offering. Gains on issuance of stock by subsidiaries and affiliates for the quarter ended October 31, 1998 includes a \$20,374,000 gain on issuance of stock by Lycos and a \$24,132,000 gain on issuance of stock by GeoCities. The first quarter fiscal 1999 gain on stock issuance by Lycos resulted primarily from the issuance of stock by Lycos for its acquisition of WhoWhere? Gain on stock issuance by GeoCities in fiscal 1999 arose as a result of the sale of stock by GeoCities in its initial public offering in August 1998.

Other gains, net in the first quarter of fiscal 2000 reflects a pre-tax gain of \$48,349,000 on the sale of 1,640,000 shares of Yahoo! common stock. Fiscal 1999 other gains, net includes a \$23,158,000 gain on sale of investment in Reel.com, Inc., a \$19,057,000 gain on sale of investment in Sage Enterprises, Inc. and a \$1,879,000 gain on sale of Lycos, Inc. common stock.

Minority interest increased to \$23,288,000 in the first quarter of fiscal 2000 from \$101,000 in the first quarter of fiscal 1999, primarily reflecting minority interest in net losses of five subsidiaries during the first quarter of fiscal 2000, including Alta Vista, Blaxxun, Engage, NaviSite and Signatures Network.

Interest income increased \$5,312,000, to \$5,871,000 in the first quarter of fiscal 2000 from \$559,000 in the first quarter of fiscal 1999, reflecting increased income associated with higher average cash equivalent balances compared with the prior year. Interest expense increased \$4,632,000, to \$5,700,000 in the first fiscal quarter of fiscal 2000 from \$1,068,000 in fiscal 1999 primarily due to the accrual of interest on notes issued to Compaq and Digital in connection with the acquisition of AltaVista.

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 October 31, 1999 includes the results from the Company's minority ownership in ThingWorld.com, WebCT, and Engage Technologies Japan, Inc. Equity in losses of affiliates for the quarter ended October 31, 1998 include the results from the Company's minority ownership in Lycos, GeoCities, ThingWorld.com, Silknet, Speech Machines, MotherNature.com and Magnitude Network. The Company expects its portfolio 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 benefit recorded in the first quarter of fiscal 2000 was \$40,735,000. 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 first quarter of fiscal 2000, gains on stock issuances by subsidiaries and affiliates and other gains, net were excluded.

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LIQUIDITY AND CAPITAL RESOURCES

Working capital at October 31, 1999 increased to \$1.7 billion compared to \$1.4 billion at July 31, 1999. Approximately \$236 million of the net increase in working capital is attributable to increased cash and cash equivalents. The Company's principal sources of capital during the first three months of fiscal 2000 were from sales of Yahoo! common stock and from net proceeds from issuances of common stock, primarily by NaviSite in its initial public offering. The Company's principal uses of capital during the first three months of fiscal 2000 were \$117 million for funding of operations, primarily those of start-up activities in the Company's Internet segment, and \$23 million for purchases of property and equipment.

On October 22, 1999, NaviSite commenced its initial public offering at \$14 per share, raising \$69.6 million, net of issuance and other costs. In November 1999, NaviSite raised an additional \$10.4 million pursuant to the exercise of the underwriters' over-allotment option. CMGI currently owns 19.5 million shares of NaviSite common stock. In October 1999 the Company sold 1,640,000 shares of Yahoo! common stock and received total proceeds of \$291 million.

In conjunction with its acquisition of AltaVista, the Company issued three year \$220 million notes payable to Compaq and Digital due August 18, 2002. Interest on the notes, at a rate of 10.5% per annum, is due and payable semiannually on each February 18 and August 18 until the notes are paid in full. Principal and interest due on these notes are payable, at the option of CMGI, in cash, marketable securities (as defined in the notes) or any combination thereof.

In August 1999, CMGI completed its acquisition of 81.5% of AltaVista Company (AltaVista), a web portal that integrates proprietary Internet technology and services to deliver relevant results for both individuals and Web-based businesses, for 18,994,975 CMGI common shares valued at approximately \$1.816 billion, 18,090.45 of the Company's Series D preferred stock, which was converted into approximately 1,809,045 million shares of CMGI common stock in October 1999 valued at approximately \$173 million, three-year notes totaling \$220 million and the exchange of the Company's stock options for AltaVista stock options. The AltaVista acquisition included the assets and liabilities constituting the AltaVista Internet search service and also included former Compaq subsidiaries Zip2 Corporation and Shopping.com. The shares issued by the Company in connection with the AltaVista acquisition are not registered under the Securities Act of 1933 and are subject to restrictions on transferability for a period of one year from the date of issuance. The total purchase price for AltaVista was valued at approximately \$2.4 billion, including costs of acquisition of \$4 million. The purchase price allocations for each of the acquisitions which consummated during the first quarter of fiscal year 2000 are preliminary and are subject to adjustment upon finalization of the purchase accounting.

During the first quarter of fiscal year 2000, the Company also completed its acquisitions of Cha! Technologies, iAtlas Inc. and Signatures for a combined consideration of approximately \$64 million in CMGI stock and convertible notes and commitments to fund a total of approximately \$113 million in operating capital.

During the first quarter of fiscal year 2000, the Company, through its limited liability company subsidiary, CMG@Ventures III, LLC, acquired initial or follow-on minority ownership interests in eleven Internet companies for aggregate consideration of approximately \$10.6 million.

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On November 22, 1999, the Company announced the launch of the CMGI @Ventures B2B Fund, a new venture fund to be focused exclusively on business-to-business Internet venture capital investments. The fund is expected to reach up to \$1 billion in capital and will have CMGI as its sole limited investor. The Company expects to raise capital for the new fund through the sale of marketable securities, the issuance and sale of Company securities, borrowings or otherwise from outside sources, or a combination of the foregoing. There can be no assurance that the Company will be able to raise sufficient funds for the CMGI @Ventures B2B Fund or raise such funds on terms that are favorable to the Company.

On September 20, 1999, CMGI announced that it had signed a definitive agreement to acquire AdForce, Inc. (Nasdaq: ADFC), a provider of products and services that allow advertisers and publishers to target, deliver, measure and analyze Internet advertising programs, in a stock-for-stock merger valued at approximately \$500 million. Under the terms of the agreement, CMGI will issue 0.262 CMGI shares for every share of AdForce held on the closing date of the transaction. Closing of the merger is subject to customary conditions, including approval by AdForce stockholders, and is expected in January 2000.

On September 30, 1999, CMGI announced a definitive agreement to acquire Flycast Communications Corporation (Nasdaq: FCST), a provider of web-based direct response advertising solutions, in a stock-for-stock merger. Under the terms of the agreement, CMGI will issue 0.4738 CMGI shares for every share of Flycast held on the closing date of the transaction. Closing of the merger is subject to customary conditions, including approval by Flycast stockholders, and is expected in January 2000.

Subsequent to October 31, 1999, the Company completed the acquisitions of 1stUp.com Corporation, Activate.net Corporation, Clara Vista Corporation and Tribal Voice, Inc. for combined total consideration of approximately \$200 million in CMGI stock. 1stUp.com is an Internet technology company that provides solutions that enable businesses to offer advertising, sponsorship, and e-commerce supported Internet access to their customers. Activate.net provides business-to-business broadcast communications on the Internet. Clara Vista is an information systems consulting and integration company specializing in analysis, design, and development of Internet/intranet/extranet business applications. Tribal Voice is a provider of instant messaging, interactive communications software and online community solutions.

Subsequent to October 31, 1999, the Company sold 1,060,000 shares of its Yahoo! stock and 260,000 shares of its Open Market stock for total proceeds of approximately \$240 million and \$9.1 million, respectively.

On November 29, 1999, AltaVista announced it had agreed to acquire Raging Bull in a stock-for-stock exchange of privately held shares of each company. (CMGI owns approximately 82% of AltaVista and CMG@Ventures III owns approximately 10% of Raging Bull's outstanding shares on a fully diluted basis.)

On November 29, 1999, the Company and PCCW, a company listed on The Stock Exchange of Hong Kong, completed their previously agreed to exchange of stock. The Company received 448,347,107 shares of PCCW stock in exchange for 4,057,971 shares of the Company's common stock. The PCCW shares acquired will be accounted for as available for sale securities as of the date of acquisition and will be carried at fair value and based on quoted market prices, net of a market value discount to reflect any remaining restrictions on transferability.

On September 23, 1999, CMGI signed a definitive agreement to acquire AdKnowledge Inc., a provider of Web marketing management services focused on the needs of online marketers and agencies, in a transaction valued at approximately \$193 million. Under the terms of the merger and contribution agreement, CMGI acquired control of AdKnowledge through the issuance of approximately \$170 million of CMGI common stock on November 30, 1999. The second step of the acquisition, the contribution of AdKnowledge shares held by AdKnowledge shareholders, including CMGI, to Engage in exchange for approximately \$193 million of Engage common stock, is expected to close shortly. Upon completion of the transaction, AdKnowledge will be a wholly owned subsidiary of Engage. The transaction is subject to certain conditions including approval by Engage stockholders.

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On December 10, 1999, MotherNature.com completed its initial public offering at a price of \$13 per share. CMG@Ventures II currently holds 1.2 million shares of MotherNature.com common stock which it acquired at an average cost of \$3.23 per share. On November 4, 1999, Tickets.com, Inc. commenced its IPO. (CMG@Ventures II, LLC currently holds approximately 700,000 shares of Tickets.com common stock.)

On December 15, 1999, CMGI announced a definitive merger agreement to acquire yesmail.com (Nasdaq: YESM), a leading outsourcer of permission email marketing technologies and services, in a stock-for-stock merger transaction. Under the terms of the merger agreement, CMGI will issue .1252 CMGI shares for every share of yesmail.com held on the closing date of the transaction. Closing of the transaction is subject to customary regulatory approvals, including formal approval by yesmail.com shareholders, and is expected in March 2000.

The Company intends to continue to fund existing and future Internet efforts, acquire additional companies for cash, stock, or other consideration and to actively seek new CMG@Ventures investment opportunities. Similar to CMGI's current Internet subsidiaries, future Internet company acquisitions will likely be in early stages of business development and therefore are expected to require additional cash funding by the Company to fund their operations. 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 placements. 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. There can be no assurance, however, that the Company will be able to raise additional capital on terms that are favorable to the Company.

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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. The Company 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 we use in both information technology and non-information technology applications in our business. Examples of non-information technology systems include the building security and voice mail systems.

The Company confronts the Year 2000 problem in several contexts:

Facilities and Services

Many of the Company's subsidiaries rely on its network infrastructure, software and hardware. Certain subsidiaries also offer computer-related services, and because of the business-critical nature of many customers' applications, the Company's risk of lawsuits related to Year 2000 issues could be greater than that of companies in some other industries.

The Company's subsidiary, NaviSite, is a hosting and application management services provider that relies on its network infrastructure to provide its services. The Company relies on NaviSite for network connectivity and hosting of servers for many of its majority-owned subsidiaries. NaviSite faces risks from customer-provided hardware and software that is hosted in its data centers that in many cases has been customized by outside service providers or customer personnel. While NaviSite informs its customers that they are responsible for the Year 2000 compliance of their hosted hardware and software, the Company can not assure that NaviSite's customers will take the steps necessary to achieve Year 2000 compliance. Remote users, including customers, also connect to NaviSite's networks. These remote users' networks may be impacted by Year 2000 complications, which could affect NaviSite's internal structure and ability to provide service to its customers, including CMGI's subsidiaries. These potential Year 2000 complications could disrupt operations and have a material adverse impact on the Company's financial condition and operating results.

The Company continues to conduct awareness campaigns as needed, update inventory and conduct Year 2000 assessment on an ongoing basis as new computer systems and software products are integrated into the Company's operations. The Company intends to continue this ongoing inventory and assessment process through at least December 31, 2000.

Customers

The Company also faces risks from computer systems and application software that certain of the Company's subsidiaries are in the business of selling and servicing. In addition, in the event that a significant number of the Company's customers experience Year 2000-related problems, whether due to the Company's products or not, demand for technical support and assistance may increase dramatically. In this case, the Company's costs for providing technical support may rise and the quality of service or the Company's ability to manage incoming requests may be impaired.

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Suppliers

In addition, the Company depends on software and hardware supplied by numerous vendors to provide certain applications and management services, rental services and consulting services. The Company is currently seeking assurances from its existing vendors that their products are Year 2000 compliant, and the Company requires that all new software application providers certify that they are Year 2000 compliant before the Company enters into agreements with them. However, because in most cases the Company does not independently verify the Year 2000 compliance of vendors' products, the Company cannot assure that these vendors' guarantees are true or sufficient or that the Company will not encounter Year 2000 compliance problems involving their products. The Company cannot assure that it will be able to provide its services and maintain its operations if it is unable to obtain products, services or systems that are Year 2000 compliant when it needs them. In addition, if vendors and service providers cannot deliver their products because of their own Year 2000 compliance problems or as a result of systemic failures such as power outages relating to the Year 2000, the Company could experience increased operating costs and lost revenue.

The Year 2000 project plan is coordinated by a committee that reports to senior management, as well as to the Board of Directors on a periodic basis. The 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 has substantially completed this phase for existing systems.
- (3) Repair or replacement of products and systems, where required, to achieve Year 2000 compliance. The Company has substantially completed this phase for its existing business-critical systems.
- (4) Creation of contingency plans in the event of Year 2000 failures. The Company has substantially completed its Year 2000 contingency plan. The plan will continue to be updated to reflect changes in business procedures and processes.

Companies that the Company has acquired subsequent to December 1, 1999 are in varying stages of completion of the four phases above. The Company does not anticipate that these new acquisitions will experience any Y2K issues.

Through October 31, 1999, the Company has incurred expenditures of approximately \$4.8 million in connection with Year 2000 readiness efforts. Current cost estimates to complete the Year 2000 readiness efforts are in the range of an additional \$1.5 million to \$2.0 million. There can be no assurance that the 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 its business and revenues and result in liability on its part for such failure. The Company's business and its prospects may be permanently affected by either the liability it incurs to third parties or the negative impact on its 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 its control. There can be no assurance that such companies will not suffer a Year 2000 business disruption, which could harm our business and financial condition. Furthermore, if third-party equipment or software used in its business fails to operate properly with regard to the Year 2000, the Company 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 October 31, 1999 include strategic equity positions in the Internet industry sector, including Lycos, Inc., Critical Path, Chemdex, Amazon.com, Inc. and Open Market, Inc., Yahoo! Inc., Silknet Software, Inc., Hollywood Entertainment, and Akamai Technologies, 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 October 31, 1999, would result in an approximate \$355 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 October 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.

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

AltaVista Company

On August 18, 1999, the Company consummated the transactions contemplated by the Purchase and Contribution Agreement dated as of June 29, 1999 by and among itself, Compaq Computer Corporation ("Compaq"), Digital Equipment Corporation, a wholly owned subsidiary of Compaq ("Digital"), AltaVista Company, a wholly owned subsidiary of Digital ("AltaVista"), and Zoom Newco Inc., a wholly owned subsidiary of the Company ("Newco") (as amended, the "Purchase and Contribution Agreement").

Pursuant to the Purchase and Contribution Agreement: (1) Compaq and Digital transferred to the Company all of the outstanding capital stock of Shopping.com, a California corporation, and 51.6% of the outstanding capital stock of Zip2Corp., a California corporation ("Zip2") (collectively, the "Digital Assets"), in exchange for promissory notes of the Company in the aggregate principal amount of \$220 million, (2) the Company contributed the Digital Assets, 18,994,975 shares of Common Stock and 18,090.45 shares of Series D Preferred Stock to Newco, and Newco issued 81,495,016 shares of Newco Common Stock to the Company, (3) Compaq and Digital contributed certain assets and liabilities (including the remaining outstanding shares of Zip2) constituting the AltaVista division of Digital to Newco and sold certain assets and liabilities to Newco's indirect subsidiary Kasempa Limited, an Irish single member private company, in exchange for the 18,994,975 shares of Company Common Stock, the 18,090.45 shares of Company Series D Preferred Stock and 18,504,884 shares of Newco Common Stock, and (4) Newco changed its corporate name to AltaVista Company ("AV"). The shares of Common Stock and the shares of Series D Preferred Stock were issued and sold in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock and the shares of Series D Preferred Stock.

As a result of the transactions contemplated by the Purchase and Contribution Agreement, AV (formerly Newco) acquired the assets and liabilities constituting the AltaVista division of Digital, the Company was issued 81,495,116 shares (81.5%) of AV Common Stock and Digital was issued the remaining 18,504,884 shares (18.5%) of outstanding AV Common Stock.

The 18,090.45 shares of Series D Preferred Stock issued to Digital had a stated value of \$180,000,000 and were converted into 1,809,045 shares of Company Common Stock on October 28, 1999.

Signatures SNI, Inc.

On September 1, 1999, the Company acquired approximately 81% of the outstanding stock of Signatures SNI, Inc., a Delaware corporation ("Signatures"). Pursuant to the terms of the acquisition agreement, the Company issued an aggregate of 364,610 shares of Common Stock to stockholders of Signatures in exchange for the Signatures stock. The shares of the Company's Common Stock were issued and sold to the stockholders of Signatures in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

Cha! Technologies Services, Inc.

On September 15, 1999, the Company acquired approximately 58% of the outstanding stock of cha! Technologies Services, Inc., a Delaware corporation ("cha!"). Pursuant to the terms of the acquisition agreement, the Company issued a series of convertible notes to stockholders of cha! in exchange for the cha! stock. The notes are convertible on September 15, 2000 into an aggregate of 148,508 shares of the Company's Common Stock. The notes were issued and sold to the stockholders of cha! in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the notes.

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PART II: OTHER INFORMATION (CONTINUED)

Item 2. CHANGES IN SECURITIES AND USE OF PROCEEDS (CONTINUED)

iAtlas, Inc.

On September 28, 1999, the Company acquired all of the outstanding stock of iAtlas, Inc., a Delaware corporation ("iAtlas"). Pursuant to the terms of the acquisition agreement, the Company issued an aggregate of 303,749 shares of Common Stock to stockholders of iAtlas in exchange for the iAtlas stock. The shares of Common Stock were issued and sold to the stockholders of iAtlas in reliance on Section 4(2) of the Securities Act of 1933, as amended, as a sale by the Company not involving a public offering. No underwriters were involved with the issuance and sale of the shares of Common Stock.

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

On October 28, 1999, the Company held a Special Meeting of Stockholders to vote upon a proposal to approve the conversion into Common Stock of all outstanding shares of the Company's Series D Preferred Stock issued to Digital in connection with the Company's acquisition of the AltaVista business (the "AltaVista Business") from Compaq and Digital. On September 16, 1999, the record date for determination of stockholders entitled to vote at the Special Meeting, there were outstanding and entitled to vote 116,148,257 shares of Common Stock and 18,090.45 shares of Series D Preferred Stock. Each share of Common Stock and Series D Preferred Stock was entitled to one vote at the Special Meeting. The results of the voting at the Special Meeting are as follows:

COMMON STOCK:

FOR	40,271,453
AGAINST	228,912
ABSTAIN	19,187,497
NON-VOTES	0

SERIES D PREFERRED STOCK:

FOR	0
AGAINST	0
ABSTAIN	18,090.45
NON-VOTES	0

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The Exhibits listed in the Exhibit Index immediately preceding such Exhibits are filed as part of or are included in this Quarterly Report on Form 10-Q.

(b) Reports on Form 8-K

On August 12, 1999, the Company filed a Current Report on Form 8-K dated June 29, 1999 to report under Item 5 (Other Events) certain historical financial information of AltaVista Company, the AltaVista Business, Zip2 Corporation and Shopping.com. The following financial statements were filed with such report:

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.

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.

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

On September 2, 1999, the Company filed a Current Report on Form 8-K dated August 18, 1999 to report under Item 2 (Acquisition or Disposition of Assets) the consummation of the transactions contemplated by the Purchase and Contribution Agreement dated as of June 29, 1999 by and among the Company, Zoom Newco, Inc., Compaq, Digital and AltaVista Company. No financial statements were filed with such report.

On September 3, 1999, the Company filed a Current Report on Form 8-K dated September 3, 1999 to report under Item 5 (Other Events) the financial results of operations of NaviSite, Inc. for the fiscal year ended July 31, 1999. The following financial statements were incorporated by reference into such report:

Consolidated Statements of Operations of NaviSite, Inc. for the years ended July 31, 1997, 1998 and 1999.

On September 27, 1999, the Company filed a Current Report on Form 8-K dated September 20, 1999 to report under Item 5 (Other Events) the execution of the Agreement and Plan of Merger by and among the Company, a wholly owned subsidiary of the Company and AdForce, Inc. No financial statements were filed with such report.

On October 1, 1999, the Company filed a Current Report on Form 8-K dated September 23, 1999 to report under Item 5 (Other Events) (i) the execution of the Agreement and Plan of Merger and Contribution by and among the Company, a wholly owned subsidiary of the Company, Engage Technologies, Inc. and AdKnowledge Inc., (ii) the execution of the Share Exchange Agreement by and between the Company and Pacific Century CyberWorks Limited, (iii) the Company's financial results for the fourth quarter ended July 31, 1999, and (iv) the execution of the Agreement and Plan of Merger by and among the Company, a wholly owned subsidiary of the Company and Flycast Communications Corporation. No financial statements were filed with such report.

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

Date: December 15, 1999

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

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EXHIBIT INDEX

Item	Description
2.1	Agreement and Plan of Merger, dated as of September 29, 1999, by and among the Registrant, Freemont Corporation and Flycast Communications Corporation is incorporated by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-92107).
2.2	Amended and Restated Agreement and Plan of Merger, dated as of September 20, 1999, by and among the Registrant, Artichoke Corp. and AdForce, Inc. is incorporated by reference to Annex A to the Proxy Statement/Prospectus which is part of the Registrant's Registration Statement on Form S-4 (File No. 333-92139).
3.1	Restated By-Laws of the Registrant, as amended, are incorporated by reference to Exhibit 3.3 of the Registrant's Registration Statement on Form S-4 (File No. 333-92107).
10.1	Share Exchange Agreement, dated as of September 22, 1999, by and between the Registrant and Pacific Century CyberWorks Limited.
10.2	Registration Rights Agreement, dated as of November 29, 1999, by and between the Registrant and Pacific Century CyberWorks Limited.
10.3	1999 Stock Option Plan for Non-Employee Directors is incorporated herein by reference to Appendix II to the Registrant's Definitive Schedule 14A filed November 17, 1999.
10.4	1995 Stock Option Plan for Non-Employee Directors, as amended, is incorporated herein by reference to Appendix III to the Registrant's Definitive Schedule 14A filed November 17, 1999.
10.5	1986 Stock Option Plan, as amended, is incorporated herein by reference to Appendix IV to the Registrant's Definitive Schedule 14A filed November 17, 1999.
10.6	Amendment No. 2 to Lease, dated as of November 12, 1999, between the Registrant and Andover Mills Realty Limited Partnership for premises located at 100 Brickstone Square, Andover, Massachusetts.
10.7	Lease Agreement by and between Carolina Blackhawk, LLC and Engage Technologies, Inc. dated October 1999, is incorporated herein by reference to Exhibit 10.3 of the Quarterly Report on Form 10-Q for the quarter ended October 31, 1999 of Engage Technologies, Inc. (File No. 000-26671).
27.1	Financial Data Schedule for the three months ended October 31, 1999.

Dated September 22, 1999

Pacific Century CyberWorks Limited

and

CMGI, Inc.

SHARE EXCHANGE AGREEMENT

THIS AGREEMENT is made on the 22nd day of September 1999

BETWEEN:

- (1) Pacific Century CyberWorks Limited, a company incorporated in Hong Kong with registered number 69030 whose registered office is at 38/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong ("PCCW"); and
- (2) CMGI, Inc., a company incorporated in Delaware, the United States of America whose principal office is at 100 Brickstone Square, First Floor, Andover, Massachusetts ("CMGI").

WHEREAS:

- (A) PCCW is a public company incorporated in Hong Kong. The issued ordinary shares of HK\$0.05 in the capital of PCCW are listed on the Stock Exchange (as hereinafter defined).
- (B) CMGI is a public company incorporated in Delaware. The issued shares of common stock, par value \$.01 per share, of CMGI are listed on Nasdaq (as hereinafter defined).
- (C) PCCW and CMGI have mutually agreed that CMGI shall issue and sell to PCCW the CMGI Shares (as hereinafter defined) and PCCW shall allot and issue to CMGI the PCCW Shares (as hereinafter defined) upon the terms and subject to the conditions set out in this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. Interpretation

- 1.1 In this Agreement where the context so admits the following words and expressions shall have the following meanings:

"Business Day" a day on which banks are generally open for business in Hong Kong and New York City;

"CMGI Shares" 4,057,971 new shares of common stock, par value US\$0.01, of CMGI;

"CMGI Warranties" the representations, warranties and undertakings under Clause 7;

"CMGI's Solicitors" CMS Cameron McKenna, 5th Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong.

"Companies Ordinance" the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);

"Completion" completion of the transaction contemplated herein pursuant to Clause 5;

"Completion Date" the third Business Day after the date of the later of the notices to be given by PCCW or CMGI pursuant to Clause 4.4 (or such later date as to which the Parties may agree in writing);

"Conditions" the conditions set out in Clause 4.1;

"CT" The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19801.

"Hong Kong" the Hong Kong Special Administrative Region of the People's Republic of China;

"Listing Rules" at any given time, the Rules Governing the Listing of Securities on the Stock Exchange in the form in force at that time;

"Long Stop Date" November 30, 1999 or such later date as to which the Parties may agree writing;

"Nasdaq" The Nasdaq National Market;

"Parties" named parties to this Agreement, and "Party" means either of them;

"PCCW Shares"	448,347,107 new ordinary shares of HK\$.05 each in the capital of PCCW, credited as fully paid;
"PCCW Warranties"	the representations, warranties and undertakings under Clause 8;
"PCCW's Solicitors"	Baker & McKenzie, 14th Floor, Hutchison House, 10 Harcourt Road, Hong Kong;
"PCGH"	Pacific Century Group Holdings Limited, a corporation organized under the laws of the Cayman Islands;
"PCRD"	Pacific Century Regional Developments Limited, a corporation organized under the laws of Singapore; and
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

1.2 A reference to any given Clause is to the clause of this Agreement with the corresponding numerical or other designation.

1.3 The expressions "CMGI" and "PCCW" shall, where the context permits, include their respective successors and permitted assigns.

2. Allotment, Issuance and Subscription of Shares

Subject to satisfaction of the Conditions, on Completion, (a) PCCW agrees to purchase, and CMGI agrees to sell and issue to PCCW, the CMGI Shares, and (b) CMGI agrees to subscribe and PCCW agrees to allot and issue, the PCCW Shares.

3. Consideration

The total stated consideration for the CMGI Shares shall be US\$350,000,000 (three hundred and fifty million United States dollars) to be satisfied by the allotment and issuance to CMGI of the PCCW Shares as provided in this Agreement.

4. Conditions

4.1 Completion shall be conditional on the fulfillment of each of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which neither PCCW nor CMGI reasonably objects) listing of and permission to deal in the PCCW Shares;
- (b) the PCCW Warranties having remained true and accurate and not misleading at all times up to and as at Completion (except to the extent that a PCCW Warranty was by its terms made as of a specific date, in which case Completion shall be conditional on such PCCW Warranty having been true at such date);
- (c) the performance of, or compliance with, all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by PCCW and all the approvals and consents necessary to complete the share exchange described herein (including any consents of governmental or regulatory authorities and any requisite approvals from the shareholders of PCCW and PCRD, if applicable, with respect to the allotment and issuance of the PCCW Shares by PCCW and the purchase of the CMGI Shares by PCCW) having been obtained by PCCW;
- (d) the delivery by PCCW to CMGI of a certificate executed by an executive officer of PCCW, dated the Completion Date, to the effect that the Conditions specified in Clauses 4.1 (b) and (c) have been satisfied;
- (e) the CMGI Shares having been approved for listing on Nasdaq;
- (f) the CMGI Warranties having remained true and accurate and not misleading at all times up to and as at Completion (except to the extent that a CMGI Warranty was by its terms made as of a specific date, in which case Completion shall be conditional on such CMGI Warranty having been true at such date);
- (g) the performance of, or compliance with, all agreements, obligations and conditions contained in this Agreement that are required to be

performed or complied with by CMGI and all the approvals and consents necessary to complete the share exchange described herein (including any consents of governmental or regulatory authorities) having been obtained by CMGI;

- (h) the delivery by CMGI to PCCW of a certificate executed by an executive officer of CMGI, dated the Completion Date, to the effect that the Conditions specified in Clauses 4.1 (f) and (g) have been satisfied; and
- (i) the expiration or early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), if applicable.

4.2 PCCW may waive all or any of the Conditions set out in Clauses 4.1(f) to (h) at any time by notice in writing to CMGI.

4.3 CMGI may waive all or any of the Conditions set out in Clauses 4.1(b) to (d) at any time by notice in writing to PCCW.

4.4 PCCW shall inform CMGI of the fulfillment of all the Conditions set out in Clauses 4.1(a), (c) and (i) within one (1) Business Day of the fulfillment of the last of such Conditions, and CMGI shall inform PCCW of the fulfillment of all the Conditions set out in Clauses 4.1(e), (g) and (i) within one (1) Business Day of the fulfillment of the last of such Conditions.

4.5 This Agreement may be terminated by written consent of both Parties, or if any of the Conditions set out in Clause 4.1 is not fulfilled (or waived by PCCW in accordance with Clause 4.2 or waived by CMGI in accordance with Clause 4.3) on or before 12:00 noon on the Long Stop Date. In the event of a termination, this Agreement (except for Clauses 9, 10, and 11 and this Clause 4) will terminate and become null and void and the Parties hereto will be released from all their respective obligations hereunder (except for Clauses 9, 10, and 11 and this Clause 4), except for the liabilities for any antecedent breaches hereof.

5. Completion -----

5.1 Completion shall take place at the offices of PCCW's Solicitors or such other place as the Parties may agree on or before the Completion Date.

5.2 Subject to Clause 4, completion of this Agreement shall take place at 12:00 noon on the Completion Date at which:

(a) CMGI shall:

(i) issue and sell all the CMGI Shares to PCCW (or such other persons as PCCW may nominate) credited as fully paid; and

(ii) deliver or caused to be delivered to PCCW:

(aa) certified copies of Board resolutions of the CMGI Board of Directors approving and authorizing the execution and completion of this Agreement and the issuance and sale of the CMGI Shares to PCCW (or such other persons as PCCW may nominate);

(ab) duly issued stock certificate(s) in the name of PCCW (or such other persons as PCCW may nominate) in respect of the CMGI Shares;

(ac) a receipt for the PCCW Shares received by CMGI at Completion; and

(ad) all other documents required to be delivered by CMGI at or prior to Completion.

(b) PCCW shall:

(i) allot and issue the PCCW Shares to CMGI (or such other persons as CMGI may nominate) credited as fully paid; and

(ii) deliver or caused to be delivered to CMGI:

(aa) certified copies of resolutions of the PCCW Board of Directors approving and authorizing the execution and completion of this Agreement and the allotment and issuance of the PCCW Shares to CMGI (or such other persons as CMGI may nominate);

(ab) certified copies of the resolutions or written approval of the shareholders of PCCW and PCD, if applicable,

approving the allotment and issuance of the PCCW Shares to CMGI (or such other persons as CMGI may nominate);

(ac) duly issued share certificates in the name of CMGI (or such other persons as CMGI may nominate) in respect of the PCCW Shares;

(ad) a receipt for the CMGI Shares received by PCCW at Completion; and

(ae) all other documents required to be delivered by PCCW at or prior to Completion.

6. Further Obligations of the Parties

6.1 Each of the Parties shall use its reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other Party in doing, all things necessary, proper or advisable to consummate, as promptly as possible, the transactions contemplated by this Agreement, including, without limitation, that:

(a) CMGI shall use its reasonable best efforts to assist PCCW in all its negotiations and exchanges of correspondence in relation to the transactions referred to herein with the Stock Exchange and other relevant authorities in Hong Kong;

(b) CMGI shall use its reasonable best efforts to provide PCCW with such information as the Stock Exchange may require for the purpose of obtaining their clearance of any announcement or circular required in connection with this Agreement;

(c) PCCW shall use its reasonable best efforts to prepare all necessary documentation and to convene all necessary meetings of shareholders (with recommendations in favor as appropriate) in connection with obtaining the approval of shareholders to the allotment and issuance of the PCCW Shares and the purchase of the CMGI Shares by PCCW in accordance with all necessary Hong Kong legal and Stock Exchange requirements;

- (d) PCCW shall use its reasonable best efforts to obtain at its own cost the admission by the Stock Exchange of the PCCW Shares to the Official List of the Stock Exchange; and
- (e) PCCW shall cause this Agreement to be duly delivered to the Registrar of Companies for registration pursuant to Section 45 of the Companies Ordinance.

6.2 Each Party hereby agrees that, for a period of three years after the Completion Date, it will not, and will cause each of its affiliates not to, directly or indirectly, except as expressly requested by the other Party, (a) solicit, seek or offer to effect, or actually effect, negotiate with, or make or participate in any statement or proposal, whether written or oral, either alone or in concert with others, to the Board of Directors of the other Party, to any director or officer of the other Party or to any stockholder of the other Party or make or participate in any public announcement or proposal or offer whatsoever (including, but not limited to any "solicitation" of "proxies" as such terms are defined or used in Regulation 14A of the Exchange Act) with respect to, (i) any form of business combination or similar transaction, including without limitation, a merger, tender or exchange offer, purchase of stock or assets or liquidation of the other Party's assets, (ii) any form of restructuring or similar transaction with respect to such Party, (iii) any proposal to seek representation on the Board of Directors of the other Party or otherwise to seek control of the Board of Directors of the other Party, (b) purchase any securities that would result in the increase of its level of beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of securities of the other Party in excess of the number of shares beneficially owned by such Party as of the Completion Date (such number of shares, as adjusted for stock splits, stock dividends, and similar events, the "Beneficial Ownership Threshold") or any rights to acquire any securities in excess of the Beneficial Ownership Threshold, (c) request the other Party to waive, amend or terminate the provisions of this paragraph, or (d) instigate, encourage, or assist any third party to do any of the foregoing.

6.3 Each Party shall, for so long as it maintains beneficial ownership of securities of the other Party in excess of 75% of such Party's Beneficial Ownership Threshold, have the right to appoint a representative, reasonably acceptable to the other Party, to attend all meetings of the other Party's Board of Directors, whether in person, by telephonic conference or otherwise, which representative shall have the right to observe and participate in discussions and activities of the other Party's Board of Directors, except that the representative shall not have any right to vote as a member of

the other Party's Board of Directors. Such representative shall be entitled to receive the same notice of meetings and materials or information relating to meetings as are provided to all members of the Board of Directors. Each Party shall be entitled to recuse the other Party's representative from portions of any of the meetings of such Party's Board of Directors and to redact portions of Board of Directors materials delivered to the other Party's representative (i) where and to the extent that a majority of such Party's Board of Directors (without the other Party's representative present) determines a conflict of interest between such Party and the other Party is present (but not where the conflict is a conflict that is present for stockholders generally) and (ii) if, in the opinion of such Party's counsel, attendance at such meeting or access to such information could adversely effect the attorney-client privilege between such Party and its counsel. So long as Mr. Avram Miller is a member of the Board of Directors of PCCW, PCCW's obligations under this Clause shall be deemed to be satisfied. Nothing in this Agreement shall obligate Mr. Miller, in his capacity as a Representative of CMGI on the Board of Directors of PCCW, to act in a manner that he considers to be inconsistent with his duty as a member of the Board of Directors of PCCW to preserve the confidentiality of corporate information.

6.4 For so long as any Party beneficially owns securities of the other Party in an amount equal to its Beneficial Ownership Threshold, such Party shall have the right to discuss the affairs, finances and accounts of the other Party or any of its subsidiaries with its Chief Executive Officer, and to review such information as is reasonably requested, including any information required for the timely preparation of financial statements; provided, however, that the other Party shall not be obligated under this Clause with respect to information which the Board of Directors of the other Party determines in good faith is confidential and should not, therefore, be disclosed or is required to be withheld in order to comply with the requirements of any regulatory authority or applicable law.

6.5 Each Party agrees that for a period of three years after receipt of the information (a) all information received by it pursuant to Clause 6.4 and (b) any other information that is disclosed by the other Party to it and is identified by the other Party as being confidential or proprietary, shall be considered confidential information. Each Party further agrees that it shall hold all such confidential information in confidence and shall not disclose any such confidential information to any third party except as required by law, regulation (including the Listing Rules) or applicable process, provided that to the extent possible the other Party shall have been provided with reasonable notice and the opportunity to seek a protective order to the extent possible prior to such disclosure, other than its counsel or accountants nor shall it use such confidential information for any purpose other than its investment in the other Party; provided, however, that the foregoing obligation to hold in confidence and not to dis-

close confidential information shall not apply to any information that (1) was known to the public prior to disclosure by the other Party, (2) becomes known to the public through no fault of such Party, (3) is disclosed to such Party on a non-confidential basis by a third party having a legal right to make such disclosure or (4) is independently developed by such Party.

6.6 Each Party agrees that for a period of three years after the Completion Date, it will not, directly or indirectly, solicit for employment or hire any officer, director or employee of the other Party or any of its subsidiaries or divisions with whom such Party has had contact or who became known to it in connection with its consideration of the transaction contemplated hereby, except that such Party shall not be precluded from hiring any such employee who (i) initiates discussions regarding such employment without any direct or indirect solicitation by such Party, or (ii) has been terminated by the other Party or its subsidiaries prior to commencement of employment discussions with such Party. A solicitation shall not be deemed a breach of this Agreement if (a) the personnel who perform such solicitation have no access to or knowledge of any proprietary or confidential information of the other Party or of this Agreement and (b) none of the soliciting Party's personnel who have access to or knowledge of any proprietary or confidential information of the other Party or of this Agreement have actual knowledge of such solicitation. The term "solicit for employment" shall not be deemed to include general solicitations of employment not specifically directed towards employees of a Party.

6.7 Each of CMGI and PCCW shall not sell, dispose of or otherwise transfer any of the PCCW Shares or the CMGI Shares, as the case may be, for a period of three years from the Completion Date unless (a) the sale, disposition or transfer is made to an entity that is a wholly-owned subsidiary, direct or indirect, of such Party and such entity has signed an agreement acceding to the obligations of the initial Parties to this Agreement, or (b) prior written consent has been obtained from the other Party. In the event a Party effects a sale, disposition or transfer to an entity pursuant to subclause (a) of the preceding sentence and, subsequent thereto, the entity ceases to be a wholly-owned subsidiary of such Party, all necessary steps shall be taken to transfer as soon as practicable the PCCW Shares or CMGI Shares, as the case may be, held by the entity to such Party or to an entity that is a wholly-owned subsidiary of such Party.

6.8 From and after the Completion Date, PCCW shall promptly provide CMGI with any information reasonably requested by CMGI to enable CMGI or any of its affiliates to prepare its tax returns (including the making of any elections) and make any determinations with respect to taxes.

6.9 Each of CMGI and PCCW shall use its best efforts within 30 days after the date hereof or as soon as practicable thereafter, to file or cause to be filed, and share equally the filing fee for, the notification and report forms required under the HSR Act, if any are required, and to make promptly any required submissions under the HSR Act, including any response to any request for additional information, with respect to the transactions contemplated by this Agreement.

7. Representations, Warranties and Undertakings of CMGI

7.1 CMGI hereby represents, warrants and undertakes to PCCW (to the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding Completion) as follows:

- (a) Organization, Good Standing and Qualification. CMGI is a corporation duly organized, validly existing and in good standing under the laws of Delaware. CMGI has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, to issue, sell and deliver the CMGI Shares, to carry out the provisions of this Agreement and to carry on its business as presently conducted and as presently proposed to be conducted. CMGI is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so could not have, individually or in the aggregate, a Material Adverse Effect (as defined herein) on CMGI. For purposes of this Agreement, with respect to either Party, a "Material Adverse Effect" shall mean a material adverse effect on the business, assets, financial condition or operations of the Party and its subsidiaries, taken as a whole.
- (b) Subsidiaries. Set forth on Schedule 1 hereto, is a list of all entities in which CMGI beneficially owns, directly or indirectly, 50% or more of the outstanding stock or other equity interests (collectively, the "CMGI Subsidiaries") as of September 22, 1999. Each CMGI Subsidiary has been duly organized and is validly existing under the laws of its jurisdiction of organization, is not in liquidation or receivership, and has the power and authority (corporate or other) to own its properties and conduct its business as described in the SEC Documents (as defined below); and each CMGI Subsidiary is duly qualified to do business as a foreign corporation in all other jurisdictions in which its

ownership or lease of property or the conduct of its business requires such qualification, other than where the failure to be so qualified would not individually or in the aggregate have a Material Adverse Effect on CMGI. All of the issued and outstanding capital stock of each CMGI Subsidiary has been duly authorized and validly issued and is fully paid and nonassessable; and the capital stock or equity interests of each CMGI Subsidiary owned by CMGI, directly or through subsidiaries, is owned free from liens, encumbrances and defects other than as set forth in the SEC Documents or which would not have a Material Adverse Effect on CMGI.

- (c) Validly Issued Shares. When issued in compliance with the provisions of this Agreement, the CMGI Shares will be validly issued, fully paid and nonassessable, will rank pari passu in all respects with all existing issued common stock, par value \$0.01 (the "Common Stock"), of CMGI and will be free of any restrictions, limits, claims, liens or other encumbrances; provided, however, that the CMGI Shares may be subject to restrictions on transfer under state and/or federal securities laws as set forth herein or as otherwise required by such laws at the time a transfer is proposed.
- (d) Authorization; Binding Obligations. All actions on the part of CMGI and its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of CMGI hereunder and the authorization, sale, issuance and delivery of the CMGI Shares pursuant hereto have been taken or will be taken prior to Completion, including any actions required to comply with the HSR Act, if applicable. This Agreement has been duly executed and delivered by CMGI, and (assuming the due authorization, execution and delivery hereof by PCCW) this Agreement is a valid and binding obligation of CMGI enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (b) general principles of equity that restrict the availability of equitable remedies. The sale of the CMGI Shares is not subject to any preemptive or similar rights or rights of first refusal that have not been properly waived or complied with.
- (e) Capitalization. The authorized capital stock of CMGI consists of 400,000,000 shares of Common Stock and 5,000,000 shares of pre-

ferred stock, \$.01 par value per share (the "Preferred Stock"), of which (i) 250 shares have been designated Series A Convertible Preferred Stock, (ii) 50,000 shares have been designated Series B Convertible Preferred Stock, (iii) 375,000 shares have been designated as Series C Convertible Preferred Stock and (iv) 18,090.45 shares have been designated as Series D Preferred Stock. As of the close of business on September 20, 1999, 116,177,788 shares of Common Stock were issued and outstanding, and (i) no shares of Series A Preferred Stock, (ii) 35,000 shares of Series B Preferred Stock (convertible into an aggregate of 1,384,538 shares of Common Stock), (iii) 375,000 shares of Series C Preferred Stock (convertible into an aggregate of 3,925,674 shares of Common Stock), and (iv) 18,090.45 shares of Series D Preferred Stock (convertible into an aggregate of 1,809,045 shares of Common Stock) were issued and outstanding. All outstanding shares of Common Stock are, and all shares of Common Stock subject to issuance upon conversion of outstanding shares of Preferred Stock will be, upon issuance, duly authorized, validly issued, fully paid and nonassessable. Except as disclosed to PCCW, as set forth above or as described or expressly contemplated by the SEC Documents (as defined herein), as of September 20, 1999 there were no outstanding rights (including without limitation, preemptive rights) warrants or options to acquire, or instruments convertible into or exchangeable for, any material number of shares of common stock or any other class of shares or equity interest in CMGI or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any material number of shares of common stock of CMGI or any subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options.

- (f) Consents and Approvals; No Violations. Except for the filings, permits, authorizations, consents and approvals as may be required under federal and/or state securities laws, applicable stock exchange regulations and, if applicable, the HSR Act none of the execution, delivery or performance of this Agreement by CMGI, the consummation by CMGI of the transactions contemplated hereby or compliance by CMGI with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the certificate of incorporation or by-laws of CMGI, (b) require any filing with, or permit, authorization, consent or approval of, any governmental entity, (c) result in a violation or breach of, or constitute (with or without due notice or lapse of

time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which CMGI or any of its material subsidiaries is a party or by which any of them or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to CMGI, any of its material subsidiaries or any of their properties or assets, excluding from the foregoing clauses (b), (c) and (d) such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on CMGI's ability to consummate the transactions.

- (g) SEC Documents. CMGI has furnished or made available to PCCW, prior to the date hereof, copies of its Annual Report on Form 10-K for the fiscal year ended July 31, 1998 ("Form 10-K"), its Quarterly Reports on Form 10-Q for the fiscal quarters ended October 31, 1998, January 31, 1999 and April 30, 1999 (the "Form 10-Qs"), the Current Reports on Form 8-K filed since July 31, 1998 (the "Form 8-Ks"), and all other registration statements, reports and proxy statements filed by CMGI with the Securities and Exchange Commission ("SEC") on or after July 31, 1998 (the Form 10-K, the Form 10-Qs, the Form 8-Ks and such registration statements, reports and proxy statements, are collectively referred to herein as the "SEC Documents"). Each of the SEC Documents, as of its respective date (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing), did not, and each of the registration statements, reports and proxy statements filed by CMGI with the SEC after the date hereof and prior to the Completion will not, as of the date thereof (or if amended or superseded by a filing prior to the date of the Completion, then on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. CMGI is not a party to any material contract, agreement or other arrangement which was required to have been filed as an exhibit to the SEC Documents that is not so filed.
- (h) Financial Statements. CMGI has furnished or made available to PCCW copies of its audited financial statements (the "Audited Financial Statements") for the fiscal year ended July 31, 1998, and its unaudited financial statements for the nine-month period ended April 30,

1999 (the "Balance Sheet Date"). Since the Balance Sheet Date, CMGI has duly filed with the SEC all registration statements, reports and proxy statements required to be filed by it under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the Securities Act of 1933, as amended (the "Securities Act"). The audited and unaudited consolidated financial statements of CMGI included in the SEC Documents filed prior to the date hereof fairly present, in conformity with United States generally accepted accounting principles ("GAAP") (except as permitted by Form 10-Q) applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of CMGI and its consolidated subsidiaries as at the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject to normal year end audit adjustments in the case of unaudited interim financial statements).

- (i) Absence of Certain Changes. Since the Balance Sheet Date and other than in the ordinary course, there has not been: (i) any declaration, setting aside or payment of any dividend or other distribution of the assets of CMGI with respect to any shares of capital stock of CMGI or any repurchase, redemption or other acquisition by CMGI or any CMGI Subsidiary of a material number of the outstanding shares of CMGI's capital stock; (ii) any damage, destruction or loss, whether or not covered by insurance, except for such occurrences that have not resulted, and are not expected to result in a Material Adverse Effect on CMGI; (iii) any waiver by CMGI or any CMGI Subsidiary of a valuable right or of a material debt owed to it, except for such waivers that have not resulted and are not expected to result, in a Material Adverse Effect on CMGI; (iv) any material change or amendment to, or any waiver of any material rights under a material contract or arrangement by which CMGI or any CMGI Subsidiary or any of their, respective, assets or properties is bound or subject, except for changes, amendments, or waivers that are expressly provided for or disclosed in this Agreement or that have not resulted, and are not expected to result, in a Material Adverse Effect on CMGI; (v) any material change by CMGI in its accounting principles, methods or practices or in the manner it keeps its accounting books and records, except any such change required by a change in GAAP; or (vi) any other event or condition of any character, except for such events and conditions described in the SEC Documents or that have not resulted, and

are not expected to result, either individually or collectively, in a Material Adverse Effect on CMGI.

(j) Approval for Listing. On or prior to Completion, the CMGI Shares shall have been approved for listing on the Nasdaq.

(k) Legends. CMGI agrees that the certificates for the PCCW Shares shall bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE
ARE SUBJECT TO RESTRICTIONS ON TRANSFER
CONTAINED IN THE SHARE EXCHANGE AGREEMENT
DATED SEPTEMBER 22, 1999, BETWEEN THE
COMPANY AND CMGI, INC., A COPY OF WHICH IS
ON FILE WITH THE COMPANY.

8. Representations, Warranties and Undertakings of PCCW

8.1 PCCW hereby represents, warrants and undertakes to CMGI (to the intent that the provisions of this Clause shall continue to have full force and effect notwithstanding Completion) that:

- (a) Organization, Good Standing and Qualification. PCCW is a corporation duly organized and validly existing under the laws of Hong Kong and is not in liquidation or receivership. PCCW has all requisite corporate power and authority to own and operate its properties and assets, to execute and deliver this Agreement, to allot and issue the PCCW Shares subject to the terms and conditions of this Agreement, to carry out the provisions of this Agreement and to carry on its business as presently conducted and as presently proposed to be conducted. The memorandum of association and articles of association of PCCW comply with the requirements of applicable Hong Kong law and are in full force and effect. PCCW is duly qualified and is authorized to do business and is in good standing as a foreign corporation in all jurisdictions in which the nature of its activities and of its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which failure to do so could not have a Material Adverse Effect on PCCW.

- (b) Subsidiaries. Set forth on Schedule 2 hereto, is a list of all entities in which PCCW beneficially owns, directly or indirectly, 50% or more of the outstanding stock or other equity interests (collectively, the "PCCW Subsidiaries") as of September 22, 1999. Each subsidiary of PCCW has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation, is not in liquidation or receivership, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Document (as defined herein); and each subsidiary of PCCW is duly qualified to do business as a foreign corporation in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification other than where the failure to be so qualified would not individually or in the aggregate have a Material Adverse Effect on PCCW; all of the issued and outstanding capital stock of each subsidiary of PCCW has been duly authorized and validly issued and credited as fully paid; and the capital stock of each subsidiary owned by PCCW, directly or through subsidiaries, is owned free from liens, encumbrances and defects other than as set forth in the Offering Document or which would not have a Material Adverse Effect on PCCW.
- (c) Validly Issued Shares. When issued in compliance with the provisions of this Agreement, the PCCW Shares will be validly issued and credited as fully paid, will rank pari passu in all respects with all existing issued ordinary shares of PCCW and will be free of any restrictions, limits, claims, liens or other encumbrances; provided, however, that the PCCW Shares may be subject to restrictions on transfer under Hong Kong securities laws or Stock Exchange regulations as set forth herein or as otherwise required by such laws at the time a transfer is proposed.
- (d) Authorization; Binding Obligations. All actions on the part of PCCW and its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of PCCW hereunder and the authorization, allotment and issuance and delivery of the PCCW Shares pursuant hereto has been taken or will be taken prior to Completion, including any actions required to comply with the HSR Act, if applicable. This Agreement has been duly executed and delivered by PCCW, and (assuming the due authorization, execution and delivery hereof by CMGI) this

Agreement is a valid and binding obligation of PCCW enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and (b) general principles of equity that restrict the availability of equitable remedies. The issuance of the PCCW Shares is not subject to any preemptive or similar rights or rights of first refusal that have not been properly waived or complied with.

- (e) Capitalization. The issued share capital of PCCW as of the date of the Offering Document is as set forth in the Offering Document under the headings "Capitalization" and "Description of Ordinary Shares". The shares constituting the issued share capital of PCCW have been duly authorized and validly issued, are credited as fully paid and are not subject to preemptive or similar rights. As of the date of the Offering Circular and except (i) as described or expressly contemplated by the Offering Document (including footnotes to the financial statements and tables contained therein) and (ii) 207,904,000 ordinary shares issuable upon the exercise of options granted to employees pursuant to PCCW's share option scheme, referred to in the Offering Document, there are no outstanding rights (including without limitation, preemptive rights) warrants or options to acquire, or instruments convertible into or exchangeable for, any material number of ordinary shares or any other class of shares or equity interest in PCCW or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any material number of shares of PCCW or any subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options.
- (f) Consents and Approvals; No Violations. Except for the filings, permits, authorizations, consents and approvals as may be required under the HSR Act, if applicable, and applicable Stock Exchange regulations and Section 45 of the Companies Ordinance, including without limitation the requisite approval by the shareholders of PCCW and PCRD, if applicable, of the transactions contemplated hereby, none of the execution, delivery or performance of this Agreement by PCCW, the consummation by PCCW of the transactions contemplated hereby or compliance by PCCW with any of the provisions hereof will (a) conflict with or result in any breach of any provision of the certificate of incorporation or memorandum and articles of association of

PCCW, (b) require any filing with, or permit, authorization, consent or approval of, any governmental entity, (c) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which PCCW or any of its material subsidiaries is a party or by which any of them or any of their respective properties or assets may be bound, or (d) violate any order, writ, injunction, decree, statute, rule or regulation applicable to PCCW, any of its material subsidiaries or any of their properties or assets, excluding from the foregoing clauses (b), (c) and (d) such violations, breaches or defaults which would not, individually or in the aggregate, have a material adverse effect on PCCW's ability to consummate the transactions. PCRD, a shareholder of PCCW holding at least a majority of the outstanding ordinary shares of PCCW and PCGH, a shareholder of PCRD holding, indirectly, at least a majority of the outstanding ordinary shares of PCRD, have agreed to enter into an irrevocable undertaking substantially in the form attached hereto as Exhibit B, pursuant to which they undertake to vote in favor of the transactions contemplated hereby, such vote being sufficient to ensure the approval of those transactions.

- (g) The Offering Documents. The Preliminary Offering Circular, at September 15, 1999 (the "Offering Document"), a copy of which has been provided to CMGI by PCCW, did not as of the date thereof contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.
- (h) Financial Statements. The historical consolidated financial statements included in the Offering Document present fairly the financial positions of Pacific Convergence Corporation Ltd. ("PCC") and PCCW Properties Limited ("PCCW Properties") and their subsidiaries, have been prepared in conformity with the generally accepted accounting principles in Hong Kong applied on a consistent basis and fairly present the combined financial condition and results of operations of PCC and PCCW at the dates and for the periods presented; and the assumptions used in preparing the pro forma financial statements included in the Offering Document provide a reasonable basis for presenting the significant effects directly attributable to the trans-

actions or events described therein, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma columns therein reflect the proper application of those adjustments to the corresponding historical or pro forma financial statement amounts.

(i) **Absence of Certain Changes.** Since the date of the Offering Document and other than in connection with acquisitions in the ordinary course of business, neither PCCW nor any of its subsidiaries has (i) entered into or assumed any material contract, (ii) incurred, assumed or acquired any material liability (including contingent liability) or other obligation or (iii) acquired or disposed of or agreed to acquire or dispose of any business or any other material asset that are not described in the Offering Document. Except as disclosed in the Offering Document and other than in connection with acquisitions in the ordinary course of business, in the case of PCC, since March 31, 1999, and in the case of PCCW Properties, since August 3, 1999, there has not been any change that would have a material adverse effect on the business, assets, financial condition or operations of PCC and its subsidiary taken as a whole, or of PCCW Properties and its subsidiaries, taken as a whole, and, except as disclosed in or contemplated by the Offering Document, there has been no dividend or distribution of any kind declared, paid or made by PCCW on any class of its capital stock.

(j) **Hong Kong Withholding Taxes.** Except as disclosed in the Offering Document, under current laws and regulations of Hong Kong and any political subdivision thereof, all dividends and other distributions declared and payable on the PCCW Shares may be paid by PCCW to the holder thereof in Hong Kong dollars that may be converted into foreign currency and freely transferred out of Hong Kong and all such payments made to holders thereof who are non-residents of Hong Kong will not be subject to income, withholding or other taxes under laws and regulations of Hong Kong or any political subdivision or taxing authority thereof or therein and will otherwise be free and clear of any other tax, duty, withholding or deduction in Hong Kong or any political subdivision or taxing authority thereof or therein and without the necessity of obtaining any governmental authorization in Hong Kong or any political subdivision or taxing authority thereof or therein.

(k) **No Liability.** Upon issuance of the PCCW Shares to CMGI, CMGI shall not be subject to any liability in respect of any liability of PCCW by virtue only of its holding of any such PCCW Shares.

(l) Approval for Listing. On or prior to Completion, the PCCW Shares shall have been approved for listing on the Stock Exchange.

(m) Purchase for Own Account. The CMGI Shares are being acquired for investment for PCCW's own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of the Securities Act, and PCCW has no present intention of selling, granting any participation in, or otherwise distributing the same. PCCW also represents that it has not been formed for the specific purpose of acquiring the CMGI Shares.

(n) Investment Experience. PCCW understands that the purchase of the CMGI Shares involves substantial risk. PCCW has experience as an investor in securities of companies and acknowledges that it is able to fend for itself, can bear the economic risk of its investment in the CMGI Shares and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of this investment in the CMGI Shares and protecting its own interests in connection with this investment.

(o) Accredited Investor Status. PCCW is an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act.

(p) Restricted Securities. PCCW hereby acknowledges and agrees with CMGI that the CMGI Shares have not been registered under the Securities Act and may not be offered or sold except pursuant to registration statement or to an exemption from the registration requirements of the Securities Act, PCCW further agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the CMGI Shares, other than (i) pursuant to a Registration Rights Agreement to be entered into by the Parties substantially on the terms set forth in Exhibit A hereto, (ii) pursuant to Rule 144 under the Securities Act or (iii) pursuant to any transaction that does not require registration under the Securities Act. PCCW is familiar with Rule 144 under the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act.

(q) Legends. PCCW agrees that the certificates for the CMGI Shares shall bear the following legend:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR WITH ANY STATE SECURITIES COMMISSION, AND MAY NOT BE TRANSFERRED OR DISPOSED OF BY THE HOLDER IN THE ABSENCE OF A REGISTRATION STATEMENT WHICH IS EFFECTIVE UNDER THE SECURITIES ACT OF 1933 AND APPLICABLE STATE LAWS AND RULES, OR, UNLESS, IMMEDIATELY PRIOR TO THE TIME SET FOR TRANSFER, SUCH TRANSFER MAY BE EFFECTED WITHOUT VIOLATION OF THE SECURITIES ACT OF 1933 AND OTHER APPLICABLE STATE LAWS AND RULES. THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN THE SHARE EXCHANGE AGREEMENT DATED SEPTEMBER 22, 1999, BETWEEN THE COMPANY AND PACIFIC CENTURY CYBERWORKS LIMITED, A COPY OF WHICH IS ON FILE WITH THE COMPANY.

In addition, PCCW agrees that in the event CMGI reasonably believes that PCCW has failed to comply with the terms of this Agreement or the requirements of the Securities Act, CMGI may place stop transfer orders with its transfer agents with respect to such certificates. The appropriate portion of the legend and the stop transfer orders will be removed promptly upon delivery to CMGI of such satisfactory evidence as reasonably may be required by CMGI, that such legend or stop orders are not required to ensure compliance with the Securities Act.

9. Restriction on Announcements and Disclosure

9.1 Subject as provided in Clause 9.2, neither Party shall make any public announcement in relation to the transactions contemplated hereby without having consulted with the other Party.

9.2 This Clause shall not apply to any announcement required to be made pursuant to the Listing Rules as to the contents of which the Party making the same shall have consulted with the other Party and obtained approval from the Stock Exchange as may be required.

10. Miscellaneous

10.1 Each Party shall pay its own costs and expenses incurred in connection with the preparation, negotiation and settlement of this Agreement.

10.2 All fees and duties (if any) relating to the issue of the CMGI Shares shall be borne by CMGI. Capital duty and all other fees and duties (if any) relating to the issue of the PCCW Shares shall be borne by PCCW.

10.3 Any notice, demand or other communication given or made under this Agreement shall be in writing and delivered or sent to the relevant Party at its address or facsimile number set out below (or such other address or facsimile number as the addressee has by five (5) days' prior written notice specified to the other Party):

To CMGI: CMGI, Inc.
100 Brickstone Square, First Floor
Andover, Massachusetts 01810
Facsimile no.: (978) 684-3601
Attention: William Williams, II

With copies to: Skadden, Arps, Slate, Meagher & Flom LLP
300 South Grand Avenue
Los Angeles, California 90071
Facsimile no.: (312) 687-5600
Attention: Michael V. Gisser

and CMS Cameron McKenna
5/th/ Floor, Tower One
Lippo Centre
89 Queensway
Hong Kong
Facsimile no.: (852) 2845-3575
Attention: Julian A. Ogley

To PCCW: Pacific Century CyberWorks Limited
38/F, Citibank Tower
Citibank Plaza
3 Garden Road
Central, Hong Kong
Facsimile no.: (852) 2514-8609
Attention: Chief Financial Officer

With copies to: Baker & McKenzie
14/th/ Floor, Hutchinson House
10 Harcourt Road
Hong Kong
Facsimile no.: (852) 2845-0476
Attention: Christopher Buchan

and Winnie Siu Morrison
101 College Road
London SE21 7HN
Facsimile no: 44-181-693-6388

Any notice, demand or other communication so addressed to the relevant Party shall be deemed to have been delivered: (a) if given or made by letter, when actually delivered to the relevant address; and (b) if given or made by facsimile, when transmitted, subject to machine-printed confirmation of receipt being received by the sender.

- 10.4 Each Party undertakes to the other Party to execute or procure to be executed all such documents and to do or procure to be done all such other acts and things as may be reasonable and necessary to give both Parties the full benefit of this Agreement.
- 10.5 This Agreement shall be binding on and inure solely to the benefit of CMGI and PCCW and their respective successors and assigns. Neither Party shall assign any of its rights hereunder without the prior consent of the other Party, which consent shall not be unreasonably withheld.
- 10.6 The exercise of or failure to exercise any right or remedy of any breach of this Agreement shall not, except as provided herein, constitute a waiver by such Party of any other right or remedy it may have in respect of that breach.

- 10.7 Any right or remedy conferred by this Agreement on any Party for breach of this Agreement by the other Party (including without limitation the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach.
- 10.8 Any provision of this Agreement which is capable of being performed after Completion but which has not been fully and completely performed at or before Completion and all representations and warranties and other undertakings contained in or entered into pursuant to this Agreement shall remain in full force and effect notwithstanding Completion.
- 10.9 This Agreement constitutes the entire agreement between the Parties with respect to its subject matter (neither Party having relied on any representation or warranty made by the other Party which is not contained in this Agreement) and no variation of this Agreement shall be effective unless made in writing and signed by all of the Parties.
- 10.10 This Agreement supersedes all and any previous agreements, arrangements or understanding between the Parties relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understanding (if any) shall cease to have any effect from the date hereof.
- 10.11 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

11. Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong and each Party hereby irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong and the federal and state courts of the State of Delaware, United States of America as regards any claim or matter arising under this Agreement. CMGI hereby irrevocably appoints CMGI's Solicitors as its agent to receive and acknowledge on its behalf service of any writ, summons, order, judgment or other notice of legal process in Hong Kong arising out of or in connection with this Agreement. If for any reason CMGI's Solicitors (or their successors) no longer serve as agent of CMGI for this purpose, CMGI shall promptly appoint a successor agent satisfactory to PCCW, notify PCCW of the change and deliver to PCCW a copy of the new process agent's acceptance of appointment provided that until PCCW receives such notification, it shall be entitled to treat the agent named

above (or their said successors) as CMGI's agent for the purposes of this Clause. CMGI agrees that any such legal process shall be sufficiently served on it if delivered to the relevant agent for service at its address for the time being in Hong Kong whether or not such agent gives notice thereof to it. PCCW hereby agrees to irrevocably appoint CT to receive on its behalf service of process in respect of any suit, action or proceeding in any Delaware State or Federal court sitting in Delaware arising out of or in connection with this Agreement and agrees to pay all fees charged by CT for representation as registered agent. If for any reason CT (or its successor) no longer serves as agent of PCCW for this purpose, PCCW shall promptly appoint a successor agent satisfactory to CMGI, notify CMGI of the change and deliver to CMGI copy of the new process agent's acceptance of appointment provided that until CMGI receives such notification, it shall be entitled to treat the agent named above (or its said successors) as PCCW's agent for the purposes of this Clause. PCCW agrees that any such legal process shall be sufficiently served on it if delivered to the relevant agent for service at its address for the time being in Delaware whether or not such agent gives notice thereof to it.

IN WITNESS WHEREOF this Agreement has been executed on the day and year first above written.

SIGNED by)
)
)
/s/ Richard Li)
-----)
Name: Richard Li)
Title: Chief Executive Officer)
for and on behalf of)
Pacific Century)
CyberWorks Limited)
in the presence of:)
)
)
/s/ David Andonian)
-----)

SIGNED by)
)
)
/s/ David S. Wetherell)
-----)
Name: David S. Wetherell)
Title: Chief Executive Officer)
for and on behalf of)
CMGI, Inc.)
in the presence of:)
)
)
/s/ [illegible])
-----)

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of November 29, 1999, by and among CMGI, INC., a company incorporated in Delaware, the United States of America (the "Company"), and the party from time to time executing a signature page hereto (the "Investor").

WHEREAS, pursuant to a Share Exchange Agreement (the "Share Exchange Agreement"), dated September 22, 1999, the Company will issue shares of its common stock, par value US\$0.01 per share;

WHEREAS, in the Share Exchange Agreement, the Company has agreed to provide the registration rights set forth in this Agreement; and

WHEREAS, the execution and delivery of this Agreement is a condition to Completion (as defined in the Share Exchange Agreement).

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Definitions.

As used in this Agreement, the following terms shall have the meanings set forth below:

"Charter" means the Certificate of Incorporation of the Company, as amended from time to time.

"Commission" means the United States Securities and Exchange Commission or any other United States Federal agency at the time administering the Securities Act.

"Common Stock" means the Company's common stock, par value US\$0.01 per share, or any other shares of capital stock or other securities of the Company into which such shares of Common Stock shall be reclassified or changed, including, by reason of a merger, consolidation, reorganization or recapitalization. If the Common Stock has been so reclassified or changed, or if the Company pays a dividend or makes a distribution on the Common Stock in shares of capital stock, or subdivides (or combines) its outstanding shares of Common Stock into a greater (or smaller) number of shares of Common Stock, a share of Common Stock shall be deemed to be such number of shares of stock and amount of other securities to which a holder of a share of Common Stock outstanding immediately prior to

such change, reclassification, exchange, dividend, distribution, subdivision or combination would be entitled.

"Delay Period" has the meaning set forth in Section 2(d) of this Agreement.

"Demand Notice" has the meaning set forth in Section 2(a) of this Agreement.

"Demand Registration" has the meaning set forth in Section 2(a) of this Agreement.

"Effectiveness Period" has the meaning set forth in Section 2(d) of this Agreement.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder.

"Holder" means a person who owns Registrable Securities and is either (i) an Investor or a Permitted Transferee of an Investor that has agreed to be bound by the terms of this Agreement as if such Person were an Investor, (ii) upon the death of any Holder, the executor of the estate of such Holder or such Holder's heirs, devisees, legatees or assigns or (iii) upon the disability of any Holder, any guardian or conservator of such Holder.

"Interruption Period" has the meaning set forth in Section 5(o) of this Agreement.

"Losses" has the meaning set forth in Section 7(a) of this Agreement.

"Misstatement/Omission" has the meaning set forth in Section 7(a) of this Agreement.

"NASD" means the National Association of Securities Dealers, Inc.

"Other Security Holders" has the meaning set forth in Section 2(b) of this Agreement.

"Permitted Transferee" means any Person to whom the rights under this Agreement have been assigned in accordance with the provisions of the Share Exchange Agreement and Section 11(d) hereof.

"Person" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency, limited liability company or any other entity, whether acting in an individual, fiduciary or other capacity.

"Piggyback Registration" has the meaning set forth in Section 3(a) of this Agreement.

"Registrable Securities" means (i) the shares of Common Stock issued to the Investor pursuant to the Share Exchange Agreement, and (ii) any Common Stock issued or issuable with respect to such Common Stock referred to above by way of stock dividends or stock splits or in connection with a combination of shares, recapitalization, merger, consolidation, or other reorganization or otherwise. As to any particular Registrable Securities, such securities will cease to be Registrable Securities when (i) they have been distributed to the public pursuant to an offering registered under the Securities Act, (ii) they have been distributed to the public pursuant to Rule 144 (or any successor provision) under the Securities Act, (iii) they are eligible for immediate sale pursuant to Rule 144(k) under the Securities Act or (iv) they have been sold to any Person to whom the rights under this Agreement are not assigned in accordance with this Agreement.

"Registration Statement" means any registration statement under the Securities Act of the Company that covers any of the Registrable Securities pursuant to the provisions of this Agreement, including the related prospectus and any information deemed to be a part of such prospectus pursuant to Rule 430A under the Securities Act, all amendments and supplements to such registration statement or prospectus, including pre- and post-effective amendments (including any registration statement filed pursuant to Rule 462(b) under the Securities Act), all exhibits thereto and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Required Investors" means Holders of at least 50% of the aggregate amount of all Registrable Securities outstanding.

"Securities Act" means the United States Securities Act of 1933, as amended, or any similar United States Federal statute, and the rules and regulations of the Commission promulgated thereunder.

Unless otherwise stated, other capitalized terms contained herein have the meanings set forth in the Share Exchange Agreement.

Section 2. Demand Registrations.

(a) The Holders shall have the right, commencing on the date on which PCCW and its direct and indirect subsidiaries shall be permitted to sell Common Stock without the restrictions imposed by Section 6.7 of the Share Exchange Agreement by written notice (the "Demand Notice") given to the Company, to request the Company to register under and in accordance with the provisions of the Securities Act all or part of the Registrable Securities designated by such Holders (a "Demand Registration"). Upon receipt of any such Demand Notice from any Holder, the Company will promptly notify all other Holders of the receipt of such Demand Notice and allow them the opportunity to include Registrable Securities held by them in the proposed registration by submitting their own Demand Notice. Notwithstanding anything herein to the contrary, the Company shall not be required to honor a request for a Demand Registration if the Company has not received Demand Notices from the Required Investors. The Company shall not be required to register any Registrable Securities under this Section 2 unless the approximate aggregate offering price of the Registrable Securities included in such Demand Notices shall be at least US\$25 million.

(b) Subject to paragraph (a) above, as soon as practicable, but in any event within 20 days of the date on which the Company first receives a Demand Notice pursuant to Section 2(a) hereof, the Company shall file with the Commission a Registration Statement on the appropriate form for the registration and sale of the total number of Registrable Securities specified in such Demand Notice in accordance with the intended method or methods of distribution specified by the Holders in such Demand Notice. Subject to paragraph (h) below, the Company may include in such registration other securities for sale for its own account or for the account of any other holders of Common Stock ("Other Security Holders"). The Company shall use reasonable best efforts to cause such Registration Statement to be declared effective by the Commission as soon as reasonably practicable. Notwithstanding the foregoing, the Company shall not be obligated to file a Registration Statement pursuant to this Section 2(b):

(1) if Form S-3 (or any successor form with substantially the same disclosure requirements) is not available for such offering by the Holders; or

(2) if the Company has, within the six month period preceding the date of such request, already effected a registration under the Securities Act, other than a registration from which Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities requested by included in such registration) pursuant to the provisions of Section 3 hereof.

(c) Subject to Section 2(d), upon the occurrence of any event that would cause the Registration Statement (A) to contain a material misstatement or omission or (B) to be not effective and usable for resale of Registrable Securities during the period that such Registration Statement is required to be effective and usable, the Company shall file an amendment to the Registration Statement as soon as reasonably practicable, in the case of clause (A), correcting any such misstatement or omission and, in the case of either clause (A) or (B), use reasonable best efforts to cause such amendment to be declared effective and such Registration Statement to become usable as soon as reasonably practicable thereafter.

(d) The Company agrees to use reasonable best efforts to keep any Registration Statement filed pursuant to this Section 2 continuously effective and usable for the sale of Registrable Securities until the earlier of (i) 120 days from the date on which the Commission declares such Registration Statement effective, or (ii) the date on which all the Registrable Securities covered by such Registration Statement have been sold pursuant to such Registration Statement. Notwithstanding the foregoing, the Company shall have the right to delay the filing of any Registration Statement otherwise required to be prepared and filed by the Company pursuant to this Section 2, or to suspend the use of any Registration Statement, for a period not in excess of 90 days (a "Delay Period") if the Company shall furnish to the Holders whose Registrable Securities are included in such Registration Statement, a certificate signed by the President or Chief Executive Officer of the Company stating that, in the good faith judgment of the Board of Directors of the Company, it would be materially detrimental to the Company and its stockholders for such Holders to continue to make sales thereunder, provided, that the 120 day period set forth in clause (i) above shall be ex-

tended by an amount of time equal to any Delay Period which interrupts such 120 period. The Company may not utilize this right more than once in any twelve (12) month period.

(e) The Company shall not enter into any agreement granting any Other Security Holder piggyback rights to include such Other Security Holder's securities in any registration in which the Holders have the right to include Registrable Securities on a priority basis more favorable to such Other Security Holder than is provided to the Holders pursuant to Section 3(b).

(f) Holders of a majority in number of the Registrable Securities to be included in a Demand Registration pursuant to this Section 2 may, at any time prior to the effective date of the Registration Statement in respect thereof, revoke such request by providing a written notice to the Company to such effect.

(g) Preemption of Demand Registration. Notwithstanding anything to

the contrary contained herein, after receiving a written request for a Demand Registration, the Company may elect to effect an underwritten primary registration in lieu of the Demand Registration if the Company's Board of Directors believes that such primary registration would be in the best interests of the Company. If the Company so elects to effect a primary registration, the Company shall give prompt written notice (which shall be given not later than 20 days after the date of the Demand Notice) to all holders of the Registrable Securities of its intention to effect such a registration and shall afford the holders of the Registrable Securities the rights contained in Section 3 with respect to Piggyback Registrations. In the event that the Company so elects to effect a primary registration after receiving a request for a Demand Registration, the Company shall use reasonable best efforts to have the Registration Statement declared effective by the Commission as soon as reasonably practicable. In addition, the request for a Demand Registration shall be deemed to have been withdrawn and such primary registration shall not be deemed to be a Demand Registration.

(h) Priority in Cutback. If a Demand Registration is an underwritten

offering and includes securities for sale by the Company, and the managing underwriter (such underwriters to be chosen by the Holders included in such registration, subject to the Company's reasonable approval) advises the Company, in writing, that, in its good faith judgment, the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the marketability of the offering, then the Company will include in any such registration the maximum number of shares which the managing underwriter advises the Company can be sold in such offering allocated as follows: first the Registrable Securities

requested to be included in such registration by the Holders, pro rata on the
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basis of the number of Registrable Securities requested to be included by such Holders, second the securities requested to be included in such registration by

the Company for its own account, and third the securities requested to be

included in such registration by the Company for the account of Other Security Holders.

Section 3. Piggyback Registrations.

(a) Right to Piggyback. Whenever the Company proposes to register

any of its equity securities under the Securities Act (other than a registration on Form S-4 relating solely to a transaction described in Rule 145 of the Securities Act or a registration on Form S-8 or any successor forms thereto), whether or not for sale for its own account, the Company will give prompt written notice of such proposed filing to all Holders at least 30 days before the anticipated filing date. Such notice shall offer such Holders the opportunity to register such amount of Registrable Securities as they shall request (a "Piggyback Registration"). Subject to Sections 3(b) and 3(c) hereof, the Company shall include in each such Piggyback Registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within 20 days after such notice has been given by the Holders to the Company. If the Registration Statement relating to the Piggyback Registration is to cover an underwritten offering, such Registrable Securities shall be included in the underwriting on the same terms and conditions as the securities otherwise being sold through the underwriters. Each Holder shall be permitted to withdraw all or part of the Registrable Securities from a Piggyback Registration at any time prior to the effective time of such Piggyback Registration.

(b) Priority on Primary Registrations. If a Piggyback Registration

is an underwritten primary registration on behalf of the Company, by or through one or more underwriters of recognized standing and the managing underwriters advise the Company in writing that in their good faith judgment the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the marketability of the offering, then the Company will include in the Registration Statement relating to such registration (i) first, the securities the Company proposes to sell, and (ii) second, the Registrable Securities requested to be included in such registration by the Holders and the securities requested to be included in such registration by any Other Security Holders that have requested inclusion of their securities, on a pro rata basis, based on the amount of Common Stock requested to be included therein.

(c) Priority on Secondary Registrations. If a Piggyback Registration

is an underwritten secondary registration on behalf of Other Security Holders, by or through one or more underwriters of recognized standing and the managing underwriter(s) advise the Company in writing that in their good faith judgment the number of securities requested to be included in such registration exceeds the number which can be sold in such offering without materially and adversely affecting the marketability of the offering, the Company will include in such registration, the securities owned by such Other Security Holders and the Registrable Securities requested to be included in such registration by the Holders thereof, reduced, in each case, on a pro rata basis, based on the amount of Common Stock requested to be included therein.

Section 4. Hold-back Agreements.

(a) The Company agrees (i) if so required by the managing underwriter of an underwritten offering effected pursuant to a Registration under Section 2 or 3 hereof, not to effect any public or private sale or distribution of securities of the same type (including

any underlying securities) as the Registrable Securities included in such underwritten registration, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to the pricing of such offering and until the earlier of (A) the end of the 180-day period beginning on the date of pricing of such offering (except as part of such underwritten offering and except pursuant to registrations on Form S-4 or Form S-8 (or any successor form to such Form)), unless the managing underwriter for such offering otherwise agrees, and (B) the abandonment of such offering, and (ii) to use reasonable best efforts to cause each holder of securities of the same type as the securities included in such underwritten offering, or any securities convertible into or exchangeable or exercisable for such securities, in each case purchased from the Company at any time after the date of this Agreement (other than in a registered public offering) to agree not to effect any public or private sale or distribution or otherwise dispose (including sales pursuant to Rule 144 under the Securities Act) of any such securities during such period (except as part of such underwritten registration, if otherwise permitted), unless the managing underwriter for such offering otherwise agrees.

(b) If the Company registers securities of the Company in connection with an underwritten public offering of Common Stock solely by the Company, the Holders, if so requested by the managing underwriter of such underwritten offering, agree not to effect any public sale or distribution of any of the Registrable Securities, including any sale pursuant to Rule 144 under the Securities Act (other than as a part of such underwritten public offering) without the consent of the Company or such managing underwriter during the period commencing on a date specified by the underwriter, such date not to exceed seven days prior to the effective date of such registration statement, and ending on the earlier of (A) 180 days after the pricing of such offering, (B) the abandonment of such offering and (C) the first date on which the Company or any affiliate or executive officer of the Company is permitted to sell shares of Common Stock of the Company.

Section 5. Registration Procedures.

Whenever the Company is required to register Registrable Securities pursuant to Section 2 or 3 hereof, the Company will use reasonable best efforts to effect the registration to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto the Company will as expeditiously as possible:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities as prescribed by Section 2 or 3 on a form available for the sale of the Registrable Securities by the holders thereof in accordance with the intended method or methods of distribution thereof and use reasonable best efforts to cause each such Registration Statement to become and remain effective within the time periods and otherwise as provided herein;

(b) prepare and file with the Commission such amendments, (including post-effective amendments) to the Registration Statement and such supplements to the Prospectus as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement until such time as all of such securities have been

disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such Registration Statement;

(c) furnish to each selling Holder of Registrable Securities covered by a Registration Statement and to each underwriter, if any, such number of copies of such Registration Statement, each amendment and post-effective amendment thereto, the Prospectus included in such Registration Statement (including each preliminary prospectus and any supplement to such Prospectus and any other prospectus filed under Rule 424 of the Securities Act), in each case including all exhibits, and such other documents as such Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Holder or to be disposed of by such underwriter (the Company hereby consenting to the use in accordance with all applicable law of each such Registration Statement (or amendment or post-effective amendment thereto) and each such Prospectus (or preliminary prospectus or supplement thereto) by each such Holder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Registration Statement or Prospectus);

(d) use reasonable best efforts to register or qualify and, if applicable, to cooperate with the selling Holders, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of, the Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions as any selling Holder or managing underwriters (if any) shall reasonably request, to keep each such registration or qualification (or exemption therefrom) effective during the period such Registration Statement is required to be kept effective and to do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Securities covered by the applicable Registration Statement; provided, that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph or (ii) consent to general service of process or taxation in any such jurisdiction where it is not so subject;

(e) use reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange on which securities of the same class as the Registrable Securities are then listed and, if not so listed, to be listed on the NASD automated quotation system and, if listed on the NASD automated quotation system, use reasonable best efforts to secure designation of all such Registrable Securities covered by such Registration Statement as a NASDAQ Security within the meaning of Rule 11Aa3-1 under the Exchange Act or, failing that, to secure NASDAQ authorization for such Registrable Securities and, without limiting the generality of the foregoing, to arrange for at least two market makers to register as such with respect to such Registrable Securities with the NASD;

(f) provide a transfer agent and registrar for all such Registrable Securities and a CUSIP number for all such Registrable Securities not later than the effective date of such Registration Statement;

(g) comply with all applicable rules and regulations of the Commission, and make available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder (or any similar rule promulgated under the Securities Act) no later than 45 days after the end of any 12-month period (or 90

days after the end of any 12-month period if such period is a fiscal year) (or in each case within such extended period of time as may be permitted by the Commission for filing the applicable report with the Commission) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in an underwritten offering or (ii) if not sold to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of a Registration Statement, which earnings statement shall cover said 12-month periods;

(h) use reasonable best efforts to prevent the issuance of any order suspending the effectiveness of a Registration Statement or suspending the qualification (or exemption from qualification) of any of the Registrable Securities included therein for sale in any jurisdiction, and, in the event of the issuance of any stop order suspending the effectiveness of a Registration Statement, or of any order suspending the qualification of any Registrable Securities included in such Registration Statement for sale in any jurisdiction, the Company will use reasonable best efforts promptly to obtain the withdrawal of such order at the earliest possible moment;

(i) obtain "cold comfort" letters and updates thereof (which letters and updates (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the Holders) from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement), addressed to each of the underwriters, if any, and each selling Holder of Registrable Securities, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings and such other matters as the underwriters, if any, or the Holders of a majority of the Registrable Securities being sold may reasonably request;

(j) obtain opinions of independent counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the Holders of a majority of the Registrable Securities being sold), addressed to each selling Holder and each of the underwriters, if any, covering the matters customarily covered in opinions of issuer's counsel requested in underwritten offerings, such as the effectiveness of the Registration Statement and such other matters as may be requested by such counsel and underwriters, if any;

(k) promptly notify the selling Holders and the managing underwriters, if any, and confirm such notice in writing.

(1) when a Prospectus or any supplement or post-effective amendment to such Prospectus has been filed, and, with respect to a Registration Statement or any post-effective amendment thereto, when the same has become effective,

(2) of any request by the Commission or any other Federal or state governmental authority for amendments or supplements to a Registration Statement or related Prospectus or for additional information,

(3) of the issuance by the Commission of any stop order suspending the effectiveness of a Registration Statement or of any order preventing or suspending the use of any Prospectus or the initiation of any proceedings by any Person for that purpose,

(4) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of a Registration Statement or any of the Registrable Securities for offer or sale under the securities or blue sky laws of any jurisdiction, or the contemplation, initiation or threatening, of any proceeding for such purpose, and

(5) of the happening of any event or the existence of any facts that make any statement made in such Registration Statement or Prospectus untrue in any material respect or that require the making of any changes in such Registration Statement or Prospectus so that it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made (in the case of any Prospectus), not misleading (which notice shall be accompanied by an instruction to the selling Holders and the managing underwriters, if any, to suspend the use of the Prospectus until the requisite changes have been made);

(l) if requested by the managing underwriters, if any, or a Holder of Registrable Securities being sold, promptly incorporate in a prospectus, supplement or post-effective amendment such information as the managing underwriters, if any, and the Holders of a majority of the Registrable Securities being sold reasonably request to be included therein relating to the sale of the Registrable Securities, including, without limitation, information with respect to the number of shares of Registrable Securities being sold to underwriters, the purchase price being paid therefor by such underwriters and with respect to any other terms of the underwritten offering of the Registrable Securities to be sold in such offering, and make all required filings of such prospectus, supplement or post-effective amendment promptly following notification of the matters to be incorporated in such supplement or post-effective amendment;

(m) if requested, furnish to each selling Holder of Registrable Securities and the managing underwriter, without charge, at least one signed copy of the Registration Statement;

(n) as promptly as practicable upon the occurrence of any event contemplated by clause 5(k)(5) above, prepare a supplement or post-effective amendment to the Registration Statement or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities being sold hereunder, the Prospectus will not contain an untrue statement of a material fact or an omission to state a material fact required to be stated in a Registration Statement or Prospectus or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(o) if such offering is an underwritten offering, enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and take all such other appropriate and reasonable actions requested by the Holders owning a majority of the Registrable Securities being sold in connection therewith or by the managing underwriters (including cooperating in reasonable marketing efforts, including participation by senior executives of the Company in any "roadshow" or similar meeting with potential investors) in order to expedite or facilitate the disposition of such Registrable Securities, and in such connection, provide indemnification provisions and procedures substantially to the effect set forth in Section 7 hereof with respect to all parties to be indemnified pursuant to said Section. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder.

Each Holder agrees by acquisition of such Registrable Securities that, upon receipt of written notice from the Company of the happening of any event of the kind described in Section 5(k), such Holder will forthwith discontinue disposition of such Registrable Securities covered by such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Registration Statement contemplated by Section 5(n), or until it is advised in writing by the Company that the use of the applicable Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus (such period during which disposition is discontinued being an "Interruption Period"), and, if so directed by the Company, such Holder will deliver to the Company all copies of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

Section 6. Registration Expenses.

The Company shall bear all expenses incurred in connection with the registration or attempted registration of the Registrable Securities pursuant to Sections 2 and 3 of this Agreement as provided herein. Such expenses shall include, without limitation, all printing, legal and accounting expenses incurred by the Company and all registration and filing fees imposed by the Commission, any state securities commission or the New York Stock Exchange or, if the Common Stock is not then listed on the New York Stock Exchange, the principal national securities exchange or national market system on which the Common Stock is then traded or quoted. Notwithstanding the foregoing sentence, Holders shall be responsible for any pro rata share of brokerage or underwriting commissions and taxes of any kind (including, without limitation, transfer taxes) with respect to any disposition, sale or transfer of Registrable Securities and for any legal, accounting and other expenses incurred by them in connection with any Registration Statement.

Section 7. Indemnification.

(a) Indemnification by the Company. The Company agrees to

indemnify, to the fullest extent permitted by law, each Holder, each affiliate of a Holder and each officer, director, employee, counsel, agent or representative of such Holder and its affiliates and each Person who controls any such Person (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) against, and hold it and them harmless from, all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and attorneys' fees and disbursements) and expenses, including expenses of investigation (collectively, "Losses") arising out of, caused by or based upon any untrue or alleged untrue statement of material fact contained in any Registration Statement, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading (a "Misstatement/Omission"), or any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law, except that the Company shall not be liable insofar as such Misstatement/Omission or violation is made in reliance upon and in conformity with information furnished in writing to the Company by such Holder expressly for use therein; provided, further that the Company shall not be liable for a Holder's failure to deliver or cause to be delivered (to the extent such delivery is required under the Securities Act) the Prospectus contained in the Registration Statement, furnished to it by the Company at or prior to the time such action is required by the Securities Act to the person claiming a Misstatement/Omission if such Misstatement/Omission was corrected in such Registration Statement. In connection with an underwritten offering, the Company will indemnify such underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such underwriters (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Holders. This indemnity shall be in addition to any other indemnification arrangements to which the Company may otherwise be party. Notwithstanding the foregoing, the indemnity contained in this section shall not apply to amounts paid in settlement of any such Losses if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such Losses to the extent that they arise out of or are based upon a Misstatement/Omission included in reliance upon and in conformity with written information furnished expressly for use in connection with such Registration Statement by such Holder (or any partner, officer, director, underwriter or controlling person of such Holder).

(b) Indemnification by the Holders. In connection with any

Registration Statement in which a Holder is participating, each such Holder agrees to indemnify, to the fullest extent permitted by law the Company and each affiliate, employee, counsel, agent, representative, director or officer of the Company and each Person who controls the Company (within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act) against, and hold it harmless from, any Losses arising out of or based upon (i) any Misstatement/Omission contained in the Registration Statement, if and to the extent that such Misstatement/Omission arose out of or was based upon information furnished in writing by such Holder for use therein, or (ii) the failure by the Holder to deliver or cause to be deliv-

ered (to the extent such delivery is required under the Securities Act) the Prospectus contained in the Registration Statement, furnished to it by the Company at or prior to the time such action is required by the Securities Act to the person claiming a Misstatement/Omission if such Misstatement/Omission was corrected in such Registration Statement. Notwithstanding the foregoing, the obligation to indemnify will be individual (several and not joint) to each Holder and will be limited to the net amount of proceeds (net of payment of all expenses) received by such Holder from the sale of Registrable Securities pursuant to such Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. In case any action,

claim or proceeding shall be brought against any Person entitled to indemnification hereunder, such indemnified party shall promptly notify each indemnifying party in writing, and such indemnifying party shall assume the defense thereof, including the employment of one counsel reasonably satisfactory to such indemnified party and payment of all fees and expenses incurred in connection with the defense thereof. The failure to so notify such indemnifying party shall relieve such indemnifying party of its indemnification obligations to such indemnified party to the extent that such failure to notify prejudiced such indemnifying party. Each indemnified party shall have the right to employ separate counsel in such action, claim or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of each indemnified party unless: (i) such indemnifying party has agreed to pay such expenses; (ii) such indemnifying party has failed promptly to assume the defense and employ counsel reasonably satisfactory to such indemnified party; or (iii) the named parties to any such action, claim or proceeding (including any impleaded parties) include both such indemnified party and such indemnifying party or an affiliate or controlling person of such indemnifying party, and such indemnified party shall have been advised in writing by counsel that either (x) there may be one or more legal defenses available to it which are different from or in addition to those available to such indemnifying party or such affiliate or controlling person or (y) a conflict of interest may exist if such counsel represents such indemnified party and such indemnifying party or its affiliate or controlling person; provided, however, that such indemnifying party shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel), which counsel shall be designated by such indemnified party.

No indemnifying party shall be liable for any settlement effected without its written consent (which consent may not be unreasonably withheld). Each indemnifying party agrees, jointly and severally, that it will not, without the indemnified party's prior written consent, consent to entry of any judgment or settle or compromise any pending or threatened claim, action or proceeding in respect of which indemnification or contribution may be sought hereunder unless the foregoing contains an unconditional release, in form and substance reasonably satisfactory to the indemnified parties, of the indemnified parties from all liability and obligation arising therefrom. The indemnifying party's liability to any such indemnified party hereunder shall not be extinguished solely because any other indemnified party is not entitled to indemnity hereunder.

(d) Survival. The indemnification provided for under this

Agreement will (i) remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director or controlling Person of such indemnified party, (ii) survive the transfer of securities and (iii) survive the termination of this Agreement.

(e) Right to Contribution. If the indemnification provided for in

this Section 7 is unavailable to, or insufficient to hold harmless, an indemnified party under Section 7(a) or Section 7(b) above in respect of any Losses referred to in such Sections, then each applicable indemnifying party shall have an obligation to contribute to the amount paid or payable by such indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Company, on the one hand, and of the Holder, on the other, in connection with the Misstatement/Omission which resulted in such Losses, taking into account any other relevant equitable considerations. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in Section 7(c) above, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation, lawsuit or legal or administrative action or proceeding.

The relative fault of the Company, on the one hand, and of the Holder, on the other, shall be determined by reference to, among other things, whether the relevant Misstatement/Omission relates to information supplied by the Company or by the Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such Misstatement/Omission.

The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 7(e) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above. Notwithstanding the provisions of this Section 7(e), a Holder shall not be required to contribute any amount in excess of the amount by which (i) the amount (net of payment of all expenses) at which the securities that were sold by such Holder and distributed to the public were offered to the public exceeds (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such Misstatement/Omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 8. Rules 144 and 144A.

The Company shall timely file the reports required to be filed by it under the Securities Act and the Exchange Act (including but not limited to the reports under Sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, it will, upon the request of any holder of Registrable Securities, make publicly available other information) and will take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the ex-

emptions provided by (a) Rule 144 and Rule 144A under the Securities Act, as such Rules may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the Commission.

Section 9. Underwritten Registrations.

No Person may participate in any registration hereunder which is underwritten unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved by the Person or Persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, customary indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided, that no Holder included in any underwritten registration shall be required to make any representations or warranties to the Company or the underwriters other than representations and warranties regarding such Holder and such Holder's intended method of distribution.

Section 10. Covenants of Holders.

Each of the Holders hereby agrees (a) to cooperate with the Company and to furnish to the Company all such information in connection with the preparation of the Registration Statement and any filings with any state securities commissions as the Company may reasonably request, (b) to the extent required by the Securities Act, to deliver or cause delivery of the prospectus contained in the Registration Statement, any amendment or supplement thereto, to any purchaser of the Registrable Securities covered by the Registration Statement from the Holder and (c) to notify the Company within three months after any sale of Registrable Securities by such Holder or, in the case of a sale of all or substantially all of the Registrable Securities owned by a Holder, within ten days after such sale.

Section 11. Miscellaneous.

(a) No Inconsistent Agreements. The Company will not hereafter

enter into any agreement with respect to its securities which is inconsistent with, adversely effects or violates the rights granted to the Holders in this Agreement.

(b) Remedies. Any Person having rights under any provision of this

Agreement will be entitled to enforce such rights specifically to recover damages caused by reason of any breach of any provision of this Agreement and to exercise all other rights provided in the Share Exchange Agreement or granted by law. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Agreement and hereby agree to waive the defense in any action for specific performance or injunctive relief that a remedy at law would be adequate. Accordingly, any party may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or other security) for specific performance and for other injunctive relief in order to enforce or prevent violation of the provisions of this Agreement.

(c) Amendments and Waivers. Except as otherwise provided herein, the

provisions of this Agreement, including the provisions of this sentence, may be

amended, modified, supplemented or waived only upon the prior written consent of the Company and Holders of a majority of the outstanding Registrable Securities.

(d) Successors and Assigns. This Agreement shall be binding upon and

inure to the benefit of the successors and assigns of the Company. This Agreement may only be assigned by any Holder to any other Holder, unless otherwise consented to by the Company (such consent not to be unreasonably withheld) and any other attempted assignment hereof by any Holder will be void and of no effect and shall terminate all obligations of the Company hereunder with respect to such Holder. None of the rights of any Investor or Holder may be assigned other than to a Holder who agrees in writing to be bound by this Agreement. No rights under this Agreement may be assigned to any Person if the sale of Registrable Securities to such Person is prohibited under the Share Exchange Agreement or if such Person is a competitor of the Company. The Company shall be given written notice by the transferring Investor or Holder at the time of the transfer stating the name and address of the transferee and identifying the Registrable Securities transferred, provided, that failure to give such

notice shall not affect the validity of such transfer or assignment.

(e) Severability. In the event that any one or more of the

provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

(f) Counterparts. This Agreement may be executed in any number of

counterparts, any one of which need not contain the signatures of more than one party, but each of which when so executed shall be deemed to be an original and all such counterparts taken together shall constitute one and the same Agreement.

(g) Descriptive Headings: Interpretation. The descriptive headings

of this Agreement are inserted for convenience of reference only and shall not limit or otherwise affect the meaning hereof. The use of the word "including" in this Agreement shall be by way of example rather than by limitation.

(h) Notices. All notices, demands or other communications to be

given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given when delivered personally to the recipient, sent to the recipient by reputable air courier guaranteeing overnight delivery (charges prepaid), mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid or sent by telecopier. Such notices, demands and other communications shall be sent to each Investor at the address indicated below such Investor's name on the signature pages to the Share Exchange Agreement and to the Company at the address indicated below:

CMGI, Inc.
100 Brickstone Square, First Floor
Andover, Massachusetts 01810
USA
(978) 684-3601 (fax)
Attn: William Williams II

with a copy (which shall not constitute notice) to:

Skadden, Arps, Slate, Meagher & Flom LLP
300 South Grand Avenue, Suite 3400
Los Angeles, California 90071
USA
(213) 687-5600 (fax)
Attention: Michael V. Gisser

or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice, demand or other communication given hereunder will be deemed to have been given as of the date so delivered; as of the first business day after being delivered to an overnight air courier guaranteeing overnight delivery; on the fifth business day after being mailed; or when transmission completed, if telecopied; as the case may be.

(i) GOVERNING LAW; SUBMISSION TO JURISDICTION. THIS AGREEMENT SHALL

BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE COMMONWEALTH OF MASSACHUSETTS. EACH OF THE PARTIES HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY MASSACHUSETTS STATE COURT SITTING IN THE CITY OF BOSTON OR ANY FEDERAL COURT SITTING IN THE CITY OF BOSTON IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE REGISTRABLE SECURITIES, AND IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, JURISDICTION OF THE AFORESAID COURTS. EACH PARTY AGREES THAT IT WILL NOT COMMENCE ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY OTHER JURISDICTION. EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT AND ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(j) Entire Agreement. This Agreement is intended by the parties as a

final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF the parties hereto have or have caused this
Registration Rights Agreement to be duly executed as of the date first above
written.

THE COMPANY:

CMGI, INC.

By: /s/ David S. Wetherell

Name: David S. Wetherell

Title: President and Chief Executive Officer

THE INVESTOR:

PACIFIC CENTURY CYBERWORKS LIMITED

By: /s/ Peter Anthony Allen

Address for notices:

Pacific Century CyberWorks Limited

38/F, Citibank Tower

Citibank Plaza

3 Garden Road

Central, Hong Kong

Facsimile no.: (852) 2514-8609

Attention: Chief Financial Officer

With a copy (which shall not constitute notice) to:

Baker & McKenzie

14/th/ Floor, Hutchinson House

10 Harcourt Road

Hong Kong

Facsimile no: (852) 2845-0476

Attention: Christopher Buchan

AMENDMENT #2 TO LEASE

1. Parties.

This Amendment, dated as of November 12, 1999, is between Andover Mills Realty Limited Partnership ("Landlord") and CMGI, Inc., ("Tenant").

2. Recitals.

2.1. Landlord and Tenant have entered into a Lease, dated as of April 12, 1999, for space in Brickstone Square in Andover, Massachusetts (as amended, the "Lease"). Unless otherwise defined, terms used in this Amendment have the same meanings as those used in the Lease.

2.2. Tenant wishes to exercise its second, third and fourth Expansion Options. The Expansion Spaces to be provided by Landlord for the second, third and fourth Expansion Options (the "Second Expansion Space," the "Third Expansion Space" and the "Fourth Expansion Space," respectively) are agreed to contain 29,186 s.f., 37,100 s.f. and 29,186 s.f., respectively, of rentable area and are located on the 2nd Floor, the 3rd Floor and the 3rd Floor, respectively, of the Building as shown in Exhibit "B-3" attached hereto.

2.3. The parties also wish to confirm the dates that Tenant received delivery of vacant possession of certain areas of the Premises and the Rent Commencement Dates for those areas, and to allow Tenant to exercise certain of its rights with respect to the Additional Signs earlier than previously provided in the Lease.

2.4. To accomplish these and other matters, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the parties agree and the Lease is amended as follows, notwithstanding anything to the contrary:

3. Amendments.

3.1. Tenant hereby exercises its second, third and fourth Expansion Options, and confirms receipt of vacant possession of the Second Expansion Space, the Third Expansion Space and the Fourth Expansion Space on the date of this Amendment. In addition: (a) the Expansion Space for the second, third and fourth Expansion Options will be the Second, Third and Fourth Expansion Space, respectively; (b) the term of the Lease will begin for (and the Premises will include) the Second, Third and Fourth Expansion Space as of the date of this Amendment, and the total agreed rentable area of the Premises, including the Second, Third and Fourth Expansion Space, the Initial Space, the Additional Space and the First Expansion Space, is now 306,569 s.f.; (c) notwithstanding Section 28.2(b) of the Lease to the contrary, the Rent Commencement Date for the Second Expansion Space will occur on the earlier of the date that Tenant occupies that particular space to conduct business, or December 15, 1999, and the Rent Commencement Date for the Third and Fourth Expansion Space will be October 1, 2000; and (e) on the Rent Commencement Date for the Second Expansion Space, Tenant's Percentage will be increased by 3.10%, and on the Rent Commencement Date for the Third and Fourth Expansion Space (i.e., October 1, 2000), Tenant's Percentage will be increased by 7.05% (assuming no additional space is leased, as of October 1, 2000 Tenant's Percentage will be 32.60%).

3.3. Landlord will provide the inducement payments to Tenant for the Second, Third and Fourth Expansion Space in accordance with Section 26 of the Lease. Tenant will begin to pay for utilities for each Expansion Space as of the date that vacant possession of that Expansion Space is delivered to Tenant.

3.4. The parties also confirm: (a) that Tenant received delivery of vacant possession of the following portions of the Premises on the following dates: Additional Space A - August 1, 1999; Additional Space B - September 1, 1999; and the First Expansion Space - September 1, 1999, and (b) the Rent Commencement Date occurred for the following portions of the Premises on the following dates: Additional Space A - October 1, 1999; Additional Space B - October 15, 1999; and the First Expansion Space - November 1, 1999.

3.5 Tenant represents and warrants that, other than the Broker (which is Tenant's sole agent for these purposes), it has not dealt with or engaged any broker, agent, finder or similar party in connection with this transaction or its lease of the Second, Third or Fourth Expansion Spaces.

3.6 The agreements set forth in the Recitals in Section 2 above are incorporated herein and are confirmed by the parties.

3.7 On request of either party, both parties will promptly execute and deliver written confirmations of the following dates: the date that vacant possession of any particular space is delivered to Tenant; and the Rent Commencement Date for that space. A party's failure to execute or deliver such a written confirmation will not alter the actual date(s) for which confirmation was requested.

3.8 In Section 11(e)(ii) of the Lease, the language "(ii) if Tenant validly exercises all of its Expansion Options and leases all of the Expansion Space (i.e., while Tenant is leasing the Initial Space, the Additional Space and all of the Expansion Space)," is deleted and the following is substituted in its place:

"(ii) while Tenant is leasing the Initial Space, the Additional Space and the First, Second, Third and Fourth Expansion Spaces,"

4. No Other Changes.

The Lease is in full force and effect, and except as set forth above the Lease remains unchanged.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Amendment #2 under seal as of the date first set forth above.

ANDOVER MILLS REALTY LIMITED PARTNERSHIP, a
Massachusetts limited partnership

By: Brickstone Square Realty, Inc., a Massachusetts
corporation, general partner

WITNESS:

/s/ Carolyn Grover

Name Printed: Carolyn Grover

By: /s/ Martin Spagat

Name: Martin Spagat
Title: Vice President
Authorized Signature

WITNESS: CMGI, INC., a Delaware corporation

By: /s/ Andrew J. Hajducky, III

Name Printed: Name: Andrew J. Hajducky, III
Title: CFO
Authorized Signature

Exhibit "B-3"
PREMISES
"SECOND EXPANSION SPACE"
BUILDING 100
SECOND FLOOR

[Floor Plan of Second Expansion Space]

Exhibit "B-3"
PREMISES
"THIRD EXPANSION SPACE"
AND
"FOURTH EXPANSION SPACE"
BUILDING 100
THIRD FLOOR

[Floor Plans of Third Expansion Space and Fourth Expansion Space]

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

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