SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) February 9, 1999

USA Networks, Inc.
(Exact name of Registrant as specified in Charter)

Delaware	0-20570	59-2712887
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

152 West 57th Street, New York, New York	10019
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code (212) 314-7300

ITEM 5. OTHER EVENTS

On February 9, 1999, USA Networks, Inc. ("USAi"), Lycos, Inc. ("Lycos") and Ticketmaster Online-CitySearch, Inc. ("TMCS") announced that they had entered into definitive agreements (the "Agreements") relating to the combination of TMCS, Lycos and USAi's Home Shopping, Ticketmaster and Internet Shopping Network/First Auction businesses (the "Contributed Businesses") in a new company to be named USA/Lycos Interactive Networks, Inc. ("Newco"). The transactions will be effected by mergers of Lycos and TMCS with subsidiaries of Newco and the contribution by USAi to Newco of the Contributed Businesses, in exchange for the consideration summarized below (the "Transactions").

Pursuant to the Agreements, upon consummation of the Transactions:

(i) each share of Lycos Common Stock will be converted into the right to receive (a) 1 share of Newco Common Stock and (b) 0.2963 of a share of Newco Series A Convertible Redeemable Preferred Stock (the "Series A Preferred Stock");

(ii) each share of TMCS Class B Common Stock (the publicly traded TMCS stock) will be converted into the right to receive (x) 0.4464 of a share of Newco Common Stock and (y) 0.0584 of a share of Series A Preferred Stock;

(iii) each share of TMCS Class A Common Stock will be converted into the right to receive 0.4464 of a share of Newco Class B Common Stock; and

(iv) USAi will receive 88,353,398 shares of Newco Class B Common Stock and 1,938,853 shares of Series A Preferred Stock in exchange for the Contributed Businesses.

Both the Newco Common Stock and the Series A Preferred Stock will be publicly traded. The Newco Class B common stock will not be publicly traded. Except as otherwise provided by Delaware law, the Newco Common Stock

will have one vote per share, and the Newco Class B Common Stock will have 15 votes per share on all matters submitted to a vote of Newco's stockholders, including the election of directors of Newco.

Upon closing of the Transactions, based on the expected initial ownership of Newco on an adjusted fully diluted basis, former Lycos shareholders will own 30% of the Newco equity, former TMCS shareholders (other than USAi) will own 8.5% of the Newco equity and USAi will own 61.5% of the Newco equity (including 10.9% relating to USAi's controlling interest in TMCS). Upon the closing, USAi will beneficially own shares of Newco stock representing approximately 96% of the combined voting power of

Newco, assuming all holders of TMCS Class A Common Stock, other than USAi, convert their shares into shares of TMCS Class B Common Stock prior to the closing.

The terms of the Series A Preferred Stock provide for the issuance in certain circumstances of additional shares of Newco Common Stock to the holders thereof following the 39-month anniversary of the closing of the Transactions. Each share of Series A Preferred Stock will be, following such anniversary, automatically converted into the right to receive a number of shares of Newco Common Stock based on the "Final Market Price" of the Newco Common Stock, which is equal to the sum of (i) .5 times the average of the 90-day, volume-weighted average closing price (the "Market Price") of the Newco Common Stock ending on (x) the 90th day following the closing, (y) the 15-month anniversary of the closing and (z) the 27-month anniversary of the closing, and (ii) .5 times the Market Price for the 90-day period ending on the 39-month anniversary of the closing (the sum of (i) and (ii), the "Final Market Price"). If the Final Market Price is equal to or greater than $257.88 (which would imply a market capitalization, based on Newco's expected initial capitalization at closing, of $45 billion), each share of Series A Preferred Stock will be converted into 1 share of Newco Common Stock, if the Final Market Price is equal to or less than $143.27 (which would imply a market capitalization, based on Newco's expected initial capitalization at closing, of $25 billion), each Series A Preferred Stock share will be convertible into no shares of Newco Common Stock and the shares of Series A Preferred Stock will be redeemed by Newco for $.01 per share. At Final Market Prices between $143.27 and $257.88, the shares to be issued will vary, on an interpolated basis. The Series A Preferred Stock will contain customary anti-dilution adjustments for the Final Market Price and the conversion ratio. The terms of the Series A Preferred Stock are set forth in Exhibit B to the Agreement and Plan of Reorganization, filed as an exhibit hereto.

The parties have also entered into option agreements, filed as exhibits hereto, which under certain circumstances provide USAi and TMCS with the right to acquire, in the aggregate, up to 19.9% of the outstanding Lycos Common Stock.

The Transactions are subject to Lycos shareholder approval as well as receipt of required regulatory approvals and other customary conditions.

Upon closing of the Transactions, Barry Diller, Chairman and Chief Executive Officer of USAi, will be Chairman of the Board of Newco; Robert J. Davis, the President and Chief Executive Officer of Lycos, will be the President and Chief Executive Officer of Newco; and Edward M. Philip, Chief Operating Officer and Chief Financial Officer of Lycos, will be the Chief Financial Officer of Newco. In addition to Mr. Diller, Messrs. Davis and Philip will be directors of Newco. Lycos will be entitled to appoint one additional director to serve for a one-year term, and USAi will appoint the remaining directors of Newco.

The Agreements summarized above are filed as exhibits hereto, and the foregoing summary descriptions of such agreements are qualified in their entirety by reference to such exhibits, which are incorporated herein by reference.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits.

Exhibit No.	Description
2.1	Agreement and Plan of Reorganization, dated as of February 8, 1999, by and among USA Networks, Inc., Ticketmaster Online-CitySearch, Inc., Lycos, Inc., USA Interactive Inc., Lemma, Inc. and Tycho, Inc. (the "Merger Agreement"), including Form of Certificate of Designations, Preferences and Rights of Series A Convertible Redeemable Preferred Stock of USA/Lycos Interactive Networks, Inc. (Exhibit B to the Merger Agreement)
2.2	Contribution Agreement, dated as of February 8, 1999, by and among USA Networks, Inc., USANi LLC and USA Interactive Inc.
2.3	Stock Option Agreement, dated February 8, 1999, between Lycos, Inc. and USA Networks, Inc. (Exhibit A-1 to the Merger Agreement)
2.4	Stock Option Agreement, dated February 8, 1999, between Lycos, Inc. and Ticketmaster Online-CitySearch, Inc. (Exhibit A-2 to the Merger Agreement)

SIGNATURES

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

USA NETWORKS, INC.

Date: February 25, 1999

By: /s/ Thomas J. Kuhn

Thomas J. Kuhn
Senior Vice President
and General Counsel

EXHIBIT INDEX

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EXHIBIT 2.1

AGREEMENT AND PLAN OF REORGANIZATION

by and among

USA NETWORKS, INC.,

TICKETMASTER ONLINE-CITYSEARCH, INC.,

LYCOS, INC.,

USA INTERACTIVE INC.,
(TO BE RENAMED USA/LYCOS INTERACTIVE NETWORKS, INC.)

LEMMA, INC.

AND

TYCHO, INC.

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DATED AS OF FEBRUARY 8, 1999

TABLE OF CONTENTS

INDEX OF DEFINED TERMS

AGREEMENT AND PLAN OF REORGANIZATION

AGREEMENT AND PLAN OF REORGANIZATION, dated as of February 8, 1999 (this "Agreement"), by and among USA Networks, Inc., a Delaware corporation ("Parent"), Ticketmaster Online-CitySearch, Inc., a Delaware corporation ("TMCS"), Lycos, Inc., a Delaware corporation ("Lycos") , USA Interactive Inc., a Delaware corporation ("Newco"), Lemma, Inc., a Delaware corporation ("L Merger Sub"), and Tycho, Inc., a Delaware corporation ("T Merger Sub" and together with L Merger Sub, the "Merger Subs").

W I T N E S S E T H :
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WHEREAS, the Boards of Directors of Parent, Lycos, Newco, L Merger Sub and T Merger Sub have determined that it is in the best interests of their respective companies and their stockholders to consummate the strategic business combination transaction provided for herein in which (i) T Merger Sub, a wholly owned subsidiary of Newco, will, subject to the terms and conditions set forth herein, merge with and into TMCS (the "TMCS Merger"), so that TMCS is the surviving corporation in the TMCS Merger, and (ii) L Merger Sub will, subject to the terms and conditions set forth herein, merge with and into Lycos (the "Lycos Merger" and, together with the TMCS Merger, the "Reorganization"), so that Lycos is the surviving corporation in the Lycos Merger (each of Lycos and TMCS herein sometimes referred to in its capacity as the surviving corporation in the Lycos Merger and the TMCS Merger, respectively, the "Surviving Corporation"); and

WHEREAS, as a condition to, and simultaneously with, the execution of this Agreement, Parent, Newco and USANi LLC, a Delaware limited liability company ("LLC"), are entering into a contribution agreement (the "Contribution Agreement") that provides for the contribution of certain businesses of Parent and its Subsidiaries to Newco (the "Contribution" and, together with the Reorganization, the "Transactions"); and

WHEREAS, as a condition to, and simultaneously with, the execution of this Agreement, Parent and TMCS are each entering into a stock option agreement with Lycos with respect to shares of common stock of Lycos in the forms attached hereto as Exhibit A (the "Option Agreements"); and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Mergers and also to prescribe certain conditions to the Mergers.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

THE MERGERS; CLOSING

1.1 The Mergers. Subject to the terms and conditions of this Agreement, at the Effective Time:

(a) L Merger Sub shall be merged with and into Lycos in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the "DGCL"). Lycos shall be the surviving corporation in the Lycos Merger and shall continue its corporate existence under the laws of the State of Delaware. As a result of the Lycos Merger, Lycos shall become a wholly owned Subsidiary of Newco and the separate corporate existence of L Merger Sub shall terminate. The Lycos Merger shall have the effects and consequences specified in Sections 259 and 261 of the DGCL .

(b) T Merger Sub will be merged with and into TMCS in accordance with the applicable provisions of the DGCL. TMCS shall be the surviving corporation in the TMCS Merger and shall continue its corporate existence under the laws of the State of Delaware. As a result of the TMCS Merger, TMCS shall become a wholly owned Subsidiary of Newco and the separate corporate existence of T Merger Sub shall terminate. The TMCS Merger shall have the effects and consequences specified in Sections 259 and 261 of the DGCL. The term "Mergers" shall mean the Lycos Merger and the TMCS Merger.

(c) The term "Effective Time" shall mean the time and date which is the later of (i) the date and time of the filing of the certificate of merger relating to the Lycos Merger with the Secretary of State of the State of Delaware (or such other date and time as may be specified in such certificate as may be permitted by Delaware law) and (ii) the date and time of the filing of a certificate of merger with the Secretary of State of the State of Delaware with respect to the TMCS Merger (or such other date and time as may be specified in such certificate as may be permitted by Delaware law).

1.2 The Closing. Subject to the terms and conditions of this Agreement, the closing of the transactions contemplated by this Agreement (the "Closing") shall take place (a) at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York, at 10:00 a.m., local time, on the third business day following the day on which the last to be fulfilled or waived of the conditions set forth in Article X shall be fulfilled or waived in accordance herewith or (b) at such other time, date or place as Parent, Lycos and TMCS may agree. The date on which the Closing occurs is hereinafter referred to as the "Closing Date."

ARTICLE II

DIRECTORS AND OFFICERS, CERTIFICATES OF INCORPORATION AND CERTAIN OTHER MATTERS

2.1 Directors. The Board of Directors of Newco at the Effective Time shall consist of a majority of directors appointed by Parent, the Chief Executive Officer of Lycos, the Chief Financial Officer of Lycos and one additional director, who shall serve for at least a one-year term, to be selected prior to the Closing by the mutual agreement of Lycos and Parent, such agreement not to be unreasonably withheld. The directors of Lycos Merger Sub immediately prior to the Effective Time shall be the directors of the surviving corporation of the Lycos Merger as of the Effective Time and until their successors are duly appointed or elected in accordance with applicable law. The directors of T Merger Sub immediately prior to the Effective Time shall be the directors of the surviving corporation of the TMCS Merger as of the Effective Time and until their successors are duly appointed or elected in accordance with applicable law.

2.2 Officers. At the Effective Time, the Chief Executive Officer of Parent shall be Chairman of the Board of Directors of Newco, the Chief Executive Officer of Lycos shall be Chief Executive Officer of Newco and the Chief Financial Officer of Lycos shall be Chief Financial Officer of Newco, in each case, until their successors are duly appointed or elected in accordance with applicable law. The officers of Lycos and TMCS immediately prior to the Effective Time shall be the officers of the surviving corporations of the Lycos Merger and the TMCS Merger, respectively, as of the Effective Time and until their successors are duly appointed or elected in accordance with applicable law.

2.3 Certificate of Incorporation and By-Laws. At the Effective Time, the Certificate of Incorporation and By-Laws of Newco shall be amended to (a) change the name of Newco to "USA/Lycos Interactive Networks, Inc." and (b) to provide that at such time as Parent, the LLC and their respective Subsidiaries no longer own a number of shares of Newco Common Stock or Newco Class B Common Stock at least equal to the Parent Sunset Threshold, all shares of Newco Class B Common Stock owned directly or indirectly by such entities shall be promptly exchanged for an equal number of shares of Newco Common Stock pursuant to the Newco Certificate of Incorporation, provided that any such exchange shall be postponed in order to comply with applicable securities laws and not to cause Parent, LLC or their respective Subsidiaries adverse tax consequences. Such amendments shall be reasonably satisfactory to Parent, Lycos and TMCS. At the Effective Time, the Certificate of Incorporation and By-Laws of the Surviving Corporation in the Lycos Merger and the TMCS Merger, respectively, shall be amended to provide for substantially identical terms as the Certificate of Incorporation and By-Laws of L Merger Sub and T Merger Sub, respectively, immediately prior to the Effective Time and such Certificates of Incorporation and By-Laws of the Surviving Corporations, respectively, as so amended, shall be the Certificate and By-Laws of the Surviving Corporation in the Lycos Merger and the TMCS Merger, respectively, in each case, until thereafter amended in accordance with applicable law.

ARTICLE III

EFFECT OF THE REORGANIZATION ON THE SECURITIES
OF LYCOS, TMCS AND THE MERGER SUBSIDIARIES

3.1 Conversion of Common Stock. At the Effective Time, by virtue of the Lycos Merger and the TMCS Merger and without any action on the part of Lycos, TMCS, Newco or the holder of any of the following securities:

(a) Subject to Section 4.2(e), each share of common stock, par value $.01 per share, of Lycos ("Lycos Common Stock") issued and outstanding immediately prior to the Effective Time, except for shares of Lycos Common Stock owned by Lycos as treasury stock or owned, directly or indirectly, by Lycos, L Merger Sub, TMCS, T Merger Sub, Newco or any of their respective wholly owned subsidiaries, shall be converted into the right to receive (i) 1.0 share (the "Lycos Common Exchange Ratio") of common stock, par value $.01 per share, of Newco ("Newco Common Stock") and (ii) 0.2963 of a share (the "Lycos Preferred Exchange Ratio") of Series A Convertible Redeemable Preferred Stock, par value $.01 per share, of Newco ("Newco Convertible Preferred Stock"), with the designations, powers, preferences, rights and qualifications, limitations and restrictions substantially as set forth in Exhibit B hereto.

(b) Subject to Section 4.2(e), each share of Class A common stock, par value $.01 per share, of TMCS ("TMCS Class A Common Stock") issued and outstanding immediately prior to the Effective Time shall be converted into the right to receive 0.4464 of a share (the "Class A Exchange Ratio") of Class B common stock, par value $.01 per share, of Newco (the "Newco Class B Common Stock" and together with Newco Common Stock and Newco Convertible Preferred Stock, "Newco Capital Stock").

(c) Subject to Section 4.2(e), each share of the Class B common stock, par value $.01 per share, of TMCS ("TMCS Class B Common Stock") issued and outstanding immediately prior to the Effective Time, except for shares of TMCS Class B Common Stock owned by TMCS as treasury stock or owned, directly or indirectly, by TMCS, T Merger Sub, Lycos, L Merger Sub, Newco or any of their respective wholly owned subsidiaries, shall be converted into the right to receive (i) 0.4464 of a share (the "Class B Exchange Ratio") of Newco Common Stock and (ii) 0.0584 of a share of Newco Convertible Preferred Stock (the "TMCS Preferred Exchange Ratio").

(d) All of the shares of Lycos Common Stock converted into the right to receive Newco Common Stock and Newco Convertible Preferred Stock pursuant to this Article III shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each a "Lycos Certificate") previously representing any such shares of Lycos Common Stock shall thereafter represent only the right to receive a certificate representing the number of whole shares of Newco Common Stock, cash in lieu of fractional shares and a certificate representing the number of shares of Newco Convertible Preferred Stock into which the shares of Lycos Common Stock represented by such Lycos Certificate have been converted pursuant to this Section 3.1 and Section 4.2(e). Lycos Certificates previously repre-

senting shares of Lycos Common Stock shall be exchanged for certificates representing whole shares of Newco Common Stock, cash in lieu of fractional shares and certificates representing shares of Newco Convertible Preferred Stock issued in consideration therefor upon the surrender of such Lycos Certificates in accordance with Section 4.2, without any interest thereon. If, prior to the consummation of the Lycos Merger, the outstanding shares of Lycos Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, an appropriate and proportionate adjustment shall be made to each of the Lycos Common Exchange Ratio and the Lycos Preferred Exchange Ratio.

(e) All of the shares of TMCS Class B Common Stock converted into the right to receive Newco Common Stock and Newco Convertible Preferred Stock pursuant to this Article III shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each a "TMCS Class B Certificate") previously representing any such shares of TMCS Class B Common Stock shall thereafter represent only the right to receive a certificate representing the number of whole shares of Newco Common Stock, cash in lieu of fractional shares of Newco Common Stock and a certificate representing the number of shares of Newco Convertible Preferred Stock into which the shares of TMCS Class B Common Stock represented by such TMCS Class B Certificate have been converted pursuant to this Section 3.1 and Section 4.2(e). TMCS Class B Certificates previously representing shares of TMCS Class B Common Stock shall be exchanged for certificates representing whole shares of Newco Common Stock, cash in lieu of fractional shares and certificates representing shares of Newco Convertible Preferred Stock issued in consideration therefor upon the surrender of such TMCS Class B Certificates in accordance with Section 4.2, without any interest thereon. If, prior to the consummation of the TMCS Merger, the outstanding shares of TMCS Class B Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, an appropriate and proportionate adjustment shall be made to each of the Class B Exchange Ratio and the TMCS Preferred Exchange Ratio.

(f) All of the shares of TMCS Class A Common Stock converted into the right to receive Newco Class B Common Stock pursuant to this Article III shall no longer be outstanding and shall automatically be cancelled and shall cease to exist as of the Effective Time, and each certificate (each a "TMCS Class A Certificate") previously representing any such shares of TMCS Class A Common Stock shall thereafter represent only the right to receive a certificate representing the number of whole shares of Newco Class B Common Stock and cash in lieu of fractional shares into which the shares of TMCS Class A Common Stock represented by such TMCS Class A Certificate have been converted pursuant to this Section 3.1 and Section 4.2(e). TMCS Class A Certificates previously representing shares of TMCS Class A Common Stock shall be exchanged for certificates representing whole shares of Newco Class B Common Stock and cash in lieu of fractional shares issued in consideration therefor upon the surrender of such TMCS Class A Certificates in accordance with Section 4.2, without any interest thereon. If, prior to the consummation of the TMCS Merger, the outstanding shares of TMCS Class A

Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, an appropriate and proportionate adjustment shall be made to the Class A Exchange Ratio.

(g) At the Effective Time, (i) all shares of Lycos Common Stock that are owned, directly or indirectly, by Lycos, TMCS, T Merger Sub, Newco or any of their respective wholly owned Subsidiaries (other than L Merger Sub) shall be cancelled and shall cease to exist and no stock of Newco or other consideration shall be delivered in exchange therefor and (ii) all shares of TMCS Class B Common Stock that are owned, directly or indirectly, by Lycos, TMCS, L Merger Sub or Newco or any of their respective wholly owned Subsidiaries (other than T Merger Sub) shall be cancelled and shall cease to exist and no stock of Newco or other consideration shall be delivered in exchange therefor. At the Effective Time, (i) all shares of Lycos Common Stock that are owned by L Merger Sub or any of its wholly owned Subsidiaries shall as of the Effective Time become treasury shares of Lycos Common Stock and (ii) all shares of TMCS Class B Common Stock that are owned by T Merger Sub or any of its wholly owned Subsidiaries shall as of the Effective Time become treasury shares of TMCS Class B Common Stock.

(h) Notwithstanding anything in this Agreement to the contrary, with respect to each share of TMCS Class A Common Stock as to which the holder thereof shall have properly complied with the provisions of Section 262 of the DGCL as to appraisal rights (each a "Dissenting Share"), such holder will be entitled to payment, solely from the surviving corporation of the TMCS Merger, of the appraised value of such Dissenting Shares to the extent permitted by and in accordance with the provisions of Section 262 of the DGCL; provided, however, that (i) if any holder of Dissenting Shares, under the circumstances permitted by the DGCL, affirmatively withdraws his or her demand for appraisal of such Dissenting Shares, (ii) if any holder fails to establish his or her entitlement to rights to payment as provided in such Section 262, or (iii) if neither any holder of Dissenting Shares nor the surviving corporation has filed a petition demanding a determination of the value of all Dissenting Shares within the time provided in such Section 262, such holder will forfeit such right to payment for such Dissenting Shares pursuant to Section 262 and, as of the later of the Effective Time or the occurrence of such event, such holder's TMCS Class A Certificate will automatically be converted into and represent only the right to receive the consideration to which such holder would have been entitled pursuant to the TMCS Class A Exchange Ratio, without any interest thereon, upon surrender of such TMCS Class A Certificate.

3.2 Cancellation of Newco Stock. At the Effective Time, each share of the capital stock of Newco issued and outstanding immediately prior to the Effective Time shall be cancelled and shall cease to exist.

3.3 Merger Subs Stock. At the Effective Time, each share of common stock of L Merger Sub outstanding immediately prior to the Effective Time shall be converted into and shall become one share of common stock of the Surviving Corporation of the Lycos Merger. At the Effective Time, each share of common stock of T Merger Sub outstanding immediately prior

to the Effective Time shall be converted into and shall become one share of common stock of the Surviving Corporation of the TMCS Merger.

3.4 Lycos Options. (a) At the Effective Time, each option granted by Lycos to purchase shares of Lycos Common Stock which is outstanding and unexercised immediately prior thereto shall cease to represent a right to acquire shares of Lycos Common Stock and shall be converted automatically into an option to purchase shares of Newco Common Stock and shares of Newco Convertible Preferred Stock in an amount, at an exercise price and on the vesting schedule determined as provided below (and otherwise subject to the terms of the Lycos Stock Plans, as the case may be, and the agreements evidencing grants thereunder):

(i) The number of shares of Newco Common Stock and of Newco Convertible Preferred Stock, respectively, to be subject to the new option shall be equal to (A) the product of the number of shares of Lycos Common Stock subject to the original option and the Lycos Common Exchange Ratio and (B) the product of the number of shares of Lycos Common Stock subject to the original option and the Lycos Preferred Exchange Ratio, provided that any fractional shares of Newco Common Stock or Newco Convertible Preferred Stock resulting from such calculations shall be rounded to the nearest whole share.

(ii) The exercise price for the combination of one share of Newco Common Stock and a number of shares of Newco Convertible Preferred Stock equal to the ratio of the Lycos Preferred Exchange Ratio to the Lycos Common Exchange Ratio under the new option shall be equal to the exercise price per share of Lycos Common Stock under the original option divided by the Lycos Common Exchange Ratio, provided that such exercise price shall be rounded to the nearest whole cent.

(iii) Each vesting date with respect to any such option or portion thereof (other than those held by the Chief Executive Officer of Lycos and the Chief Financial Officer of Lycos pursuant to employment agreements dated as of the date hereof), to the extent such date has not occurred prior to the Effective Time, shall be deemed to be a date that is six months earlier than the original vesting date for such option or portion thereof.

(b) The adjustment provided herein with respect to any options which are "incentive stock options" (as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code")), shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. The duration and other terms of the new option shall be the same as the original option except that all references to Lycos shall be deemed to be references to Newco.

(c) Notwithstanding anything to the contrary in this Section 3.4, each of Lycos and Newco agrees to cooperate from and after the date hereof and before the Effective Time to effect such amendments to the Lycos Stock Plans and the agreements evidencing options thereunder so that each option converted pursuant to this Section 3.4 shall be, if exercised following the period for conversion of the Newco Convertible Preferred Stock, exercisable for such additional shares of Newco Common Stock as the holder thereof would have been entitled to receive in respect of a share of Newco Convertible Preferred Stock covered by such option had such option been ex-

ercised and such share of Newco Convertible Preferred Stock converted during such period for conversion.

3.5 TMCS Class B Options. (a) At the Effective Time, each option granted by TMCS to purchase shares of TMCS Class B Common Stock which is outstanding and unexercised immediately prior thereto shall cease to represent a right to acquire shares of TMCS Class B Common Stock and shall be converted automatically into an option to purchase shares of Newco Common Stock and of Newco Convertible Preferred Stock in an amount and at an exercise price determined as provided below (and otherwise subject to the terms of the TMCS Stock Plans, as the case may be, and the agreements evidencing grants thereunder):

(i) The number of shares of Newco Common Stock and of Newco Convertible Preferred Stock, respectively, to be subject to the new option shall be equal to (A) the product of the number of shares of TMCS Class B Common Stock subject to the original option and the Class B Exchange Ratio and (B) the product of the number of shares of TMCS Class B Common Stock subject to the original option and the TMCS Preferred Exchange Ratio, provided that any fractional shares of Newco Common Stock or of Newco Convertible Preferred Stock resulting from such calculations shall be rounded to the nearest whole share; and

(ii) The exercise price for the combination of one share of Newco Common Stock and a number of shares of Newco Convertible Preferred Stock equal to the ratio of the TMCS Preferred Exchange Ratio to the Class B Exchange Ratio under the new option shall be equal to the exercise price per share of TMCS Class B Common Stock under the original option divided by the TMCS Common Exchange Ratio, provided that such exercise price shall be rounded to the nearest whole cent.

(b) The adjustment provided herein with respect to any options which are "incentive stock options" shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. The duration and other terms of the new option shall be the same as the original option except that all references to TMCS shall be deemed to be references to Newco.

(c) Notwithstanding anything to the contrary in Section 3.5(a) or 3.6(a), each of Newco and TMCS agrees to cooperate from and after the date hereof and before the Effective Time to effect such amendments to the TMCS Stock Plans and the agreements evidencing options thereunder so that each option to purchase TMCS Class B Common Stock or TMCS Class A Common Stock converted pursuant to Section 3.5(a) or 3.6(a) shall be, if exercised following the period for conversion of the Newco Convertible Preferred Stock, exercisable for such additional shares of Newco Common Stock as the holder thereof would have been entitled to receive in respect of a share of Newco Convertible Preferred Stock covered by such option had such option been exercised and such share of Newco Convertible Preferred Stock converted on the Conversion Date (as such term is defined in Exhibit B hereto).

3.6 TMCS Class A Options. (a) At the Effective Time, each option granted by TMCS to purchase shares of TMCS Class A Common Stock which is outstanding and unexer-

cised immediately prior thereto shall cease to represent a right to acquire shares of TMCS Class A Common Stock and shall be converted automatically into an option to purchase shares of Newco Common Stock and Newco Convertible Preferred Stock in an amount and at an exercise price determined as provided below (and otherwise subject to the terms of the TMCS Stock Plans, as the case may be, and the agreements evidencing grants thereunder):

(i) The number of shares of Newco Common Stock and Newco Convertible Preferred Stock, respectively, to be subject to the new option shall be equal to (A) the product of the number of shares of TMCS Class A Common Stock subject to the original option and the Class B Exchange Ratio and (B) the product of the number of shares of TMCS Class A Common Stock subject to the original option and the TMCS Preferred Exchange Ratio, provided that any fractional shares of Newco Common Stock and Newco Convertible Preferred Stock resulting from such calculations shall be rounded to the nearest whole share; and

(ii) The exercise price for the combination of one share of Newco Common Stock and a number of shares of Newco Convertible Preferred Stock equal to the ratio of the TMCS Preferred Exchange Ratio to the Class B Exchange Ratio under the new option shall be equal to the exercise price per share of TMCS Class A Common Stock under the original option divided by the Class B Exchange Ratio, provided that such exercise price shall be rounded to the nearest whole cent.

(b) The adjustment provided herein with respect to any options which are "incentive stock options" shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. The duration and other terms of the new option shall be the same as the original option except that all references to TMCS shall be deemed to be references to Newco.

3.7 Tax Consequences. It is intended that each of the Lycos Merger and the TMCS Merger shall constitute a "reorganization" within the meaning of Section 368(a) of the Code, that this Agreement shall constitute a "plan of reorganization" for the purposes of Sections 354 and 361 of the Code and that the Reorganization and the Contribution, taken together, shall constitute an exchange of the kind described in Section 351 of the Code.

ARTICLE IV

EXCHANGE OF SHARES

4.1 Newco to Make Shares Available. At or prior to the Effective Time, Newco shall deposit, or shall cause to be deposited, with a bank or trust company designated by Newco and reasonably acceptable to Lycos and TMCS (the "Exchange Agent"), for the benefit of the holders of Lycos Certificates, TMCS Class A Certificates and TMCS Class B Certificates, for exchange in accordance with this Article IV, certificates representing the shares of Newco Common Stock, Newco Class B Common Stock, and Newco Convertible Preferred Stock (such certificates, together with any dividends or distributions with respect thereto, being hereinafter referred to as the "Exchange Fund"), to be issued pursuant to Section 3.1 and paid pursuant to Section 4.2(a) in

exchange for outstanding shares of Lycos Common Stock, TMCS Class A Common Stock and TMCS Class B Common Stock, as the case may be.

4.2 Exchange of Shares. (a) As soon as practicable after the Effective Time, and in no event later than five business days thereafter, the Exchange Agent shall mail to each holder of record of one or more Lycos Certificates, TMCS Class A Certificates and TMCS Class B Certificates a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to such certificates shall pass, only upon delivery of the certificates to the Exchange Agent) and instructions for use in effecting the surrender of such certificates in exchange for certificates representing the shares of Newco Common Stock, Newco Class B Common Stock, Newco Convertible Preferred Stock, as the case may be, and any cash in lieu of fractional shares into which the shares represented by such certificate or certificates shall have been converted pursuant to this Agreement. Upon proper surrender of a Lycos Certificate, TMCS Class A Certificate or TMCS Class B Certificate or Certificates, as the case may be, for exchange and cancellation to the Exchange Agent, together with such properly completed letter of transmittal, duly executed, and any other required documents the holder of such certificate or certificates shall be entitled to receive in exchange therefor, as applicable, (i) a certificate representing that number of whole shares of Newco Common Stock and a certificate representing that number of shares of Newco Convertible Preferred Stock, in the case of a holder of Lycos Common Stock or a holder of TMCS Class B Common Stock, or a certificate representing that number of whole shares of Newco Class B Common Stock, in the case of a holder of TMCS Class A Common Stock, in each case, to which such holder shall have become entitled pursuant to the provisions of Article III and (ii) a check representing the amount of any cash in lieu of fractional shares which such holder has the right to receive in respect of the certificate or certificates surrendered pursuant to the provisions of this Article IV, and the certificate or certificates so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any cash in lieu of fractional shares or on any unpaid dividends and distributions payable to holders of such certificates.

(b) No dividends or other distributions declared with respect to Newco Common Stock, Newco Class B Common Stock or Newco Convertible Preferred Stock and payable to holders of record thereof after the Effective Time shall be paid to the holder of any unsurrendered Lycos Certificate, TMCS Class A Certificate or TMCS Class B Certificate until the holder thereof shall surrender such certificate in accordance with this Article IV. After the surrender of such a certificate in accordance with this Article IV, the record holder thereof shall be entitled to receive any such dividends or other distributions, without any interest thereon, which theretofore had become payable with respect to shares of Newco Common Stock, Newco Class B Common Stock and Newco Convertible Preferred Stock represented by such certificate.

(c) If any certificate representing shares of Newco Common Stock, Newco Class B Common Stock or Newco Convertible Preferred Stock is to be issued in a name other than that in which the certificate or certificates surrendered in exchange therefor is or are registered, it shall be a condition of the issuance thereof that the certificate or certificates so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer) and otherwise in proper form for transfer, and that the person requesting such exchange shall pay to the Exchange Agent in advance any transfer or other taxes required by reason of the issuance of a certificate

representing shares of Newco Common Stock, Newco Class B Common Stock or Newco Convertible Preferred Stock in any name other than that of the registered holder of the certificate or certificates surrendered, or required for any other reason, or shall establish to the satisfaction of the Exchange Agent that such tax has been paid or is not payable.

(d) After the Effective Time, there shall be no transfers on the stock transfer books of Lycos of the shares of Lycos Common Stock, or on the stock transfer books of TMCS of shares of TMCS Class A Common Stock or TMCS Class B Common Stock, in each case, that were issued and outstanding immediately prior to the Effective Time. If, after the Effective Time, certificates representing such shares are presented for transfer to the Exchange Agent, they shall be cancelled and exchanged for certificates representing shares of Newco Common Stock, or Newco Class B Common Stock and Newco Convertible Preferred Stock, in each case, as provided in this Article IV.

(e) No Issuance of Fractional Shares

(i) No certificates or scrip for fractional shares of Newco Common Stock or Newco Class B Common Stock shall be issued upon the surrender for exchange of Lycos Certificates, TMCS Class A Certificates or TMCS Class B Certificates, and such fractional share interests will not entitle the owner thereof to vote or to any rights as a stockholder of Newco.

(ii) As promptly as practicable following the Effective Time, the Exchange Agent shall determine (A) the excess of the number of full shares of Newco Common Stock delivered to the Exchange Agent by Newco pursuant to Section 4.1 over the aggregate number of full shares of Newco Common Stock to be distributed to holders of Lycos Common Stock and TMCS Class B Common Stock pursuant to Section 4.2(a) (such excess being herein called the "Excess Common Shares") and (B) the excess of the number of full shares of Newco Class B Common Stock delivered to the Exchange Agent by Newco pursuant to Section 4.1 over the aggregate number of full shares of Newco Class B Common Stock to be distributed to holders of TMCS Class A Common Stock pursuant to Section 4.2(a) (such excess being herein called the "Excess Class B Shares" and, together with the Excess Common Shares, the "Excess Shares"). As soon after the Effective Time as practicable, the Exchange Agent, as agent for the holders of Newco Common Stock and Newco Class B Common Stock, as the case may be, shall sell the Excess Common Shares and Excess Class B Shares at then prevailing prices for Newco Common Stock (it being understood that the Excess Class B Shares shall first be converted pursuant to their terms to shares of Newco Common Stock prior to such sale) on the Nasdaq National Market tier of The Nasdaq Stock Market ("Nasdaq"), all in the manner provided in paragraph (iii) of this Section 4.2(e).

(iii) The sale of the Excess Shares by the Exchange Agent shall be executed on Nasdaq by one or more member firms of the National Association of Securities Dealers, Inc. (the "NASD") and shall be executed in round lots to the extent practicable. Until the net proceeds of such sale or sales have been distributed to the holders of Newco

Common Stock or Newco Class B Common Stock, as the case may be, the Exchange Agent shall hold such proceeds in trust for the holders of such stock (the "Shares Trust"). Newco shall pay all commissions, transfer taxes and other out-of-pocket transaction costs, including the expenses and compensation of the Exchange Agent incurred in connection with such sale of the Excess Shares. The Exchange Agent shall determine the portion of the Shares Trust to which each holder of Newco Common Stock or Newco Class B Common Stock shall be entitled, if any, by multiplying the amount of the aggregate net proceeds comprising the Shares Trust by a fraction, the numerator of which is the amount of the fractional share interest to which such holder of Newco Common Stock or Newco Class B Common Stock, as applicable, is entitled and the denominator of which is the aggregate amount of fractional share interests to which all holders of Newco Common Stock or Newco Class B Common Stock, as applicable, are entitled.

(iv) As soon as practicable after the determination of the amount of cash, if any, to be paid to the holders of Newco Common Stock and Newco Class B Common Stock, as the case may be, in lieu of fractional share interests, the Exchange Agent shall make available such amounts to such holders, net of any applicable withholding tax.

(f) Any portion of the Exchange Fund that remains unclaimed by the stockholders of Lycos or TMCS for 12 months after the Effective Time shall be paid to Newco. Any former stockholders of Lycos or TMCS who have not theretofore complied with this Article IV shall thereafter look only to Newco for payment of the shares of Newco Common Stock, Newco Class B Common Stock, Newco Convertible Preferred Stock, cash in lieu of any fractional shares and any unpaid dividends and distributions on Newco Common Stock, Newco Class B Common Stock or Newco Convertible Preferred Stock deliverable in respect of each share of Lycos Common Stock, TMCS Class A Common Stock or TMCS Class B Common Stock, as the case may be, such stockholder holds as determined pursuant to this Agreement, in each case, without any interest thereon. Notwithstanding the foregoing, none of Lycos, TMCS, Newco, the Exchange Agent or any other person shall be liable to any former holder of shares of Lycos Common Stock, TMCS Class A Common Stock or TMCS Class B Common Stock for any amount delivered in good faith to a public official pursuant to applicable abandoned property, escheat or similar laws.

(g) In the event any Lycos Certificate, TMCS Class A Certificate or TMCS Class B Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed and, if reasonably required by Newco, the posting by such person of a bond in such amount as Newco may determine is reasonably necessary as indemnity against any claim that may be made against it with respect to such certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed certificate the shares of Newco Common Stock, Newco Class B Common Stock, Newco Convertible Preferred Stock and any cash in lieu of fractional shares deliverable in respect thereof pursuant to this Agreement.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF TMCS

Except as disclosed in the TMCS disclosure schedule delivered to Lycos and Newco concurrently herewith (the "TMCS Disclosure Schedule") and subject to the standard set forth in Section 12.10, TMCS hereby represents and warrants to Lycos and Newco as follows:

5.1 Corporate Organization. (a) TMCS is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. TMCS has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on TMCS. As used in this Agreement, the term "Material Adverse Effect" means, with respect to Lycos or TMCS, as the case may be, a material adverse effect on (i) the business, operations, results of operations or financial condition of such party and its Subsidiaries taken as a whole or (ii) the ability of such party to timely consummate the transactions contemplated hereby. As used in this Agreement, the word "Subsidiary" when used with respect to any party, means any corporation, partnership, limited liability company, or other organization, whether incorporated or unincorporated, which is consolidated with such party for financial reporting purposes. True and complete copies of the Amended and Restated Certificate of Incorporation of TMCS (the "TMCS Charter") and Amended and Restated By-Laws of TMCS (the "TMCS Bylaws"), as in effect as of the date of this Agreement, have previously been made available by TMCS to Newco and Lycos.

(b) Each TMCS Subsidiary (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and, if applicable, in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would have a Material Adverse Effect on TMCS and (iii) has all requisite corporate, partnership or similar power and authority to own or lease its properties and assets and to carry on its business as now conducted.

5.2 Capitalization. (a) The authorized capital stock of TMCS consists of (i) 352,883,506 shares of TMCS Common Stock of which 100 million shares are designated as shares of TMCS Class A Common Stock, 250 million shares are designated as shares of TMCS Class B Common Stock and 2,883,506 shares are designated as shares of TMCS Class C Common Stock, and (ii) 2 million shares of preferred stock, par value $.01 per share, of TMCS ("TMCS Preferred Stock"). As of February 5, 1999, 63,070,884 shares of TMCS Class A Common Stock were issued and outstanding and no shares thereof were held in treasury, 8,392,109 shares of TMCS Class B Common Stock were issued and outstanding and no shares thereof were held in treasury, no shares of TMCS Class C Common Stock were issued and outstanding or held in treasury, and no shares of TMCS Preferred Stock were outstanding or held in treasury. All of

the issued and outstanding shares of TMCS Common Stock (together with the TMCS Preferred Stock, the "TMCS Capital Stock") have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except pursuant to this Agreement, the outstanding TMCS Class A Common Stock and the terms of stock options issued pursuant to the 1998 Employee Stock Purchase Plan and the CitySearch, Inc. 1996 Stock Option Plan as in effect as of the date hereof (the "TMCS Stock Plans"), TMCS does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of TMCS Capital Stock or any other equity securities of TMCS or any securities representing the right to purchase or otherwise receive any shares of TMCS Capital Stock. As of the date hereof, no shares of TMCS Capital Stock were reserved for issuance, except for (i) shares of TMCS Class A Common Stock and, as disclosed on Schedule 5.2(a) of the TMCS Disclosure Schedule, shares of TMCS Class B Common Stock reserved for issuance upon the exercise of stock options pursuant to the TMCS Stock Plans, (ii) shares of TMCS Class B Common Stock reserved for issuance upon conversion of the outstanding shares of TMCS Class A Common Stock; and (iii) approximately 800,000 shares reserved for issuance or which TMCS otherwise is committed to issue in respect of the transactions contemplated by the definitive agreement to acquire City Auction. Since February 5, 1999, TMCS has not issued any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock. TMCS has previously provided or promptly after the date hereof will provide Lycos and Newco with a list of the option holders, the date of each option to purchase TMCS Common Stock granted, the number of shares subject to each such option, the expiration date of each such option, and the price at which each such option may be exercised under the applicable TMCS Stock Plan.

(b) TMCS owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the TMCS Subsidiaries, free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever ("Liens"), and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No TMCS Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

5.3 Authority; No Violation. (a) TMCS has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized (including such authorization as may be required so that no state anti-takeover statute or similar statute or regulation, including, without limitation, Section 203 of the DGCL, is or becomes operative with respect to this Agreement or the transactions contemplated hereby) and this Agreement has been duly and validly adopted, by the Board of Directors of TMCS. The Board of Directors of TMCS has directed that an information statement describing this Agreement and the transactions contemplated hereby be mailed

to TMCS's stockholders and, except for (i) obtaining the requisite vote of the holders of TMCS Class A Common Stock and TMCS Class B Common Stock, voting together as a single class, for the adoption of this Agreement and the transactions contemplated hereby (it being understood that, pursuant to Section 9.4(b) hereof, Parent has agreed to cause to be voted in favor of the adoption of this Agreement the shares of TMCS Class A Common Stock it owns or the votes of which it controls, and that such number of shares is sufficient to obtain such stockholder approval) and (ii) the filing by TMCS with the Delaware Secretary of State of a certificate of merger with respect to the TMCS Merger and the matters contemplated by Article I of this Agreement, no other corporate proceedings on the part of TMCS are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by TMCS and (assuming due authorization, execution and delivery by the other parties hereto) constitutes a valid and binding obligation of TMCS, enforceable against TMCS in accordance with its terms (except as may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies).

(b) Neither the execution and delivery of this Agreement by TMCS nor the consummation by TMCS of the transactions contemplated hereby, nor compliance by TMCS with any of the terms or provisions hereof, will (i) violate any provision of the TMCS Charter or TMCS By-Laws or (ii) assuming that the consents and approvals referred to in Section 5.4 are duly obtained, (A) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to TMCS, any of its Subsidiaries or any of their respective properties or assets or (B) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of TMCS or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which TMCS or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (ii) above) for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, will not have a Material Adverse Effect on TMCS.

5.4 Consents and Approvals. Except for (i) the filing of the pre-merger notification report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (ii) the filing of any required applications or notices with any state or foreign agencies and approval of such applications and notices (the "Government Approvals"), (iii) the filing with the Securities and Exchange Commission (the "SEC") of a joint proxy/information statement in definitive form relating to the meeting of Lycos's stockholders to be held in connection with this Agreement and the transactions contemplated hereby (which shall also constitute an information statement in definitive form to be mailed to TMCS stockholders) (the "Proxy/Information Statement"), and of the registration statement on Form S-4 (the "S-4") of Newco in which the Proxy/Information Statement will be included as a prospectus, (iv) the filing of Certificates of Merger with respect to the TMCS Merger and the Lycos Merger with the Secretary of State of the State of Delaware pursuant to the DGCL, (v) such filings and approvals as are required to be

made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Newco Capital Stock pursuant to this Agreement, (vi) the filing of applications for the authorization for quotation on Nasdaq of the shares of Newco Common Stock and Newco Convertible Preferred Stock to be issued pursuant to the Transactions and the approvals thereof and (vii) the approval of this Agreement by the requisite vote of the stockholders of Lycos and TMCS, no consents or approvals of or filings or registrations with any court, administrative agency or commission or other governmental authority or instrumentality (each a "Governmental Entity") are necessary in connection with (A) the execution and delivery by TMCS of this Agreement and (B) the consummation by TMCS of the Reorganization and the other transactions contemplated hereby.

5.5 Financial Statements. TMCS has previously made available to Lycos copies of (a) the unaudited condensed balance sheets of TMCS and its Subsidiaries as of December 31, 1998, and the related unaudited condensed combined statements of operations for the year ended December 31, 1998 and the fiscal year ended January 31, 1998; (b) the audited balance sheets of TMCS as of January 31, 1997 and 1998 and the related statements of operations, stockholders' equity and cash flows for the three fiscal years in the period ended January 31, 1998, in each case, accompanied by the audit report of Ernst and Young LLP, independent public accountants with respect to TMCS; and (c) the audited consolidated balance sheets of the predecessors of TMCS as of December 31, 1996 and 1997 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the period commencing September 20, 1995 and ending on December 31, 1997, in each case, accompanied by the audit report of Ernst and Young LLP, independent public accountants with respect to the predecessor of TMCS; in each case, except for subsection 5.5(a), as set forth in the prospectus, dated December 2, 1998, filed with the SEC on December 2, 1998 (the "TMCS Prospectus"). The unaudited condensed balance sheet of TMCS as of December 31, 1998, together with the notes thereto, is referred to herein as the "TMCS Balance Sheet". The TMCS Balance Sheet (including the related notes, where applicable) is based on the historical financial statements of TMCS and the predecessors to TMCS as adjusted. The financial statements should be read in conjunction with the audited and unaudited financial statements, including the related notes where applicable, of TMCS and the predecessor to TMCS. The TMCS Balance Sheet fairly presents in all material respects the consolidated financial position of TMCS and its Subsidiaries as of the date thereof. The audited and unaudited historical financial statements referred to in this Section 5.5 (including the related notes, where applicable) fairly present in all material respects the results of the consolidated operations and changes in stockholders' equity and consolidated financial position of TMCS and its Subsidiaries or, as the case may be, its predecessors, for the respective fiscal periods or as of the respective dates therein set forth, subject to normal adjustments in the case of unaudited statements; each of such statements (including the related notes, where applicable) complies in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto; and each of such statements (including the related notes, where applicable) has been prepared in all material respects in accordance with United States generally accepted accounting principles ("GAAP") consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of TMCS and its Subsidiaries have been, and are being, maintained in all material respects in ac-

cordance with GAAP and any other applicable legal and accounting requirements and reflect only actual transactions.

5.6 Broker's Fees. Other than Goldman, Sachs & Co. ("Goldman Sachs"), neither TMCS nor any TMCS Subsidiary nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Transactions. A true and complete copy of Goldman Sachs' engagement letter with respect to the Transactions has been previously delivered to the other parties hereto.

5.7 Absence of Certain Changes or Events. (a) Except as publicly disclosed in the TMCS Reports filed prior to the date hereof, since January 31, 1998, no event or events have occurred that have had, either individually or in the aggregate, a Material Adverse Effect on TMCS.

(b) Except as disclosed in the TMCS Reports filed prior to the date hereof, since January 31, 1998, TMCS and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

(c) Since January 31, 1998, neither TMCS nor any of its Subsidiaries has (i) except for such actions as are in the ordinary course of business or except as required by applicable law, (A) increased the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any executive officer, employee, or director from the amount thereof in effect as of January 31, 1998, or (B) granted any severance or termination pay, entered into any contract to make or grant any severance or termination pay, or paid any bonuses (other than customary year-end bonuses for the year ended December 31, 1998) or (ii) suffered any strike, work stoppage, slowdown, or other labor disturbance which will, either individually or in the aggregate, have a Material Adverse Effect on TMCS.

5.8 Legal Proceedings. (a) Except as disclosed in the TMCS Reports filed prior to the date hereof, neither TMCS nor any of its Subsidiaries is a party to any, and there are no pending or, to the best of TMCS's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against TMCS or any of its Subsidiaries or challenging the validity or propriety of the transactions contemplated by this Agreement or the Option Agreements which, in any such case, is reasonably likely, either individually or in the aggregate, to have a Material Adverse Effect on TMCS.

(b) There is no injunction, order, judgment, decree, or regulatory restriction imposed upon TMCS, any of its Subsidiaries or the assets of TMCS or any of its Subsidiaries that has had, or will have, either individually or in the aggregate, a Material Adverse Effect on TMCS.

5.9 Taxes and Tax Returns. (a) Each of TMCS and its Subsidiaries has duly filed all federal, state, foreign and local information returns and tax returns required to be filed by it on or prior to the date hereof (all such returns being accurate and complete in all material respects) and has duly paid or made adequate provision for the payment of all Taxes and other governmental charges which have been incurred or are due or claimed to be due from it by federal, state, foreign or local taxing authorities on or prior to the date of this Agreement (including, without

limitation, if and to the extent applicable, those due in respect of its properties, income, business, capital stock, deposits, franchises, licenses, sales and payrolls) other than information returns, tax returns, Taxes or other governmental charges as to which the failure to file, pay or make provision for will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS. Except as would not, individually or in the aggregate, have a Material Adverse Effect on TMCS, there are no disputes pending, or claims asserted for, Taxes or assessments upon TMCS or any of its Subsidiaries for which TMCS does not have adequate reserves. In addition, (A) proper and accurate amounts have been withheld by TMCS and its Subsidiaries from their employees for all prior periods in compliance in all material respects with the tax withholding provisions of applicable federal, state and local laws, except where failure to do so will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS, (B) federal, state, and local returns which are accurate and complete in all material respects have been filed by TMCS and its Subsidiaries for all periods for which returns were due with respect to income tax withholding, Social Security and unemployment taxes, except where failure to do so will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS, (C) the amounts shown on such federal, state or local returns to be due and payable have been paid in full or adequate provision therefor has been included by TMCS in its consolidated financial statements, except where failure to do so will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS and (D) there are no Tax liens upon any property or assets of TMCS or its Subsidiaries except liens for current taxes not yet due or liens that will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS. Neither TMCS nor any of its Subsidiaries has been required to include in income any adjustment pursuant to Section 481 of the Code by reason of a voluntary change in accounting method initiated by TMCS or any of its Subsidiaries, and the Internal Revenue Service (the "IRS") has not initiated or proposed any such adjustment or change in accounting method, in either case which has had or will have, either individually or in the aggregate, a Material Adverse Effect on TMCS. Except as set forth in the financial statements described in Section 6.5, neither TMCS nor any of its Subsidiaries has entered into a transaction which is being accounted for as an installment obligation under Section 453 of the Code, which will have, either individually or in the aggregate, a Material Adverse Effect on TMCS.

(b) As used in this Agreement, the term "Tax" or "Taxes" means all federal, state, local, and foreign income, excise, gross receipts, gross income, ad valorem, profits, gains, property, capital, sales, transfer, use, payroll, employment, severance, withholding, duties, intangibles, franchise, backup withholding, and other taxes, charges, levies or like assessments together with all penalties and additions to tax and interest thereon.

(c) No disallowance of a deduction under Section 162(m) of the Code for employee remuneration of any amount paid or payable by TMCS or any Subsidiary of TMCS under any contract, plan, program, arrangement or understanding will have, either individually or in the aggregate, a Material Adverse Effect on TMCS.

5.10 Employees. (a) Promptly following the date hereof, TMCS will deliver a true and complete list of each material employee or director benefit plan, arrangement or agreement that is maintained, or contributed to, as of the date of this Agreement (the "TMCS Benefit

Plans") by TMCS, any of its Subsidiaries or by any trade or business, whether or not incorporated (a "TMCS ERISA Affiliate"), all of which together with TMCS would be deemed a "single employer" within the meaning of Section 4001 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(b) TMCS has heretofore made or promptly following the date hereof will make available to Lycos true and complete copies of each of the TMCS Benefit Plans and certain related documents, including, but not limited to, (i) the actuarial report for such TMCS Benefit Plan (if applicable) for each of the last two years and (ii) the most recent determination letter from the IRS (if applicable) for such TMCS Benefit Plan.

(c) (i) Each of the TMCS Benefit Plans has been operated and administered in all material respects in compliance with applicable laws, including, but not limited to, ERISA and the Code, (ii) each of the TMCS Benefit Plans intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified, and there are no existing circumstances or any events that have occurred that will adversely affect the qualified status of any such TMCS Benefit Plan, (iii) with respect to each TMCS Benefit Plan that is subject to Title IV of ERISA, the present value of accrued benefits under such TMCS Benefit Plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such TMCS Benefit Plan's actuary with respect to such TMCS Benefit Plan, did not, as of its latest valuation date, exceed the then current value of the assets of such TMCS Benefit Plan allocable to such accrued benefits, (iv) no TMCS Benefit Plan provides benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to current or former employees or directors of TMCS or its Subsidiaries beyond their retirement or other termination of service, other than (A) coverage mandated by applicable law, (B) death benefits or retirement benefits under any "employee pension plan" (as such term is defined in Section 3(2) of ERISA), (C) deferred compensation benefits accrued as liabilities on the books of TMCS or its Subsidiaries or (D) benefits the full cost of which is borne by the current or former employee or director (or his beneficiary), (v) no material liability under Title IV of ERISA has been incurred by TMCS, its Subsidiaries or any TMCS ERISA Affiliate that has not been satisfied in full, and no condition exists that presents a material risk to TMCS, its Subsidiaries or any TMCS ERISA Affiliate of incurring a material liability thereunder, (vi) no TMCS Benefit Plan is a "multiemployer pension plan" (as such term is defined in Section 3(37) of ERISA), (vii) all contributions or other amounts payable by TMCS or its Subsidiaries as of the Effective Time with respect to each TMCS Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and Section 412 of the Code, (viii) none of TMCS, its Subsidiaries or any other person, including any fiduciary, has engaged in a transaction in connection with which TMCS, its Subsidiaries or any TMCS Benefit Plan will be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code, and (ix) to the best knowledge of TMCS there are no pending, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the TMCS Benefit Plans or any trusts related thereto that will have, either individually or in the aggregate, a Material Adverse Effect on TMCS.

(d) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (i) result (either alone or upon the occurrence of any additional acts or events) in any payment (including, without limitation, severance, unemployment compensation, "excess parachute payment" (within the meaning of Section 280G of the Code), forgiveness of indebtedness or otherwise) becoming due to any director or any employee of TMCS or any of its affiliates from TMCS or any of its affiliates under any TMCS Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any TMCS Benefit Plan or (iii) result in any acceleration of the time of payment or vesting of any such benefits which will, either individually or in the aggregate, have a Material Adverse Effect on TMCS.

5.11 SEC Reports. TMCS has previously made available to Lycos an accurate and complete copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed since January 1, 1998 by TMCS or any of its predecessors with the SEC pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act") (the "TMCS Reports") and prior to the date hereof and (b) communication mailed by TMCS or any of its predecessors to its stockholders since January 1, 1998 and prior to the date hereof, and no such TMCS Report or communication (including without limitation the TMCS Prospectus), as of the date thereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information as of a later date (but before the date hereof) shall be deemed to modify information as of an earlier date. Since January 1, 1998, as of their respective dates, all TMCS Reports filed under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto.

5.12 Compliance with Applicable Law. Except as disclosed in the TMCS Reports filed prior to the date hereof, TMCS and each of its Subsidiaries hold all material licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all material respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to TMCS or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default will not, either individually or in the aggregate, have a Material Adverse Effect on TMCS.

5.13 Intellectual Property; Proprietary Rights; Employee Restrictions. (a) All material registered copyrights, copyright registrations and copyright applications, trademark registrations and applications for registration, patents and patent applications, trademarks, service marks, trade names, or Internet domain names (collectively, "Intellectual Property Rights") used by TMCS or its Subsidiaries in their respective businesses, are owned by TMCS or such Subsidiaries by operation of law, or have been validly assigned to TMCS or such Subsidiaries or TMCS otherwise has the right to use such Intellectual Property Rights in its business as currently conducted. TMCS believes that the Intellectual Property Rights are sufficient to carry on the business of TMCS as presently conducted. TMCS or one of its Subsidiaries has exclusive ownership

of or a license to use all Intellectual Property Rights used by TMCS or its Subsidiaries in TMCS's business as presently conducted, including all other registered Intellectual Property Rights used in connection with or contained in all versions of TMCS's World Wide Web sites and all licenses, assignments and releases of Intellectual Property Rights of others without which TMCS or its Subsidiaries could not offer the services they currently offer or has obtained any licenses, releases or assignments reasonably necessary to use all third parties' Intellectual Property Rights in works embodied in its services, except as would not, individually or in the aggregate, have a Material Adverse Effect on TMCS. The present business activities or products of TMCS do not infringe any Intellectual Property Rights of others, except as would not, individually or in the aggregate, have a Material Adverse Effect on TMCS. To its knowledge, TMCS has not received any notice or other claim from any person asserting that any of TMCS's present activities infringe or may infringe any Intellectual Property Rights of such person.

(b) Except as would not have a Material Adverse Effect on TMCS or as disclosed in the TMCS Reports filed prior to the date hereof, (i) TMCS has the right to use all trade secrets, customer lists, hardware designs, programming processes, software and other information required for its services or its business as presently conducted or contemplated; (ii) TMCS has taken all reasonable measures to protect and preserve the security and confidentiality of its trade secrets and other confidential information; (iii) all employees and consultants of TMCS or its Subsidiaries involved in the design, review, evaluation or development of products or Intellectual Property Rights have executed nondisclosure and assignment of inventions agreements to protect the confidentiality of TMCS's trade secrets and other confidential information and to vest in TMCS exclusive ownership of such Intellectual Property Rights; (iv) to the knowledge of TMCS, all trade secrets and other confidential information of TMCS are not part of the public domain or knowledge, nor, to the knowledge of TMCS, have they been misappropriated by any person having an obligation to maintain such trade secrets or other confidential information in confidence for TMCS; and (v) to the knowledge of TMCS, no employee or consultant of TMCS or any or its Subsidiaries has used any trade secrets or other confidential information of any other person in the course of their work for TMCS or such Subsidiary.

(c) To the knowledge of TMCS, no university, government agency (whether federal or state) or other organization sponsored research and development conducted by TMCS or any of its Subsidiaries or has any claim of right to or ownership of or other encumbrance upon the Intellectual Property Rights there of TMCS. TMCS is not aware of any infringement by others of its copyrights or other Intellectual Proprietary Rights in any of its technology or services, or any violation of the confidentiality of any of its proprietary information. To TMCS's knowledge, TMCS is not making unlawful use of any confidential information or trade secrets of any past or present employees of TMCS or any of its Subsidiaries. For the purposes of this Section 5.13, and except where the context otherwise requires, Intellectual Property Rights also includes any and all intellectual property rights, licenses, databases, computer programs and other computer software user interfaces, know-how, trade secrets, customer lists, proprietary technology, processes and formulae, source code, object code, algorithms, architecture, structure, display screens, layouts, development tools, instructions, templates, marketing materials created by TMCS or its Subsidiaries, inventions, trade dress, logos and designs.

5.14 Certain Contracts. (a) Neither TMCS nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) with respect to the employment of any directors, officers or employees, other than in the ordinary course of business consistent with past practice, (ii) which, upon the consummation or stockholder approval of the Transactions will (either alone or upon the occurrence of any additional acts or events) result in any payment (whether of severance pay or otherwise) becoming due from TMCS, Newco, or any of their respective Subsidiaries to any officer or employee thereof, (iii) which is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) to be performed after the date of this Agreement that has not been filed or incorporated by reference in the TMCS Reports, (iv) which materially restricts the conduct of any line of business by TMCS or upon consummation of the Transactions will materially restrict the ability of Newco to engage in any line of business, (v) with or to a labor union or guild (including any collective bargaining agreement) or (vi) (including any stock option plan, stock appreciation rights plan, restricted stock plan or stock purchase plan) any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any stockholder approval or the consummation of the Transactions, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. TMCS has previously made or promptly following the date hereof will make available to Lycos true and correct copies of all material employment and deferred compensation agreements which are in writing and to which TMCS is a party. Each contract, arrangement, commitment or understanding of the type described in this Section 5.14(a), whether or not set forth in the TMCS Disclosure Schedule, is referred to herein as a "TMCS Contract," and neither TMCS nor any of its Subsidiaries knows of, or has received notice of, any violation of the above by any of the other parties thereto which, either individually or in the aggregate, will have a Material Adverse Effect on TMCS.

(b) (i) Each TMCS Contract is valid and binding on TMCS or any of its Subsidiaries, as applicable, and in full force and effect, (ii) TMCS and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each TMCS Contract, except where such noncompliance, either individually or in the aggregate, will not have a Material Adverse Effect on TMCS, and (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material default on the part of TMCS or any of its Subsidiaries under any such TMCS Contract, except where such default, either individually or in the aggregate, will not have a Material Adverse Effect on TMCS.

5.15 Undisclosed Liabilities. Except for those liabilities that are fully reflected or reserved against on the consolidated TMCS Balance Sheet and for liabilities incurred in the ordinary course of business consistent with past practice, since September 28, 1998, neither TMCS nor any of its Subsidiaries has incurred any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) that, either individually or in the aggregate, has had or will have a Material Adverse Effect on TMCS.

5.16 Insurance. TMCS and its Subsidiaries have in effect insurance coverage with reputable insurers or are self-insured, which in respect of amounts, premiums, types and risks insured, constitutes reasonably adequate coverage against all risks customarily insured against by

bank holding companies and their subsidiaries comparable in size and operations to TMCS and its Subsidiaries.

5.17 Environmental Liability. There are no legal, administrative, arbitral or other proceedings, claims, actions, causes of action, private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that could reasonably result in the imposition, on TMCS of any liability or obligation arising under common law or under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), pending or, to TMCS's knowledge, threatened against TMCS, which liability or obligation will, either individually or in the aggregate, have a Material Adverse Effect on TMCS. To the knowledge of TMCS, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that will, individually or in the aggregate, have a Material Adverse Effect on TMCS. TMCS is not subject to any agreement, order, judgment, decree, letter or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any liability or obligation with respect to the foregoing that will have, either individually or in the aggregate, a Material Adverse Effect on TMCS.

5.18 State Takeover Laws. Section 203 of the DGCL will not apply to this Agreement or any of the transactions contemplated hereby or thereby.

5.19 Year 2000 Compliance. TMCS has adopted and implemented a commercially reasonable plan to provide (a) that the change of the year from 1999 to the year 2000 will not materially and adversely affect the information and business systems or online operations of TMCS or its Subsidiaries and (b) that the impacts of such change on the vendors and customers of TMCS and its Subsidiaries will not have a Material Adverse Effect on TMCS. In TMCS's reasonable best estimate, no expenditures materially in excess of currently budgeted items previously disclosed to Lycos will be required in order to cause the information and business systems of TMCS and its Subsidiaries to operate properly following the change of the year 1999 to the year 2000. TMCS reasonably expects that it will resolve any issues related to such change of the year in accordance with the timetable contemplated by such plan (and in any event on a timely basis in order to be resolved before the year 2000). Between the date of this Agreement and the Effective Time, TMCS shall continue to use all commercially reasonable efforts to implement such plan.

5.20 Certain Tax Matters. As of the date of this Agreement, TMCS has no reason to believe that the Reorganization and the Contribution, taken together, will not qualify as an exchange within the meaning of Section 351 of the Code.

5.21 Registration Statement. None of the information supplied or to be supplied by TMCS in writing for inclusion or incorporation by reference in the S-4 will, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. If at any time prior to the meeting of the stockholders of Lycos to be held in connection with the

adoption of this Agreement, or any adjournment thereof, any event with respect to TMCS, its officers and directors or any of its Subsidiaries shall, occur which is required to be described in an amendment of, or a supplement to the S-4, TMCS shall notify Newco and Lycos thereof by reference to this Section 5.21 and such event shall be so described. Any such amendment or supplement shall be promptly filed with the SEC and, as and to the extent required by law, disseminated to the stockholders of TMCS, and such amendment or supplement shall comply in all material respects with all provisions of the Securities Act.

5.22 Ownership of Lycos Capital Stock. Neither TMCS nor any of it Subsidiaries owns any shares of Lycos Capital Stock.

5.23 Opinion of Financial Advisors. The Special Committee of the Board of Directors of TMCS has received the opinion, dated as of the date hereof, of Goldman Sachs to the effect that the Class A Exchange Ratio, the Class B Exchange Ratio and the TMCS Preferred Exchange Ratio in the TMCS Merger are, taken as a whole, fair to the holders of TMCS Common Stock, other than Parent and its Subsidiaries (other than TMCS), from a financial point of view.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF LYCOS

Except as disclosed in the Lycos disclosure schedule delivered to TMCS and Newco concurrently herewith (the "Lycos Disclosure Schedule") and subject to the standard set forth in Section 12.10, Lycos hereby represents and warrants to TMCS and Newco as follows:

6.1 Corporate Organization. (a) Lycos is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Lycos has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as it is now being conducted, and is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not, either individually or in the aggregate, have a Material Adverse Effect on Lycos. True and complete copies of the Restated Certificate of Incorporation (the "Lycos Charter") and the Amended and Restated By-Laws of Lycos (the "Lycos Bylaws"), as in effect as of the date of this Agreement, have previously been made available by Lycos to Newco and TMCS.

(b) Each Lycos Subsidiary (i) is duly organized and validly existing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and in good standing in all jurisdictions (whether Federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would have a Material Adverse Effect on Lycos and (iii) has all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted.

6.2 Capitalization. (a) The authorized capital stock of Lycos consists of 100,000,000 shares of Lycos Common Stock, of which, as of February 5, 1999, 43,174,101 shares were issued and outstanding, and 5,000,000 shares of preferred stock, par value $.01 per share, of Lycos ("Lycos Preferred Stock" and, together with Lycos Common Stock, "Lycos Capital Stock") of which as of the date hereof no shares were issued and outstanding. As of the date hereof, not more than 1,000,000 shares of Lycos Common Stock are held in Lycos's treasury. As of the date hereof, no shares of Lycos Common Stock or Lycos Preferred Stock were reserved for issuance, except for (i) the shares of Lycos Common Stock issuable pursuant to the Option Agreements, (ii) 15,100,000 shares reserved for issuance pursuant to the Lycos 1995 Stock Option Plan, the Lycos 1996 Stock Option Plan, the Lycos 1996 Non-Employee Director Stock Option Plan, the 1996 Employee Stock Purchase Plan and other employee and director stock plans of Lycos in effect as of the date hereof (the "Lycos Stock Plans") and (iii) up to 3,371,442 shares reserved for issuance in respect of the transactions contemplated by the definitive merger agreement entered into on October 5, 1998, and amended and restated on November 23, 1998, by the Company and Wired Ventures Inc. (the "Wired Merger Agreement"). All of the issued and outstanding shares of Lycos Common Stock have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. As of the date of this Agreement, except for the Lycos Option Agreements, the Lycos Stock Plans, the Wired Merger Agreement and as contemplated by the engagement letter described in Section 6.6 hereof, Lycos does not have and is not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of Lycos Capital Stock or any other equity securities of Lycos or any securities representing the right to purchase or otherwise receive any shares of Lycos Capital Stock. Since February 5, 1999, Lycos has not issued any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock, other than as permitted by Section 8.2(b) and pursuant to (A) the exercise of employee stock options granted prior to such date and (B) pursuant to the Option Agreements. Lycos has previously provided or promptly after the date hereof will provide TMCS and Newco with a list of the option holders, the date of each option to purchase Lycos Common Stock granted, the number of shares subject to each such option, the expiration date of each such option and the price at which each such option may be exercised under an applicable Lycos Stock Plan.

(b) Lycos owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the Lycos Subsidiaries, free and clear of any Liens, and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. No Lycos Subsidiary has or is bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity security of such Subsidiary or any securities representing the right to purchase or otherwise receive any shares of capital stock or any other equity security of such Subsidiary.

6.3 Authority; No Violation. (a) Lycos has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contem-

plated hereby have been duly and validly authorized (including such authorization as may be required so that no state anti-takeover statute or similar statute or regulation, including, without limitation, Section 203 of the DGCL) by the Board of Directors of Lycos. The Board of Directors of Lycos has directed that this Agreement and the transactions contemplated hereby be submitted to Lycos's stockholders for adoption at a meeting of such stockholders and, except for (i) the adoption of this Agreement by the affirmative vote of the holders of a majority of the outstanding shares of Lycos Common Stock and (ii) the filing by Lycos with the Delaware Secretary of State of a certificate of merger with respect to the Lycos Merger and the matters contemplated by Article I of this Agreement, no other corporate proceedings on the part of Lycos are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Lycos and (assuming due authorization, execution and delivery by the other parties hereto) constitutes a valid and binding obligation of Lycos, enforceable against Lycos in accordance with its terms (except as may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies).

(b) Neither the execution and delivery of this Agreement by Lycos, nor the consummation by Lycos of the transactions contemplated hereby, nor compliance by Lycos with any of the terms or provisions hereof, will (i) violate any provision of the Lycos Charter or Lycos By-Laws, or (ii) assuming that the consents and approvals referred to in Section 6.4 are duly obtained, (A) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Lycos, any of its Subsidiaries or any of their respective properties or assets or (B) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Lycos or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which Lycos or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound or affected, except (in the case of clause (ii) above) for such violations, conflicts, breaches or defaults which, individually or in the aggregate, will not have a Material Adverse Effect on Lycos.

6.4 Consents and Approvals. Except for (i) the filing of the pre-merger notification report under the HSR Act, (ii) the Government Approvals, (iii) the filing with the SEC of the Proxy/Information Statement and of the S-4, (iv) the filing of Certificates of Merger with respect to the TMCS Merger and the Lycos Merger with the Secretary of State of the State of Delaware pursuant to the DGCL, (v) such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Newco Capital Stock pursuant to this Agreement, (vi) the filing of applications for the authorization of quotation on Nasdaq of Newco Class B Common Stock and Newco Convertible Preferred Stock to be issued pursuant hereto and the approvals thereof, and (vii) the approval of this Agreement by the requisite vote of the stockholders of Lycos, no consents or approvals of or filings or registrations with any Governmental Entity are necessary in connection with (A) the

execution and delivery by Lycos of this Agreement and (B) the consummation by Lycos of the Merger and the other transactions contemplated hereby.

6.5 Financial Statements. Lycos has previously made available to TMCS copies (i) of the consolidated balance sheets of Lycos and its Subsidiaries as of July 31, 1998 and 1997 and the related consolidated statements of operations, stockholders' equity and cash flows for the fiscal years 1996 through 1998, inclusive, as reported in Lycos's Annual Report on Form 10-K for the fiscal year ended July 31, 1998 filed with the SEC under the Exchange Act (the "Lycos 10-K"), in each case, accompanied by the audit report of KPMG LLP, independent public accountants with respect to Lycos; and (ii) the consolidated balance sheets of Lycos and its Subsidiaries as of October 31, 1998 and the related consolidated statements of operations, stockholders' equity and cash flows for the period ended October 31, 1998, as reported in Lycos's Quarterly Report on Form 10-Q for the three months ended October 31, 1998 filed with the SEC under the Exchange Act. The October 31, 1998 consolidated balance sheet of Lycos (including the related notes, where applicable) fairly presents in all material respects the consolidated financial position of Lycos and its Subsidiaries as of the date thereof, and the other financial statements referred to in this Section 6.5 (including the related notes, where applicable) fairly present in all material respects the results of the consolidated operations and changes in stockholders' equity and consolidated financial position of Lycos and its Subsidiaries for the respective fiscal periods or as of the respective dates therein set forth, subject to normal year-end audit adjustments in the case of unaudited statements; each of such statements (including the related notes, where applicable) complies in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto; and each of such statements (including the related notes, where applicable) has been prepared in all material respects in accordance with GAAP consistently applied during the periods involved, except, in each case, as indicated in such statements or in the notes thereto. The books and records of Lycos and its Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP and any other applicable legal and accounting requirements and reflect only actual transactions.

6.6 Broker's Fees. Other than Wasserstein Perella & Co. ("Wasserstein Perella"), neither Lycos nor any Lycos Subsidiary nor any of their respective officers or directors has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Mergers or related transactions contemplated by this Agreement, the Contribution Agreement or the Option Agreements. A true and complete copy of Wasserstein Perella's engagement letter with respect to the Transactions has been previously delivered to the other parties hereto.

6.7 Absence of Certain Changes or Events. (a) Except as publicly disclosed in Lycos Reports filed prior to the date hereof, since July 31, 1998, no event or events have occurred which has had or would have, individually or in the aggregate, a Material Adverse Effect on Lycos.

(b) Except as disclosed in Lycos Reports filed prior to the date hereof, since July 31, 1998, Lycos and its Subsidiaries have carried on their respective businesses in all material respects in the ordinary course.

(c) Except as contemplated by the employment agreements, dated as of the date hereof, with the Chief Executive Officer of Lycos and the Chief Financial Officer of Lycos, since July 31, 1998, neither Lycos nor any of its Subsidiaries has (i) except for such actions as are in the ordinary course of business or except as required by applicable law, (A) increased the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any executive officer, employee, or director from the amount thereof in effect as of July 31, 1998, or (B) granted any severance or termination pay, entered into any contract to make or grant any severance or termination pay, or paid any bonuses (other than customary bonuses for fiscal 1998) or (ii) suffered any strike, work stoppage, slowdown, or other labor disturbance which will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

6.8 Legal Proceedings. (a) Except as disclosed in the Lycos Reports filed prior to the date hereof, neither Lycos nor any of its Subsidiaries is a party to any, and there are no pending or, to the best of Lycos's knowledge, threatened, legal, administrative, arbitral or other proceedings, claims, actions or governmental or regulatory investigations of any nature against Lycos or any of its Subsidiaries or challenging the validity or propriety of the transactions contemplated by this Agreement or the Option Agreements which, in any such case, is reasonably likely, either individually or in the aggregate, to have a Material Adverse Effect on Lycos.

(b) There is no injunction, order, judgment, decree, or regulatory restriction imposed upon Lycos, any of its Subsidiaries or the assets of Lycos or any of its Subsidiaries that has had or will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

6.9 Taxes and Tax Returns. (a) Each of Lycos and its Subsidiaries has duly filed all federal, state, foreign and local information returns and tax returns required to be filed by it on or prior to the date hereof (all such returns being accurate and complete in all material respects) and has duly paid or made adequate provision for the payment of all Taxes and other governmental charges which have been incurred or are due or claimed to be due from it by federal, state, foreign or local taxing authorities on or prior to the date of this Agreement (including, without limitation, if and to the extent applicable, those due in respect of its properties, income, business, capital stock, deposits, franchises, licenses, sales and payrolls) other than information returns, tax returns, Taxes or other governmental charges as to which the failure to file, pay or make provision for will not have, either individually or in the aggregate, a Material Adverse Effect on Lycos. Except as would not, individually or in the aggregate, have a Material Adverse Effect on Lycos, there are no disputes pending, or claims asserted for, Taxes or assessments upon Lycos or any of its Subsidiaries for which Lycos does not have adequate reserves. In addition, (i) proper and accurate amounts have been withheld by Lycos and its Subsidiaries from their employees for all prior periods in compliance in all material respects with the tax withholding provisions of applicable federal, state and local laws, except where failure to do so will not, either individually or in the aggregate, have a Material Adverse Effect on Lycos, (ii) federal, state and local returns which are accurate and complete in all material respects have been filed by Lycos and its Subsidiaries for all periods for which returns were due with respect to income tax withholding, Social Security and unemployment taxes, except where failure to do so will not, either individually or in the aggregate, have a Material Adverse Effect on Lycos, (iii) the amounts shown on such federal, state or local returns to be due and payable have been paid in full or adequate provision

therefor has been included by Lycos in its consolidated financial statements, except where failure to do so will not, individually or in the aggregate, have a Material Adverse Effect on Lycos and (iv) there are no Tax liens upon any property or assets of Lycos or its Subsidiaries except liens for current taxes not yet due or liens that will not have, either individually or in the aggregate, a Material Adverse Effect on Lycos. Neither Lycos nor any of its Subsidiaries has been required to include in income any adjustment pursuant to Section 481 of the Code by reason of a voluntary change in accounting method initiated by Lycos or any of its Subsidiaries, and the IRS has not initiated or proposed any such adjustment or change in accounting method, in either case, which has had or will have, either individually or in the aggregate, a Material Adverse Effect on Lycos. Except as set forth in the financial statements described in Section 6.5, neither Lycos nor any of its Subsidiaries has entered into a transaction which is being accounted for as an installment obligation under Section 453 of the Code, which will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

(b) No disallowance of a deduction under Section 162(m) of the Code for employee remuneration of any amount paid or payable by Lycos or any Subsidiary of Lycos under any contract, plan, program, arrangement or understanding will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

6.10 Employees. (a) Promptly following the date hereof, Lycos will deliver a true and complete list of each material employee benefit plan, arrangement or agreement that is maintained, or contributed to, as of the date of this Agreement (the "Lycos Benefit Plans") by Lycos, any of its Subsidiaries or by any trade or business, whether or not incorporated (a "Lycos ERISA Affiliate"), all of which together with Lycos would be deemed a "single employer" within the meaning of Section 4001 of ERISA.

(b) Lycos has heretofore made or promptly following the date hereof will make available to TMCS true and complete copies of each of the Lycos Benefit Plans and certain related documents, including, but not limited to, (i) the actuarial report for such Lycos Benefit Plan (if applicable) for each of the last two years, and (ii) the most recent determination letter from the IRS (if applicable) for such Lycos Benefit Plan.

(c) (i) Each of the Lycos Benefit Plans has been operated and administered in all material respects in compliance with applicable laws, including, but not limited to, ERISA and the Code, (ii) each of the Lycos Benefit Plans intended to be "qualified" within the meaning of Section 401(a) of the Code is so qualified, and there are no existing circumstances or any events that have occurred that will adversely affect the qualified status of any such Lycos Benefit Plan, (iii) with respect to each Lycos Benefit Plan which is subject to Title IV of ERISA, the present value of accrued benefits under such Lycos Benefit Plan, based upon the actuarial assumptions used for funding purposes in the most recent actuarial report prepared by such Lycos Benefit Plan's actuary with respect to such Lycos Benefit Plan, did not, as of its latest valuation date, exceed the then current value of the assets of such Lycos Benefit Plan allocable to such accrued benefits, (iv) no Lycos Benefit Plan provides benefits, including, without limitation, death or medical benefits (whether or not insured), with respect to current or former employees or directors of Lycos or its Subsidiaries beyond their retirement or other termination of service, other

than (A) coverage mandated by applicable law, (B) death benefits or retirement benefits under any "employee pension plan" (as such term is defined in Section 3(2) of ERISA), (C) deferred compensation benefits accrued as liabilities on the books of Lycos or its Subsidiaries or (D) benefits the full cost of which is borne by the current or former employee or director (or his beneficiary), (v) no material liability under Title IV of ERISA has been incurred by Lycos, its Subsidiaries or any Lycos ERISA Affiliate that has not been satisfied in full, and no condition exists that presents a material risk to Lycos, its Subsidiaries or any Lycos ERISA Affiliate of incurring a material liability thereunder, (vi) no Lycos Benefit Plan is a "multiemployer pension plan" (as such term is defined in Section 3(37) of ERISA), (vii) all contributions or other amounts payable by Lycos or its Subsidiaries as of the Effective Time with respect to each Lycos Benefit Plan in respect of current or prior plan years have been paid or accrued in accordance with GAAP and Section 412 of the Code, (viii) none of Lycos, its Subsidiaries or any other person, including any fiduciary, has engaged in a transaction in connection with which Lycos, its Subsidiaries or any Lycos Benefit Plan will be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code, and (ix) to the best knowledge of Lycos there are no pending, threatened or anticipated claims (other than routine claims for benefits) by, on behalf of or against any of the Lycos Benefit Plans or any trusts related thereto which will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

(d) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in conjunction with any other event) (i) result (either alone or upon the occurrence of any additional acts or events) in any payment (including, without limitation, severance, unemployment compensation, "excess parachute payment" (within the meaning of Section 280G of the Code), forgiveness of indebtedness or otherwise) becoming due to any director or any employee of Lycos or any of its affiliates from Lycos or any of its affiliates under any Lycos Benefit Plan or otherwise, (ii) increase any benefits otherwise payable under any Lycos Benefit Plan or (iii) result in any acceleration of the time of payment or vesting of any such benefits that will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

6.11 SEC Reports. Lycos has previously made available to TMCS an accurate and complete copy of each (a) final registration statement, prospectus, report, schedule and definitive proxy statement filed since August 1, 1997 by Lycos with the SEC pursuant to the Securities Act or the Exchange Act (the "Lycos Reports") and prior to the date hereof and (b) communication mailed by Lycos to its stockholders since August 1, 1997 and prior to the date hereof, and no such Lycos Report or communication, as of the date thereof, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, except that information as of a later date (but before the date hereof) shall be deemed to modify information as of an earlier date. Since August 1, 1997, as of their respective dates, all Lycos Reports filed under the Securities Act and the Exchange Act complied in all material respects with the published rules and regulations of the SEC with respect thereto.

6.12 Compliance with Applicable Law. Except as disclosed in the Lycos Reports filed prior to the date hereof, Lycos and each of its Subsidiaries hold all material licenses, franchises, permits and authorizations necessary for the lawful conduct of their respective businesses under and pursuant to each, and have complied in all material respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any Governmental Entity relating to Lycos or any of its Subsidiaries, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default will not, either individually or in the aggregate, have a Material Adverse Effect on Lycos.

6.13 Intellectual Property; Proprietary Rights; Employee Restrictions. (a) All Intellectual Property Rights used by Lycos or its Subsidiaries in their respective businesses are owned by Lycos or such Subsidiaries by operation of law, have been validly assigned to Lycos or such Subsidiaries or Lycos otherwise has the right to use such Intellectual Property Rights in its business as currently conducted. Lycos believes that the Intellectual Property Rights are sufficient to carry on the business of Lycos as presently conducted. Lycos or one of its Subsidiaries has exclusive ownership of or a license to use all Intellectual Property Rights all Intellectual Property Rights used by Lycos or its Subsidiaries in Lycos's business as presently conducted, including all other registered Intellectual Property Rights used in connection with or contained in all versions of Lycos's World Wide Web sites and all licenses, assignments and releases of Intellectual Property Rights of others without which Lycos or its Subsidiaries could not offer the services they currently offer or has obtained any licenses, releases or assignments reasonably necessary to use all third parties' Intellectual Property Rights in works embodied in its services, except as would not, individually or in the aggregate, have a Material Adverse Effect on Lycos. The present business activities or products of Lycos do not infringe any Intellectual Property Rights of others, except as would not, have a Material Adverse Effect on Lycos. To its knowledge, Lycos has not received any notice or other claim from any person asserting that any of Lycos's present activities infringe or may infringe any Intellectual Property Rights of such person.

(b) Except as would not have a Material Adverse Effect on Lycos or as disclosed in the Lycos Reports filed prior to the date hereof, (i) Lycos has the right to use all trade secrets, customer lists, hardware designs, programming processes, software and other information required for its services or its business as presently conducted or contemplated; (ii) Lycos has taken all reasonable measures to protect and preserve the security and confidentiality of its trade secrets and other confidential information; (iii) all employees and consultants of Lycos or its Subsidiaries involved in the design, review, evaluation or development of products or Intellectual Property Rights have executed nondisclosure and assignment of inventions agreements to protect the confidentiality of Lycos's trade secrets and other confidential information and to vest in Lycos exclusive ownership of such Intellectual Property Rights; (iv) to the knowledge of Lycos, all trade secrets and other confidential information of Lycos are not part of the public domain or knowledge, nor, to the knowledge of Lycos, have they been misappropriated by any person having an obligation to maintain such trade secrets or other confidential information in confidence for Lycos; (v) to the knowledge of Lycos, no employee or consultant of Lycos or any of its Subsidiaries has used any trade secrets or other confidential information of any other person in the course of their work for Lycos or such Subsidiary.

(c) To the knowledge of Lycos, no university, government agency (whether federal or state) or other organization sponsored research and development conducted by Lycos or any of its Subsidiaries or has any claim of right to or ownership of or other encumbrance upon the Intellectual Property Rights of Lycos. Lycos is not aware of any infringement by others of its copyrights or other Intellectual Proprietary Rights in any of its technology or services, or any violation of the confidentiality of any of its proprietary information. To Lycos's knowledge, Lycos is not making unlawful use of any confidential information or trade secrets of any past or present employees of Lycos or any of its Subsidiaries. For the purposes of this Section 6.13, and except where the context otherwise requires, Intellectual Property Rights also includes any and all intellectual property rights, licenses, databases, computer programs and other computer software user interfaces, know-how, trade secrets, customer lists, proprietary technology, processes and formulae, source code, object code, algorithms, architecture, structure, display screens, layouts, development tools, instructions, templates, marketing materials created by Lycos or its Subsidiaries, inventions, trade dress, logos and designs.

6.14 Certain Contracts. (a) Neither Lycos nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) with respect to the employment of any directors, officers or employees other than in the ordinary course of business consistent with past practice, (ii) which, upon the consummation or stockholder approval of the Transactions will (either alone or upon the occurrence of any additional acts or events) result in any payment (whether of severance pay or otherwise) becoming due from Lycos or Newco or any of their respective Subsidiaries to any officer or employee thereof, (iii) which is a "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) to be performed after the date of this Agreement that has not been filed or incorporated by reference in the Lycos Reports, (iv) which materially restricts the conduct of any line of business by Lycos or upon consummation of the Transactions will materially restrict the ability of Newco to engage in any line of business, (v) with or to a labor union or guild (including any collective bargaining agreement) or (vi) (including any stock option plan, stock appreciation rights plan, restricted stock plan or stock purchase plan) any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any stockholder approval or the consummation of the Transactions, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. Lycos has previously made or promptly following the date hereof will make available to TMCS true and correct copies of all material employment and deferred compensation agreements which are in writing and to which Lycos is a party. Each contract, arrangement, commitment or understanding of the type described in this Section 6.14(a), whether or not set forth in the Lycos Disclosure Schedule, is referred to herein as a "Lycos Contract," and neither Lycos nor any of its Subsidiaries knows of, or has received notice of, any violation of the above by any of the other parties thereto which will have, individually or in the aggregate, a Material Adverse Effect on Lycos.

(b) (i) Each Lycos Contract is valid and binding on Lycos or any of its Subsidiaries, as applicable, and in full force and effect, (ii) Lycos and each of its Subsidiaries has in all material respects performed all obligations required to be performed by it to date under each Lycos Contract, except where such noncompliance, either individually or in the aggregate, will not have

a Material Adverse Effect on Lycos, and (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material default on the part of Lycos or any of its Subsidiaries under any such Lycos Contract, except where such default, either individually or in the aggregate, will not have a Material Adverse Effect on Lycos.

6.15 Undisclosed Liabilities. Except for those liabilities that are fully reflected or reserved against on the consolidated balance sheet of Lycos included in the Lycos October 31, 1998 Form 10-Q and for liabilities incurred in the ordinary course of business consistent with past practice, since October 31, 1998, neither Lycos nor any of its Subsidiaries has incurred any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) that, either individually or in the aggregate, has had or will have, a Material Adverse Effect on Lycos.

6.16 Insurance. Lycos and its Subsidiaries have in effect insurance coverage with reputable insurers or are self-insured, which in respect of amounts, premiums, types and risks insured, constitutes reasonably adequate coverage against all risks customarily insured against by bank holding companies and their subsidiaries comparable in size and operations to Lycos and its Subsidiaries.

6.17 Environmental Liability. There are no legal, administrative, arbitral or other proceedings, claims, actions, causes of action, private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that reasonably could result in the imposition, on Lycos of any liability or obligation arising under common law or under any local, state or federal environmental statute, regulation or ordinance including, without limitation, CERCLA, pending or, to Lycos's knowledge, threatened against Lycos, which liability or obligation will have, either individually or in the aggregate, a Material Adverse Effect on Lycos. To the knowledge of Lycos, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that will have, either individually or in the aggregate, a Material Adverse Effect on Lycos. Lycos is not subject to any agreement, order, judgment, decree, letter or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any liability or obligation with respect to the foregoing that will have, either individually or in the aggregate, a Material Adverse Effect on Lycos.

6.18 State Takeover Laws. (a) The Board of Directors of Lycos has approved the transactions contemplated by this Agreement and the Option Agreements for purposes of Section 203(a)(1) of the DGCL such that the provisions of Section 203 of the DGCL will not apply to this Agreement or the Option Agreements or any of the transactions contemplated hereby or thereby.

6.19 Year 2000 Compliance. Lycos has adopted and implemented a commercially reasonable plan to provide (A) that the change of the year from 1999 to the year 2000 will not materially and adversely affect the information and business systems or online operations of Lycos or its Subsidiaries and (B) that the impacts of such change on the vendors and customers of Lycos and its Subsidiaries will not have a Material Adverse Effect on Lycos. In Lycos's reason-

able best estimate, no expenditures materially in excess of currently budgeted items previously disclosed to TMCS will be required in order to cause the information and business systems of Lycos and its Subsidiaries to operate properly following the change of the year 1999 to the year 2000. Lycos reasonably expects that it will resolve any issues related to such change of the year in accordance with the timetable contemplated by such plan (and in any event on a timely basis in order to be resolved before the year 2000). Between the date of this Agreement and the Effective Time, Lycos shall continue to use all commercially reasonable efforts to implement such plan.

6.20 Certain Tax Matters. As of the date of this Agreement, Lycos has no reason to believe that the Reorganization and the Contribution, taken together, will not qualify as an exchange contemplated by Section 351 of the Code.

6.21 Registration Statement. None of the information supplied or to be supplied by Lycos in writing for inclusion or incorporation by reference in the S-4 will, at the time it becomes effective, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading. If at any time prior to the date of the meeting of stockholders of Lycos held in connection with the adoption of this Agreement, or any adjournment thereof, any event with respect to Lycos, its officers and directors or any of its Subsidiaries shall occur which is required to be described in an amendment of, or a supplement to the S-4, Lycos shall notify Newco and TMCS thereof by reference to this Section 6.21 and such event shall be so described. Any such amendment or supplement shall be promptly filed with the SEC and, as and to the extent required by law, disseminated to the stockholders of Lycos, and such amendment or supplement shall comply in all material respects with all provisions of the Securities Act.

6.22 Ownership of TMCS Capital Stock. Neither Lycos nor any of it Subsidiaries owns any shares of TMCS Capital Stock.

6.23 Opinion of Financial Advisors. The Board of Directors of Lycos has received the opinion, dated as of the date hereof, of Wasserstein Perella to the effect that the consideration to be received by holders of Lycos Common Stock in the Lycos Merger is fair to such holders from a financial point of view.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF PARENT, NEWCO, L MERGER SUB AND T MERGER SUB

Each of Parent, Newco, L Merger Sub and T Merger Sub hereby represents and warrants to Lycos and TMCS as follows:

7.1 Representations and Warranties of Parent and Newco. The representations and warranties of each of Parent and Newco set forth in the Contribution Agreement are hereby incorporated herein by reference (including the disclosure schedules relating thereto) as if set forth

herein, for the benefit of Lycos and TMCS as if made by Parent to each of Lycos and TMCS. True and complete copies of the Certificate of Incorporation of Newco have previously been made available by Parent or Newco to each of Lycos and TMCS. Parent has previously delivered to Lycos and TMCS a true and complete copy of the disclosure schedule delivered to Newco in connection with the Contribution Agreement.

7.2 Corporate Organization of Merger Subs. Each of the Merger Subs is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. True and complete copies of the Certificate of Incorporation of each of the Merger Subs have previously been made available by Parent or Newco to each of Lycos and TMCS. Neither Merger Sub has any Subsidiaries or investments in any entity.

7.3 Capitalization. The authorized capital stock of each Merger Sub consists of 1,000 shares of common stock. All of the issued and outstanding shares of each Merger Sub are owned by Newco free and clear of any Liens. All of the issued and outstanding shares of each Merger Sub have been duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof. The Merger Subs do not have and are not bound by any outstanding subscriptions, options, warrants, calls, commitments or agreements of any character calling for the purchase or issuance of any shares of capital stock or any other equity securities thereof or any securities representing the right to purchase or otherwise receive any shares of such capital stock. As of the date hereof, no shares of capital stock of the Merger Subs were reserved for issuance.

7.4 Authority; No Violation. (a) Each of the Merger Subs has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved, and this Agreement has been duly and validly adopted, by the Board of Directors of each Merger Sub and by Newco as the sole shareholder thereof. Except for the filing by each Merger Sub with the Delaware Secretary of a certificate of merger with respect to the Mergers and the matters contemplated by Article I of this Agreement, no other corporate proceedings on the part of either Merger Sub are necessary to approve this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by each Merger Sub and (assuming due authorization, execution and delivery by the other parties hereto) constitutes a valid and binding obligation of each Merger Sub, enforceable against each Merger Sub in accordance with its terms (except as may be limited by bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the rights of creditors generally and the availability of equitable remedies).

(b) Neither the execution and delivery of this Agreement by either Merger Sub, nor the consummation by either Merger Sub of the transactions contemplated hereby, nor compliance by TMCS with any of the terms or provisions hereof, will violate any provision of the certificate by-laws of such Merger Sub or, assuming receipt of the consents and approvals referred to in Section 5.4, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to such Merger Sub.

7.5 Conduct of Business. Each of the Merger Subs and Newco is a corporation formed solely for the purpose of consummating the Transactions and has not engaged in any business activity except as contemplated by this Agreement and the Contribution Agreement.

7.6 Broker's Fees. Other than as set forth herein, neither Merger Sub nor any of their respective officers, directors or affiliates has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with the Mergers or related transactions contemplated by this Agreement, the Contribution Agreement or the Option Agreements.

ARTICLE VIII

COVENANTS RELATING TO CONDUCT OF BUSINESS

8.1 Conduct of Businesses Prior to the Effective Time. During the period from the date of this Agreement to the Effective Time, except as expressly contemplated or permitted by this Agreement, the Contribution Agreement or the Option Agreements, or as disclosed in the TMCS Disclosure Schedule and the Lycos Disclosure Schedule, each of Lycos, TMCS, Newco, L Merger Sub and T Merger Sub shall, and shall cause each of their respective Subsidiaries to, (a) conduct its business in the ordinary course consistent with past practices, (b) use reasonable best efforts to maintain and preserve intact its business organization, employees and advantageous business relationships and retain the services of its key officers and key employees and (c) take no action which would adversely affect or delay the ability of either Lycos or TMCS to obtain any necessary approvals of any regulatory agency or other governmental authority required for the transactions contemplated hereby, perform its covenants and agreements under this Agreement or the Option Agreements or to consummate the transactions contemplated hereby or thereby or otherwise delay or prohibit consummation of the Transactions.

8.2 Forbearances. During the period from the date of this Agreement to the Effective Time, except as set forth in the Lycos Disclosure Schedule or the TMCS Disclosure Schedule, or as disclosed prior to the date hereof in the TMCS Reports or the Lycos Reports, as the case may be, and, except as expressly contemplated by this Agreement, the Contribution Agreement or the Option Agreements, none of Lycos, TMCS, Newco, L Merger Sub and T Merger Sub shall, and none of Lycos, TMCS or Newco shall permit any of their respective Subsidiaries to, without the prior written consent of the other parties to this Agreement (provided that the consent of Parent shall be deemed to be the consent of Newco and the Merger Subs)

(a) other than in the ordinary course of business and amounts that are not material, incur any indebtedness for borrowed money (other than short-term indebtedness incurred to refinance short-term indebtedness and indebtedness of TMCS or any of its wholly-owned Subsidiaries to TMCS or any of its Subsidiaries, on the one hand, or of Lycos or any of its Subsidiaries to Lycos or any of its wholly-owned Subsidiaries, on the other hand), assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity, or make any loan or advance;

(b) (i) adjust, split, combine or reclassify any capital stock;

(ii) make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire or encumber, any shares of its capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock, except in connection with cashless exercise or similar transactions pursuant to the exercise of stock options issued and outstanding as of the date hereof under the TMCS Stock Plans or Lycos Stock Plans;

(iii) grant any stock appreciation rights or grant any individual, corporation or other entity any right to acquire any shares of its capital stock, other than (A) in each case only in the ordinary course of business in connection with grants to employees, of options to acquire up to an aggregate of 500,000 shares of Lycos Common Stock issuable under the Lycos Stock Plans or an aggregate of 200,000 shares of TMCS Class B Common Stock issuable under the TMCS Stock Plans, and (B) in connection with the consummation of the transactions contemplated by the Wired Merger Agreement as publicly disclosed as of the date hereof, in the case of Lycos; or

(iv) issue any additional shares of capital stock except pursuant to (A) the exercise of stock options under the TMCS Stock Plans or Lycos Stock Plans, as the case may be, issued and outstanding as of the date hereof, (B) the Option Agreements, in the case of Lycos, (C) in connection with the consummation of the transactions contemplated by the Wired Merger Agreement as publicly disclosed as of the date hereof, in the case of Lycos and (D) the conversion of shares of TMCS Class A Common Stock pursuant to the terms of the TMCS Charter, in the case of TMCS.

(c) sell, transfer, mortgage, encumber or otherwise dispose of any of its material properties or assets to any individual, corporation or other entity, other than to a wholly owned Subsidiary, or cancel, release or assign any indebtedness to any such person or any claims held by any such person, except pursuant to contracts or agreements in force at the date of this Agreement;

(d) except for transactions in the ordinary course of business or pursuant to contracts or agreements in force at the date of or expressly permitted by this Agreement, make any material investment or acquisition, whether by purchase of stock or securities,

contributions to capital, property transfers, or purchase of any property or assets of any other individual, corporation or other entity other than a Subsidiary thereof;

(e) except for transactions in the ordinary course of business, terminate, or amend or waive any material provision of, any TMCS Contract or Lycos Contract, as the case may be, or make any material change in any instrument or agreement governing the terms of any material lease or contract other than normal renewals of contracts and leases without material adverse changes of terms, or its securities;

(f) except in the ordinary course of business consistent with past practice, increase in any manner the compensation or fringe benefits of any of its employees or pay any pension, severance or retirement allowance not required by any existing plan or agreement to any such employees or become a party to, amend or commit itself to any pension, retirement, profit-sharing or welfare benefit plan or agreement or employment agreement with or for the benefit of any employee, or accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation;

(g) settle any material claim, action or proceeding involving money damages, except in the ordinary course of business;

(h) knowingly take any action that would prevent or impede the Reorganization and the Contribution, taken together, from qualifying as an exchange contemplated by Section 351 of the Code;

(i) amend its certificate of incorporation or its bylaws, except that Newco may amend its Certificate of Incorporation to provide for the Newco Convertible Preferred Stock and to make the changes set forth in Section 2.3;

(j) take any action that is intended or would reasonably be expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time prior to the Effective Time, or in any of the conditions to the Merger set forth in Article X not being satisfied or in a violation of any provision of this Agreement;

(k) other than in the ordinary course of business consistent with past practices, (i) sell or enter into any material license agreement with respect to any Intellectual Property Rights used by it in its business with any person or entity or buy or enter into any material license agreement with respect to the Intellectual Property Rights of any person or entity; (ii) sell or transfer to any person or entity any material rights to any Intellectual Property Rights used by it in its business; or (iii) enter into or materially amend any TMCS Contract or Lycos Contract, as the case may be, pursuant to which any other party is granted marketing or distribution rights of any type or scope with respect to any material products of its or any its Subsidiaries;

(l) except to the extent permitted by Section 8.2(k), enter into any "non-compete" or similar agreement that would materially restrict the businesses of Newco following consummation of the Transactions;

(m) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of such entity (other than the Transactions);

(n) implement or adopt any change in its accounting principles, practices or methods, other than as may be required by GAAP or regulatory guidelines; or

(o) agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by this Section 8.2.

ARTICLE IX
ADDITIONAL AGREEMENTS

9.1 Regulatory Matters. (a) Newco, Lycos and TMCS shall promptly prepare and file with the SEC the Proxy/Information Statement, and Newco shall promptly prepare and file with the SEC the S-4, in which the Proxy/Information Statement will be included as a prospectus. Newco shall use its reasonable best efforts to have the S-4 declared effective under the Securities Act as promptly as practicable after such filing, and Lycos and TMCS shall thereafter mail or deliver the Proxy/Information Statement to their respective stockholders. Newco shall use its reasonable best efforts to obtain all necessary state securities law or "Blue Sky" permits and approvals required to carry out the transactions contemplated by this Agreement, and Lycos and TMCS shall furnish all information concerning Lycos and the holders of Lycos Capital Stock, or TMCS and the holders of TMCS Capital Stock, as the case may be, as may be reasonably requested in connection with any such action.

(b) The parties hereto shall cooperate with each other and use their reasonable best efforts to promptly prepare and file all necessary documentation, to effect all applications, notices, petitions and filings, to obtain as promptly as practicable all permits, consents, approvals and authorizations of all third parties and Governmental Entities which are necessary or advisable to consummate the transactions contemplated by this Agreement (including, without limitation, the Mergers) and the Option Agreements, and to comply with the terms and conditions of all such permits, consents, approvals and authorizations of all such Governmental Entities. Parent, Lycos and TMCS shall have the right to review in advance, and, to the extent practicable, each will consult the other on, in each case subject to applicable laws relating to the exchange of information, all the information relating to Parent, TMCS or Lycos, as the case may be, and any of their respective Subsidiaries, which appear in any filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions contemplated by this Agreement. In exercising the foregoing right, each of the parties hereto shall act reasonably and as promptly as practicable. The parties hereto agree that they will consult with each other with respect to the obtaining of all permits, consents, approvals and authorizations of all third parties and Governmental Entities necessary or advisable to consummate the transactions con-

templated by this Agreement and the Option Agreements and each party will keep the other apprised of the status of matters relating to completion of the transactions contemplated herein.

(c) Newco, Lycos and TMCS shall, upon request, furnish the other parties hereto with all information concerning themselves, their Subsidiaries, affiliates, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy/Information Statement, the S-4 or any other statement, filing, notice or application made by or on behalf of Newco, Lycos, TMCS or any of their respective Subsidiaries to any Governmental Entity in connection with the Transactions contemplated by this Agreement.

(d) Lycos and TMCS shall, and Parent shall cause Newco to, promptly advise the other parties hereto upon receiving any communication from any Governmental Entity whose consent or approval is required for consummation of the transactions contemplated by this Agreement or the Option Agreements that causes such party to believe that there is a reasonable likelihood that any Requisite Regulatory Approval will not be obtained or that the receipt of any such approval will be materially delayed.

9.2 Access to Information. (a) Upon reasonable notice and subject to applicable laws relating to the exchange of information, each of the parties hereto, for the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement and the Contribution Agreement, shall, and shall cause each of their respective Subsidiaries to, afford to the officers, employees, accountants, counsel and other representatives of the other parties, access, during normal business hours during the period prior to the Effective Time, to all its properties, books, contracts, commitments and records and, during such period, each of the parties hereto shall, and shall cause their respective Subsidiaries to, make available to the other parties (i) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the requirements of federal securities laws (other than reports or documents which such party is not permitted to disclose under applicable law) and (ii) all other information concerning its business, properties and personnel as such party may reasonably request. No party hereto shall be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of its customers, jeopardize the attorney-client privilege of the institution in possession or control of such information or contravene any law, rule, regulation, order, judgment, decree, fiduciary duty or binding agreement entered into prior to the date of this Agreement. The parties hereto will make appropriate substitute disclosure arrangements under circumstances in which the restrictions of the preceding sentence apply.

(b) Each of the parties hereto shall hold all information furnished by or on behalf of any other party or any of such party's Subsidiaries or representatives pursuant to Section 9.2(a) in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement, among Parent, Lycos and TMCS (the "Confidentiality Agreement").

(c) No investigation by any of the parties or their respective representatives shall affect the representations and warranties of the other set forth herein.

9.3 No Solicitation. Without the prior written consent of Newco and TMCS, Lycos shall not, and shall cause its Subsidiaries and its and its Subsidiaries' officers, directors, agents, advisors and affiliates not to, solicit or encourage inquiries or proposals with respect to, or engage in any negotiations concerning, or provide any confidential information to, or have any discussions with, any person relating to any tender offer or exchange offer for, or any proposal for the acquisition of a substantial equity interest in, or of a substantial portion of the assets of, or any merger, consolidation or other business combination with, Lycos or any of its Subsidiaries. Lycos shall promptly, but in any event within 24 hours, advise Newco and TMCS of its receipt of any such proposal or inquiry, of the substance thereof, and of the identity of the person making such proposal or inquiry. Lycos shall immediately cease and cause to be terminated any activities, discussions or negotiations conducted prior to the date of this Agreement with any parties other than the parties hereto with respect to any of the foregoing.

9.4 Stockholders' Approvals. (a) Lycos shall call a meeting of its stockholders to be held as soon as reasonably practicable for the purpose of obtaining the requisite stockholder approval required in connection with this Agreement and the Lycos Merger, and shall use its reasonable best efforts to cause such meetings to occur as soon as reasonably practicable. The Board of Directors of Lycos shall use its reasonable best efforts to obtain from the stockholders of Lycos the vote in favor of the adoption of this Agreement required by the DGCL to consummate the transactions contemplated hereby, and shall recommend to the stockholders of Lycos that they so vote; provided that the Board of Directors shall not be required to use such reasonable best efforts to obtain the vote in favor of the adoption of this Agreement or to make or continue to make such recommendation if such Board of Directors, after having consulted with and considered the advice of outside counsel, has determined that the making of such reasonable best efforts to obtain the vote in favor of the adoption of this Agreement or making or continuing to make such recommendation would cause the members of the Board of Directors of Lycos to breach their fiduciary duties under applicable laws.

(b) Promptly after the date hereof (but in no event later than the date on which the S-4 is filed with the SEC), Parent shall vote or cause to be voted all shares of TMCS Class A Common Stock and TMCS Class B Common Stock owned by it, or of which it otherwise is entitled to direct the voting, in favor of the adoption of this Agreement. Parent represents and warrants to Lycos and TMCS that such shares represent voting power sufficient to obtain the requisite vote of TMCS stockholders in favor of the adoption of this Agreement under the DGCL.

9.5 Legal Conditions to Merger. Each of Parent, Newco, Lycos and TMCS shall, and shall cause its Subsidiaries to, use their reasonable best efforts (a) to take, or cause to be taken, all actions necessary, proper or advisable to comply promptly with all legal requirements that may be imposed on such party or its Subsidiaries with respect to the Merger and, subject to the conditions set forth in Article X hereof, to consummate the transactions contemplated by this Agreement, and (b) to obtain (and to cooperate with the other party to obtain) any material consent, authorization, order or approval of, or any exemption by, any Governmental Entity and any other third party that is required to be obtained by Parent, Newco, TMCS or Lycos or any of their respective Subsidiaries in connection with the Merger and the other transactions contemplated by this Agreement or the Contribution Agreement. Without limiting the foregoing, Parent, Newco,

Lycos and TMCS agree to use reasonable best efforts to cooperate to effect any amendments to, or obtain any consents under, the Lycos Option Plans and the TMCS Option Plans as are necessary or desirable to give effect to the provisions of Article III with respect to the options granted under such plans.

9.6 Affiliates. Each of Lycos and TMCS shall use its reasonable best efforts to cause each director, executive officer and other person who is an "affiliate" (for purposes of Rule 145 under the Securities Act) of such party to deliver to Newco, as soon as practicable after the date of this Agreement, and in any event prior to the Effective Time, a written agreement, in the form of Exhibit 9.6(a) or 9.6(b) hereto, as applicable, providing that such person will not sell, pledge, transfer or otherwise dispose of any shares of Newco Series A Common Stock, Newco Series B Common Stock or Newco Convertible Preferred Stock to be received by such "affiliate" in the Merger, other than as contemplated in such written agreement.

9.7 Nasdaq Quotation. Newco shall use reasonable best efforts to cause the shares of Newco Common Stock and Newco Convertible Preferred Stock to be issued in the Mergers to be authorized for quotation on Nasdaq, subject to official notice of issuance, prior to the Effective Time.

9.8 Employee Benefit Plans. (a) From and after the Effective Time, unless otherwise mutually determined, the TMCS Benefit Plans and Lycos Benefit Plans in effect as of the date of this Agreement shall remain in effect with respect to employees of TMCS or Lycos (or their Subsidiaries), respectively, covered by such plans at the Effective Time until such time as the Surviving Corporations and Newco shall, subject to applicable law, the terms of this Agreement and the terms of such plans, adopt new benefit plans with respect to employees of Newco and its Subsidiaries (the "New Benefit Plans"). Prior to the Closing Date, Parent, TMCS and Lycos shall cooperate in reviewing, evaluating and analyzing the Lycos Benefit Plans and TMCS Benefit Plans with a view towards developing appropriate New Benefit Plans for the employees covered thereby. Newco will, or will cause the Surviving Corporations to, (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to employees of TMCS and Lycos under any welfare plan that such employees may be eligible to participate in after the Effective Time, to the extent that such conditions would have been waived under the corresponding welfare plan in which any such employee participated immediately prior to the Effective Time, (ii) provide each employee of TMCS or Lycos with credit for any co-payments and deductibles paid prior to the Effective Time, for the calendar year in which the Effective Time occurs, in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans that such employees are eligible to participate in after the Effective Time, and (iii) provide each employee with credit for all service for purposes of eligibility, vesting and benefit accruals (but not for benefit accruals under any defined benefit pension plan) with TMCS or Lycos and their affiliates, as applicable, under each employee benefit plan, program, or arrangement of Newco, the Surviving Corporation or their subsidiaries in which such employees are eligible to participate in after the Effective Time; provided, however, that in no event shall the employees be entitled to any credit to the extent that it would result in a duplication of benefits with respect to the same period of service.

(b) The foregoing notwithstanding, Newco shall, and shall cause the Surviving Corporations to, honor in accordance with their terms all benefits accrued as of the date hereof under the Lycos Benefit Plans or the TMCS Benefit Plans or under other contracts, arrangements, commitments, or understandings described in the Lycos Disclosure Schedule and the TMCS Disclosure Schedule.

(c) Unless mutually agreed upon by the parties hereto, TMCS shall terminate the TMCS 1998 Employee Stock Purchase Plan prior to Effective Time and a "new exercise date" under such plan shall occur prior to the Effective Time, and Lycos shall terminate the Lycos 1996 Employee Stock Purchase Plan and the "exercise date" under such plan shall occur prior to the Effective Time.

(d) Nothing in this Section 9.8 shall be interpreted as preventing the Surviving Corporations from amending, modifying or terminating any Lycos Benefit Plans, TMCS Benefit Plans, or other contracts, arrangements, commitments or understandings, in accordance with their terms and applicable law.

9.9 Indemnification; Directors' and Officers' Insurance. (a) In the event of any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, any such claim, action, suit, proceeding or investigation in which any individual who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the Effective Time, a director or officer of Lycos or any of its Subsidiaries or of TMCS or any of its Subsidiaries (the "Indemnified Parties"), is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he is or was a director or officer of Lycos or any of its Subsidiaries or TMCS or any of its Subsidiaries or any of their respective predecessors or (ii) this Agreement, the Contribution Agreement, the Option Agreements or any of the transactions contemplated hereby or thereby, whether in any case asserted or arising before or after the Effective Time, the parties hereto agree to cooperate and use their best efforts to defend against and respond thereto. It is understood and agreed that after the Effective Time, Newco shall indemnify and hold harmless, as and to the fullest extent permitted by law, each such Indemnified Party against any losses, claims, damages, liabilities, costs, expenses (including reasonable attorney's fees and expenses in advance of the final disposition of any claim, suit, proceeding or investigation to each Indemnified Party to the fullest extent permitted by law upon receipt of any undertaking required by applicable law), judgments, fines and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, proceeding or investigation.

(b) Newco shall use its reasonable best efforts to cause the individuals serving as officers and directors of Lycos and its Subsidiaries, or officers and directors of TMCS and its Subsidiaries, in each case, immediately prior to the Effective Time to be covered for a period of three (3) years from the Effective Time (or the period of the applicable statute of limitations, if longer) by the directors' and officers' liability insurance policy maintained by Lycos or TMCS, as the case may be (provided that Newco may substitute therefor policies of at least the same coverage and amounts containing terms and conditions in the aggregate which are not in the aggregate less advantageous than such policy and that Newco shall not be obligated to pay annual premiums in

excess of 300% of the last annual premium paid by TMCS or Lycos, as the case may be) with respect to acts or omissions occurring prior to the Effective Time which were committed by such officers and directors in their capacity as such.

(c) In the event Newco or any of its successors or assigns (i) consolidates with or merges into any other person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any person, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Newco assume the obligations set forth in this Section 9.9.

(d) The provisions of this Section 9.9 shall survive the Effective Time and are intended to be for the benefit of, and shall be enforceable by, each Indemnified Party and his or her heirs and representatives.

9.10 Additional Agreements. In case at any time after the Effective Time any further action is necessary or desirable to carry out the purposes of this Agreement or to vest the Surviving Corporations or Newco with full title to all properties, assets, rights, approvals, immunities and franchises of any of the parties to the Merger, the proper officers and directors of each party to this Agreement and their respective Subsidiaries shall take all such necessary action as may be reasonably requested by, and at the sole expense of, Newco.

9.11 Advice of Changes. Lycos and TMCS shall each promptly advise the other parties hereto of any change or event (a) having a Material Adverse Effect on it or (b) which it believes would or would be reasonably likely to cause or constitute a material breach of any of its representations, warranties or covenants contained herein.

9.12 Section 16. Each of Lycos and TMCS shall, reasonably promptly following the date hereof, provide to Newco a list of (a) the directors and officers (as such terms are used under Section 16 of the Exchange Act and the rules and regulations of the SEC thereunder) of such company, (b) the number of shares of Newco Common Stock and Newco Class B Common Stock and options thereon and the number of shares of Newco Convertible Preferred Stock (together, the "Section 16 Securities") expected to be received pursuant to the Reorganization by each such officer or director at the Effective Time on account of shares of Lycos Common Stock, TMCS Class A Common Stock or TMCS Class B Common Stock, as the case may be, reasonably expected to be held by such directors and officers immediately prior to the Effective Time and (c) a description of the material terms of such options. Prior to the Effective Time, the Newco Board of Directors shall take such action consistent with the SEC's interpretive guidance to approve the issuance of the Section 16 Securities to each such director and officer of such company for purposes of Rule 16b-3(d) under the Exchange Act such that the deemed "purchase" of such Section 16 Securities by such persons pursuant to the Reorganization shall be exempt from liability pursuant to Section 16(b) of the Exchange Act.

9.13 Contribution Agreement. Newco shall not amend or enter into any agreement amending the Contribution Agreement, or waive or modify any of the rights and obligations of any of the parties thereunder, without the prior written consent of each of Lycos and a majority

of the independent directors of TMCS. Parent and Newco agree to cause the consummation of the Contribution immediately following the satisfaction, or waiver in compliance with this Agreement, of the conditions set forth in Article VI of the Contribution Agreement.

9.14 Other Businesses. (a) Subject to paragraph (b) below, neither anything contained in this Agreement nor the ownership of shares of Newco Common Stock (except as may be provided in the Newco certificate of incorporation) shall (i) restrict Parent or any of its Subsidiaries from engaging in or owning an interest in any business which competes with Newco or any Subsidiary of Newco, or (ii) restrict Newco or any of its Subsidiaries from engaging in or owning an interest in any business which competes with Parent or any of its Subsidiaries.

(b) From and after the date hereof, until such time as Parent no longer owns, directly or indirectly (including through LLC), a number of shares of Newco Common Stock and/or Newco Class B Common Stock (including shares of Newco Common Stock acquired by Parent, the LLC and their Subsidiaries after the date hereof) equal to at least one-third of the number of shares of Newco Class B Common Stock issued to Parent, LLC or Parent's other Subsidiaries in connection with the Transactions (such number of shares, as equitably adjusted to reflect any stock split, stock dividend or similar event affecting Newco Common Stock, the "Parent Sunset Threshold"), Parent agrees, subject to the next sentence below, that all business opportunities relating to online activities, automated ticketing services and on-air home shopping businesses (other than such activities, services and businesses that are incidental to Parent's other lines of business, such as USA.com and SciFi.com) will be conducted in Newco and its Subsidiaries. However, the preceding sentence shall not apply if Newco has rejected such business opportunity.

(c) In the event that Parent acquires a business that has, as part of it, a substantial business described in paragraph (b) above (other than a business described in the last sentence of paragraph (b) above), Parent shall use its commercially reasonable best efforts to cause such portion of the acquired business to be available to be acquired by Newco, or otherwise operated or managed by Newco in order to permit Newco the benefit of such businesses on such terms as the parties may mutually agree, using their respective commercially reasonable best efforts and good faith to negotiate such terms.

(d) For the avoidance of doubt, the restrictions contained in this Section 9.14 shall not apply to Universal Studios, Inc. and Liberty Media Corp. and their respective affiliates (other than Parent and the LLC, and their respective Subsidiaries).

9.15 Affiliate Sales Agreement. Consistent with past practice, Parent shall continue to secure, at Newco's direction and request, carriage as available for The Home Shopping Network ("HSN") on cable systems or broadcast stations. Parent shall charge Newco for such services an amount equal to allocated overhead at cost plus a nominal service fee, such service fee to be in such amounts as is consistent with the past practice between Parent and HSN. In fulfilling its obligations under the first sentence of this paragraph, Parent shall use commercially reasonable efforts, acting in good faith, to secure such coverage at the most favorable rates, and on the most favorable terms, available to Parent.

9.16 Limitations on Sale of Parent Shares. Parent, on its behalf and on behalf of LLC and their respective Subsidiaries, agrees that, during the 10 trading days preceding and following each measurement period (as defined in the Certificate of Designations with respect to Newco Convertible Preferred Stock), it will not sell (other than in private transactions), or permit the announcement of an anticipated sale in the open market of, any shares of Newco Common Stock or Newco Class B Common Stock owned by such entities (other than to another Subsidiary of Parent or LLC). During each measurement period, Parent shall be permitted to so effect sales of shares of Newco Common Stock or Newco Class B Common Stock (either through conversion into shares of Newco Common Stock or otherwise), provided that the aggregate number of shares sold during any one measurement period does not exceed the greater of (i) 1% of the outstanding shares of Newco Common Stock or (ii) the average weekly volume over the four-week period immediately preceding the commencement of such measurement period. Notwithstanding the provisions of this Section 9.16, Parent, the LLC and their respective Subsidiaries shall be permitted to enter into and effect sales of shares of Newco stock during the Second Measurement Period and the Third Measurement Period (each as defined in the Newco Convertible Preferred Stock Designations) which are effected in private transactions.

9.17 Promotion. It is the intention of the Parent to cause its Subsidiaries to endeavor to promote the businesses of Newco.

ARTICLE X

CONDITIONS PRECEDENT

10.1 Conditions to Each Party's Obligation to Effect the Mergers. The respective obligations of the parties to effect the Mergers shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Stockholder Approval. This Agreement shall have been adopted by the respective requisite affirmative vote of the holders of Lycos Common Stock entitled to vote thereon.

(b) Nasdaq Listings. The shares of Newco Common Stock and Newco Convertible Preferred Stock which shall be issued to the stockholders of Lycos and TMCS upon consummation of the Mergers shall have been authorized for quotation on Nasdaq, subject to official notice of issuance.

(c) Other Approvals. All regulatory approvals required to consummate the transactions contemplated hereby shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof shall have expired (all such approvals and the expiration of all such waiting periods being referred to herein as the "Requisite Regulatory Approvals").

(d) S-4. The S-4 shall have become effective under the Securities Act and no stop order suspending the effectiveness of the S-4 shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC.

(e) No Injunctions or Restraints; Illegality. No order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition (an "Injunction") preventing the consummation of the Mergers or any of the other transactions contemplated by this Agreement shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Entity which prohibits, materially restricts or makes illegal consummation of the Merger.

(f) No Conditions to the Contribution. All of the conditions (other than the conditions set forth in Sections 6.1(a) and 6.2(c) of the Contribution Agreement) to the obligations of the parties to the Contribution Agreement to consummate the Contribution shall have been satisfied (or waived, but only to the extent permitted by this Agreement), and each of Lycos and TMCS shall have received a certificate executed on behalf of Parent by an appropriate executive by an officer of Parent and Newco to such effect.

10.2 Conditions to Obligations of Lycos. The obligations of Lycos to effect the Lycos Merger are also subject to the satisfaction, or waiver by Lycos, at or prior to the Effective Time, of the following conditions:

(a) Representations and Warranties. Subject to the standard set forth in Section 12.10(b), the representations and warranties of TMCS and Newco set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. Lycos shall have received a certificate signed on behalf of each of TMCS and Newco by an appropriate executive officer of each company to such effect.

(b) Performance of Obligations of TMCS. Each of TMCS and Newco shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Lycos shall have received a certificate signed on behalf of each of TMCS and Newco by an appropriate executive officer of each company to such effect.

(c) Federal Tax Opinion. Lycos shall have received an opinion of Wachtell, Lipton, Rosen & Katz, dated the Closing Date, substantially to the effect that (i) the Reorganization and the Contribution, taken together, will constitute an exchange described in Section 351(a) or 351(b) of the Code and (ii) no gain or loss will be recognized by the stockholders of Lycos upon the receipt of shares of Newco Common Stock in exchange for their shares of Lycos Common Stock pursuant to the Lycos Merger, except to the extent of other property or money received and with respect to cash received in lieu of a fractional share interest in Newco Common Stock.

10.3 Conditions to Obligations of TMCS and Newco. The obligations of TMCS to effect the TMCS Merger and the obligations of Newco to effect the Mergers are also subject to the satisfaction or waiver by TMCS and Newco at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. Subject to the standard set forth in Section 12.10(b), the representations and warranties of Lycos set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. TMCS and Newco shall each have received a certificate signed on behalf of Lycos by its Chief Executive Officer or Chief Financial Officer to such effect.

(b) Performance of Obligations of Lycos. Lycos shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and TMCS and Newco shall each have received a certificate signed on behalf of Lycos by its Chief Executive Officer or its Chief Financial Officer to such effect.

(c) Federal Tax Opinion. TMCS shall have received an opinion of Gibson, Dunn & Crutcher, dated the Closing Date, substantially to the effect that (i) the Reorganization and the Contribution, taken together, will constitute an exchange described in Section 351(a) or 351(b) of the Code and (ii) no gain or loss will be recognized by the stockholders of TMCS upon the receipt of shares of Newco Common Stock or Newco Class B Common Stock in exchange for their shares of TMCS Class A Common Stock or TMCS Class B Common Stock pursuant to the TMCS Merger, except to the extent of other property or money received and with respect to cash received in lieu of a fractional share interest in Newco Common Stock or Newco Class B Common Stock.

ARTICLE XI

TERMINATION AND AMENDMENT

11.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, whether before or after approval of the matters presented in connection with the Mergers by the stockholders of Lycos or TMCS:

(a) by mutual consent of Lycos, TMCS and Newco in a written instrument;

(b) by any of Newco, Lycos or TMCS if any Governmental Entity that must grant a Requisite Regulatory Approval has denied approval of the Mergers and such denial has become final and nonappealable or any Governmental Entity of competent jurisdiction shall have issued a final nonappealable order permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(c) by any of Newco, Lycos or TMCS, if the approval of the Lycos stockholders required by Section 10.1(a) shall not have been obtained at a meeting duly convened therefor or at any adjournment thereof;

(d) by Newco, Lycos or TMCS if the Transactions shall not have been consummated on or before the first anniversary of the date of this Agreement, unless the failure of the Closing to occur by such date shall be due to the failure of the party seeking to terminate this Agreement to perform or observe the covenants and agreements of such party set forth herein; or

(e) by any of Newco, Lycos or TMCS (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained herein) if there shall have been a breach of any of the covenants or agreements or any of the representations or warranties set forth or expressly incorporated in this Agreement on the part of Parent, Newco or TMCS, in the case of a termination by Lycos; Parent, Newco or Lycos, in the case of a termination by TMCS, or TMCS or Lycos, in the case of a termination by Newco, which breach, either individually or in the aggregate, would constitute, if occurring or continuing on the Closing Date, the failure of the conditions set forth in Section 10.1(f), 10.2(a), 10.2(b), 10.3(a) or 10.3(b), as the case may be, and which is not cured within 30 days following written notice to the party committing such breach or by its nature or timing cannot be cured prior to the Closing Date.

11.2 Effect of Termination. In the event of termination of this Agreement by either Lycos or TMCS as provided in Section 11.1, this Agreement shall forthwith become void and have no effect, and none of Parent, Newco, L Merger Sub, T Merger Sub, Lycos, TMCS, any of their respective Subsidiaries or any of the officers or directors of any of them shall have any liability of any nature whatsoever hereunder, or in connection with the transactions contemplated hereby, except that (i) Sections 9.2(b), 11.2, 12.1 and 12.2 shall survive any termination of this Agreement, and (ii) notwithstanding anything to the contrary contained in this Agreement, no party shall be relieved or released from any liabilities or damages arising out of its willful breach of any provision of this Agreement.

11.3 Amendment. Subject to compliance with applicable law, this Agreement may be amended by the parties hereto, by action taken or authorized by their respective Boards of Directors, at any time before or after approval of the matters presented in connection with the Mergers by the stockholders of Lycos and TMCS; provided, however, that after any approval of the transactions contemplated by this Agreement by the respective stockholders of Lycos or TMCS, there may not be, without further approval of such stockholders, any amendment of this Agreement that changes the amount or the form of the consideration to be delivered hereunder to the holders of Lycos Common Stock, TMCS Class A Common Stock or TMCS Class B Common Stock, other than as contemplated by this Agreement. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. No amendment of this Agreement by TMCS shall be effective unless approved by the independent members of the TMCS Board of Directors.

11.4 Extension; Waiver. At any time prior to the Effective Time, the parties hereto, by action taken or authorized by their respective Board of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein; provided, however, that after any approval of the transactions contemplated by this Agreement by the respective stockholders of Lycos or TMCS, there may not be, without further approval of such stockholders, any extension or waiver of this Agreement or any portion thereof which reduces the amount or changes the form of the consideration to be delivered to the holders of Lycos Common Stock, TMCS Class A Common Stock or TMCS Class B Common Stock, hereunder, other than as contemplated by this Agreement. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of such party, but such extension or waiver or failure to insist on strict compliance with an obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. No extension or waiver pursuant to this Agreement by TMCS shall be effective unless approved by the independent members of the TMCS Board of Directors.

ARTICLE XII

GENERAL PROVISIONS

12.1 Nonsurvival of Representations, Warranties and Agreements. None of the representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement (other than the Option Agreements and the Confidentiality Agreement, which shall terminate in accordance with their terms) shall survive the Effective Time, except for Sections 3.4, 3.5, 3.6, 9.9, the last sentence of Section 9.13, 9.14, 9.15, 9.16 and 9.17 and for those other covenants and agreements contained herein and therein which by their terms apply in whole or in part after the Effective Time.

12.2 Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense, provided, however, that the costs and expenses of printing and mailing the Proxy/Information Statement, and all filing and other fees paid to the SEC in connection with the Merger, shall be borne equally by Parent, Lycos and TMCS.

12.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (with confirmation), mailed by registered or certified mail (return receipt requested) or delivered by an express courier (with confirmation) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Lycos, to:

Lycos, Inc.
400-2 Totten Pond Road
Waltham, MA 02460
Attention: General Counsel
Telecopier: 781-370-2600

with a copy to:

Testa, Hurwitz & Thibeault, LLP
High Street Tower
125 High Street
Boston, MA 02110
Attention: Mark H. Burnett, Esq.
Kenneth J. Gordon, Esq.
Telecopier: 617-248-7100;

(b) if to TMCS, to:

Ticketmaster Online-CitySearch, Inc.
790 East Colorado Boulevard, Suite 200
Pasadena, CA 91101
Attention: General Counsel
Telecopier: 626-405-9929

with a copy to:

Gibson, Dunn & Crutcher LLP
333 S. Grand Avenue
Los Angeles, CA 90071
Attention: Andrew E. Bogen, Esq.
Telecopier: 213-229-7520

and

(c) if to Parent or Newco, to:

c/o USA Networks, Inc.
152 West 57th Street
New York, NY 10019
Attention: General Counsel
Telecopier: 212-314-7329

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Attention: Pamela S. Seymon, Esq.
Andrew J. Nussbaum, Esq.
Telecopier: 212-403-2000

12.4 Interpretation. When a reference is made in this Agreement to Sections, Exhibits or Schedules, such reference shall be to a Section of or Exhibit or Schedule to this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." Notwithstanding anything to the contrary in this Agreement or the Option Agreements, nothing herein or therein shall require any party hereto or thereto to take any action in violation of law.

12.5 Counterparts. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

12.6 Entire Agreement. This Agreement (including the documents and the instruments referred to herein) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof other than the Contribution Agreement, the Option Agreements and the Confidentiality Agreement.

12.7 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law principles.

12.8 Publicity. Except as otherwise required by applicable law or the rules of Nasdaq, none of the parties hereto shall, or shall permit any of its Subsidiaries to, issue or cause the publication of any press release or other public announcement with respect to, or otherwise make any public statement concerning, the transactions contemplated by this Agreement without the consent of the other parties hereto, which consent shall not be unreasonably withheld (provided that the consent of Parent shall be deemed to be the consent of Newco and the Merger Subs).

12.9 Assignment; Third Party Beneficiaries. Neither this Agreement nor any of the rights, interests or obligations shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Except as otherwise specifically

provided in Section 9.9, this Agreement (including the documents and instruments referred to herein) is not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

12.10 Standards; Disclosure Schedules. (a) Prior to the execution and delivery of this Agreement, Lycos delivered the Lycos Disclosure Schedule to TMCS and Newco, and TMCS delivered the TMCS Disclosure Schedule to Lycos and Newco, each of which disclosure schedule sets forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of such party's representations or warranties contained in Article V, in the case of TMCS, or Article VI, in the case of Lycos, or to one or more of such party's covenants contained in Article VII; provided, however, that notwithstanding anything in this Agreement to the contrary, (i) no such item is required to be set forth in a Disclosure Schedule as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect under the standard set forth in Section 10.2(a) or Section 10.3(a), as the case may be, and (ii) the mere inclusion of an item in a Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by a party that such item represents a material exception or a material fact, event or circumstance or that such item has had or would have had a Material Adverse Effect with respect to Lycos or TMCS, as the case may be; provided, further, that no Disclosure Schedule or other information, or modification thereof, that is provided following the execution and delivery of this Agreement by the parties hereto shall be deemed to modify any representation, warranty or covenant set forth herein or in the Contribution Agreement.

(b) No representation or warranty of TMCS contained in Article V (except for Section 5.7(a) and representations relating to the capitalization of TMCS in Section 5.2) or of Lycos contained in Article VI (except for Section 6.7(a) and representations relating to the capitalization of Lycos in Section 6.2) shall be deemed untrue or incorrect for any purpose under this Agreement, and no party hereto shall be deemed to have breached a representation or warranty for any purpose under this Agreement, in any case, as a consequence of the existence or absence of any fact, circumstance or event unless such fact, circumstance or event, individually or when taken together with all other facts, circumstances or events inconsistent with any representations or warranties contained in Article V, in the case of TMCS, or Article VI, in the case of Lycos, has had a Material Adverse Effect with respect to TMCS or Lycos, respectively. For all purposes of determining whether any facts or events contravening a representation or warranty contained herein constitute, individually or in the aggregate, a Material Adverse Effect, representations and warranties contained in Article V (other than Section 5.7(a) and the capitalization representations) or Article VI (other than Section 6.7(a) and the capitalization representations) shall be read without regard to any reference to materiality or Material Adverse Effect set forth therein.

(c) The foregoing standards of this Section 12.10 shall apply, mutatis mutandis, to the representations and warranties of Parent and Newco contained herein.

IN WITNESS WHEREOF, Parent, Lycos, TMCS, Newco, L Merger Sub and T Merger Sub have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

USA NETWORKS, INC.

By: /s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of the Chairman and Chief Financial Officer

LYCOS, INC.

By: /s/ Robert M. Davis

Name: Robert M. Davis
Title: President and Chief Executive Officer

TICKETMASTER ONLINE-CITYSEARCH, INC.

By: /s/ Michael Guttentag

Name: Michael Guttentag
Title: Vice President - Business Development

USA INTERACTIVE INC.

By: /s/ Dara Khosrowshahi

Name: Dara Khosrowshahi
Title: Vice President and Treasurer

LEMMA, INC.

By: /s/ Dara Khosrowshahi

Name: Dara Khosrowshahi
Title: President

TYCHO, INC.

By: /s/ Dara Khosrowshahi

Name: Dara Khosrowshahi
Title: President

Exhibit B

FORM OF

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS

OF SERIES A CONVERTIBLE REDEEMABLE PREFERRED STOCK

OF

USA/LYCOS INTERACTIVE NETWORKS, INC.

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

USA/Lycos Interactive Networks, Inc., a Delaware corporation (the "Corporation"), certifies that pursuant to the authority contained in Article [FOURTH] of its Certificate of Incorporation, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, par value $0.01 per share, designated as Series A Convertible Redeemable Preferred Stock:

RESOLVED, that a series of the class of authorized Convertible Redeemable Preferred Stock, par value $0.01 per share, of the Corporation be hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as the "Series A Convertible Redeemable Preferred Stock" (the "Series A Convertible Preferred Stock") and the number of shares constituting such series shall be _____.

Section 2. Dividends. The holders of shares of Series A Convertible Preferred Stock shall not be entitled to receive dividends with respect to such shares.

Section 3. Voting Rights. Except as provided by law or as may otherwise be provided in the Certificate of Incorporation of the Corporation or in any amendment thereto, the holders of shares of Series A Convertible Preferred Stock shall not be entitled to any voting rights as stockholders with respect to such shares.

Section 4. Redemption.

(a) Shares of Series A Convertible Preferred Stock shall not be redeemable except as provided in this Section 4.

(b) If as of the 39-month anniversary following the date of the initial issuance of the shares of Series A Convertible Preferred Stock (the "Initial Issuance Date"), the Average Market Price (as defined in Section 9) is less than or equal to the First Target

Price (as defined in Section 9), the Board of Directors of the Corporation shall direct that all of the shares of Series A Convertible Preferred Stock then outstanding be redeemed by paying therefor in cash $0.01 per share.

(c) On the date that redemption is being made pursuant to paragraph (b) of this Section 4, the Corporation shall deposit for the benefit of the holders of shares of Series A Convertible Preferred Stock the funds necessary for such redemption with a bank or trust company in the Borough of Manhattan, the City of New York, having a capital and surplus of at least $500,000,000. Any monies so deposited by the Corporation and unclaimed at the end of one year from the date designated for such redemption shall revert to the general funds of the Corporation. After such reversion, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank or trust company shall be relieved of all responsibility in respect thereof and any holder of shares of Series A Convertible Preferred Stock shall look only to the Corporation for the payment of the redemption price. Any interest accrued on funds deposited pursuant to this paragraph (c) shall be paid from time to time to the Corporation for its own account.

(d) Upon the deposit of funds pursuant to paragraph (c) in respect of shares of Series A Convertible Preferred Stock being redeemed pursuant to paragraph (b) of this Section 4, notwithstanding that any certificates for such shares shall not have been surrendered for cancellation, the shares represented thereby shall no longer be deemed outstanding, and all rights of the holders of shares of Series A Convertible Preferred Stock shall cease and terminate, excepting only the right to receive the redemption price therefor.

Section 5. Reacquired Shares. Any shares of Series A Convertible Preferred Stock converted, redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation, and upon the filing of an appropriate certificate with the Secretary of State of the State of Delaware, become authorized but unissued shares of Preferred Stock, par value $0.01 per share, of the Corporation and may be reissued as part of another series of Preferred Stock, par value $0.01 per share, of the Corporation subject to the conditions or restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up.

(a) Except as provided in paragraph (b) of this Section 6, upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of capital stock of the Corporation ranking junior (upon liquidation, dissolution or winding up) to the Series A Convertible Preferred Stock unless, prior thereto, the holders of shares of Series A Convertible Preferred Stock shall have received the Liquidation Value with respect to such shares or (ii) to the holders of shares of capital stock ranking on a parity (upon liquidation, dissolution or winding up) with the Series A Convertible Preferred Stock, except distributions made ratably on the Series A Convertible Preferred Stock and all such parity stock in proportion to the total amounts to

which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. For purposes of this Section 6, the Liquidation Value shall be $0.01 per share.

(b) If the Corporation shall commence a voluntary case under the Federal bankruptcy laws or any other applicable Federal or State bankruptcy, insolvency or similar law, or consent to the entry of an order for relief in an involuntary case under any such law or to the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or make an assignment for the benefit of its creditors, or admit in writing its inability to pay its debts generally as they become due, or if a decree or order for relief in respect of the Corporation shall be entered by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws or any other applicable Federal or State bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Corporation or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order shall be unstayed and in effect for a period of 90 consecutive days and on account of any such event the Corporation shall liquidate, dissolve or wind up, no distribution shall be made (i) to the holders of shares of capital stock of the Corporation ranking junior (upon liquidation, dissolution or winding up) to the Series A Convertible Preferred Stock unless, prior thereto, the holders of shares of Series A Convertible Preferred Stock shall have received the Liquidation Value with respect to such shares or (ii) to the holders of shares of capital stock ranking on a parity (upon liquidation, dissolution or winding up) with the Series A Convertible Preferred Stock, except distributions made ratably on the Series A Convertible Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

(c) Neither the consolidation, merger or other business combination of the Corporation with or into any other Person or Persons nor the sale of all or substantially all of the assets of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 6.

Section 7. Conversion. On the Conversion Date, each share of Series A Convertible Preferred Stock shall automatically be converted into the right to receive shares of common stock, par value $.01 per share, of the Corporation ("Common Stock"), on the terms and conditions set forth in this Section 7.

(a) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Convertible Preferred Stock shall be converted into the right to receive a number of fully paid and nonassessable shares of Common Stock equal to the "Conversion Ratio," which shall initially be equal to one (1) and which shall be subject to adjustment as provided in this Section 7.

(b) The Conversion Ratio shall be subject to adjustment from time to time as follows:

(i) In case the Corporation shall at any time or from time to time declare a dividend, or make a distribution, on the outstanding shares of Common Stock in shares of Common Stock or subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares or combine or reclassify the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case, the Conversion Ratio shall be adjusted to equal the number determined by multiplying (A) the Conversion Ratio immediately prior to such adjustment by (B) a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately after such dividend, distribution, subdivision or reclassification, and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such dividend, distribution, subdivision or reclassification. An adjustment made pursuant to this clause (i) shall become effective (A) in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, or (B) in the case of any such subdivision, reclassification or combination, at the close of business on the day upon which such corporate action becomes effective.

(ii) In case the Corporation shall at any time or from time to time declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of stock or other securities, cash or other property or rights or warrants to subscribe for securities of the Corporation or any of its Subsidiaries by way of dividend or spinoff, but excluding regular ordinary cash dividends as may be declared from time to time by the Corporation) on its Common Stock, other than shares of Common Stock which are referred to in clause (i) of this paragraph (b), then, and in each such case, the Conversion Ratio shall be adjusted to equal the number determined by multiplying (A) the Conversion Ratio immediately prior to the record date fixed for the determination of stockholders entitled to receive such dividend or distribution by (B) a fraction, the numerator of which shall be the Current Market Price per share of Common Stock on the last Trading Day on which purchasers of Common Stock in regular way trading would be entitled to receive such dividend or distribution and the denominator of which shall be the Current Market Price per share of Common Stock on the first Trading Day on which purchasers of Common Stock in regular way trading would not be entitled to receive such dividend or distribution (the "Ex-dividend Date"); provided that the fraction determined by the foregoing clause (B) shall not be less than 1. An adjustment made pursuant to this clause (ii) shall be effective at the close of business on the Ex-dividend Date. If the Corporation completes a tender offer or otherwise repurchases shares of Common Stock in a single transaction or a related series of transactions, provided such tender offer or offer to repurchase is open to all or substantially all holders of Common Stock (not including open market or other selective repurchase programs), the Conversion Ratio shall be adjusted as though (A) the Corporation had effected a reverse split of the Common Stock to reduce the number of shares of Common Stock outstanding

from (x) the number outstanding immediately prior to the completion of the tender offer or to the first repurchase for which the adjustment is being made to (y) the number outstanding immediately after the completion of the tender offer or the last repurchase for which the adjustment is being made and (B) the Corporation had paid a dividend on the Common Stock outstanding immediately after completion of the tender offer or of the last repurchase for which the adjustment is being made in an aggregate amount equal to the aggregate consideration paid by the Corporation pursuant to the tender offer or repurchases for which the adjustment is being made. In applying the first two sentences of this Section 7(b)(ii) to the event described in the clause (B) of the preceding sentence, the Current Market Price of the Common Stock on the date of the closing of any such tender offer or on the date of the last repurchase shall be taken as the value of the Common Stock on the Ex-Dividend Date, and the value of the Common Stock on the day preceding the Ex-Dividend Date shall be assumed to be equal to the sum of (x) the value on the Ex-Dividend Date and (y) the per share amount of the dividend described in such clause (B). In the event that any of the consideration paid by the Corporation in any tender offer or repurchase to which this Section 7(b)(ii) applies is in a form other than cash, the value of such consideration shall be determined by an independent investment banking firm of nationally recognized standing to be selected by the Board of Directors of the Corporation.

(iii) In case at any time the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets, liquidation or recapitalization (other than solely a change in the par value of equity securities) of the Common Stock and excluding any transaction to which clause (i) or (ii) of this paragraph (b) applies) in which the previously outstanding Common Stock shall be changed into or exchanged for different securities of the Corporation or common stock or other securities of another corporation or interests in a noncorporate entity or other property (including cash) or any combination of any of the foregoing (each such transaction being herein called the "Transaction," the date of consummation of the Transaction being herein called the "Consummation Date", and the Corporation (in the case of a recapitalization of the Common Stock to which this clause (iii) applies or any other such transaction in which the Corporation retains substantially all of its assets and survives as a corporation) or such other corporation or entity (in each other case) being herein called the "Acquiring Company"), then, as a condition of the consummation of the Transaction, the Corporation shall, as determined in good faith by its Board of Directors based on advice as agreed to by two investment banking firms of nationally recognized standing, one selected by the Corporation and one selected by USA Networks, Inc. ("USA Networks") (or any successor stockholder of the Corporation holding a majority of the voting power thereof), provide (as evidenced by a resolution of the Board of Directors) for the shares of Series A Convertible Preferred Stock outstanding at the Consummation Date to be exchanged, without any vote of the holders of the Series A Convertible Preferred Stock, for such other common stock

or other securities, or cash or property as equitably reflects the fair market value of a share of Series A Convertible Preferred Stock at such Consummation Date, taking into account all relevant factors, in the absence of the Transaction; provided, however, that if the two investment banking firms referred to in this sentence are unable to agree on such fair market value, then such firms shall select a third investment banking firm of nationally recognized standing which shall then render such advice to the Board of Directors; and provided, further, that in the event that at the time the Corporation becomes a party to a Transaction there is no shareholder holding a majority of the voting power of the Corporation, the Corporation shall choose a single investment banking firm of national standing to render the advice as to fair market value contemplated by this Section 7(b)(iii).

(iv) Subject to Section 7(b)(iii), at the opening of business on the Conversion Date, the Conversion Ratio shall be adjusted to equal the number determined by multiplying (A) the Conversion Ratio immediately prior to such adjustment by (B) the Final Adjustment Factor.

All calculations under this paragraph (b) shall be made to the nearest one ten-thousandth of a share.

(c) If any adjustment (other than the adjustment provided in paragraph (b)(iv)) in the number of shares of Common Stock into which each share of Series A Convertible Preferred Stock may be converted required pursuant to this Section 7 would result in an increase or decrease of less than 1% in the number of shares of Common Stock into which each share of Series A Convertible Preferred Stock is then convertible, the amount of any such adjustment shall be carried forward and adjustment with respect thereto shall be made at the earlier of (i) the time of and together with any subsequent adjustment, which, together with such amount and any other amount or amounts so carried forward, shall aggregate at least 1% of the number of shares of Common Stock into which each share of Series A Convertible Preferred Stock is then convertible or (ii) the opening of business on the Conversion Date.

(d) The Board of Directors may at its option increase the number of shares of Common Stock into which each share of Series A Convertible Preferred Stock may be converted, in addition to the adjustments required by this Section 7, as shall be determined by it (as evidenced by a resolution of the Board of Directors) to be advisable in order to avoid or diminish any income deemed to be received by any holder for federal income tax purposes of shares of Common Stock or Series A Convertible Preferred Stock resulting from any events or occurrences giving rise to adjustments pursuant to this Section 7 or from any other similar event.

(e) The holder of any shares of Series A Convertible Preferred Stock may exercise his right to receive in respect of such shares the shares of Common Stock or other property or securities, as the case may be, to which such holder has become entitled by surrendering for such purpose to the Corporation, at its principal office or at such other office or agency maintained by the Corporation for that purpose, a certificate or

certificates representing the shares of Series A Convertible Preferred Stock to be converted accompanied by such other customary documents as are necessary to effect the conversion and specifying the name or names in which such holder wishes the certificate or certificates for shares of Common Stock or other property or securities as the case may be, to which such holder has become entitled to be issued. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by payment of all transfer taxes payable upon the issuance of shares of Common Stock or other property or securities as the case may be, to which such holder has become entitled in such name or names. Other than such taxes, the Corporation will pay any and all issue and other taxes (other than taxes based on income) that may be payable in respect of any issue or delivery of shares of Common Stock or other property or securities, as the case may be, to which such holder has become entitled on conversion of Series A Convertible Preferred Stock pursuant hereto. As promptly as practicable, and in any event within five business days after the surrender of such certificate or certificates and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered certificates representing the number of validly issued, fully paid and nonassessable full shares of Common Stock to which the holder of shares of Series A Convertible Preferred Stock so converted shall be entitled or other property or services as the case may be, to which such holder has become entitled.

(f) From and after the Conversion Date or the Redemption Date, a holder of shares of Series A Convertible Preferred Stock shall have no voting or other rights, other than the right to receive upon delivery of the certificate or certificates evidencing shares of Series A Convertible Preferred Stock as provided by paragraph 7(e), the securities or property described in Section 7, if any, or the redemption price as set forth in Section 4, as applicable.

(g) In connection with the conversion of any shares of Series A Convertible Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Current Market Price per share of Common Stock on the day on which such shares of Series A Convertible Preferred Stock are deemed to have been converted.

(h) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series A Convertible Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of Series A Convertible Preferred Stock. The Corporation shall from time to time, in accordance with the laws of Delaware, increase the authorized amount of Common Stock if at any time the number of authorized shares of Common Stock remaining unissued shall not be sufficient to permit the conversion at such time of all then outstanding shares of Series A Convertible Preferred Stock.

Section 8. Reports as to Adjustments. Whenever the Conversion Ratio is adjusted as provided in Section 7 hereof, the Corporation shall (i) promptly place on file at its principal office and at the office of each transfer agent for the Series A Convertible Preferred Stock, if any, a statement, signed by an officer of the Corporation, setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the new Conversion Ratio, and (ii) promptly mail to the holders of record of the outstanding shares of Series A Convertible Preferred Stock at their respective addresses as the same shall appear in the Corporation's stock records a notice stating that the number of shares of Common Stock into which the shares of Series A Convertible Preferred Stock are convertible has been adjusted and setting forth the new Conversion Ratio (or describing the new stock, securities, cash or other property) as a result of such adjustment, a brief statement of the facts requiring such adjustment and the computation thereof, and when such adjustment became effective.

Section 9. Definitions. For the purposes of the Certificate of Designations, Preferences and Rights of Series A Convertible Redeemable Preferred Stock which embodies this resolution:

"Conversion Date" shall mean the date that is 5 business days following the earlier of (x) the 39-month anniversary of the Initial Issuance Date and (y) the Consummation Date, in the event of a Transaction contemplated by Section 7(b)(iii) hereof.

"Current Market Price" per share of Common Stock on any date shall be deemed to be the closing price per share of Common Stock for such date. The closing price for each day shall be the last sale price, regular way or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or, admitted to trading on the New York Stock Exchange or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors. If the Common Stock is not publicly held or so listed or publicly traded, "Current Market Price" shall mean the Fair Market Value per share as determined in good faith by the Board of Directors of the Corporation.

"Fair Market Value" means the amount which a willing buyer would pay a willing seller in an arm's-length transaction as determined in good faith by the Board of Directors of the Corporation, unless otherwise provided herein.

"Final Adjustment Factor": When the Conversion Date is as specified in clause (x) of the definition of Conversion Date, the Final Adjustment Factor shall equal

$$\begin{cases} 0 & \text{if } AMP \leq TP1 \\ 1 & \text{if } AMP \geq TP2 \\ \dfrac{AMP - TP1}{TP2 - TP1} & \text{otherwise} \end{cases}$$

where

AMP = Average Market Price: $\dfrac{[MP1 + MP2 + MP3]}{6} + \dfrac{[MP4]}{2}$

TP1 = First Target Price: $143.27

TP2 = Second Target Price: $257.88

MP1 = First Measured Price: the daily volume weighted average of the Adjusted Current Market Prices for the Trading Days during the First Measurement Period

MP2 = Second Measured Price: the daily volume weighted average of the Adjusted Current Market Prices for the Trading Days during the Second Measurement Period

MP3 = Third Measured Price: the daily volume weighted average of the Adjusted Current Market Prices for the Trading Days during the Third Measurement Period

MP4 = Fourth Measured Price: the daily volume weighted average of the Adjusted Current Market Prices for the Trading Days during the Fourth Measurement Period

First Measurement Period: 90 calendar day period following the Initial Issuance Date.

Second Measurement Period: 90 calendar day period ending on the 15-month anniversary of the Initial Issuance Date.

Third Measurement Period: 90 calendar day period ending on the 27-month anniversary of the Initial Issuance Date.

Fourth Measurement Period: 90 calendar day period ending on the 39-month anniversary of the Initial Issuance Date.

Adjusted Current Market Price: as of any date, the product of the Current Market Price on such date times the Conversion Ratio applicable at the close of business on such date.

When the Conversion Date is as specified in clause (y) of the definition of Conversion Date, the Final Adjustment Factor shall be inapplicable and Section 7(b)(iii) shall govern.

"Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Trading Day" means a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

Section 10. Rank. The Series A Convertible Preferred Stock shall rank prior to each other class or series of capital stock (including, without limitation, each class of common stock of the Corporation) of, or other equity interests (including, without limitation, warrants, rights, calls or options exercisable for or convertible into capital stock or equity interests) in, the Corporation.

Section 11. Transfer. To the extent held by USANi LLC, a Delaware limited liability company ("LLC"), USA Networks or any of their respective subsidiaries, or any limited liability companies or limited partnerships controlled by LLC or USA Networks, shares of the Series A Convertible Preferred Stock shall not be transferable or assignable (except by operation of law) and any certificates representing shares of Series A Convertible Preferred Stock held by any such person shall contain a legend to the effect that such securities are nontransferable, nonassignable and nonnegotiable except by operation of law. Nothing herein shall affect the transferability of any Common Stock into which any shares of the Series A Convertible Preferred is convertible.

IN WITNESS WHEREOF, USA/Lycos Interactive Networks, Inc. has caused this Certificate of Designations, Preferences and Rights of Series A Convertible Redeemable Preferred Stock to be duly executed by its _____ and attested to by its Secretary this ___ day of _____, 1999.

USA/LYCOS INTERACTIVE NETWORKS, INC.

By: _____
Name:

ATTEST:

By: _____
Name:

EXHIBIT 2.2

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CONTRIBUTION AGREEMENT

AMONG

USA NETWORKS, INC.,

USANI LLC,

AND

USA INTERACTIVE INC.
(TO BE RENAMED USA/LYCOS INTERACTIVE NETWORKS, INC.)

DATED AS OF FEBRUARY 8, 1999

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TABLE OF CONTENTS

CONTRIBUTION AGREEMENT

CONTRIBUTION AGREEMENT (the "Agreement"), dated as of February 8, 1999, among USA NETWORKS, INC. ("Parent"), USANi LLC ("LLC") and USA INTERACTIVE INC. ("Newco"). The Parties agree to consummate the following transactions (the "Contribution") upon the terms and subject to the conditions set forth herein. Capitalized terms used herein without definition have the meanings ascribed to such terms in Article IX hereof.

WHEREAS, as a condition to, and simultaneously with, the execution hereof, Parent, Lycos, Inc. ("Lycos"), Ticketmaster Online-CitySearch, Inc. ("TMCS"), Newco and certain subsidiaries of Newco (Lycos, TMCS, Parent, LLC and Newco, collectively, the "Parties") are entering into an agreement and plan of reorganization (the "Merger Agreement") pursuant to which, among other things, subject to the terms and conditions contained therein, each of Lycos and TMCS shall merge with wholly owned subsidiaries of Newco (collectively, the "Mergers" and together with the Contribution, the "Transactions") with Lycos and TMCS as the surviving corporations, and the shareholders of Lycos and TMCS shall receive shares of Newco Common Stock and Newco Class B Common Stock and Newco Series A Convertible Redeemable Preferred Stock in the Mergers as described in the Merger Agreement;

WHEREAS, as a condition, and simultaneously with, the execution hereof, Parent and TMCS are each entering into a stock option agreement with Lycos (the "Option Agreements" and together with this Agreement, the Merger Agreement and other agreements contemplated by the Merger Agreement, the "Transaction Agreements") pursuant to which, among other things, subject to the terms and conditions contained therein, Lycos has granted to TMCS and Parent options to acquire collectively up to an aggregate of 19.9% of the Lycos outstanding common stock in the event of certain events described therein;

WHEREAS, subject to the terms and conditions contained herein, the parties to this Agreement desire for Parent and/or LLC to contribute or cause to be contributed to Newco the Contributed Businesses in exchange for shares of Newco Class B Common Stock as described herein; and

WHEREAS, the contribution of the Contributed Businesses to Newco pursuant to this Agreement is intended to be a transaction that, taken together with the Mergers, constitutes an exchange described in Section 351 of the Code;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein and in the other Transaction Agreements, and intending to be legally bound hereby, Parent and Newco hereby agree as follows:

ARTICLE I
THE CONTRIBUTION

1.1. Parent and LLC Contributions. At the Closing, Parent or LLC shall cause to be contributed, transferred, assigned and conveyed (collectively, "Contribute") to Newco 100% of the equity of the entities (or their successors pursuant to the last sentence of this Section 1.1) listed on Schedule 1.1 (the "Contributed Businesses") in exchange for 88,353,398 shares of Newco Class B Common Stock and 1,938,853 shares of Newco Series A Convertible Redeemable Preferred Stock. The form of contribution, which may include contributing some or all of the Contributed Businesses through transfer of all of the equity of a limited liability company or other entity, shall not adversely affect the benefits to Newco of the Contributed Businesses.

1.2. Closing. Subject to the conditions set forth below, the closing of the transactions contemplated hereby (the "Closing") shall take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019 promptly following the satisfaction or waiver of all of the conditions to the parties' respective obligations to consummate the transactions contemplated hereby (other than those requiring the delivery of documents or the taking of other action at the Closing) or such earlier date or time as may be agreed upon by the parties. The date on which the Closing is consummated is hereinafter called the "Closing Date."

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF PARENT

Except as disclosed in the Parent disclosure schedule delivered to Newco concurrently herewith (the "Parent Disclosure Schedule") and subject to the standard set forth in Section 9.3, Parent and LLC, jointly and severally, represent and warrant to Newco as follows:

2.1. Organization and Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. LLC is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware. True and complete copies of the Certificate of Formation of LLC and all agreements relating to the governance of LLC, as in effect as of the date of this Agreement, have previously been made available by Parent to Lycos, except to the extent publicly available prior to the date hereof. Each of the entities comprising the Contributed Businesses (a) is (or if newly formed, will be) duly organized and validly existing under the laws of its jurisdiction of organization, (b) is (or if newly formed, will be) duly qualified to do business and in good standing in all jurisdictions (whether federal, state, local or foreign) where its ownership or leasing of property or the conduct of its business requires it to be so qualified and in which the failure to be so qualified would have a Parent Material Adverse Effect and (c) has or will have all requisite corporate power and authority to own or lease its properties and assets and to carry on its business as now conducted, in each case, except as would not have a Parent Material Adverse Effect.

2.2. Capitalization. The authorized capitalization, number of outstanding shares (and similar information for non-stock forms of ownership) and shareholders (or other persons and entities with ownership interests) of each of the entities comprising the Contributed Businesses as of the date hereof is set forth on Schedule 2.2. Except as set forth on Schedule 2.2, as of the date

hereof, there are no outstanding options, warrants, rights, puts, calls, commitments, or other contracts, arrangements, or understandings issued by or binding upon the Contributed Businesses requiring or providing for, and there are no outstanding debt or equity securities of the Contributed Businesses which upon the conversion, exchange or exercise thereof would require or provide for, the purchase or issuance by any of the Contributed Businesses of any new or additional shares or ownership interests in the Contributed Businesses (or any other debt or equity securities of the Contributed Businesses) which, with or without notice, lapse of time and/or payment of monies, are or would be convertible into or exercisable or exchangeable for shares or ownership interests in the Contributed Businesses. There are no preemptive or other similar rights available with respect to the Contributed Businesses or other securities of the Contributed Businesses.

Parent owns, directly or indirectly, all of the issued and outstanding shares of capital stock or other equity ownership interests of each of the Contributed Businesses, free and clear of any liens, pledges, charges, encumbrances and security interests whatsoever ("Liens"), and all of such shares or equity ownership interests are duly authorized and validly issued and are fully paid, nonassessable and free of preemptive rights, with no personal liability attaching to the ownership thereof except as set forth on Schedule 2.2.

2.3. Due Authorization; Execution and Delivery. The execution, delivery and performance of this Agreement and, in the case of Parent only, the Merger Agreement, and the agreements contemplated hereby and by any such other agreements to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by each of the board of directors, managers or general partners, as appropriate, of Parent, LLC and each of the Contributed Businesses (including such authorization as may be required so that no state anti-takeover statute or similar statute or regulation including, without limitation, Section 203 of the Delaware General Corporation Law, is or becomes operative with respect to this Agreement or the transactions contemplated hereby), and no other corporate proceedings on the part of Parent, LLC, any of the Contributed Businesses or any of the holders of capital stock or other equity ownership interests in the Contributed Businesses are necessary to authorize this Agreement and, in the case of Parent only, the Merger Agreement, and to consummate the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by each of Parent and LLC and constitutes the legal, valid and binding obligation of each of Parent and LLC, enforceable against Parent and LLC in accordance with its terms, and the Merger Agreement has been duly executed and delivered by Parent and constitutes the legal and valid binding obligation of Parent, enforceable against Parent in accordance with its terms, in each case, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law.

2.4. Absence of Breach; No Conflict. Except as set forth on Schedule 2.4 hereto, neither the execution and delivery of this Agreement by Parent or LLC and, in the case of Parent only, the Merger Agreement, nor the consummation by Parent or LLC of the transactions contemplated hereby or, in the case of Parent only, the Merger Agreement, nor compliance by Parent or by LLC with any of the terms or provisions hereof or, in the case of Parent only, the Merger Agreement, will (i) violate any provision of the certificate of incorporation, by-laws,

operating agreements or partnership agreements, as appropriate, of Parent, LLC or the Contributed Businesses or (ii) assuming that the consents and approvals referred to in Section 2.7 are duly obtained, (x) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Parent, LLC or any of the Contributed Businesses or any of the properties or assets of the Contributed Businesses or (y) violate, conflict with, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of the Contributed Businesses under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, agreement or other instrument or obligation to which any of the Contributed Businesses is a party, or by which any of them or any of their respective properties or assets may be bound or affected, except, in the case of clauses (ii)-(iii), for such violations, conflicts, breaches or defaults which, either individually or in the aggregate, will not have a Parent Material Adverse Effect.

2.5. Brokers. Other than Lazard Freres & Co. LLC and Allen & Company Incorporated, the fees of which shall be the responsibility of Parent and LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the Transactions based upon arrangements made by or on behalf of Parent and/or LLC.

2.6. Commission Documents; Financial Information. (a) The Parent Form 10-K in respect of the fiscal years ended December 31, 1997 and 1996 (the "Parent Forms 10-K") and each report, schedule, proxy, information statement or registration statement (including all exhibits and schedules thereto and documents incorporated by reference therein) filed by Parent or any of its predecessors with the Securities and Exchange Commission (the "Commission") following December 31, 1996 and on or before the date hereof are collectively referred to as the "Parent Commission Documents." As of their respective filing dates, with respect to the Contributed Businesses, (i) the Parent Commission Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder applicable to such Parent Commission Documents, and (ii) none of the Parent Commission Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that information as of a later date (but before the date hereof) shall be deemed to modify information as of an earlier date. The segment information for "Retailing" and "Ticketing operations" included in the Parent Commission Documents (i) comply as of their respective dates in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto (except as may be indicated in the notes thereto or, in the case of the unaudited statements, as permitted by Form 10-Q promulgated by the Commission), and (ii) present fairly as of their respective dates, in all material respects, the results of operations of the Contributed Businesses (without giving effect to pro forma adjustments reflected on the Balance Sheet, as defined below) for each of the respective periods and each has been prepared in conformity with GAAP consistently applied during the periods involved except, in each case, as indicated in the notes thereto.

(b) Parent has previously made available to Newco copies of (i) the audited consolidated balance sheets of Parent and its subsidiaries as of December 31, 1997 and 1996, and the related audited statements of operations, stockholders' equity and cash flows for the years ended December 31, 1997 and 1996, accompanied by the audit report of Ernst and Young LLP, independent public accountants with respect to Parent (as to the consolidated balance sheets as of December 31, 1997 and 1996 and the related statements of operations, stockholders' equity and cash flows for the two years in the period ended December 31, 1997) and the audit report of Deloitte & Touche LLP (as to the consolidated statements of operations, stockholders' equity and cash flows for the year ended December 31, 1995); the audited financial statements of Parent (including the related notes) comply in all material respects with applicable accounting requirements and with the published rules and regulations of the Commission with respect thereto; (ii) the audited consolidated balance sheets of the predecessor company to LLC and its subsidiaries as of December 31, 1997 and 1996, and the related audited statements of operations, members' equity and cash flows for the year ended December 31, 1997, in each case, accompanied by the audit report of Ernst and Young LLP, independent public accountants with respect to LLC; the audited financial statements of Parent and LLC (including the related notes) have been prepared in all material respects in accordance with GAAP consistently applied during the periods presented, except, in each case, as indicated in such statements or in the notes thereto; (iii) the unaudited balance sheet of HSN Group, Inc. as of December 31, 1998, and the related unaudited statement of operations for the year ended December 31, 1998; (iv) the unaudited balance sheet of HSN as of December 31, 1998, and the related unaudited statement of operations for the year ended December 31, 1998; (v) the unaudited consolidated balance sheets of Parent and its subsidiaries as of December 31, 1998, and the related unaudited statement of operations for the year ended December 31, 1998; (vi) the unaudited consolidated balance sheet of Internet Shopping Network as of December 31, 1998, and the related unaudited statements of operations; (vii) the unaudited balance sheet of Ticketmaster Group, Inc. as of December 31, 1998, and the related unaudited statement of operations for the year ended December 31, 1998; and the audited and unaudited historical financial statements referred to in this Section 2.6 (including the related notes, where applicable) fairly present in all material respects the results of the consolidated operations and changes in stockholders' equity and consolidated financial positions of the applicable entity or entities or, as the case may be, its or their predecessors, for the respective fiscal periods or as of the respective dates therein set forth, subject to normal adjustments in the case of unaudited statements; and (viii) the unaudited pro forma balance sheet of the Contributed Businesses as of December 31, 1998. The books and records of Parent and each of its Subsidiaries have been, and are being, maintained in all material respects in accordance with GAAP consistently applied and any other applicable legal and accounting requirements and reflect only actual transactions, except as would not have a Parent Material Adverse Effect. The unaudited pro forma balance sheet of the Contributed Businesses as of December 31, 1998 is referred to herein as the "Balance Sheet," and December 31, 1998, is referred to herein as the "Balance Sheet Date." The Balance Sheet is based on the historical financial statements of the respective entities as adjusted to exclude certain assets and liabilities, primarily cash, intercompany accounts with Parent, deferred and current tax accounts and minority interest (the "pro forma adjustments"). The pro forma statements should be read in conjunction with the audited and unaudited financial statements, including the related notes where applicable, of Parent and LLC. The Balance Sheet presents fairly in all material respects the financial position of the Contributed Businesses as of December 31, 1998 after giving effect to the

pro forma adjustments. At the Closing and except as reflected on the Balance Sheet, the Contributed Businesses shall have no indebtedness for borrowed money other than debt of Pacer/CATS Corporation (now PCC Management Corporation), which shall not exceed the amount set forth with respect thereto on the Balance Sheet plus accrued interest. The indebtedness for borrowed money of Pacer/CATS Corporation is not guaranteed by any Contributed Business nor does such indebtedness contain any provision that would cause a cross default under any other instrument that would bind the Contributed Businesses.

2.7. Approvals. Except (a) as set forth on Schedule 2.7(a) hereof, and (b) for any filings, notices, applications and other information as may be required to be made or supplied pursuant to the HSR Act, the Exchange Act any state or foreign agencies and approval of such filings, notices or applications, no notices, reports or other filings are required to be made by Parent, LLC or any of the Transferring Entities with, nor are any consents, registrations, applications, approvals, permits, licenses or authorizations required to be obtained by Parent, LLC or any of the Transferring Entities from, any public or governmental authority or other third party in connection with the execution and delivery of this Agreement and, in the case of Parent only, the Merger Agreement, and the consummation of the Transactions (other than consents that would not, if not given, have a Parent Material Adverse Effect).

2.8. Benefit Arrangements. (a) Promptly following the date hereof, Parent will provide Schedule 2.8(a) containing a true and complete list of all material employee benefit plans or arrangements that cover any employee of the Contributed Businesses (the "Contributed Employees") including any employment, severance, or other similar contract, arrangement, or policy and each material plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, retirement benefits, deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation, or benefits (collectively, "Benefit Arrangements"). Such list shall also denote all Benefit Arrangements pursued or maintained by the Contributed Businesses that do not provide benefits for other employees of Parent (a "Contributed Benefit Arrangement"). There is no formal commitment, whether legally binding or not, to create any additional Benefit Arrangements or to modify or change any existing Benefit Arrangements. With respect to each Benefit Arrangement, Parent has provided, or prior to the Closing Date, will provide to Newco true and complete copies of: (i) all Benefit Arrangement documents and all amendments thereto; and (ii) the most recent summary plan descriptions.

(b) No Benefit Arrangement is an "employee pension benefit plan," as defined in Section 3(2) of ERISA that is subject to Title IV of ERISA or Section 412 of the Code. No Benefit Arrangement provides post-retirement welfare benefits, except as required by law or which would not have a Parent Material Adverse Effect. None of the Contributed Businesses has incurred or expects to incur any liability or lien under Title IV of ERISA or Section 412 of the Code, which liability or lien would be reasonably expected to have a Parent Material Adverse Effect.

(c) None of the Contributed Businesses, nor any entity required to be combined with the Contributed Businesses under Section 414(b), Section 414(c), Section 414(m), or Section 414(o) of the Code (an "ERISA Affiliate"), has incurred, or expects to incur solely as a result of the consummation of the Contribution (including any termination of employment in connection therewith), any cost, fee, expense, liability, claim, suit, obligation, or other damage with respect to any pension plan or any Benefit Arrangement that could give rise to the imposition of any liability, cost, fee, expense, or obligation on Newco or any of its affiliates, which would be reasonably expected to have a Parent Material Adverse Effect, and, to Parent's knowledge, no facts or circumstances exist that could give rise to any such cost, fee, expense, liability, claim, suit, obligation, or other damage, which would be reasonably expected to have a Parent Material Adverse Effect.

(d) Neither the execution and delivery of this Agreement nor the consummation of the Contribution (including any terminations of employment in connection therewith) will (i) increase any benefits otherwise payable under any Benefit Arrangement, which would be reasonably expected to have a Parent Material Adverse Effect, (ii) result in the acceleration of the time of payment or vesting of any such payment, or (iii) obligate Newco or the Contributed Businesses to make any payment to any Contributed Employee that will not be deductible as a result of the application of Section 280G of the Code, which would be reasonably expected to have a Parent Material Adverse Effect.

(e) No controversies, disputes, or proceedings are pending or, to Parent's knowledge, threatened, between any of the Contributed Businesses or Benefit Arrangements and any Contributed Employee or any governmental agency (other than routine claims for benefits), which would be reasonably expected to have a Parent Material Adverse Effect.

(f) Except where any such failure would not be reasonably expected to have a Parent Material Adverse Effect, all Benefit Arrangements (i) comply in all material respects with applicable law, including but not limited to ERISA and the Code, (ii) have been administered in all material respects in accordance with their terms, and (iii) all required contributions have been made to such Benefit Arrangements. All Benefit Arrangements that are intended to be qualified under Section 401(a) of the Code have received a favorable determination letter from the Internal Revenue Service, and Parent has no knowledge of any events that would cause such letter to be revoked. Except as set forth on Schedule 2.8(f), none of Parent, the Contributed Businesses, their affiliates or any other person, including any fiduciary, has engaged in a transaction in connection with which the Contributed Businesses or any Contributed Benefit Arrangement will be subject to either a material civil penalty assessed pursuant to Section 409 or 502(i) of ERISA or a material tax imposed pursuant to Section 4975 or 4976 of the Code.

(g) Except where the failure to do so would not have a Parent Material Adverse Effect, all Benefit Arrangements subject to or governed by the law or a jurisdiction outside of the United States comply with applicable local law and are funded and/or book reserved (or otherwise reflected on the Balance Sheet) with respect to the Contributed Employees in a manner sufficient to provide for accrued benefits according to reasonable actuarial or other applicable assumptions and

valuations most recently used to determine employer contributions to or the funded status or book reserve of such Benefits Arrangements.

2.9. Transactions with Affiliates; Completeness of Assets. Except as set forth on Schedule 2.9, there are no material agreements between the Contributed Businesses, on the one hand, and Parent or any of its Subsidiaries (other than the entities comprising the Contributed Businesses or TMCS), on the other hand, relating to the business or operations of the Contributed Businesses, except for transactions on an arm's-length basis, transactions pursuant to customary intercompany management and operations and transactions that are not material to the Contributed Businesses. With respect to the Contributed Businesses, neither Parent nor any of its Subsidiaries (other than the Contributed Businesses or TMCS) owns any asset, property or right, tangible or intangible, that is primarily used or held for use in the business or operations of the Contributed Businesses, other than such assets, properties and rights that will be included in the Contributed Businesses and provided that the Contributed Businesses do not include certain incidental businesses that are primarily related to the other businesses of Parent and its Subsidiaries (other than the Contributed Businesses and TMCS). The Contributed Businesses include all of the assets used or held for use by Parent and its Subsidiaries (other than TMCS) in connection with Parent's conduct of the business and operations of the Contributed Businesses and the Contributed Businesses do not include any other assets. The business and operations of the Contributed Businesses include without limitation all online businesses, automated ticketing services and on-air home shopping businesses (other than such activities, services and businesses that are incidental to Parent's other lines of businesses, such as SciFi.com and USA Network.com) owned or operated by Parent or any of its Subsidiaries (other than TMCS).

2.10. Absence of Changes; Conduct of Business. Except as disclosed in the Parent Commission Documents, no event or events have occurred that have had, either individually or in the aggregate, a Material Adverse Effect on the Contributed Businesses. Except as disclosed in the Parent Commission Documents, since the Balance Sheet Date, Parent, LLC and the Transferring Entities have, in all material respects, conducted their business operations relating to the Contributed Businesses in the ordinary course, and there has not occurred any event or condition having or that would have a Parent Material Adverse Effect. Without limiting the generality of the foregoing, other than as is disclosed in the Parent Commission Documents or on Schedule 2.10 hereto, since the Balance Sheet Date there has not occurred:

(a) any change or agreement to change the character or nature of the Contributed Businesses in any material respects;

(b) other than in the ordinary course, any purchase, sale, transfer, assignment, conveyance or pledge of the assets or properties contained in the Contributed Businesses;

(c) any waiver or modification by Parent or LLC or the Transferring Entities of any right or rights of substantial value, or any material payment, direct or indirect, in satisfaction of any liability with respect to the Contributed Businesses;

(d) any change in the accounting principles, methods, practices or procedures followed by Parent, LLC or the Transferring Entities in connection with the Contributed Businesses

or any change in the depreciation or amortization policies or rates theretofore adopted by Parent, LLC or the Transferring Entities in connection with the Contributed Businesses;

(e) any grant or award of any options, warrants, conversion rights or other rights to acquire any shares of capital stock of any of the entities comprising the Contributed Businesses; or

(f) except for (i) such actions as are in the ordinary course of business (ii) required by applicable law, or (iii) for liabilities that would not be the responsibility of the Contributed Businesses following the Closing, (A) any increase in the wages, salaries, compensation, pension, or other fringe benefits or perquisites payable to any executive officer, employee, or director of the Contributed Businesses from the amount thereof in effect as of December 31, 1998, or (B) the grant of any severance or termination pay, the entering into of any contract to make or grant any severance or termination pay or to pay any bonuses (other than customary year-end bonuses for fiscal 1998) or (ii) any strike, work stoppage, slowdown, or other labor disturbance which would have, either individually or in the aggregate, a Parent Material Adverse Effect; or

(g) any agreement with respect to any of the foregoing.

2.11. Claims and Legal Actions. Except as disclosed in the Parent Commission Documents, there are no judicial, administrative, arbitral or other actions, suits, claims, inquiries, investigations or proceedings in respect of the Contributed Businesses or challenging the validity or propriety of the transactions contemplated by this Agreement (whether of a public or private nature) pending or, to the knowledge of Parent, threatened against Parent or any of its Subsidiaries, which, individually or in the aggregate, would have a Material Adverse Effect on the Contributed Businesses considered as a whole. There is no injunction, order, judgment, decree, or regulatory restriction imposed upon Parent, any of its Subsidiaries or the assets of the Contributed Businesses that has had, or will have, either individually or in the aggregate, a Parent Material Adverse Effect.

2.12. Compliance with Laws. Parent and each of its Subsidiaries hold all material licenses, franchises, permits and authorizations necessary for the lawful conduct of the Contributed Businesses under and pursuant to each, and have complied in all material respects with and are not in default in any material respect under any, applicable law, statute, order, rule, regulation, policy and/or guideline of any governmental entity relating to the Contributed Businesses, except where the failure to hold such license, franchise, permit or authorization or such noncompliance or default will not, either individually or in the aggregate, have a Parent Material Adverse Effect.

2.13. Intellectual Property; Proprietary Rights; Employee Restrictions. (a) Parent or its Subsidiaries owns or has the right to use all material registered copyrights, copyright registrations and copyright applications, trademark registrations and applications for registration, patents and patent applications, trademarks, service marks, trade names, or Internet domain names (collectively, "Intellectual Property Rights") used by Parent or its Subsidiaries principally in connection with the Contributed Businesses, except for the absence of which would not, individually or in the aggregate, have a Parent Material Adverse Effect. Parent believes that the Intellectual Property Rights used by Parent or its Subsidiaries principally in connection with the Contributed Businesses are sufficient to carry on the Contributed Businesses as presently

conducted. The Contributed Businesses have, or will have prior to the Closing Date, exclusive ownership of or a license to use all Intellectual Property Rights used by Parent or its subsidiaries principally in connection with the Consolidated Businesses that Parent and its Subsidiaries owns or has the right to use (provided, however, that the Contributed Businesses shall have no right to use the "USA Networks" name, or names derivative thereof, which right is expressly retained by Parent). The present business activities or products of the Contributed Businesses do not infringe any Intellectual Property Rights of others, except as would not have a Parent Material Adverse Effect. Parent has not received any written notice or other claim or to the knowledge of Parent, oral notice or other claim, from any person asserting that any of Parent's present activities in connection with the Contributed Businesses infringe or may infringe any Intellectual Property Rights of such person.

(b) (i) Parent or its Subsidiaries have, and the Contributed Businesses will have prior to the Closing Date, the right to use all trade secrets, customer lists, hardware designs, programming processes, software and other information required for its services or its business as presently conducted by the Contributed Businesses; (ii) Parent or its Subsidiaries have taken all reasonable measures to protect and preserve the security and confidentiality of its trade secrets and other confidential information; (iii) to the knowledge of Parent, all trade secrets and other confidential information of Parent or its Subsidiaries and related to the Contributed Businesses are not part of the public domain or knowledge, nor, to the knowledge of Parent, have they been misappropriated by any person having an obligation to maintain such trade secrets or other confidential information in confidence for Parent; and (iv) to the knowledge of Parent, no employee or consultant of Parent or any or its Subsidiaries has used any trade secrets or other confidential information of any other person in the course of their work for Parent or such Subsidiary in connection with the Contributed Businesses.

(c) To the knowledge of Parent, no university, government agency (whether federal or state) or other organization sponsored research and development conducted by Parent or any of its Subsidiaries or has any claim of right to or ownership of or other encumbrance upon the Intellectual Property Rights there of Parent. Parent is not aware of any infringement by others of its copyrights or other Intellectual Proprietary Rights used in connection with the Contributed Business in any of its technology or services, or any violation of the confidentiality of any of its proprietary information. To Parent's knowledge, Parent is not making unlawful use of any confidential information or trade secrets of any past or present employees of the Contributed Businesses.

2.14. Certain Contracts. (a) Except as set forth on Schedule 2.14, as relates to the Contributed Businesses, neither Parent nor any of its Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) with respect to the employment of any directors, officers or employees of the Contributed Businesses, other than in the ordinary course of business consistent with past practice, (ii) which, upon the consummation of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional acts or events) result in any payment (whether of severance pay or otherwise) becoming due to any officer or employee of the Contributed Businesses, (iii) which materially restricts the conduct of any line of business of the Contributed Businesses, (iv) with or to a labor union or guild

(including any collective bargaining agreement) or (v) (including any stock option plan, stock appreciation rights plan, restricted stock plan or stock purchase plan) any of the benefits of which will be increased, or the vesting of the benefits of which will be accelerated, by the occurrence of any stockholder approval or the consummation of any of the Transactions, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement. Parent has previously made, or will make, available to Newco true and correct copies of all material employment and deferred compensation agreements which are in writing and to which Parent or any of its Subsidiaries is a party and relate to the Contributed Businesses. Each contract, arrangement, commitment or understanding of the type described in this Section 2.14(a), whether or not set forth in the Parent Disclosure Schedule, is referred to herein as a "Parent Contract," and neither Parent nor any of its Subsidiaries knows of, or has received notice of, any violation of the above by any of the other parties thereto which, either individually or in the aggregate, will have a Parent Material Adverse Effect.

(b) (i) Each Parent Contract is valid and binding on Parent or any of its Subsidiaries, as applicable, and in full force and effect, (ii) Parent and each of its Subsidiaries have in all material respects performed all obligations required to be performed by it to date under each Parent Contract, except where such noncompliance, either individually or in the aggregate, will not have a Parent Material Adverse Effect, and (iii) no event or condition exists which constitutes or, after notice or lapse of time or both, will constitute, a material default on the part of Parent or any of its Subsidiaries under any such Parent Contract, except where such default, either individually or in the aggregate, will not have a Parent Material Adverse Effect.

2.15. Undisclosed Liabilities. Except for those liabilities that are fully reflected or reserved against on the Balance Sheet and for liabilities incurred in the ordinary course of business consistent with past practice, since the Balance Sheet Date, neither Parent nor any of its Subsidiaries has incurred any liability of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether due or to become due) that, either individually or in the aggregate, has had or will have a Parent Material Adverse Effect.

2.16. Labor Matters. Except as disclosed in the Parent Commission Documents publicly filed prior to the date hereof or as set forth on Schedule 2.14 hereto, none of the Contributed Businesses is a party to or otherwise bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor, as of the date hereof, are any of the Contributed Businesses the subject of any material proceeding asserting that any of the Contributed Businesses has committed (in each case, which will have, either individually or in the aggregate, a Parent Material Adverse Effect) an unfair labor practice or is seeking to compel it to bargain with any labor union or labor organization nor, as of the date of this Agreement, is there pending or, to the knowledge of Parent, threatened, any material labor strike, dispute, walkout, work stoppage, slow-down or lockout involving any of the Contributed Businesses.

2.17. Environmental Liability. There are no legal, administrative, arbitral or other proceedings, claims, actions, causes of action, private environmental investigations or remediation activities or governmental investigations of any nature seeking to impose, or that could reasonably

result in the imposition, on any of the Contributed Businesses of any liability or obligation arising under common law or under any local, state or federal environmental statute, regulation or ordinance including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), pending or, to Parent's knowledge, threatened against any of the Contributed Businesses, which liability or obligation will, either individually or in the aggregate, have a Parent Material Adverse Effect. To the knowledge of Parent, there is no reasonable basis for any such proceeding, claim, action or governmental investigation that would impose any liability or obligation that will, individually or in the aggregate, have a Parent Material Adverse Effect. With respect to the Contributed Businesses, Parent is not subject to any agreement, order, judgment, decree, letter or memorandum by or with any court, governmental authority, regulatory agency or third party imposing any liability or obligation with respect to the foregoing that will have, either individually or in the aggregate, a Parent Material Adverse Effect.

2.18. Year 2000 Compliance. Parent has adopted and implemented a commercially reasonable plan to provide (a) that the change of the year from 1999 to the year 2000 will not materially and adversely affect the information and business systems or online operations of any of the Contributed Businesses and (b) that the impacts of such change on the vendors and customers of the Contributed Businesses will not have a Parent Material Adverse Effect. In Parent's reasonable best estimate, no expenditures materially in excess of currently budgeted items previously disclosed to Newco will be required in order to cause the information and business systems of the Contributed Businesses and its Subsidiaries to operate properly following the change of the year 1999 to the year 2000. Parent reasonably expects that it will resolve any issues related to such change of the year that could reasonably be expected to have a material impact upon the Contributed Businesses in accordance with the timetable contemplated by such plan (and in any event on a timely basis in order to be resolved before the year 2000). Between the date of this Agreement and the Effective Time, Parent shall continue to use all commercially reasonable efforts to implement such plan.

2.19. Properties. (a) None of the Contributed Businesses is in default under any of their respective leases for real property, and no event or condition exists which constitutes or, after notice or lapse of time or both, would constitute, a default on the part of any such entity under any of such leases, except where the existence of such defaults, individually or in the aggregate, is not reasonably likely to have a Parent Material Adverse Effect.

(b) Except as set forth on Schedule 2.19, with respect to each item of real property owned by the Contributed Businesses, except for such matters that, individually or in the aggregate, are not reasonably likely to have a Parent Material Adverse Effect: (i) such entity has good and clear record and marketable title to such property, insurable by a recognized national title insurance company at standard rates, free and clear of any lien, encumbrance, security interest, easement, covenant or other restriction, except for recorded easements, covenants and other restrictions which do not materially impair the current uses or occupancy of such property; and (ii) the improvements constructed on such property are in good condition, and all mechanical and utility systems servicing such improvements are in good condition, subject to ordinary wear and tear, and free in each case of material defects.

2.20. Ownership of Lycos Common Stock. Neither Parent nor any of its Subsidiaries owns any shares of Lycos common stock.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF NEWCO

Newco represents and warrants to Parent and LLC as follows:

3.1. Organization, Standing, and Authority. Newco is a corporation duly organized, validly existing, and in good standing under the laws of Delaware. Newco has all requisite corporate power and authority to execute and deliver this Agreement and the Merger Agreement and the documents contemplated hereby (to the extent a party to such documents), and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by them hereunder and thereunder.

3.2. No Business Activity. Newco is a corporation newly formed solely for the purpose of consummating the Transactions and has not engaged in any business activity except in connection with this Agreement and consummation of the Transactions.

3.3. Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement and the Merger Agreement, and each of the agreements contemplated hereby and thereby, and the consummation of the Transactions by Newco (with respect to such agreements to which it is a party) have been duly authorized by all necessary corporate action on the part of Newco. This Agreement and the Merger Agreement have each been duly executed and delivered by Newco and constitute the legal, valid, and binding obligation of Newco, enforceable against Newco in accordance with their respective terms, except to the extent limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights generally and by general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law.

3.4. Capitalization. (a) The authorized capitalization of Newco as of the date hereof consists of: 1,000,000,000 shares of Common Stock, $.01 par value per share ("Newco Common Stock"), 600,000,000 shares of Newco Class B Common Stock, $.01 par value per share ("Newco Class B Common Stock" and together with Newco Common Stock, "Newco Stock"), and 150,000,000 shares of preferred stock, $.01 par value per share, of Newco ("Newco Preferred Stock"), of which, as of the date hereof, there were 10 shares of Newco Class B Common Stock outstanding, all of which shares are owned by Parent, no shares of Newco Common Stock outstanding and no shares of Newco Preferred Stock outstanding. Such shares outstanding on the date hereof are duly authorized, validly issued and fully paid and nonassessable. As of the date hereof, except pursuant to the Transaction Agreements, there are no outstanding options, warrants, rights, puts, calls, commitments, or other contracts, arrangements, or understandings issued by or binding upon Newco requiring or providing for, and there are no outstanding debt or equity securities of Newco which upon the conversion, exchange or exercise thereof would require or provide for, the issuance by Newco of any new or additional shares of Newco Stock (or any other

securities of Newco) which, with or without notice, lapse of time and/or payment of monies, are or would be convertible into or exercisable or exchangeable for shares of Newco Stock. There are no preemptive or other similar rights available to the existing holder of Newco Stock except as contemplated by the Transaction Agreements. Upon issuance of shares of Newco Class B Common Stock pursuant to this Agreement, such shares of Newco Class B Common Stock will be duly authorized, validly issued, fully paid, nonassessable and free of preemptive or similar rights.

3.5. Absence of Conflicting Agreements; Consents. Subject to any filings, notices, applications and other information as may be required to be made or supplied pursuant to the HSR Act or the Exchange Act, the execution, delivery and performance of this Agreement, the Merger Agreement and the documents contemplated hereby and thereby by Newco (with or without the giving of notice, the lapse of time, or both): (a) do not require any notices, reports or other filings to be made by Newco with any public or governmental authority; (b) do not require the consent of any third party (including any governmental or regulatory authority); (c) will not conflict with any provision of the Certificate of Incorporation or By-Laws of Newco, and (d) will not violate or result in a breach of, or contravene any law, judgment, order, ordinance, injunction, decree, rule, regulation or ruling of any court or governmental instrumentality applicable to Newco except, in the case of clauses (a), (b) and (d), for violations, breaches, contraventions or conflicts, which would not have a Newco Material Adverse Effect.

ARTICLE IV
TAX MATTERS

4.1. Tax Representations. Parent represents and warrants to Newco that all material Returns required to be filed for taxable periods ending on or prior to the Closing Date by the Contributed Businesses have been or will be filed in accordance with all applicable laws, and all Taxes due by the Contributed Businesses have been or will be paid, except where the failure to so file or so pay would not, in the aggregate, have a Parent Material Adverse Effect.

4.2. Tax Indemnification by Newco. Newco shall be liable for, and shall hold the Parent Indemnified Parties (and the direct and indirect owners of LLC), and any successor thereto or affiliates thereof harmless from and against, any and all Taxes with respect to Newco, any of its Subsidiaries or any of the Contributed Businesses for any taxable period, other than Taxes for which Parent or LLC is liable pursuant to Section 4.3.

4.3. Tax Indemnification by Parent and LLC. Parent or LLC shall be liable for, and shall hold the Newco Indemnified Parties harmless from and against: (i) any Income Taxes and any Sales Taxes with respect to the Contributed Businesses for any period (or portion thereof) ending on or prior to the Closing Date (calculated based on a closing of the books of the Contributed Businesses as of the Closing Date) and (ii) any several liability under Treasury Regulation Section 1.1502-6 (or under any comparable or similar provision under state, local or foreign laws or regulations) with respect to any Consolidated Return Taxes.

4.4. Allocation of Certain Taxes. The Parties agree that if any entity transferred to Newco is permitted but not required under applicable foreign, state or local Income Tax laws or Sales Tax laws, respectively, to treat the day before the Closing Date or the Closing Date as the last

day of a taxable period, such day shall be treated as the last day of a taxable period for purposes of such relevant Tax law.

4.5. Filing Responsibility. (a) Any Return with respect to the Contributed Businesses shall be prepared and filed by the person required under the law to file such Return.

(b) With respect to any Income Tax or Sales Tax Return required to be filed by Newco or any of its Subsidiaries that could reasonably be expected to include or affect the Taxes for which Parent or LLC is liable under Section 4.3, Newco shall deliver to Parent for its review, comment and approval (which approval shall not be unreasonably withheld) a copy of its proposed Return no later than 45 days prior to the due date (including extensions).

4.6. Refunds. (a) Parent or the LLC, as the case may be, shall be entitled to any refunds, and the benefit of any credits, of or with respect to any Income Taxes and any Sales Taxes with respect to the Contributed Businesses for any period (or portion thereof) ending on or prior to the Closing Date (calculated based on a closing of the books of the Contributed Businesses as of the Closing Date). Subject to the provisions of Section 4.8, Newco shall be entitled to any other refunds and credits of Taxes with respect to any of the Contributed Businesses for any taxable period.

(b) Newco shall promptly forward to Parent or LLC, respectively, any refunds or credits received by Newco or any of its Subsidiaries to which Parent or LLC is entitled under Section 4.6(a). Parent or LLC shall promptly forward to Newco any refunds or credits received by Parent (or any of its Subsidiaries, other than Newco or any of its Subsidiaries) or LLC (or any of its Subsidiaries, other than Newco or any of its Subsidiaries), respectively, to which Newco is entitled under Section 4.6(a).

4.7. Cooperation and Exchange of Information. (a) The Parties shall cooperate with one another with respect to Tax matters. As soon as practicable, but in any event within thirty (30) days after request by Parent or LLC, from and after the Closing Date, Newco shall provide Parent or LLC with such cooperation and shall deliver to Parent or LLC such information and data concerning the operations of the Contributed Businesses and make available such knowledgeable employees of the Contributed Businesses as Parent or LLC may reasonably request, in order to enable Parent or LLC to complete and file all Returns which it or any of its Subsidiaries may be required to file with respect to the operations and business of the Contributed Businesses or to respond to audits by any Taxing Authorities with respect to such operations and to otherwise enable Parent or LLC to satisfy its internal accounting, Tax and other legitimate requirements. Such cooperation and information by or from Newco shall include provision of powers of attorney for the purpose of signing Returns and defending audits and promptly forwarding copies of appropriate notices and forms or other communications received from or sent to any Taxing Authority which relate to the Contributed Businesses, and providing copies of all relevant Returns, together with accompanying schedules and related workpapers, documents relating to rulings or other determinations by any Taxing Authority and records concerning the ownership and Tax basis of property, which Newco or its Subsidiaries may possess. As soon as practicable, but in any event within thirty (30) days after request by Newco, from and after the Closing Date, Parent and LLC shall each provide Newco with such cooperation and shall deliver to Newco such information and

data concerning the pre-Closing operations of the Contributed Businesses and make available such knowledgeable employees of Parent or LLC as Newco may reasonably request, in order to enable Newco to complete and file all Returns which it or any of its Subsidiaries may be required to file with respect to the operations and business of the Contributed Businesses or to respond to audits by any Taxing Authorities with respect to such operations. Such cooperation and information by or from Parent or LLC shall include furnishing records concerning the ownership and Tax basis of property, which Parent or LLC may possess. The Parties shall make their and their Subsidiaries' employees and facilities available on a mutually convenient basis to provide explanation of any documents or information provided hereunder.

(b) For a period of seven (7) years after the Closing Date or such longer period as may be required by law, Newco shall, and shall cause its Subsidiaries to, retain all, and neither destroy nor dispose of any, Returns, books and records (including computer files) of, or with respect to the activities of, the Contributed Businesses for all taxable periods ending on or prior to the Closing Date. Thereafter, Newco shall not, and shall cause its Subsidiaries not to, destroy or dispose of any such Returns, books or records unless it first offers in writing to deliver such Returns, books and records to Parent and LLC (at the expense of Parent and LLC) and Parent and LLC fail to accept such offer within sixty (60) days of its being made.

(c) The Parties shall cooperate in the preparation of all Returns relating in whole or in part to taxable periods ending on or before or including the Closing Date that are required to be filed after such date. Such cooperation shall include, but not be limited to, furnishing relevant portions of prior years' Returns or Return preparation packages illustrating previous reporting practices or containing historical information relevant to the preparation of such Returns, and furnishing such other information within such Party's possession reasonably requested by the person filing such Returns as is relevant to their preparation. In the case of any federal, state, local or foreign joint, consolidated, combined, unitary or group relief system Returns, such cooperation shall also relate to any other taxable periods in which one Party could reasonably require the assistance of another Party in obtaining any necessary information.

(d) Parent shall have the right, at its own expense, to control any audit or examination by any Taxing Authority ("Tax Audit"), initiate any claim for refund, contest, resolve and defend against any assessment, notice of deficiency, or other adjustment or proposed adjustment to the extent relating to any Income Taxes or Sales Taxes of the Contributed Businesses for any taxable period (or portion thereof) ending on or before the Closing Date. Newco shall have the right, at its own expense, to control any other Tax Audit, initiate any other claim for refund, and contest, resolve and defend against any other assessment, notice of deficiency, or other adjustment or proposed adjustment relating to all other Taxes with respect to the Contributed Businesses. The Parties shall cooperate with one another in a manner comparable to that described for such Party in paragraph (a) of this Section to effect the purposes of this Section.

4.8. Carrybacks; Tax Sharing Agreements. The Contributed Businesses shall not carry back any deductions, losses or credits to a taxable period (or portion thereof) ending on or prior to the Closing Date with respect to any consolidated, combined, unitary or group relief system Taxes without the prior written consent of Parent. Any Tax sharing agreement between Parent or

LLC, on the one hand, and any of the Contributed Businesses, on the other hand, shall be terminated as of the Closing Date and shall thereafter have no further effect for any taxable year.

4.9. Survival. Notwithstanding any other provision of this Agreement, the provisions of this Article IV, other than Section 4.1, shall survive the Closing until the expiration of all applicable statutes of limitations.

4.10. Payments. To the extent not paid prior to the Closing Date, in the case of Separate Return Taxes of the Contributed Businesses for which Parent or LLC, respectively, is liable pursuant to Section 4.3, Parent or LLC, respectively, shall pay Newco as a contribution to capital the amount of such Taxes on or prior to the date such Taxes are due to the relevant Taxing Authority. Newco shall, or shall cause, such amounts to be paid over to the Taxing Authority.

4.11. Timing Differences. (a) In the event of any adjustment, including a final determination, of a Tax item attributable to the Contributed Businesses that results in a Tax benefit or Tax detriment for the account of one Party (the "Adjusted Party") and a corresponding Tax detriment or Tax benefit (the "Corresponding Item") for the account of another Party (the "Corresponding Party"), then, no later than five business days after the Corresponding Item is actually realized (i) if the Corresponding Item is a Tax benefit, the Corresponding Party shall pay the Adjusted Party and (ii) if the Corresponding Item is a Tax detriment, the Adjusted Party shall pay the Corresponding Party, in each case, the lesser of the Tax benefit and the Tax detriment.

(b) Section 4.11(a) shall not apply to any change in a Tax item arising as a result of a claim for refund initiated by the taxpayer.

4.12. Definitions. For purposes of this Article IV, the following terms shall have the meanings ascribed to them below:

(a) "Consolidated Return Taxes" shall mean any Income Taxes and any Sales Taxes that are filed on a consolidated, combined, unitary or group relief system basis that include any of the Contributed Businesses, on the one hand, and Parent, LLC or any of their respective Subsidiaries, other than the Contributed Businesses, on the other hand.

(b) "Income Taxes" means all Taxes based upon or measured by income.

(c) "Returns" means returns, reports and forms required to be filed with any domestic or foreign Taxing Authority.

(d) "Separate Return Taxes" means Income Taxes and Sales Taxes other than Consolidated Return Income Taxes.

(e) "Sales Taxes" shall mean sales Taxes and use Taxes.

(f) "Taxes" means (i) all taxes (whether federal, state, local or foreign) based upon or measured by income and any other tax whatsoever, including gross receipts, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, employment, excise, or property taxes, together with any interest or penalties imposed with respect thereto and

(ii) any obligations under any agreements or arrangements with respect to any Taxes described in clause (i) above.

(g) "Taxing Authority" means any government authority having jurisdiction over the assessment, determination, collection, or other imposition of Tax.

ARTICLE V
ADDITIONAL COVENANTS

5.1. Regulatory Matters. Following the date hereof, Parent and Newco shall file promptly any forms required under applicable law and take any other action reasonably necessary in connection with (a) obtaining the expiration or termination of the waiting periods under the HSR Act applicable to the Contribution and the other Transactions, and (b) the matters described in Section 9.1 of the Merger Agreement.

5.2. Conduct of Business Prior to the Effective Time. During the time from the date of this Agreement to the Effective Time, except as expressly contemplated or permitted by this Agreement, the Merger Agreement or the Option Agreements, or as disclosed in the Parent Disclosure Schedule, (a) Parent and its Subsidiaries shall based on its reasonable commercial judgment, conduct the Contributed Businesses in the ordinary course, (b) based on its reasonable commercial judgment, use reasonable best efforts to maintain and preserve intact the business organization, employees and advantageous business relationships of the Contributed Businesses and retain the services of the officers and key employees of the Contributed Businesses, and (c) take no action which would adversely affect or delay the ability of the Contributed Businesses to obtain any necessary approvals of any Regulatory Agency or other governmental authority required for the Transactions or to perform its covenants and agreements under this Agreement, the Merger Agreement or the Option Agreements or to consummate the Transactions or otherwise delay or prohibit consummation of the Transactions.

5.3. Forbearances. During the period from the date of this Agreement to the Effective Time, except as set forth in the Parent Disclosure Schedule or as disclosed in the Parent Commission Documents filed prior to the date hereof and, except as expressly contemplated by this Agreement, the Merger Agreement or the Option Agreements, neither Parent nor LLC shall permit any of their respective Subsidiaries to, without the prior written consent of Lycos and TMCS:

(a) other than in the ordinary course of business and in amounts that are not material, incur any indebtedness on behalf of the Contributed Businesses, for borrowed money (other than short-term indebtedness incurred to refinance short-term indebtedness and indebtedness of the Contributed Businesses, on the one hand, to any of its Subsidiaries, on the other hand), assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other individual, corporation or other entity, or make any loan or advance;

(b) (i) make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire or encumber, any shares of the capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or

exchangeable for any shares of the capital stock, of any Contributed Businesses provided, however, that Parent shall be permitted to sweep or otherwise cause to be distributed cash from the Contributed Businesses;

(i) grant any stock appreciation rights or grant any individual, corporation or other entity any right to acquire any shares of the stock of any entity included in the Contributed Businesses; or

(ii) issue any additional shares of capital stock of the Contributed Businesses except pursuant to the exercise of stock options under the Internet Shopping Network stock option plans issued and outstanding as of the date hereof.

(c) other than in the ordinary course of business, consistent with past practice, increase in any manner the compensation or fringe benefits of any of the employees of the Contributed Businesses or pay any pension, severance or retirement allowance not required by any existing plan or agreement to any such employees or become a party to, amend or commit itself to any pension, retirement, profit-sharing or welfare benefit plan or agreement or employment agreement with or for the benefit of such employee, or accelerate the vesting of, or the lapsing of restrictions with respect to, any stock options or other stock-based compensation;

(d) except in the ordinary course of business, settle any material claim, action or proceeding involving money damages, provided that such money damages are paid prior to the Closing;

(e) knowingly take any action that would prevent or impede the Mergers and the Contribution, taken together, from qualifying as an exchange contemplated by Section 351 of the Code;

(f) take any action that is intended or expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time prior to the Effective Time, or in any of the conditions to the Mergers set forth in Article X of the Merger Agreement not being satisfied or in a violation of any provision of this Agreement, except, in every case, as may be required by applicable law;

(g) enter into any "non-compete" or similar agreement that would materially restrict the businesses of Newco following consummation of the Transactions;

(h) adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of any of the Contributed Businesses (other than as contemplated by the Transactions);

(i) implement or adopt any change in its accounting principles, practices or methods as they relate to the Contributed Businesses, other than as may be required by GAAP or regulatory guidelines; or

(j) agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by this Section 5.3.

5.4. Information and Access. (a) From the date hereof and continuing until the Closing, each of Parent, as to itself and its Subsidiaries and affiliates (other than Newco and TMCS), and Newco, as to itself and its Subsidiaries, agrees that it shall afford and, with respect to clause (ii) below, shall cause its independent auditors to afford, (i) to the officers, independent auditors, counsel and other representatives of the other or of Lycos reasonable access or of Lycos to its properties, books, records (including Tax Returns filed and those in preparation) and personnel in order that the other or Lycos may have a full opportunity to make such investigation as it reasonably desires to make of the other or others consistent with their rights under this Agreement, and (ii) to the independent auditors of the other, reasonable access to the audit work papers and other records of its independent auditors. No investigation pursuant to this Section 5.4 shall affect or otherwise obviate or diminish any representations and warranties of any party or conditions to the obligations of any party. Except as required by law or stock exchange or NASD regulation, any information furnished pursuant to this Section 5.4 (including any information furnished to the other prior to the date hereof) shall be held in confidence to the extent required by, and in accordance with, the provisions of the confidentiality agreement among Parent, Lycos and TMCS.

(b) From and after the Closing, each of Parent, as to itself and its Subsidiaries and affiliates (other than Newco and TMCS), on the one hand, and each of Newco and its Subsidiaries, on the other hand, agrees that it shall afford to the officers, independent auditors, counsel and other representatives of the other reasonable access to its books, records and personnel for reasonable business purposes, for example in order that the party requesting access can prepare tax and other filings with respect to any periods prior to Closing, or respond to, negotiate, settle or litigate any claims related to the Contributed Businesses for which the requesting party has any liability hereunder.

5.5. Transactions with Affiliates. (a) Except as otherwise agreed to by Parent, Newco, TMCS and Lycos, all agreements and transactions between the Contributed Businesses, on the one hand, and Parent and its Subsidiaries (other than TMCS), on the other hand, shall be terminated effective as of the Closing without any liability to any party except for payments due, if any, for goods and services provided prior to the Closing.

(b) From and after the Closing, Parent agrees that it will provide carriage on all of its broadcast stations that presently offer Home Shopping programming of programming relating to the Home Shopping business of Newco in exchange for payment by Newco of the direct operating costs and related expenses of such carriage and without any distribution fee, provided, however, that, upon 90 days' notice by Parent, such carriage arrangements with respect to any or all of the Parent broadcast stations that then carry Home Shopping programming may be terminated. In the event that Parent provides such notice, Newco shall not be obligated to reimburse Parent for the direct operating costs and related expenses described in this sentence as of the date of termination of the related carriage arrangement. Newco, on its behalf and on behalf of the Contributed Businesses, and Parent, on its behalf and on behalf of its Subsidiaries (other than the Contributed Businesses and TMCS) agree that the arrangements described in this Section 5.5(b) shall, as of the

Closing, supersede in their entirety any other agreement or arrangement with respect to the carriage of Home Shopping programming on any broadcast station owned or controlled, directly or indirectly, by Parent. In the case of a station that Parent does not hold a direct or indirect controlling interest in, but has a significant minority interest in, Newco agrees that any carriage agreement with such station may be terminated by such station on 90 days' notice with the concurrence of Parent, regardless of the provisions of the applicable carriage agreement.

5.6. Reservation and Listing of Newco Common Stock. Newco hereby covenants to Parent that it shall reserve and keep available out of its authorized but unissued shares of Newco Common Stock, such number of its duly authorized shares of Newco Common Stock as shall be sufficient to issue upon the exchange of all shares of Newco Class B Common Stock held by Parent and its affiliates. All shares of Newco Common Stock to be issued pursuant to this Agreement, including upon exchange of shares of Newco Common Stock for Newco Class B Common Stock shall, upon issuance, be duly qualified for quotation for trading on The Nasdaq Stock Market.

5.7. Further Action. (a) Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable law, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and the other Transaction Agreements and consummate and make effective the Transactions contemplated by the Transactions Agreements (including without limitation the Contribution of the Contributed Businesses to Newco as an exchange described in Section 351 of the Code).

(b) In the event that at any time or from time to time following the Closing, Parent (or its Subsidiaries) shall receive or otherwise possess any asset that comprises the businesses to be Contributed at the Closing to Newco, or Newco (or its Subsidiaries) shall receive or otherwise possess any asset that comprises the businesses of Parent other than the businesses to be Contributed at the Closing was not of the sort contemplated to be Contributed by Parent (or its Subsidiaries) at the Closing, such party shall promptly use all reasonable efforts to transfer, or cause to be transferred, such asset to the party so entitled thereto. Prior to any such transfer, the party (or its affiliates) possessing such asset shall hold such asset (and all earnings generated by such asset from and after the Closing) in trust for such other party.

5.8. Employees. (a) Except as otherwise agreed to by Parent and Newco, the active participation of Contributed Employees in Benefit Arrangements that are not Contributed Benefit Arrangements shall cease as of the Closing Date, and no additional benefits shall accrue thereunder in respect of periods following the Closing Date for such Contributed Employees. To the extent the Benefit Arrangements are no longer continued after the Closing Date, with respect to the Contributed Employees who are employed immediately following the Closing Date by Newco or its Subsidiaries (the "Continued Employees"), the Continued Employees shall be provided with benefits under plans maintained or established by Newco that are substantially similar to those provided to similarly-situated employees of Newco (taking into account all relevant factors, including, without limitation, geographic location, position and duties), and such Newco benefit

plans shall provide benefits thereunder on a basis that does not discriminate between the Continued Employees and the other employees of Newco.

(b) The parties hereto intend that there shall be continuity of employment with respect to all of the Contributed Employees. Newco shall provide employment, commencing on the Closing Date, to all Contributed Employees, including, without limitation, those who as of the Closing Date are on disability or leave of absence, and any active employee as of the Closing Date who is hired by the Contributed Businesses after the date of this Agreement, and excluding any Contributed Employee whose employment terminates for any reason with the Contributed Businesses prior to the Closing Date, on substantially the same terms (including salary, job responsibility and location) as those provided to such employees immediately prior to the Closing Date.

(c) Newco will (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to Continued Employees under any welfare plan that such employees may be eligible to participate in after the Closing Date, to the extent that such conditions would have been waived under the corresponding welfare plan in which any such employee participated in immediately prior to the Closing Date, (ii) provide each Continued Employee with credit for any co-payments and deductibles paid prior to the Closing Date, for the calendar year in which the Closing Date occurs, in satisfying any applicable deductible or out-of-pocket requirements under any welfare plans that such employees are eligible to participate in after the Closing Date, and (iii) provide each Continued Employee with credit for all service for purposes of eligibility, vesting and benefit accruals (but not for benefit accruals under any defined benefit pension plan) with Parent and its affiliates, as applicable, under each employee benefit plan, program, or arrangement of Newco or its affiliates in which such employees are eligible to participate in after the Closing Date; provided, however, that in no event shall the employees be entitled to any credit to the extent that it would result in a duplication of benefits with respect to the same period of service.

(d) Parent and Newco agree to cooperate reasonably and in good faith to lower any costs that may be borne by Parent or Newco as a result of the contemplated Transactions (e.g., severance costs) and to cooperate reasonably and in good faith on other transition matters relating to the Continued Employees and their benefits; provided, however, that nothing in this provision shall require Newco to continue to participate in or maintain any benefit plans or arrangements that existed prior to the Closing Date. Parent shall cooperate reasonably and in good faith to bifurcate, to the extent necessary, the payroll systems between the Contributed Employees and employees of Parent effective as of the Closing Date (or such later date as is administratively feasible).

(e) Certain Continued Employees currently participate in the USA Networks, Inc. Retirement Savings Plan (the "Parent DC Plan"). With respect to the Parent DC Plan, such Continued Employees shall not accrue benefits and service credit under such plan in respect of periods after the Closing Date, and shall commence participation in the Newco savings plan (the "Newco Savings Plan") as soon as practicable following the Closing Date with full credit, for purposes of vesting, for all service credited for such purposes as of the Closing Date under the Parent DC Plan. Newco shall provide to Parent evidence reasonably satisfactory to Parent that the

Newco Savings Plan and the corresponding trust qualify under the requirements of Sections 401(a) and 501(a) of the Code, respectively. Parent shall provide to Newco evidence reasonably satisfactory to Newco that the Parent DC Plan and the corresponding trust remain qualified under the requirements of Sections 401(a)and 501(a) of the Code, respectively. Provided Parent and Newco have received evidence reasonably satisfactory to them in accordance with the preceding sentences, as soon as is reasonably practicable following the Closing Date, but in no event later than 60 days following receipt of such mutually satisfactory evidence, Parent shall take or cause to be taken all action required or appropriate to transfer the account balances of all Continued Employees to the trust associated with the Newco Savings Plan. Such transfers shall be made in cash or in kind (as elected by Newco), and in the case of participant loans, notes (or other assets reasonably acceptable to Newco) equal in value to the account balances to be transferred, determined as of the last valuation date preceding the transfer. For the period from the Closing Date until the transfer, Newco shall collect by payroll deduction and promptly pay over to the Parent DC Plan all loan payments required on participant loans made by the plan to any Continued Employee and Parent shall cause the Parent DC Plan to administer and pay all distributions, withdrawals and loans payable under the terms of such plan to any Continued Employee until the transfer. Upon the transfer of the account balances (including participant loans) to the Newco Savings Plan, Newco shall assume all liabilities specifically attributable to the account balances of Continued Employees in respect of the Parent DC Plan from which that transfer was made.

(f) To the extent permitted by applicable law, Newco shall assume and be responsible for all accrued vacation through the Closing Date in respect of the Continued Employees.

(g) All medical, life insurance, disability and other welfare plan expenses and benefits for each Continued Employee with respect to claims incurred by such employees or their covered dependents prior to the Closing Date shall be covered under the Benefit Arrangements as in effect prior to the Closing Date. Expenses and benefits with respect to claims incurred by Continued Employees or their covered dependents on or after the Closing Date shall be the responsibility of Newco. For purposes of this paragraph, a medical claim is deemed incurred when the services that are the subject of the claim are performed; in the case of life insurance, when the death occurs, in the case of long-term disability benefits, when the disability is determined to have occurred.

(h) Without limiting the generality of the foregoing, effective as of the Closing Date, Newco shall assume, and become the successor entity, with respect to the Contributed Benefit Arrangements. Newco shall assume all collective bargaining agreements applicable to the Continued Employees, as modified by any negotiations between Newco and the applicable union.

(i) Notwithstanding anything contained herein to the contrary, from and after the Closing Date, Parent and its affiliates shall jointly and severally indemnify and hold harmless Newco and its Affiliates (other than Parent and its Affiliates) from any joint and several Controlled Group Liability of Parent or its affiliates. For this purpose, "Controlled Group Liability" shall mean any and all claims, losses, expenses, costs or obligations arising out of or relating to (i) Title IV of ERISA; (ii) Section 302 of ERISA; (iii) Sections 412 and 4971 of the Code; and (iv) the

continuation coverage requirements of Section 601 et seq. of ERISA and Section 4980B of the Code, with respect to any plan or program of Parent or its affiliates which is not a Benefit Arrangement and which becomes a liability of Newco solely as a result of the purchase of the Contributed Business pursuant to the Transaction.

5.9. Representations and Warranties. From the date hereof until the Closing Date, none of Parent, LLC or Newco shall take or omit to take any action that is intended or expected to result in any of the representations and warranties made by it in this Agreement being or becoming untrue in any material respect, or in any of the conditions to this Agreement set forth in Article VI not being satisfied or in violation of any provision of this Agreement.

5.10. Voting of Parent TMCS Shares. Parent agrees that, at a meeting duly called by TMCS or pursuant to an action by written consent, Parent shall vote or provide a written consent with respect to all shares of TMCS owned by it in favor of approval of the Transaction Agreements and the Transactions and any related matters to be acted upon by the TMCS shareholders in connection with consummation of the Transactions.

5.11. Indemnification of Officers and Directors. From and after the Closing, Newco shall indemnify any person who now is, or has been at any time prior to the date of this Agreement, or who becomes prior to the Closing, a director or officer of the Contributed Businesses, including any Subsidiary thereof or any of their respective predecessors, in the same manner and to the same extent as provided for with respect to the indemnification of the individuals identified in Section 9.9 of the Merger Agreement (including with respect to the provision of insurance).

5.12. Cash. Until the Closing Date, Parent and its Subsidiaries shall be entitled to sweep all cash and shall manage the indebtedness, accounts and notes receivable, capital expenditures and the cash flows related to the Contributed Businesses in the ordinary course of business and consistent with past practice. Without limiting the foregoing, neither Parent nor any of its Subsidiaries shall accelerate the collection of its accounts and notes receivable with respect to the Contributed Businesses, increase the amount of time to pay any of its indebtedness or dispose of any material amount of the assets of the Contributed Businesses. At the Closing, the Contributed Businesses shall include $9.5 million in cash.

ARTICLE VI
CONDITIONS

6.1. Conditions to Parent's Obligations. The obligations hereunder of Parent to consummate the Contribution, are subject to the satisfaction, at or before the Closing, of each of the following conditions. These conditions are for the sole benefit of Parent and may be waived by Parent (in whole or in part) at any time in its sole discretion.

(a) Each of the conditions to the Merger Agreement (other than Section 10.1(f) of the Merger Agreement) shall have been satisfied or waived in accordance with the terms of the Merger Agreement and this Agreement, and the Mergers shall have been consummated in accordance with the terms of the Merger Agreement.

(b) Parent shall have received from each of Lycos and TMCS a certificate attesting to the satisfaction of the conditions described in Sections 10.3 and 10.2, respectively, of the Merger Agreement.

(c) Parent shall have received the opinion of Wachtell, Lipton, Rosen & Katz, addressed to Parent and LLC, dated the Closing Date, to the effect that the contribution of the Contributed Businesses to Newco pursuant to this Agreement, taken together with the Mergers, constitutes an exchange described in Section 351 of the Code.

6.2. Conditions to Newco's Obligations. The obligations of Newco hereunder to consummate the Contribution are subject to the satisfaction, at or before the Closing, of each of the following conditions. Subject to Section 9.13 of the Merger Agreement, these conditions are for the benefit of Newco and, subject to Section 9.13 of the Merger Agreement, may be waived (in whole or in part) at any time in its sole discretion.

(a) Subject to the standard set forth in Section 9.3(b), the representations and warranties of Parent set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date. Newco shall have received a certificate signed on behalf of Parent by an appropriate executive officer to such effect.

(b) Parent shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Newco shall have received a certificate signed on behalf of Parent by an appropriate executive officer to such effect..

(c) Each of the conditions to the Merger Agreement (other than Section 10.1(f) of the Merger Agreement) shall have been satisfied or waived in accordance with the terms of the Merger Agreement and the Mergers shall have been consummated in accordance with the terms of the Merger Agreement.

ARTICLE VII
SURVIVAL AND INDEMNIFICATION

7.1. Survival. All representations and warranties of the parties contained in this Agreement or in any Schedule hereto, or any certificate, document or other instrument delivered in connection herewith shall not survive the Closing. All covenants and agreements which by their terms contemplate performance after the Closing Date (including but not limited to the indemnities) shall survive the Closing.

7.2. Indemnification. (a) From and after the Closing Date, Parent and its Subsidiaries (other than Newco) shall jointly and severally indemnify and hold harmless Newco, Newco's affiliates, each of their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Newco Indemnified Parties") from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities including, without limiting the generality of the foregoing, liabilities for

all reasonable attorneys' fees and expenses (including, but not limited to, attorney and expert fees and expenses incurred to enforce the terms of this Agreement) net of tax benefits and any recovery from any third party including, without limitation, insurance proceeds and taking into account tax costs (collectively, "Loss and Expenses") suffered, directly or indirectly (other than through any equity interest in Newco) by any Newco Indemnified Party by reason of, or arising out of any failure by Parent and its Subsidiaries (other than Newco) to pay, perform or discharge any liabilities of Parent and its Subsidiaries other than those of the Contributed Businesses. Such indemnification obligation shall also extend to liability of any Contributed Business other than Pacer/CATS due to a cross-default, guarantee or other surety obligation of such party triggered by a default under the Pacer/CATS credit agreement.

(b) From and after the Closing Date, Newco and its Subsidiaries shall jointly and severally indemnify and hold harmless Parent, Parent's affiliates (other than Newco), each of their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnified Parties") from and against any and all Loss and Expenses suffered, directly or indirectly by any Parent Indemnified Parties by reason of, or arising out of, any failure by Newco and its Subsidiaries to pay, perform or discharge any liabilities of the Contributed Businesses.

(c) Except with respect to third-party claims being defended in good faith or claims for indemnification with respect to which there exists a good faith dispute, the indemnifying party shall satisfy its obligations hereunder within 30 days of receipt of the indemnified party's notice of a claim under this Article VII.

(d) The provisions of this Section 7.2 shall not affect the obligations and benefits of the parties set forth in Sections 4.2 and 4.3 of this Agreement.

7.3. Third-Party Claims. If a claim by a third party is made against an indemnified party (i.e., a Newco Indemnified Party or Parent Indemnified Party), and if such indemnified party intends to seek indemnity with respect thereto under this Article VII, such indemnified party shall promptly notify the indemnifying party in writing of such claims setting forth such claims in reasonable detail. The indemnifying party shall have twenty (20) days after receipt of such notice to undertake, through counsel of its own choosing and at its own expense, the settlement or defense thereof, and the indemnified party shall cooperate with it in connection therewith; provided, however, that the indemnified party may participate in such settlement or defense through counsel chosen by such indemnified party, provided that the fees and expenses of such counsel shall be borne by such indemnified party unless the indemnified party shall have reasonably determined that representation by the same counsel would be inappropriate under the applicable standards of appropriate conduct due to actual or potential differing interests between them, and in that event, the fees and expenses of such counsel shall be paid by the indemnifying party. If the indemnifying party assumes such defense, the indemnified party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the indemnifying party, it being understood that the indemnifying party shall control such defense. In the event that the indemnifying party assumes such defense, the indemnified party shall cooperate with the indemnifying party in such defense and make available

to the indemnifying party, at the indemnifying party's expense, all pertinent records, materials and information in its possession or under its control relating thereto as is reasonably required by the indemnifying party. The indemnified party shall not pay or settle any claim which the indemnifying party is contesting without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. The indemnifying party shall not settle any claim unless it contains an unconditional release of the indemnified party from any and all liability with respect to such third party claim without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, the indemnified party shall have the right to pay or settle any such claim, provided that in such event it shall waive any right to indemnity therefor by the indemnifying party. If the indemnifying party does not notify the indemnified party within twenty (20) days after the receipt of the indemnified party's notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the indemnified party shall have the right to contest, settle or compromise the claim but shall not thereby waive any right to indemnity therefor pursuant to this Agreement.

ARTICLE VIII
TERMINATION

8.1. Termination of the Merger Agreement. This Agreement shall terminate automatically upon, and may only be terminated upon, the termination of the Merger Agreement. In the event of termination of this Agreement as provided herein, this Agreement shall be of no further force or effect, except (a) as provided in the last sentence of Section 5.4, this Section 8.1 and Article IX, each of which shall survive termination of this Agreement, and (b) nothing herein shall relieve any party from liability for any breach of this Agreement.

ARTICLE IX
GENERAL

9.1. Definitions. The capitalized terms used herein shall have the respective meanings assigned to such terms set forth below (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Adjusted Party" shall have the meaning set forth in Section 4.11;

(b) "Agreement" shall have the meaning set forth in the Preamble;

(c) "Balance Sheet" shall have the meaning set forth in Section 2.6(b);

(d) "Balance Sheet Date" shall have the meaning set forth in Section 2.6(b);

(e) "Benefit Arrangements" shall have the meaning set forth in Section 2.8(a);

(f) "CERCLA" shall have the meaning set forth in Section 2.17;

(g) "Closing" shall have the meaning set forth in Section 1.2;

(h) "Closing Date" shall have the meaning set forth in Section 1.2;

(i) "Code" shall mean the Internal Revenue Code of 1986 amended;

(j) "Commission" shall have the meaning set forth in Section 2.6(a);

(k) "Consolidated Return Taxes" shall have the meaning set forth in Section 4.12(a);

(l) "Continued Employees" shall have the meaning set forth in Section 5.8(a);

(m) "Contracts" shall mean all executory written agreements, contracts, commitments, understandings and other instruments or arrangements;

(n) "Contribute" shall have the meaning set forth in Section 1.1;

(o) "Contributed Benefit Arrangement" shall have the meaning set forth in Section 2.8(a);

(p) "Contributed Businesses" shall have the meaning set forth in Section 1.1;

(q) "Contributed Employees" shall have the meaning set forth in Section 2.8(a);

(r) "Contribution" shall have the meaning set forth in the Preamble;

(s) "Controlled Group Liability" shall have the meaning set forth in Section 5.8(i);

(t) "Corresponding Item" shall have the meaning set forth in Section 4.11(a);

(u) "Corresponding Party" shall have the meaning set forth in Section 4.11(a);

(v) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended;

(w) "ERISA Affiliate" shall have the meaning set forth in Section 2.8(c);

(x) "Exchange Act" shall mean the Securities Exchange Act of 1934 and the regulations promulgated thereunder, each as amended;

(y) "GAAP" shall mean United States generally accepted accounting principles;

(z) "HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the regulations promulgated thereunder, each as amended;

(aa) "Income Taxes" shall have the meaning set forth in Section 4.12(b);

(bb) "Intellectual Property Rights" shall have the meaning set forth in Section 2.13(a);

(cc) "Liens" shall have the meaning set forth in Section 2.2;

(dd) "LLC" shall have the meaning set forth in the Preamble;

(ee) "Lycos" shall have the meaning set forth in the Recitals;

(ff) "Newco Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, results of operations, or financial condition of Newco and its Subsidiaries, taken as a whole, or (ii) the ability of Newco to timely consummate the Transactions;

(gg) "Merger Agreement" shall have the meaning set forth in the Recitals;

(hh) "Mergers" shall have the meaning set forth in the Recitals;

(ii) "NASD" shall mean the National Association of Securities Dealers, Inc.;

(jj) "Newco" shall have the meaning set forth in the Preamble;

(kk) "Newco Class B Common Stock" shall have the meaning set forth in Section 3.4(a);

(ll) "Newco Common Stock" shall have the meaning set forth in Section 3.4(a);

(mm) "Newco Indemnified Parties" shall have the meaning set forth in Section 7.2(a);

(nn) "Newco Preferred Stock" shall have the meaning set forth in Section 3.4(a);

(oo) "Newco Savings Plan" shall have the meaning set forth in Section 5.8(e);

(pp) "Newco Stock" shall have the meaning set forth in Section 3.4(a);

(qq) "Option Agreements" shall have the meaning set forth in the Recitals;

(rr) "Parent" shall have the meaning set forth in the Preamble;

(ss) "Parent Commission Documents" shall have the meaning set forth in Section 2.6(a);

(tt) "Parent Contract" shall have the meaning set forth in Section 2.14(a);

(uu) "Parent DC Plan" shall have the meaning set forth in Section 5.8(e);

(vv) "Parent Disclosure Schedule" shall have the meaning set forth in Article II;

(ww) "Parent Forms 10-K" shall have the meaning set forth in Section 2.6(a);

(xx) "Parent Indemnified Parties" shall have the meaning set forth in Section 7.2(b);

(yy) "Parent Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, results of operations, or financial condition of the Contributed Businesses considered as a whole or (ii) the ability of Parent or LLC to timely consummate the Transactions;

(zz) "Parties" shall have the meaning set forth in the Recitals;

(aaa) "Returns" shall have the meaning set forth in Section 4.12(c);

(bbb) "Sales Taxes" shall have the meaning set forth in Section 4.12(e);

(ccc) "Securities Act" shall mean the Securities Act of 1933 and the regulations promulgated thereunder, each as amended;

(ddd) "Separate Return Taxes" shall have the meaning set forth in Section 4.12(d);

(eee) "Subsidiaries" shall mean, with respect to any person, each of the direct or indirect subsidiary of such person and each limited liability company and limited partnership controlled by such person;

(fff) "Tax Audit" shall have the meaning set forth in Section 4.7(d);

(ggg) "Taxes" shall have the meaning set forth in Section 4.12(f);

(hhh) "Taxing Authority" shall have the meaning set forth in Section 4.12(g);

(iii) "TMCS" shall have the meaning set forth in the Recitals;

(jjj) "Transaction Agreements" shall have the meaning set forth in the Recitals;

(kkk) "Transactions" shall have the meaning set forth in the Recitals; and

(lll) "Transferring Entities" shall mean, collectively, the direct holders of 100% of the Contributed Businesses, all of which holders are Subsidiaries of Parent.

9.2. Efforts to Proceed Promptly. Each of the parties agrees to use their respective reasonable best efforts to take all such action (including, without limitation, executing such other agreements and instruments, and making such filings, including filings required under the HSR Act) as may be necessary or appropriate in order to effectuate the Transactions as promptly as practicable. Each party to this Agreement agrees to execute, acknowledge, deliver, file and record such further certificates, amendments, instruments, agreements and documents and to do all such other acts and things, as may be required by law or as, in the opinion of the parties, may be necessary or advisable to carry out the intent and purposes of this Agreement. Each party agrees that it will act diligently and in good faith to carry out its respective obligations under this Agreement.

9.3. Standards; Disclosure Schedules. (a) Prior to the execution and delivery of this Agreement, Parent delivered the Parent Disclosure Schedule to Newco, which disclosure schedule sets forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of such party's representations or warranties contained in Article II or Section 4.1, or to one or more of such party's covenants contained in Article V; provided, however, that notwithstanding anything in this Agreement to the contrary, (i) no such item is required to be set forth in a Disclosure Schedule as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect under the standard set forth in Section 6.2(a), and (ii) the mere inclusion of an item in a Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by a party that such item represents a material exception or a material fact, event or circumstance or that such item has had or would have had a Material Adverse Effect with respect to Parent or Newco, as the case may be; provided, further, that no Disclosure Schedule or other information, or modification thereof, that is provided following the execution and delivery of this Agreement by the parties hereto shall be deemed to modify any representation, warranty or covenant set forth herein or in the Merger Agreement.

(b) No representation or warranty of Parent contained in Article II (except for the first sentence of Section 2.10) or Section 4.1 or of Newco contained in Article III shall be deemed untrue or incorrect for any purpose under this Agreement, and no party hereto shall be deemed to have breached a representation or warranty for any purpose under this Agreement, in any case, as a consequence of the existence or absence of any fact, circumstance or event unless such fact, circumstance or event, individually or when taken together with all other facts, circumstances or events inconsistent with any representations or warranties contained in Article II or Section 4.1, in the case of Parent, or Article III, in the case of Newco, has had a Material Adverse Effect with respect to Parent or Newco, respectively. For all purposes of determining whether any facts or events contravening a representation or warranty contained herein constitute, individually or in the aggregate, a Material Adverse Effect, representations and warranties contained in Article II (other than the first sentence of Section 2.10) or Section 4.1 or Article III shall be read without regard to any reference to materiality or Material Adverse Effect set forth therein.

9.4. Notices. Any notices, requests, demands or other communications to be given by a Party hereunder shall be in writing and shall be deemed to have been duly given when delivered personally or by facsimile transmission, in either case with receipt acknowledged, or three days after being sent by registered or certified mail, return receipt requested, postage prepaid, addressed (until another address is supplied by notice duly given hereunder) as follows:

If given to Parent or LLC:

USA Networks, Inc.
152 West 57th Street
New York, New York 10019

Attention: General Counsel
Facsimile: (212) 314-7329

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon, Esq.
Andrew J. Nussbaum, Esq.
Facsimile: (212) 403-2000

If given to Newco:

USA Interactive Inc.
c/o USA Networks, Inc.
at the address above

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attention: Pamela S. Seymon, Esq.
Andrew J. Nussbaum, Esq.
Facsimile: (212) 403-2000

9.5. Specific Enforcement. Each of parties hereto recognize and agree that, in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached, immediate irreparable injury would be caused for which there is no adequate remedy at law. It is accordingly agreed that in the event of a failure by a party to perform its obligations under this Agreement, the non-breaching party shall be entitled to specific performance through injunctive relief to prevent breaches of the provisions of this Agreement and to enforce specifically the provisions of this Agreement in any action instituted in any court having subject matter jurisdiction, in addition to any other remedy to which such party may be entitled, at law or in equity.

9.6. Severability. Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable. The exercise of any rights or obligations hereunder shall be subject to such reasonable delay as may be required to prevent a party from incurring any liability under the federal securities laws, and the parties agree to cooperate in good faith in respect thereof.

9.7. Entire Agreement. This Agreement, the Merger Agreement, the schedules and exhibits hereto and thereto and any documents delivered hereunder constitute the entire agreement between the parties and supersede any prior agreement or understanding between the parties with respect to the subject matter hereof.

9.8. Amendment; Waiver. Except as provided otherwise herein, this Agreement may not be amended nor may any rights hereunder be waived except by an instrument in writing signed by each of Parent and Newco. Newco hereby agrees with Parent that it will not enter into or permit any amendment to, or waiver or modification of any rights or obligations under, the Merger Agreement (including the exhibits attached thereto) or any agreement to which it is a party without the prior consent of Parent.

9.9. Headings; References. Article headings are inserted for convenience and reference purposes only, and are not and shall not be deemed to be a part of this Agreement or affect any meaning or interpretation hereof. References herein to "the date hereof," "the date of this Agreement," and similar references are to February 8, 1999.

9.10. Counterparts. This Agreement may be executed in one or more counterpart copies and by facsimile; each of which shall be considered an original, but together shall constitute one agreement.

9.11. Governing Law. This Agreement and all matters collateral hereto shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to the conflicts of law principles thereof.

9.12. Public Announcement. So long as this Agreement is in effect, each of Parent and Newco agree to consult with each other and with Lycos and TMCS before issuing any press release or otherwise making any public statement with respect to the Transactions; and neither Parent nor Newco will issue any press release or make any such public statement with respect to the Transactions without the consent of the other party and of Lycos and TMCS, except as may be required by law (including, without limitation, disclosure required in public filings required to be made by Parent) or the requirements of any securities exchange.

9.13. Third Party Beneficiaries. Nothing contained in this Agreement is intended to or shall confer upon any person other than the parties any rights or remedies hereunder; provided, however, that (a) Lycos and TMCS each shall be a third party beneficiary to the rights of Newco under this Agreement and whenever they or either of them is expressly identified herein and (b) the persons identified in Section 5.11 shall be beneficiaries of the provisions thereof.

* * *

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

USA NETWORKS, INC.

By: /s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of the Chairman and Chief Financial Officer

USANi LLC

By: /s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of the Chairman and Chief Financial Officer

USA INTERACTIVE INC.

By: /s/ Dara Khosrowshahi

Name: Dara Khosrowshahi
Title: Vice President and Treasurer

THE TRANSFER OF THIS AGREEMENT IS SUBJECT TO CERTAIN PROVISIONS CONTAINED HEREIN AND TO RESALE RESTRICTIONS UNDER THE SECURITIES ACT OF 1933, AS AMENDED

STOCK OPTION AGREEMENT, dated February 8, 1999, between Lycos, Inc., a Delaware corporation ("Issuer"), and USA Networks, Inc., a Delaware corporation ("Grantee").

W I T N E S S E T H:

WHEREAS, Grantee and Issuer have entered into an Agreement and Plan of Reorganization of even date herewith (the "Reorganization Agreement"), which agreement has been executed by the parties hereto immediately prior to the execution of this Stock Option Agreement (the "Agreement"); and

WHEREAS, as a condition to Grantee's entering into the Reorganization Agreement and in consideration therefor, Issuer has agreed to grant Grantee the Option (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Reorganization Agreement, the parties hereto agree as follows:

1. The Option. (a) Issuer hereby grants to Grantee an unconditional, irrevocable option (the "Option") to purchase, subject to the terms hereof, up to 7,559,785 fully paid and nonassessable shares of Issuer's common stock, par value $0.01 per share (the "Common Stock"), at a price of $127.14 per share (the "Option Price"); provided, that in no event shall the number of shares of Common Stock for which this Option is exercisable exceed 17.51% (and together with the number of shares for which that certain option of even date herewith granted to Ticketmaster Online-CitySearch, Inc. is exercisable exceed 19.9%) of the Issuer's issued and outstanding shares of Common Stock at the time of exercise. The number of shares of Common Stock that may be received upon the exercise of the Option and the Option Price are subject to adjustment as herein set forth.

(b) In the event that any additional shares of Common Stock are issued or otherwise become outstanding after the date of this Agreement (except for shares issued pursuant to this Agreement), the number of shares of Common Stock subject to the Option shall be increased so that, after such issuance, such number equals 17.51% (and together with the number of shares for which that certain option of even date herewith granted to Ticketmaster Online-CitySearch, Inc. is exercisable equals 19.9%) of the number of shares of Common Stock then issued and outstanding without giving effect to any shares subject or issued pursuant to the Option. Nothing contained in this Section 1(b) or elsewhere in this Agreement shall be deemed to authorize Issuer to breach any provision of the Reorganization Agreement.

2. Exercise; Transfer of Shares; Closing. (a) The Holder (as defined below) may exercise the Option, in whole or part, and from time to time, but only following an Initial Triggering Event (as defined below) that occurs prior to the occurrence of an Exercise Termination Event (as defined below).

(b) Each of the following shall be an "Exercise Termination Event":

(i) the Effective Time (as defined in the Reorganization Agreement) of the Merger;

(ii) termination of the Reorganization Agreement in accordance with the provisions thereof if such termination occurs prior to the occurrence of an Initial Triggering Event, except a termination by Grantee pursuant to Section 11.1(e) of the Reorganization Agreement (unless the breach giving rise to such termination was not willful); or

(iii) the passage of 12 months after termination of the Reorganization Agreement (or such later period as provided in Section 10) if such termination (A) follows or is concurrent with the occurrence of an Initial Triggering Event or (B) is a termination by Grantee pursuant to Section 11.1(e) of the Reorganization Agreement.

(c) The term "Initial Triggering Event" shall mean any of the following events or transactions occurring after the date hereof:

(i) Issuer, without having received Grantee's prior

written consent, shall have entered into an agreement to engage in an Acquisition Transaction (as defined below) with any person (the term "person" for purposes of this Agreement having the meaning assigned thereto in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder) other than Grantee or any of its Subsidiaries (each a "Grantee Subsidiary") or the Board of Directors of Issuer shall have recommended that the stockholders of Issuer approve or accept any Acquisition Transaction (other than the transactions referred to in the Reorganization Agreement). For purposes of this Agreement, "Acquisition Transaction" shall mean (w) a merger or consolidation, or any similar transaction, involving Issuer, (x) a purchase, lease or other acquisition or assumption of all or more than 30% of the assets of Issuer, (y) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of beneficial ownership (the term "beneficial ownership" for purposes of this Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act, and the rules and regulations thereunder) of securities representing 20% or more of the voting power of Issuer, or (z) any substantially similar transaction; provided, however, that in no event shall the transactions contemplated by the Wired Reorganization Agreement (as defined in the Reorganization Agreement) or any merger, consolidation, purchase or similar transaction involving only the Issuer and one or more of its wholly-owned Subsidiaries or involving only any two or more of such wholly-owned Subsidiaries, be deemed to be an Acquisition Transaction, if such transaction is not entered into in violation of the terms of the Reorganization Agreement;

(ii) Issuer, without having received Grantee's prior written consent, shall have authorized, recommended, proposed or publicly announced its intention to authorize, recommend or propose, to engage in an Acquisition Transaction with any person other than Grantee or a Grantee Subsidiary or shall have authorized or engaged in, or announced its intention to authorize or engage in, any negotiations regarding an Acquisition Transaction with any person other than the Grantee or a Grantee Subsidiary, or the Board of Directors of Issuer shall have failed to recommend or shall have publicly withdrawn or modified, or publicly announced its intention to withdraw or modify, in any manner adverse to Grantee, its recommendation that the stockholders of Issuer approve the transactions contemplated by the Reorganization Agreement in anticipation of engaging in an Acquisition Transaction;

(iii) The shareholders of Issuer shall have voted and failed to approve and adopt the Reorganization Agreement and the Reorganization at a meeting which has been held for that purpose or any adjournment or postponement thereof, or such meeting shall not have been held in violation of the Reorganization Agreement or shall have been canceled prior to termination of the Reorganization Agreement if, prior to such meeting (or if such meeting shall not have been held or shall have been canceled, prior to such termination), any person (other than the Grantee or a Grantee Subsidiary) shall have made a bona fide proposal to Issuer or its stockholders by public announcement or written communication that is or becomes the subject of public disclosure to engage in an Acquisition Transaction;

(iv) (a) Any person other than Grantee, any Grantee Subsidiary or any Issuer Subsidiary acting in a fiduciary capacity in the ordinary course of its business shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the then outstanding shares of Common Stock or (b) any group (the term "group" having the meaning assigned in Section 13(d)(3) of the Exchange Act), other than a group of which the Grantee or any Grantee Subsidiary is a member, shall have been formed that beneficially owns 20% or more of the shares of Common Stock then outstanding;

(v) Any person other than Grantee or any Grantee Subsidiary shall have made a bona fide proposal to Issuer or its stockholders by public announcement or written communication that is or becomes the subject of public disclosure to engage in an Acquisition Transaction; or

(vi) After an overture is made by a third party to Issuer or its stockholders to engage in an Acquisition Transaction, Issuer shall have breached any covenant or obligation contained in the Reorganization Agreement and such breach (x) would entitle Grantee to terminate the Reorganization Agreement and (y) shall not have been cured prior to the Notice Date (as defined below).

(d) The term "Subsequent Triggering Event" shall mean either of the following events or transactions occurring after the date hereof:

(i) The acquisition by any person or by a group of beneficial ownership of 50% or more of the then outstanding Common Stock; or

(ii) The occurrence of the Initial Triggering Event described in paragraph (i) of subsection (c) of this Section 2, except that the percentage referred to in clause (y) shall be 50%; provided that in no event shall any merger, consolidation or similar transaction involving Issuer in which the voting securities of Issuer outstanding immediately prior thereto continue to represent (by either remaining outstanding or being converted into the voting securities of the surviving entity of any such transaction) at least 65% of the combined voting power of the voting securities of the Issuer or the surviving entity (or any entity controlling the surviving entity) outstanding immediately after the consummation of such merger, consolidation or similar transaction be deemed to be an Acquisition Transaction for the purposes of this clause (ii).

(e) Issuer shall notify Grantee promptly in writing of the occurrence of any Initial Triggering Event or Subsequent Triggering Event of which it has notice (together, a "Triggering Event"), it being understood that the giving of such notice by Issuer shall not be a condition to the right of the Holder to exercise the Option.

(f) In the event the Holder is entitled to and wishes to exercise the Option (or any portion thereof), it shall send to Issuer a written notice (the date of which being herein referred to as the "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise and (ii) a place and date not earlier than three business days nor later than 60 business days from the Notice Date for the closing of such purchase (the "Closing Date"); provided that if prior notification to or approval of any regulatory agency is required in connection with such purchase, the Holder shall promptly file the required notice or application for approval and shall expeditiously process the same and the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which any required notification periods have expired or been terminated or such approvals have been obtained and any requisite waiting period or periods shall have passed. Any exercise of the Option shall be deemed to occur on the Notice Date relating thereto.

(g) At the closing referred to in subsection (f) of this Section 2, the Holder shall pay to Issuer the aggregate purchase price for the shares of Common Stock purchased pursuant to the exercise of the Option in immediately available funds by wire transfer to a bank account designated by Issuer; provided that failure or refusal of Issuer to designate such a bank account shall not preclude the Holder from exercising the Option.

(h) At such closing, simultaneously with the delivery of immediately available funds as provided in subsection (g) of this Section 2, Issuer shall deliver to the Holder a certificate or certificates representing the number of shares of Common Stock purchased by the Holder and, if the Option should be exercised in part only, a new Option evidencing the rights of the Holder thereof to purchase the balance of the shares of Common Stock purchasable hereunder, and the Holder shall deliver to Issuer a copy of this Agreement and a letter agreeing

that the Holder will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Agreement.

(i) Certificates for Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend that shall read substantially as follows:

> "The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and Issuer and to resale restrictions arising under the Securities Act of 1933, as amended. A copy of such agreement is on file at the principal office of Issuer and will be provided to the holder hereof without charge upon receipt by Issuer of a written request therefor."

It is understood and agreed that: (i) the reference to the resale restrictions of the Securities Act of 1933, as amended (the "1933 Act"), in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the Holder shall have delivered to Issuer a copy of a letter from the staff of the SEC, or an opinion of counsel, in form and substance reasonably satisfactory to Issuer, to the effect that such legend is not required for purposes of the 1933 Act; (ii) the reference to the provisions of this Agreement in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the shares of Common Stock delivered pursuant hereto have been sold or transferred in compliance with the provisions of this Agreement under circumstances that do not require the retention of such reference; and (iii) the legend shall be removed in its entirety if the conditions in the preceding clauses (i) and (ii) are both satisfied. In addition, such certificates shall bear any other legend as may be required by law.

(j) Upon the giving by the Holder to Issuer of the written notice of exercise of the Option provided for under subsection (f) of this Section 2 and the tender of the applicable purchase price in immediately available funds, the Holder shall be deemed to be the holder of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of Issuer shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder.

3. Covenants of Issuer. In addition to its other agreements and covenants herein, Issuer agrees: (i) that it shall at all times maintain, free from subscriptive or preemptive rights, sufficient authorized but unissued or treasury shares of Common Stock so that the Option may be exercised without additional authorization of Common Stock after giving effect to all other options, warrants, convertible securities and other rights to purchase Common Stock; (ii) that it will not, by charter amendment or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by Issuer; (iii) promptly to take all action as may from time to time be required (including complying with all premerger notification, reporting and waiting period requirements specified in 15 U.S.C. Section 18a and regulations promulgated thereunder) in order to permit

the Holder to exercise the Option and Issuer to duly and effectively issue shares of Common Stock pursuant hereto; (iv) promptly to take all action provided herein to protect the rights of the Holder against dilution; and (v) not to enter or agree to enter into any Acquisition Transaction unless the other party or parties thereto agree to assume in writing all of Issuer's obligations hereunder; provided that nothing in this Section 3 or elsewhere in this Agreement shall be deemed to authorize Issuer to breach any provision of the Reorganization Agreement. Notwithstanding any notice of revocation delivered pursuant to the proviso to Section 7(c), a Holder may require such other party or parties to perform Issuer's obligations under Section 7(a) unless such other party or parties are prohibited by law or regulation from such performance.

4. Exchange; Replacement. This Agreement (and the Option granted hereby) are exchangeable, without expense, at the option of the Holder, upon presentation and surrender of this Agreement at the principal office of Issuer, for other Agreements providing for Options of different denominations entitling the holder thereof to purchase, on the same terms and subject to the same conditions as are set forth herein, in the aggregate the same number of shares of Common Stock purchasable hereunder. The terms "Agreement" and "Option" as used herein include any Agreements and related Options for which this Agreement (and the Option granted hereby) may be exchanged. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Agreement, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Agreement, if mutilated, Issuer will execute and deliver a new Agreement of like tenor and date. Any such new Agreement executed and delivered shall constitute an additional contractual obligation on the part of Issuer, whether or not the Agreement so lost, stolen, destroyed or mutilated shall at any time be enforceable by anyone.

5. Adjustments. In addition to the adjustment in the number of shares of Common Stock that are purchasable upon exercise of the Option pursuant to Section 1 of this Agreement, the number of shares of Common Stock purchasable upon the exercise of the Option and the Option Price shall be subject to adjustment from time to time as provided in this Section 5. In the event of any change in, or distributions in respect of, the Common Stock by reason of stock dividends, split-ups, mergers, recapitalizations, combinations, subdivisions, conversions, exchanges of shares, distributions on or in respect of the Common Stock that would be prohibited under the terms of the Reorganization Agreement, or the like, the type and number of shares of Common Stock purchasable upon exercise hereof and the Option Price shall be appropriately adjusted in such manner as shall fully preserve the economic benefits provided hereunder and proper provision shall be made in any agreement governing any such transaction to provide for such proper adjustment and the full satisfaction of the Issuer's obligations hereunder.

6. Registration. Upon the occurrence of a Subsequent Triggering Event that occurs prior to an Exercise Termination Event, Issuer shall, at the request of Grantee delivered within 180 days (or such later period as provided in Section 10) of such Subsequent Triggering Event (whether on its own behalf or on behalf of any subsequent holder of this Option (or part thereof) or any of the shares of Common Stock issued pursuant hereto), promptly prepare, file and keep current a shelf registration statement under the 1933 Act covering this Option and any

shares issued and issuable pursuant to this Option and shall use its reasonable best efforts to cause such registration statement to become effective and remain current in order to permit the sale or other disposition of this Option and any shares of Common Stock issued upon total or partial exercise of this Option ("Option Shares") in accordance with any plan of disposition requested by Grantee. Issuer will use its reasonable best efforts to cause such registration statement promptly to become effective and then to remain effective for a period not in excess of 180 days from the day such registration statement first becomes effective or such shorter time as may be reasonably necessary, in the judgment of the Grantee or the Holder, to effect such sales or other dispositions. Grantee shall have the right to demand two such registrations. The Issuer shall bear the costs of such registrations (including, but not limited to, Issuer's attorneys' fees, printing costs and filing fees, except for underwriting discounts or commissions, brokers' fees and the fees and disbursements of Grantee's counsel related thereto). The foregoing notwithstanding, if, at the time of any request by Grantee for registration of the Option or Option Shares as provided above, Issuer is in registration with respect to an underwritten public offering of shares of Common Stock, and if in the good faith judgment of the managing underwriter or managing underwriters, or, if none, the sole underwriter or underwriters, of such offering the inclusion of the Holder's Option or Option Shares would interfere with the successful marketing of the shares of Common Stock offered by Issuer, the number of Option Shares otherwise to be covered in the registration statement contemplated hereby may be reduced; provided, however, that after any such required reduction the number of Option Shares to be included in such offering for the account of the Holder shall constitute at least 25% of the total number of shares to be sold by the Holder and Issuer in the aggregate; and provided further, however, that if such reduction occurs, then the Issuer shall file a registration statement for the balance of such shares of Common Stock issuable pursuant to this Option as promptly as practical following such reduction and no reduction in the number of shares of Common Stock to be sold by the Holder shall thereafter occur. Each such Holder shall provide all information reasonably requested by Issuer for inclusion in any registration statement to be filed hereunder. If requested by any such Holder in connection with such registration, Issuer shall become a party to any underwriting agreement relating to the sale of such shares, but only to the extent of obligating itself in respect of representations, warranties, indemnities and other agreements customarily included in secondary offering underwriting agreements for the Issuer. Upon receiving any request under this Section 6 from any Holder, Issuer agrees to send a copy thereof to any other person known to Issuer to be entitled to registration rights under this Section 6, in each case by promptly mailing the same, postage prepaid, to the address of record of the persons entitled to receive such copies. Notwithstanding anything to the contrary contained herein, in no event shall Issuer be obligated to effect more than two registrations pursuant to this Section 6 by reason of the fact that there shall be more than one Holder as a result of any assignment or division of this Agreement.

7. Repurchase of Option and/or Option Shares. (a) At any time after the occurrence of a Repurchase Event (as defined below), (i) following a request of the Holder, given prior to an Exercise Termination Event (or such later period as provided in Section 10), Issuer (or any successor thereto) shall repurchase the Option from the Holder at a price (the "Option Repurchase Price") equal to the amount by which (A) the Market/Offer Price (as defined below) exceeds (B) the Option Price, multiplied by the number of shares for which this Option may then be exercised and (ii) at the request of the owner of Option Shares from time to time (the

"Owner"), delivered within 90 days of such occurrence (or such later period as provided in Section 10), Issuer shall repurchase such number of the Option Shares from the Owner as the Owner shall designate at a price (the "Option Share Repurchase Price") equal to the Market/Offer Price multiplied by the number of Option Shares so designated; provided, however, that the Option Repurchase Price and the Option Share Repurchase Price, individually and in the aggregate and as paid from time to time, shall be subject to the limitations on Notional Total Profit set forth in Section 14. The term "Market/Offer Price" shall mean the greatest of (i) the price per share of Common Stock at which a tender offer or exchange offer therefor has been made, (ii) the price per share of Common Stock to be paid by any third party pursuant to an agreement with Issuer, (iii) the highest closing price per share of Common Stock within the six-month period immediately preceding the date on which the Holder gives notice of the required repurchase of this Option or the Owner gives notice of the required repurchase of Option Shares, as the case may be, or (iv) in the event of a sale of all or a substantial portion of Issuer's assets, the sum of the price paid in such sale for such assets and the current market value of the remaining assets of Issuer as determined by a nationally recognized investment banking firm mutually selected by the Holder or the Owner, as the case may be, on the one hand, and the Issuer, on the other, divided by the number of shares of Common Stock of Issuer outstanding at the time of such sale. In determining the Market/Offer Price, the value of consideration other than cash shall be determined by a nationally recognized investment banking firm mutually selected by the Holder or Owner, as the case may be, on the one hand, and the Issuer, on the other.

(b) Following a Repurchase Event, the Holder or the Owner, as the case may be, may exercise its right to require Issuer to repurchase the Option and any Option Shares pursuant to this Section 7 by surrendering for such purpose to Issuer, at its principal office, a copy of this Agreement or certificates for Option Shares, as applicable, accompanied by a written notice or notices stating that the Holder or the Owner, as the case may be, elects to require Issuer to repurchase this Option and/or the Option Shares, as the case may be, in accordance with the provisions of this Section 7. Prior to the later of (x) the date that is five business days after the surrender of the Option and/or certificates representing Option Shares and the receipt of such notice or notices relating thereto and (y) the day on which a Repurchase Event occurs, Issuer shall deliver or cause to be delivered to the Holder the Option Repurchase Price and/or to the Owner the Option Share Repurchase Price or the portion thereof that Issuer is not then prohibited under applicable law and regulation from so delivering.

(c) To the extent that Issuer is prohibited under applicable law or regulation from repurchasing the Option and/or the Option Shares in full, Issuer shall immediately so notify the Holder and/or the Owner and thereafter shall deliver or cause to be delivered, from time to time, to the Holder and/or the Owner, as appropriate, that portion of the Option Repurchase Price and the Option Share Repurchase Price, respectively, that it is no longer prohibited from delivering, in each case within five business days after the date on which Issuer is no longer so prohibited; provided, however, that if Issuer at any time after delivery of a notice of repurchase delivered by the Holder or the Owner pursuant to paragraph (b) of this Section 7 is prohibited under applicable law or regulation from delivering to the Holder and/or the Owner, as the case may be, the Option Repurchase Price or the Option Share Repurchase Price, respectively, in full (and

Issuer hereby undertakes to use its best efforts to obtain all required regulatory and legal approvals and to file any required notices as promptly as practicable in order to accomplish such repurchase), the Holder or Owner may revoke its notice of repurchase of the Option or the Option Shares either in whole or to the extent of the prohibition, whereupon, in the latter case, Issuer shall promptly (i) deliver to the Holder and/or the Owner, as appropriate, that portion of the Option Repurchase Price or the Option Share Repurchase Price that Issuer is not prohibited from delivering; and (ii) deliver, as appropriate, either (A) to the Holder, a new Stock Option Agreement evidencing the right of the Holder to purchase that number of shares of Common Stock obtained by multiplying the number of shares of Common Stock for which the surrendered Stock Option Agreement was exercisable at the time of delivery of the notice of repurchase by a fraction, the numerator of which is the Option Repurchase Price less the portion thereof theretofore delivered to the Holder and the denominator of which is the Option Repurchase Price, or (B) to the Owner, a certificate for the Option Shares it is then so prohibited from repurchasing.

(d) For purposes of this Section 7, a Repurchase Event shall be deemed to have occurred (i) upon the consummation of any merger, consolidation or similar transaction involving Issuer or any purchase, lease or other acquisition of all or a substantial portion of the assets of Issuer, other than any such transaction which would not constitute an Acquisition Transaction pursuant to the provisos to Sections 2(c)(i) or 2(d)(ii) hereof or (ii) upon the acquisition by any person of beneficial ownership of more than 50% of the then outstanding shares of Common Stock; provided that no such event shall constitute a Repurchase Event unless a Subsequent Triggering Event shall have occurred prior to an Exercise Termination Event. The parties hereto agree that Issuer's obligations to repurchase the Option or Option Shares under this Section 7 shall not terminate upon the occurrence of an Exercise Termination Event unless no Subsequent Triggering Event shall have occurred prior to the occurrence of an Exercise Termination Event.

8. Substitute Option. (a) In the event that prior to an Exercise Termination Event, Issuer shall enter into an agreement (i) to consolidate with or merge into any person, other than Grantee or one of its Subsidiaries, and shall not be the continuing or surviving corporation of such consolidation or merger, (ii) to permit any person, other than Grantee or one of its Subsidiaries, to merge into Issuer and Issuer shall be the continuing or surviving corporation, but, in connection with such merger, the then outstanding shares of Common Stock shall be changed into or exchanged for stock or other securities of any other person or cash or any other property or the then outstanding shares of Common Stock shall after such merger represent less than 50% of the outstanding voting shares and voting share equivalents of the merged company, or (iii) to sell or otherwise transfer all or substantially all of its assets to any person, other than Grantee or one of its Subsidiaries, then, and in each such case, the agreement governing such transaction shall make proper provision so that the Option shall, upon the consummation of any such transaction and upon the terms and conditions set forth herein, be converted into, or exchanged for, an option (the "Substitute Option"), at the election of the Holder, of either (x) the Acquiring Corporation (as defined below) or (y) any person that controls the Acquiring Corporation.

(b) The following terms have the meanings indicated:

(1) "Acquiring Corporation" shall mean (i) the continuing or surviving corporation of a consolidation or merger with Issuer (if other than Issuer), (ii) Issuer in a merger in which Issuer is the continuing, surviving or acquiring person, and (iii) the transferee of all or substantially all of Issuer's assets.

(2) "Substitute Common Stock" shall mean the common stock (or similar equity interest) issued by the issuer of the Substitute Option upon exercise of the Substitute Option.

(3) "Assigned Value" shall mean the Market/Offer Price, as defined in Section 7.

(4) "Average Price" shall mean the average closing price of a share of the Substitute Common Stock for the one year immediately preceding the consolidation, merger or sale in question but in no event higher than the closing price of the shares of Substitute Common Stock on the day preceding such consolidation, merger or sale; provided that if Issuer is the issuer of the Substitute Option, the Average Price shall be computed with respect to a share of common stock issued by the person merging into Issuer or by any company which controls or is controlled by such person, as the Holder may elect.

(c) The Substitute Option shall have the same terms as the Option; provided, that if the terms of the Substitute Option cannot, for legal reasons, be the same as the Option, such terms shall be as similar as possible to the terms of the Option and in no event less advantageous to the Holder. The issuer of the Substitute Option shall also enter into an agreement with the then Holder or Holders of the Substitute Option in substantially the same form as this Agreement, which shall be applicable to the Substitute Option.

(d) The Substitute Option shall be exercisable for such number of shares of Substitute Common Stock as is equal to the Assigned Value multiplied by the number of shares of Common Stock for which the Option is then exercisable, divided by the Average Price. The exercise price of the Substitute Option per share of Substitute Common Stock shall then be equal to the Option Price multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock for which the Option is then exercisable and the denominator of which shall be the number of shares of Substitute Common Stock for which the Substitute Option is exercisable.

(e) In no event, pursuant to any of the foregoing paragraphs, shall the Substitute Option be exercisable for more than 19.9% of the shares of Substitute Common Stock outstanding prior to exercise of the Substitute Option. In the event that the Substitute Option would be exercisable for more than 19.9% of the shares of Substitute Common Stock outstanding prior to exercise but for this clause (e), the issuer of the Substitute Option (the "Substitute Option Issuer") shall make a cash payment to Holder equal to the excess of (i) the value of the Substitute Option without giving effect to the limitation in this clause (e) over (ii) the value of the Substitute Option after giving effect to the limitation in this clause (e). This difference in value

shall be determined by a nationally recognized investment banking firm selected by the Holder or the Owner, as the case may be.

(f) Issuer shall not enter into any transaction described in subsection (a) of this Section 8 unless the Acquiring Corporation and any person that controls the Acquiring Corporation assume in writing all the obligations of Issuer hereunder.

9. Repurchase of Substitute Option. (a) At the request of the holder of the Substitute Option (the "Substitute Option Holder"), the Substitute Option Issuer shall repurchase the Substitute Option from the Substitute Option Holder at a price (the "Substitute Option Repurchase Price") equal to the sum of the amount by which (i) the Highest Closing Price (as defined below) exceeds (ii) the exercise price of the Substitute Option, multiplied by the number of shares of Substitute Common Stock for which the Substitute Option may then be exercised (after giving effect to any limitations on such number under the provisions of Section 14 hereof), and at the request of the owner (the "Substitute Share Owner") of shares of Substitute Common Stock (the "Substitute Shares"), the Substitute Option Issuer shall repurchase the Substitute Shares at a price (the "Substitute Share Repurchase Price") equal to the Highest Closing Price multiplied by the number of Substitute Shares so designated. The term "Highest Closing Price" shall mean the highest closing price for shares of Substitute Common Stock within the six-month period immediately preceding the date the Substitute Option Holder gives notice of the required repurchase of the Substitute Option or the Substitute Share Owner gives notice of the required repurchase of the Substitute Shares, as applicable.

(b) The Substitute Option Holder or the Substitute Share Owner, as the case may be, may exercise its respective right to require the Substitute Option Issuer to repurchase the Substitute Option or the Substitute Shares, as the case may be, pursuant to this Section 9 by surrendering for such purpose to the Substitute Option Issuer, at its principal executive office, the agreement for such Substitute Option (or, in the absence of such an agreement, a copy of this Agreement) and certificates for Substitute Shares accompanied by a written notice or notices stating that the Substitute Option Holder or the Substitute Share Owner, as case may be, elects to require the Substitute Option Issuer to repurchase the Substitute Option and/or the Substitute Shares, as the case may be, in accordance with the provisions of this Section 9. As promptly as practicable, and in any event within five business days after the surrender of the Substitute Option and/or certificates representing Substitute Shares and the receipt of such notice or notices delivered pursuant to this subsection (b) of this Section 9 relating thereto, the Substitute Option Issuer shall deliver or cause to be delivered to the Substitute Option Holder the Substitute Option Repurchase Price and/or to the Substitute Share Owner the Substitute Share Repurchase Price or, in either case, the portion thereof which the Substitute Option Issuer is not then prohibited under applicable law and regulation from so delivering.

(c) To the extent that the Substitute Option Issuer is prohibited under applicable law or regulation from repurchasing the Substitute Option and/or the Substitute Shares in part or in full, the Substitute Option Issuer, following a request for repurchase pursuant to this Section 9, shall immediately so notify the Substitute Option Holder and/or the Substitute Share Owner and shall thereafter deliver or cause to be delivered, from time to time, to the Substitute Option

Holder and/or the Substitute Share Owner, as appropriate, that portion of the Substitute Share Repurchase Price, respectively, which it is no longer prohibited from delivering, in each case, within five business days after the date on which the Substitute Option Issuer is no longer so prohibited; provided, however, that if the Substitute Option Issuer at any time after delivery of a notice of repurchase delivered by the Substitute Share Owner or Substitute Option Holder pursuant to subsection (b) of this Section 9 is prohibited under applicable law or regulation from delivering to the Substitute Option Holder and/or the Substitute Share Owner, as appropriate, the Substitute Option Repurchase Price and the Substitute Share Repurchase Price, respectively, in full (and the Substitute Option Issuer shall use its best efforts to receive all required regulatory and legal approvals as promptly as practicable in order to accomplish such repurchase), the Substitute Option Holder or Substitute Share Owner may revoke its notice of repurchase of the Substitute Option or the Substitute Shares either in whole or to the extent of the prohibition, whereupon, in the latter case, the Substitute Option Issuer shall promptly (i) deliver to the Substitute Option Holder or Substitute Share Owner, as appropriate, that portion of the Substitute Option Repurchase Price or the Substitute Share Repurchase Price that the Substitute Option Issuer is not prohibited from delivering; and (ii) deliver, as appropriate, either (A) to the Substitute Option Holder, a new Substitute Option evidencing the right of the Substitute Option Holder to purchase that number of shares of the Substitute Common Stock obtained by multiplying the number of shares of the Substitute Common Stock for which the surrendered Substitute Option was exercisable at the time of delivery of the notice of repurchase by a fraction, the numerator of which is the Substitute Option Repurchase Price less the portion thereof theretofore delivered to the Substitute Option Holder and the denominator of which is the Substitute Option Repurchase Price, or (B) to the Substitute Share Owner, a certificate for the Substitute Common Shares it is then so prohibited from repurchasing.

10. Extension. The period for exercise of certain rights under Sections 6, 7 and 13 shall be extended: (i) to the extent necessary to obtain all regulatory approvals for the exercise of such rights, and for the expiration of all statutory waiting periods; and (ii) to the extent necessary to avoid liability under Section 16(b) of the 1934 Act by reason of such exercise.

11. Representations and Warranties of Issuer. Issuer hereby represents and warrants to Grantee as follows:

(a) Issuer has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Issuer and no other corporate proceedings on the part of Issuer are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Issuer.

(b) Issuer has taken all necessary corporate action to authorize and reserve and to permit it to issue, and at all times from the date hereof through the termination of this Agreement in accordance with its terms will have reserved for issuance upon the exercise of the Option, that number of shares of Common Stock equal to the maximum number of shares of Common Stock

at any time and from time to time issuable hereunder, and all such shares, upon issuance pursuant hereto, will be duly authorized, validly issued, fully paid, nonassessable, and will be delivered free and clear of all claims, liens, encumbrances and security interests and will not be subject to any preemptive rights.

(c) The execution, delivery and performance of this Agreement does not or will not, and the consummation by Issuer of any of the transactions contemplated hereby will not, constitute or result in (i) a breach or violation of or a default under, its articles or certificate of incorporation or by-laws, or the comparable governing instruments of any of its subsidiaries, or (ii) a breach or violation of or a default under, any agreement, lease, contract, note, mortgage, indenture, arrangement or other obligation of it or any of its subsidiaries (with or without the giving of notice, the lapse of time or both) or under any law, rule, ordinance or regulation or judgment, decree, order, award or governmental or non-governmental permit or license to which it or any of its subsidiaries is subject.

(d) No "fair price", "moratorium", "control share acquisition" or other similar anti-takeover statute or regulation enacted under state or federal laws applicable to the Issuer or any of its Subsidiaries is applicable to this Agreement or any of the transactions contemplated hereby.

12. Representations and Warranties of Grantee. Grantee hereby represents and warrants to Issuer that:

(a) Grantee has all requisite corporate power and authority to enter into this Agreement and, subject to any approvals or consents referred to herein, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Grantee. This Agreement has been duly executed and delivered by Grantee.

(b) The Option is not being, and any shares of Common Stock or other securities acquired by Grantee upon exercise of the Option will not be, acquired with a view to the public distribution thereof and will not be transferred or otherwise disposed of except in conformance with Section 2(a) hereof and in a transaction registered or exempt from registration under the Securities Act.

13. Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Subsequent Triggering Event shall have occurred prior to an Exercise Termination Event, Grantee, subject to the express provisions hereof, may assign in whole or in part its rights and obligations hereunder within 90 days following such Subsequent Triggering Event (or such later period as provided in Section 10).

14. Notional Total Profit. (a) Notwithstanding any other provision of this Agreement, this Option may not be exercised, and this Option and/or the Option Shares issued

upon exercise hereof may not be presented for repurchase under Sections 2, 7 or 9 hereof, for a number of shares, or a total repurchase price, as the case may be, that would, as of the date of exercise or presentment, result in a Notional Total Profit (as defined below) of more than $176,000,000. Notwithstanding the foregoing, this Section 14 shall not apply to any exercise of this Option by Grantee pursuant to Section 2(a) hereof; provided, however, that if (x) at any time prior to the one-year anniversary of any such exercise, the holder of any Option Shares issued upon such exercise shall sell, tender for sale, convey, hypothecate, transfer or otherwise dispose of ("Transfer") such Option Shares (or any other securities into which such Option Shares are converted or exchanged), or any interest therein, including any transaction contemplated by Sections 7 or 9 hereof (other than in connection with a merger, consolidation or similar business combination pursuant to the terms of which the Common Stock is exchanged solely for equity or equity-related securities of another corporation and cash in lieu of fractional shares thereof and any remaining unexercised portion of this Option is converted in such transaction into an Option to acquire such equity or equity-related securities) or (y) this Option is presented for repurchase under Section 7 or 9 hereof, then this Section 14 shall be deemed to retroactively apply to any and all exercises of this Option preceding such Transfer or presentment, without giving effect to the exception therefrom provided by this sentence, as if such exercises had occurred on the date of such Transfer. In such an event, such holder shall, within 10 business days of such Transfer, notify the Issuer of such Transfer and pay to the Issuer, by wire transfer of immediately available funds, the excess of any Notional Total Profit (calculated in respect of all transactions covered by this Section 14 without giving effect to the exception from this Section 14 provided by the foregoing sentence) over $176,000,000 (the "Repayment"); provided, however, that, at the Issuer's election, the Repayment shall be paid in shares of Common Stock to the extent that Grantee then holds such shares, and the per share value of such shares of Common Stock shall be deemed to be the closing price of the Common Stock on the trading date immediately preceding the date the Repayment is due.

(b) As used herein and subject to Section 14(a), the term "Notional Total Profit" with respect to any number of shares as to which Grantee may propose to, or be deemed to, exercise this Option shall be the Total Profit determined as of the date of such proposed exercise assuming that this Option were exercised on such date for such number of shares and assuming that such shares, together with all other Option Shares held by Grantee and its affiliates as of such date, were sold for cash at the closing market price for the Common Stock as of the close of business on the preceding trading day (less customary brokerage commissions).

(c) As used herein, the term "Total Profit" shall mean the aggregate amount (before taxes) of the following: (i) the amount received by Grantee pursuant to Issuer's repurchase of the Option (or any portion thereof) pursuant to Section 7, (ii) (x) the amount received by Grantee pursuant to Issuer's repurchase of Option Shares pursuant to Section 7, less (y) the Grantee's purchase price for such Option Shares, (iii) (x) the net cash amounts received by Grantee pursuant to the sale of Option Shares (or any other securities into which such Option Shares are converted or exchanged) to any unaffiliated party, less (y) the Grantee's purchase price of such Option Shares, (iv) any amounts received by Grantee on the transfer of the Option (or any portion thereof) to any unaffiliated party, and (v) any amount equivalent to the foregoing with respect to the Substitute Option.

15. Best Efforts. Each of Grantee and Issuer will use its best efforts to make all filings with, and to obtain consents of, all third parties and governmental authorities necessary for the consummation of the transactions contemplated by this Agreement, including without limitation making application for quotation on the Nasdaq National Market of the shares of Common Stock issuable hereunder upon official notice of issuance.

16. Specific Performance. The parties hereto acknowledge that damages would be an inadequate remedy for a breach of this Agreement by either party hereto and that the obligations of the parties hereto shall be enforceable by either party hereto through injunctive or other equitable relief.

17. Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Holder is not permitted to acquire, or Issuer is not permitted to repurchase pursuant to Section 7, the full number of shares of Common Stock provided in Section 1(a) hereof (as adjusted pursuant to Section 1(b) or 5 hereof), it is the express intention of Issuer to allow the Holder to acquire or to require Issuer to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

18. Notices. All notices, requests, claims, demands and other communications hereunder shall be deemed to have been duly given when delivered in person, by cable, telegram, telecopy or telex, or by registered or certified mail (postage prepaid, return receipt requested) at the respective addresses of the parties set forth in the Reorganization Agreement or such other address as shall be provided in writing.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

20. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

21. Expenses. Except as otherwise expressly provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

22. Entire Agreement. Except as otherwise expressly provided herein or in the Reorganization Agreement, this Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereof, written or oral. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors

and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

23. Captions; Capitalized Terms. The section and paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Capitalized terms used in this Agreement and not defined herein shall have the meanings assigned thereto in the Reorganization Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the date first above written.

LYCOS, INC.

By /s/ Robert M. Davis

Name: Robert M. Davis
Title: President and Chief Executive Officer

USA NETWORKS, INC.

By: /s/ Victor A. Kaufman

Name: Victor A. Kaufman
Title: Office of the Chairman and Chief Financial Officer

THE TRANSFER OF THIS AGREEMENT IS SUBJECT TO
CERTAIN PROVISIONS CONTAINED HEREIN AND TO
RESALE RESTRICTIONS UNDER THE
SECURITIES ACT OF 1933, AS AMENDED

STOCK OPTION AGREEMENT, dated February 8, 1999, between Lycos, Inc., a Delaware corporation ("Issuer"), and Ticketmaster Online-CitySearch, Inc., a Delaware corporation ("Grantee").

W I T N E S S E T H:

WHEREAS, Grantee and Issuer have entered into an Agreement and Plan of Reorganization of even date herewith (the "Reorganization Agreement"), which agreement has been executed by the parties hereto immediately prior to the execution of this Stock Option Agreement (the "Agreement"); and

WHEREAS, as a condition to Grantee's entering into the Reorganization Agreement and in consideration therefor, Issuer has agreed to grant Grantee the Option (as defined below);

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements set forth herein and in the Reorganization Agreement, the parties hereto agree as follows:

1. The Option. (a) Issuer hereby grants to Grantee an unconditional, irrevocable option (the "Option") to purchase, subject to the terms hereof, up to 1,031,861 fully paid and nonassessable shares of Issuer's common stock, par value $0.01 per share (the "Common Stock"), at a price of $127.14 per share (the "Option Price"); provided, that in no event shall the number of shares of Common Stock for which this Option is exercisable exceed 2.39% (and together with the number of shares for which that certain option of even date herewith granted to USA Networks, Inc. is exercisable exceed 19.9%) of the Issuer's issued and outstanding shares of Common Stock at the time of exercise. The number of shares of Common Stock that may be received upon the exercise of the Option and the Option Price are subject to adjustment as herein set forth.

(b) In the event that any additional shares of Common Stock are issued or otherwise become outstanding after the date of this Agreement (except for shares issued pursuant to this Agreement), the number of shares of Common Stock subject to the Option shall be increased so that, after such issuance, such number equals 2.39% (and together with the number of shares for which that certain option of even date herewith granted to USA Networks, Inc. is exercisable equals 19.9%) of the number of shares of Common Stock then issued and outstanding without giving effect to any shares subject or issued pursuant to the Option. Nothing

contained in this Section 1(b) or elsewhere in this Agreement shall be deemed to authorize Issuer to breach any provision of the Reorganization Agreement.

2. Exercise; Transfer of Shares; Closing. (a) The Holder (as defined below) may exercise the Option, in whole or part, and from time to time, but only following an Initial Triggering Event (as defined below) that occurs prior to the occurrence of an Exercise Termination Event (as defined below).

(b) Each of the following shall be an "Exercise Termination Event":

(i) the Effective Time (as defined in the Reorganization Agreement) of the Merger;

(ii) termination of the Reorganization Agreement in accordance with the provisions thereof if such termination occurs prior to the occurrence of an Initial Triggering Event, except a termination by Grantee pursuant to Section 11.1(e) of the Reorganization Agreement (unless the breach giving rise to such termination was not willful); or

(iii) the passage of 12 months after termination of the Reorganization Agreement (or such later period as provided in Section 10) if such termination (A) follows or is concurrent with the occurrence of an Initial Triggering Event or (B) is a termination by Grantee pursuant to Section 11.1(e) of the Reorganization Agreement.

(c) The term "Initial Triggering Event" shall mean any of the following events or transactions occurring after the date hereof:

(i) Issuer, without having received Grantee's prior written consent, shall have entered into an agreement to engage in an Acquisition Transaction (as defined below) with any person (the term "person" for purposes of this Agreement having the meaning assigned thereto in Sections 3(a)(9) and 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the rules and regulations thereunder) other than Grantee or any of its Subsidiaries (each a "Grantee Subsidiary") or the Board of Directors of Issuer shall have recommended that the stockholders of Issuer approve or accept any Acquisition Transaction (other than the transactions referred to in the Reorganization Agreement). For purposes of this Agreement, "Acquisition Transaction" shall mean (w) a merger or consolidation, or any similar transaction, involving Issuer, (x) a purchase, lease or other acquisition or assumption of all or more than 30% of the assets of Issuer, (y) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of beneficial ownership (the term "beneficial ownership" for purposes of this Agreement having the meaning assigned thereto in Section 13(d) of the Exchange Act, and the rules and regulations thereunder) of securities representing 20% or more of the voting power of Issuer, or (z) any substantially similar transaction; provided, however, that in no event shall the transactions contemplated by the Wired Reorganization Agreement (as defined in the Reorganization Agreement) or any merger, consolidation, purchase or similar transaction involving only the Issuer and one or more

of its wholly-owned Subsidiaries or involving only any two or more of such wholly-owned Subsidiaries, be deemed to be an Acquisition Transaction, if such transaction is not entered into in violation of the terms of the Reorganization Agreement;

(ii) Issuer, without having received Grantee's prior written consent, shall have authorized, recommended, proposed or publicly announced its intention to authorize, recommend or propose, to engage in an Acquisition Transaction with any person other than Grantee or a Grantee Subsidiary or shall have authorized or engaged in, or announced its intention to authorize or engage in, any negotiations regarding an Acquisition Transaction with any person other than the Grantee or a Grantee Subsidiary, or the Board of Directors of Issuer shall have failed to recommend or shall have publicly withdrawn or modified, or publicly announced its intention to withdraw or modify, in any manner adverse to Grantee, its recommendation that the stockholders of Issuer approve the transactions contemplated by the Reorganization Agreement in anticipation of engaging in an Acquisition Transaction;

(iii) The shareholders of Issuer shall have voted and failed to approve and adopt the Reorganization Agreement and the Reorganization at a meeting which has been held for that purpose or any adjournment or postponement thereof, or such meeting shall not have been held in violation of the Reorganization Agreement or shall have been canceled prior to termination of the Reorganization Agreement if, prior to such meeting (or if such meeting shall not have been held or shall have been canceled, prior to such termination), any person (other than the Grantee or a Grantee Subsidiary) shall have made a bona fide proposal to Issuer or its stockholders by public announcement or written communication that is or becomes the subject of public disclosure to engage in an Acquisition Transaction;

(iv) (a) Any person other than Grantee, any Grantee Subsidiary or any Issuer Subsidiary acting in a fiduciary capacity in the ordinary course of its business shall have acquired beneficial ownership or the right to acquire beneficial ownership of 20% or more of the then outstanding shares of Common Stock or (b) any group (the term "group" having the meaning assigned in Section 13(d)(3) of the Exchange Act), other than a group of which the Grantee or any Grantee Subsidiary is a member, shall have been formed that beneficially owns 20% or more of the shares of Common Stock then outstanding;

(v) Any person other than Grantee or any Grantee Subsidiary shall have made a bona fide proposal to Issuer or its stockholders by public announcement or written communication that is or becomes the subject of public disclosure to engage in an Acquisition Transaction; or

(vi) After an overture is made by a third party to Issuer or its stockholders to engage in an Acquisition Transaction, Issuer shall have breached any covenant or obligation contained in the Reorganization Agreement and such breach (x) would entitle Grantee to terminate the Reorganization Agreement and (y) shall not have been cured prior to the Notice Date (as defined below).

(d) The term "Subsequent Triggering Event" shall mean either of the following events or transactions occurring after the date hereof:

(i) The acquisition by any person or by a group of beneficial ownership of 50% or more of the then outstanding Common Stock; or

(ii) The occurrence of the Initial Triggering Event described in paragraph (i) of subsection (c) of this Section 2, except that the percentage referred to in clause (y) shall be 50%; provided that in no event shall any merger, consolidation or similar transaction involving Issuer in which the voting securities of Issuer outstanding immediately prior thereto continue to represent (by either remaining outstanding or being converted into the voting securities of the surviving entity of any such transaction) at least 65% of the combined voting power of the voting securities of the Issuer or the surviving entity (or any entity controlling the surviving entity) outstanding immediately after the consummation of such merger, consolidation or similar transaction be deemed to be an Acquisition Transaction for the purposes of this clause (ii).

(e) Issuer shall notify Grantee promptly in writing of the occurrence of any Initial Triggering Event or Subsequent Triggering Event of which it has notice (together, a "Triggering Event"), it being understood that the giving of such notice by Issuer shall not be a condition to the right of the Holder to exercise the Option.

(f) In the event the Holder is entitled to and wishes to exercise the Option (or any portion thereof), it shall send to Issuer a written notice (the date of which being herein referred to as the "Notice Date") specifying (i) the total number of shares it will purchase pursuant to such exercise and (ii) a place and date not earlier than three business days nor later than 60 business days from the Notice Date for the closing of such purchase (the "Closing Date"); provided that if prior notification to or approval of any regulatory agency is required in connection with such purchase, the Holder shall promptly file the required notice or application for approval and shall expeditiously process the same and the period of time that otherwise would run pursuant to this sentence shall run instead from the date on which any required notification periods have expired or been terminated or such approvals have been obtained and any requisite waiting period or periods shall have passed. Any exercise of the Option shall be deemed to occur on the Notice Date relating thereto.

(g) At the closing referred to in subsection (f) of this Section 2, the Holder shall pay to Issuer the aggregate purchase price for the shares of Common Stock purchased pursuant to the exercise of the Option in immediately available funds by wire transfer to a bank account designated by Issuer; provided that failure or refusal of Issuer to designate such a bank account shall not preclude the Holder from exercising the Option.

(h) At such closing, simultaneously with the delivery of immediately available funds as provided in subsection (g) of this Section 2, Issuer shall deliver to the Holder a certificate or certificates representing the number of shares of Common Stock purchased by the Holder and, if the Option should be exercised in part only, a new Option evidencing the rights of the Holder thereof to purchase the balance of the shares of Common Stock purchasable

hereunder, and the Holder shall deliver to Issuer a copy of this Agreement and a letter agreeing that the Holder will not offer to sell or otherwise dispose of such shares in violation of applicable law or the provisions of this Agreement.

(i) Certificates for Common Stock delivered at a closing hereunder may be endorsed with a restrictive legend that shall read substantially as follows:

> "The transfer of the shares represented by this certificate is subject to certain provisions of an agreement between the registered holder hereof and Issuer and to resale restrictions arising under the Securities Act of 1933, as amended. A copy of such agreement is on file at the principal office of Issuer and will be provided to the holder hereof without charge upon receipt by Issuer of a written request therefor."

It is understood and agreed that: (i) the reference to the resale restrictions of the Securities Act of 1933, as amended (the "1933 Act"), in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the Holder shall have delivered to Issuer a copy of a letter from the staff of the SEC, or an opinion of counsel, in form and substance reasonably satisfactory to Issuer, to the effect that such legend is not required for purposes of the 1933 Act; (ii) the reference to the provisions of this Agreement in the above legend shall be removed by delivery of substitute certificate(s) without such reference if the shares of Common Stock delivered pursuant hereto have been sold or transferred in compliance with the provisions of this Agreement under circumstances that do not require the retention of such reference; and (iii) the legend shall be removed in its entirety if the conditions in the preceding clauses (i) and (ii) are both satisfied. In addition, such certificates shall bear any other legend as may be required by law.

(j) Upon the giving by the Holder to Issuer of the written notice of exercise of the Option provided for under subsection (f) of this Section 2 and the tender of the applicable purchase price in immediately available funds, the Holder shall be deemed to be the holder of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of Issuer shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder.

3. Covenants of Issuer. In addition to its other agreements and covenants herein, Issuer agrees: (i) that it shall at all times maintain, free from subscriptive or preemptive rights, sufficient authorized but unissued or treasury shares of Common Stock so that the Option may be exercised without additional authorization of Common Stock after giving effect to all other options, warrants, convertible securities and other rights to purchase Common Stock; (ii) that it will not, by charter amendment or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder by Issuer; (iii) promptly to take all action as may from time to time be required (including complying with all premerger notification, reporting and waiting period requirements

specified in 15 U.S.C. Section 18a and regulations promulgated thereunder) in order to permit the Holder to exercise the Option and Issuer to duly and effectively issue shares of Common Stock pursuant hereto; (iv) promptly to take all action provided herein to protect the rights of the Holder against dilution; and (v) not to enter or agree to enter into any Acquisition Transaction unless the other party or parties thereto agree to assume in writing all of Issuer's obligations hereunder; provided that nothing in this Section 3 or elsewhere in this Agreement shall be deemed to authorize Issuer to breach any provision of the Reorganization Agreement. Notwithstanding any notice of revocation delivered pursuant to the proviso to Section 7(c), a Holder may require such other party or parties to perform Issuer's obligations under Section 7(a) unless such other party or parties are prohibited by law or regulation from such performance.

4. Exchange; Replacement. This Agreement (and the Option granted hereby) are exchangeable, without expense, at the option of the Holder, upon presentation and surrender of this Agreement at the principal office of Issuer, for other Agreements providing for Options of different denominations entitling the holder thereof to purchase, on the same terms and subject to the same conditions as are set forth herein, in the aggregate the same number of shares of Common Stock purchasable hereunder. The terms "Agreement" and "Option" as used herein include any Agreements and related Options for which this Agreement (and the Option granted hereby) may be exchanged. Upon receipt by Issuer of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Agreement, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Agreement, if mutilated, Issuer will execute and deliver a new Agreement of like tenor and date. Any such new Agreement executed and delivered shall constitute an additional contractual obligation on the part of Issuer, whether or not the Agreement so lost, stolen, destroyed or mutilated shall at any time be enforceable by anyone.

5. Adjustments. In addition to the adjustment in the number of shares of Common Stock that are purchasable upon exercise of the Option pursuant to Section 1 of this Agreement, the number of shares of Common Stock purchasable upon the exercise of the Option and the Option Price shall be subject to adjustment from time to time as provided in this Section 5. In the event of any change in, or distributions in respect of, the Common Stock by reason of stock dividends, split-ups, mergers, recapitalizations, combinations, subdivisions, conversions, exchanges of shares, distributions on or in respect of the Common Stock that would be prohibited under the terms of the Reorganization Agreement, or the like, the type and number of shares of Common Stock purchasable upon exercise hereof and the Option Price shall be appropriately adjusted in such manner as shall fully preserve the economic benefits provided hereunder and proper provision shall be made in any agreement governing any such transaction to provide for such proper adjustment and the full satisfaction of the Issuer's obligations hereunder.

6. Registration. Upon the occurrence of a Subsequent Triggering Event that occurs prior to an Exercise Termination Event, Issuer shall, at the request of Grantee delivered within 180 days (or such later period as provided in Section 10) of such Subsequent Triggering Event (whether on its own behalf or on behalf of any subsequent holder of this Option (or part thereof) or any of the shares of Common Stock issued pursuant hereto), promptly prepare, file

and keep current a shelf registration statement under the 1933 Act covering this Option and any shares issued and issuable pursuant to this Option and shall use its reasonable best efforts to cause such registration statement to become effective and remain current in order to permit the sale or other disposition of this Option and any shares of Common Stock issued upon total or partial exercise of this Option ("Option Shares") in accordance with any plan of disposition requested by Grantee. Issuer will use its reasonable best efforts to cause such registration statement promptly to become effective and then to remain effective for a period not in excess of 180 days from the day such registration statement first becomes effective or such shorter time as may be reasonably necessary, in the judgment of the Grantee or the Holder, to effect such sales or other dispositions. Grantee shall have the right to demand two such registrations. The Issuer shall bear the costs of such registrations (including, but not limited to, Issuer's attorneys' fees, printing costs and filing fees, except for underwriting discounts or commissions, brokers' fees and the fees and disbursements of Grantee's counsel related thereto). The foregoing notwithstanding, if, at the time of any request by Grantee for registration of the Option or Option Shares as provided above, Issuer is in registration with respect to an underwritten public offering of shares of Common Stock, and if in the good faith judgment of the managing underwriter or managing underwriters, or, if none, the sole underwriter or underwriters, of such offering the inclusion of the Holder's Option or Option Shares would interfere with the successful marketing of the shares of Common Stock offered by Issuer, the number of Option Shares otherwise to be covered in the registration statement contemplated hereby may be reduced; provided, however, that after any such required reduction the number of Option Shares to be included in such offering for the account of the Holder shall constitute at least 25% of the total number of shares to be sold by the Holder and Issuer in the aggregate; and provided further, however, that if such reduction occurs, then the Issuer shall file a registration statement for the balance of such shares of Common Stock issuable pursuant to this Option as promptly as practical following such reduction and no reduction in the number of shares of Common Stock to be sold by the Holder shall thereafter occur. Each such Holder shall provide all information reasonably requested by Issuer for inclusion in any registration statement to be filed hereunder. If requested by any such Holder in connection with such registration, Issuer shall become a party to any underwriting agreement relating to the sale of such shares, but only to the extent of obligating itself in respect of representations, warranties, indemnities and other agreements customarily included in secondary offering underwriting agreements for the Issuer. Upon receiving any request under this Section 6 from any Holder, Issuer agrees to send a copy thereof to any other person known to Issuer to be entitled to registration rights under this Section 6, in each case by promptly mailing the same, postage prepaid, to the address of record of the persons entitled to receive such copies. Notwithstanding anything to the contrary contained herein, in no event shall Issuer be obligated to effect more than two registrations pursuant to this Section 6 by reason of the fact that there shall be more than one Holder as a result of any assignment or division of this Agreement.

7. Repurchase of Option and/or Option Shares. (a) At any time after the occurrence of a Repurchase Event (as defined below), (i) following a request of the Holder, given prior to an Exercise Termination Event (or such later period as provided in Section 10), Issuer (or any successor thereto) shall repurchase the Option from the Holder at a price (the "Option Repurchase Price") equal to the amount by which (A) the Market/Offer Price (as defined below) exceeds (B) the Option Price, multiplied by the number of shares for which this Option may then

be exercised and (ii) at the request of the owner of Option Shares from time to time (the "Owner"), delivered within 90 days of such occurrence (or such later period as provided in Section 10), Issuer shall repurchase such number of the Option Shares from the Owner as the Owner shall designate at a price (the "Option Share Repurchase Price") equal to the Market/Offer Price multiplied by the number of Option Shares so designated; provided, however, that the Option Repurchase Price and the Option Share Repurchase Price, individually and in the aggregate and as paid from time to time, shall be subject to the limitations on Notional Total Profit set forth in Section 14. The term "Market/Offer Price" shall mean the greatest of (i) the price per share of Common Stock at which a tender offer or exchange offer therefor has been made, (ii) the price per share of Common Stock to be paid by any third party pursuant to an agreement with Issuer, (iii) the highest closing price per share of Common Stock within the six-month period immediately preceding the date on which the Holder gives notice of the required repurchase of this Option or the Owner gives notice of the required repurchase of Option Shares, as the case may be, or (iv) in the event of a sale of all or a substantial portion of Issuer's assets, the sum of the price paid in such sale for such assets and the current market value of the remaining assets of Issuer as determined by a nationally recognized investment banking firm mutually selected by the Holder or the Owner, as the case may be, on the one hand, and the Issuer, on the other, divided by the number of shares of Common Stock of Issuer outstanding at the time of such sale. In determining the Market/Offer Price, the value of consideration other than cash shall be determined by a nationally recognized investment banking firm mutually selected by the Holder or Owner, as the case may be, on the one hand, and the Issuer, on the other.

(b) Following a Repurchase Event, the Holder or the Owner, as the case may be, may exercise its right to require Issuer to repurchase the Option and any Option Shares pursuant to this Section 7 by surrendering for such purpose to Issuer, at its principal office, a copy of this Agreement or certificates for Option Shares, as applicable, accompanied by a written notice or notices stating that the Holder or the Owner, as the case may be, elects to require Issuer to repurchase this Option and/or the Option Shares, as the case may be, in accordance with the provisions of this Section 7. Prior to the later of (x) the date that is five business days after the surrender of the Option and/or certificates representing Option Shares and the receipt of such notice or notices relating thereto and (y) the day on which a Repurchase Event occurs, Issuer shall deliver or cause to be delivered to the Holder the Option Repurchase Price and/or to the Owner the Option Share Repurchase Price or the portion thereof that Issuer is not then prohibited under applicable law and regulation from so delivering.

(c) To the extent that Issuer is prohibited under applicable law or regulation from repurchasing the Option and/or the Option Shares in full, Issuer shall immediately so notify the Holder and/or the Owner and thereafter shall deliver or cause to be delivered, from time to time, to the Holder and/or the Owner, as appropriate, that portion of the Option Repurchase Price and the Option Share Repurchase Price, respectively, that it is no longer prohibited from delivering, in each case within five business days after the date on which Issuer is no longer so prohibited; provided, however, that if Issuer at any time after delivery of a notice of repurchase delivered by the Holder or the Owner pursuant to paragraph (b) of this Section 7 is prohibited under applicable law or regulation from delivering to the Holder and/or the Owner, as the case may be,

the Option Repurchase Price or the Option Share Repurchase Price, respectively, in full (and Issuer hereby undertakes to use its best efforts to obtain all required regulatory and legal approvals and to file any required notices as promptly as practicable in order to accomplish such repurchase), the Holder or Owner may revoke its notice of repurchase of the Option or the Option Shares either in whole or to the extent of the prohibition, whereupon, in the latter case, Issuer shall promptly (i) deliver to the Holder and/or the Owner, as appropriate, that portion of the Option Repurchase Price or the Option Share Repurchase Price that Issuer is not prohibited from delivering; and (ii) deliver, as appropriate, either (A) to the Holder, a new Stock Option Agreement evidencing the right of the Holder to purchase that number of shares of Common Stock obtained by multiplying the number of shares of Common Stock for which the surrendered Stock Option Agreement was exercisable at the time of delivery of the notice of repurchase by a fraction, the numerator of which is the Option Repurchase Price less the portion thereof theretofore delivered to the Holder and the denominator of which is the Option Repurchase Price, or (B) to the Owner, a certificate for the Option Shares it is then so prohibited from repurchasing.

(d) For purposes of this Section 7, a Repurchase Event shall be deemed to have occurred (i) upon the consummation of any merger, consolidation or similar transaction involving Issuer or any purchase, lease or other acquisition of all or a substantial portion of the assets of Issuer, other than any such transaction which would not constitute an Acquisition Transaction pursuant to the provisos to Sections 2(c)(i) or 2(d)(ii) hereof or (ii) upon the acquisition by any person of beneficial ownership of more than 50% of the then outstanding shares of Common Stock; provided that no such event shall constitute a Repurchase Event unless a Subsequent Triggering Event shall have occurred prior to an Exercise Termination Event. The parties hereto agree that Issuer's obligations to repurchase the Option or Option Shares under this Section 7 shall not terminate upon the occurrence of an Exercise Termination Event unless no Subsequent Triggering Event shall have occurred prior to the occurrence of an Exercise Termination Event.

8. Substitute Option. (a) In the event that prior to an Exercise Termination Event, Issuer shall enter into an agreement (i) to consolidate with or merge into any person, other than Grantee or one of its Subsidiaries, and shall not be the continuing or surviving corporation of such consolidation or merger, (ii) to permit any person, other than Grantee or one of its Subsidiaries, to merge into Issuer and Issuer shall be the continuing or surviving corporation, but, in connection with such merger, the then outstanding shares of Common Stock shall be changed into or exchanged for stock or other securities of any other person or cash or any other property or the then outstanding shares of Common Stock shall after such merger represent less than 50% of the outstanding voting shares and voting share equivalents of the merged company, or (iii) to sell or otherwise transfer all or substantially all of its assets to any person, other than Grantee or one of its Subsidiaries, then, and in each such case, the agreement governing such transaction shall make proper provision so that the Option shall, upon the consummation of any such transaction and upon the terms and conditions set forth herein, be converted into, or exchanged for, an option (the "Substitute Option"), at the election of the Holder, of either (x) the Acquiring Corporation (as defined below) or (y) any person that controls the Acquiring Corporation.

(b) The following terms have the meanings indicated:

(1) "Acquiring Corporation" shall mean (i) the continuing or surviving corporation of a consolidation or merger with Issuer (if other than Issuer), (ii) Issuer in a merger in which Issuer is the continuing, surviving or acquiring person, and (iii) the transferee of all or substantially all of Issuer's assets.

(2) "Substitute Common Stock" shall mean the common stock (or similar equity interest) issued by the issuer of the Substitute Option upon exercise of the Substitute Option.

(3) "Assigned Value" shall mean the Market/Offer Price, as defined in Section 7.

(4) "Average Price" shall mean the average closing price of a share of the Substitute Common Stock for the one year immediately preceding the consolidation, merger or sale in question but in no event higher than the closing price of the shares of Substitute Common Stock on the day preceding such consolidation, merger or sale; provided that if Issuer is the issuer of the Substitute Option, the Average Price shall be computed with respect to a share of common stock issued by the person merging into Issuer or by any company which controls or is controlled by such person, as the Holder may elect.

(c) The Substitute Option shall have the same terms as the Option; provided, that if the terms of the Substitute Option cannot, for legal reasons, be the same as the Option, such terms shall be as similar as possible to the terms of the Option and in no event less advantageous to the Holder. The issuer of the Substitute Option shall also enter into an agreement with the then Holder or Holders of the Substitute Option in substantially the same form as this Agreement, which shall be applicable to the Substitute Option.

(d) The Substitute Option shall be exercisable for such number of shares of Substitute Common Stock as is equal to the Assigned Value multiplied by the number of shares of Common Stock for which the Option is then exercisable, divided by the Average Price. The exercise price of the Substitute Option per share of Substitute Common Stock shall then be equal to the Option Price multiplied by a fraction, the numerator of which shall be the number of shares of Common Stock for which the Option is then exercisable and the denominator of which shall be the number of shares of Substitute Common Stock for which the Substitute Option is exercisable.

(e) In no event, pursuant to any of the foregoing paragraphs, shall the Substitute Option be exercisable for more than 19.9% of the shares of Substitute Common Stock outstanding prior to exercise of the Substitute Option. In the event that the Substitute Option would be exercisable for more than 19.9% of the shares of Substitute Common Stock outstanding prior to exercise but for this clause (e), the issuer of the Substitute Option (the "Substitute Option Issuer") shall make a cash payment to Holder equal to the excess of (i) the value of the Substitute Option without giving effect to the limitation in this clause (e) over (ii) the value of the Substitute Option after giving effect to the limitation in this clause (e). This difference in value

shall be determined by a nationally recognized investment banking firm selected by the Holder or the Owner, as the case may be.

(f) Issuer shall not enter into any transaction described in subsection (a) of this Section 8 unless the Acquiring Corporation and any person that controls the Acquiring Corporation assume in writing all the obligations of Issuer hereunder.

9. Repurchase of Substitute Option. (a) At the request of the holder of the Substitute Option (the "Substitute Option Holder"), the Substitute Option Issuer shall repurchase the Substitute Option from the Substitute Option Holder at a price (the "Substitute Option Repurchase Price") equal to the sum of the amount by which (i) the Highest Closing Price (as defined below) exceeds (ii) the exercise price of the Substitute Option, multiplied by the number of shares of Substitute Common Stock for which the Substitute Option may then be exercised (after giving effect to any limitations on such number under the provisions of Section 14 hereof), and at the request of the owner (the "Substitute Share Owner") of shares of Substitute Common Stock (the "Substitute Shares"), the Substitute Option Issuer shall repurchase the Substitute Shares at a price (the "Substitute Share Repurchase Price") equal to the Highest Closing Price multiplied by the number of Substitute Shares so designated. The term "Highest Closing Price" shall mean the highest closing price for shares of Substitute Common Stock within the six-month period immediately preceding the date the Substitute Option Holder gives notice of the required repurchase of the Substitute Option or the Substitute Share Owner gives notice of the required repurchase of the Substitute Shares, as applicable.

(b) The Substitute Option Holder or the Substitute Share Owner, as the case may be, may exercise its respective right to require the Substitute Option Issuer to repurchase the Substitute Option or the Substitute Shares, as the case may be, pursuant to this Section 9 by surrendering for such purpose to the Substitute Option Issuer, at its principal executive office, the agreement for such Substitute Option (or, in the absence of such an agreement, a copy of this Agreement) and certificates for Substitute Shares accompanied by a written notice or notices stating that the Substitute Option Holder or the Substitute Share Owner, as case may be, elects to require the Substitute Option Issuer to repurchase the Substitute Option and/or the Substitute Shares, as the case may be, in accordance with the provisions of this Section 9. As promptly as practicable, and in any event within five business days after the surrender of the Substitute Option and/or certificates representing Substitute Shares and the receipt of such notice or notices delivered pursuant to this subsection (b) of this Section 9 relating thereto, the Substitute Option Issuer shall deliver or cause to be delivered to the Substitute Option Holder the Substitute Option Repurchase Price and/or to the Substitute Share Owner the Substitute Share Repurchase Price or, in either case, the portion thereof which the Substitute Option Issuer is not then prohibited under applicable law and regulation from so delivering.

(c) To the extent that the Substitute Option Issuer is prohibited under applicable law or regulation from repurchasing the Substitute Option and/or the Substitute Shares in part or in full, the Substitute Option Issuer, following a request for repurchase pursuant to this Section 9, shall immediately so notify the Substitute Option Holder and/or the Substitute Share Owner and shall thereafter deliver or cause to be delivered, from time to time, to the Substitute Option

Holder and/or the Substitute Share Owner, as appropriate, that portion of the Substitute Share Repurchase Price, respectively, which it is no longer prohibited from delivering, in each case, within five business days after the date on which the Substitute Option Issuer is no longer so prohibited; provided, however, that if the Substitute Option Issuer at any time after delivery of a notice of repurchase delivered by the Substitute Share Owner or Substitute Option Holder pursuant to subsection (b) of this Section 9 is prohibited under applicable law or regulation from delivering to the Substitute Option Holder and/or the Substitute Share Owner, as appropriate, the Substitute Option Repurchase Price and the Substitute Share Repurchase Price, respectively, in full (and the Substitute Option Issuer shall use its best efforts to receive all required regulatory and legal approvals as promptly as practicable in order to accomplish such repurchase), the Substitute Option Holder or Substitute Share Owner may revoke its notice of repurchase of the Substitute Option or the Substitute Shares either in whole or to the extent of the prohibition, whereupon, in the latter case, the Substitute Option Issuer shall promptly (i) deliver to the Substitute Option Holder or Substitute Share Owner, as appropriate, that portion of the Substitute Option Repurchase Price or the Substitute Share Repurchase Price that the Substitute Option Issuer is not prohibited from delivering; and (ii) deliver, as appropriate, either (A) to the Substitute Option Holder, a new Substitute Option evidencing the right of the Substitute Option Holder to purchase that number of shares of the Substitute Common Stock obtained by multiplying the number of shares of the Substitute Common Stock for which the surrendered Substitute Option was exercisable at the time of delivery of the notice of repurchase by a fraction, the numerator of which is the Substitute Option Repurchase Price less the portion thereof theretofore delivered to the Substitute Option Holder and the denominator of which is the Substitute Option Repurchase Price, or (B) to the Substitute Share Owner, a certificate for the Substitute Common Shares it is then so prohibited from repurchasing.

10. Extension. The period for exercise of certain rights under Sections 6, 7 and 13 shall be extended: (i) to the extent necessary to obtain all regulatory approvals for the exercise of such rights, and for the expiration of all statutory waiting periods; and (ii) to the extent necessary to avoid liability under Section 16(b) of the 1934 Act by reason of such exercise.

11. Representations and Warranties of Issuer. Issuer hereby represents and warrants to Grantee as follows:

(a) Issuer has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the Board of Directors of Issuer and no other corporate proceedings on the part of Issuer are necessary to authorize this Agreement or to consummate the transactions so contemplated. This Agreement has been duly and validly executed and delivered by Issuer.

(b) Issuer has taken all necessary corporate action to authorize and reserve and to permit it to issue, and at all times from the date hereof through the termination of this Agreement in accordance with its terms will have reserved for issuance upon the exercise of the Option, that number of shares of Common Stock equal to the maximum number of shares of Common Stock

at any time and from time to time issuable hereunder, and all such shares, upon issuance pursuant hereto, will be duly authorized, validly issued, fully paid, nonassessable, and will be delivered free and clear of all claims, liens, encumbrances and security interests and will not be subject to any preemptive rights.

(c) The execution, delivery and performance of this Agreement does not or will not, and the consummation by Issuer of any of the transactions contemplated hereby will not, constitute or result in (i) a breach or violation of or a default under, its articles or certificate of incorporation or by-laws, or the comparable governing instruments of any of its subsidiaries, or (ii) a breach or violation of or a default under, any agreement, lease, contract, note, mortgage, indenture, arrangement or other obligation of it or any of its subsidiaries (with or without the giving of notice, the lapse of time or both) or under any law, rule, ordinance or regulation or judgment, decree, order, award or governmental or non-governmental permit or license to which it or any of its subsidiaries is subject.

(d) No "fair price", "moratorium", "control share acquisition" or other similar anti-takeover statute or regulation enacted under state or federal laws applicable to the Issuer or any of its Subsidiaries is applicable to this Agreement or any of the transactions contemplated hereby.

12. Representations and Warranties of Grantee. Grantee hereby represents and warrants to Issuer that:

(a) Grantee has all requisite corporate power and authority to enter into this Agreement and, subject to any approvals or consents referred to herein, to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Grantee. This Agreement has been duly executed and delivered by Grantee.

(b) The Option is not being, and any shares of Common Stock or other securities acquired by Grantee upon exercise of the Option will not be, acquired with a view to the public distribution thereof and will not be transferred or otherwise disposed of except in conformance with Section 2(a) hereof and in a transaction registered or exempt from registration under the Securities Act.

13. Assignment. Neither of the parties hereto may assign any of its rights or obligations under this Agreement or the Option created hereunder to any other person, without the express written consent of the other party, except that in the event a Subsequent Triggering Event shall have occurred prior to an Exercise Termination Event, Grantee, subject to the express provisions hereof, may assign in whole or in part its rights and obligations hereunder within 90 days following such Subsequent Triggering Event (or such later period as provided in Section 10).

14. Notional Total Profit. (a) Notwithstanding any other provision of this Agreement, this Option may not be exercised, and this Option and/or the Option Shares issued

upon exercise hereof may not be presented for repurchase under Sections 2, 7 or 9 hereof, for a number of shares, or a total repurchase price, as the case may be, that would, as of the date of exercise or presentment, result in a Notional Total Profit (as defined below) of more than $24,000,000. Notwithstanding the foregoing, this Section 14 shall not apply to any exercise of this Option by Grantee pursuant to Section 2(a) hereof; provided, however, that if (x) at any time prior to the one-year anniversary of any such exercise, the holder of any Option Shares issued upon such exercise shall sell, tender for sale, convey, hypothecate, transfer or otherwise dispose of ("Transfer") such Option Shares (or any other securities into which such Option Shares are converted or exchanged), or any interest therein, including any transaction contemplated by Sections 7 or 9 hereof (other than in connection with a merger, consolidation or similar business combination pursuant to the terms of which the Common Stock is exchanged solely for equity or equity-related securities of another corporation and cash in lieu of fractional shares thereof and any remaining unexercised portion of this Option is converted in such transaction into an Option to acquire such equity or equity-related securities) or (y) this Option is presented for repurchase under Section 7 or 9 hereof, then this Section 14 shall be deemed to retroactively apply to any and all exercises of this Option preceding such Transfer or presentment, without giving effect to the exception therefrom provided by this sentence, as if such exercises had occurred on the date of such Transfer. In such an event, such holder shall, within 10 business days of such Transfer, notify the Issuer of such Transfer and pay to the Issuer, by wire transfer of immediately available funds, the excess of any Notional Total Profit (calculated in respect of all transactions covered by this Section 14 without giving effect to the exception from this Section 14 provided by the foregoing sentence) over $24,000,000 (the "Repayment"); provided, however, that, at the Issuer's election, the Repayment shall be paid in shares of Common Stock to the extent that Grantee then holds such shares, and the per share value of such shares of Common Stock shall be deemed to be the closing price of the Common Stock on the trading date immediately preceding the date the Repayment is due.

(b) As used herein and subject to Section 14(a), the term "Notional Total Profit" with respect to any number of shares as to which Grantee may propose to, or be deemed to, exercise this Option shall be the Total Profit determined as of the date of such proposed exercise assuming that this Option were exercised on such date for such number of shares and assuming that such shares, together with all other Option Shares held by Grantee and its affiliates as of such date, were sold for cash at the closing market price for the Common Stock as of the close of business on the preceding trading day (less customary brokerage commissions).

(c) As used herein, the term "Total Profit" shall mean the aggregate amount (before taxes) of the following: (i) the amount received by Grantee pursuant to Issuer's repurchase of the Option (or any portion thereof) pursuant to Section 7, (ii) (x) the amount received by Grantee pursuant to Issuer's repurchase of Option Shares pursuant to Section 7, less (y) the Grantee's purchase price for such Option Shares, (iii) (x) the net cash amounts received by Grantee pursuant to the sale of Option Shares (or any other securities into which such Option Shares are converted or exchanged) to any unaffiliated party, less (y) the Grantee's purchase price of such Option Shares, (iv) any amounts received by Grantee on the transfer of the Option (or any portion thereof) to any unaffiliated party, and (v) any amount equivalent to the foregoing with respect to the Substitute Option.

15. Best Efforts. Each of Grantee and Issuer will use its best efforts to make all filings with, and to obtain consents of, all third parties and governmental authorities necessary for the consummation of the transactions contemplated by this Agreement, including without limitation making application for quotation on the Nasdaq National Market of the shares of Common Stock issuable hereunder upon official notice of issuance.

16. Specific Performance. The parties hereto acknowledge that damages would be an inadequate remedy for a breach of this Agreement by either party hereto and that the obligations of the parties hereto shall be enforceable by either party hereto through injunctive or other equitable relief.

17. Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court or a federal or state regulatory agency of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions and covenants and restrictions contained in this Agreement shall remain in full force and effect, and shall in no way be affected, impaired or invalidated. If for any reason such court or regulatory agency determines that the Holder is not permitted to acquire, or Issuer is not permitted to repurchase pursuant to Section 7, the full number of shares of Common Stock provided in Section 1(a) hereof (as adjusted pursuant to Section 1(b) or 5 hereof), it is the express intention of Issuer to allow the Holder to acquire or to require Issuer to repurchase such lesser number of shares as may be permissible, without any amendment or modification hereof.

18. Notices. All notices, requests, claims, demands and other communications hereunder shall be deemed to have been duly given when delivered in person, by cable, telegram, telecopy or telex, or by registered or certified mail (postage prepaid, return receipt requested) at the respective addresses of the parties set forth in the Reorganization Agreement or such other address as shall be provided in writing.

19. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of laws thereof.

20. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

21. Expenses. Except as otherwise expressly provided herein, each of the parties hereto shall bear and pay all costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including fees and expenses of its own financial consultants, investment bankers, accountants and counsel.

22. Entire Agreement. Except as otherwise expressly provided herein or in the Reorganization Agreement, this Agreement contains the entire agreement between the parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereof, written or oral. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors

and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

23. Captions; Capitalized Terms. The section and paragraph captions herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Capitalized terms used in this Agreement and not defined herein shall have the meanings assigned thereto in the Reorganization Agreement.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed on its behalf by its officers thereunto duly authorized, all as of the date first above written.

LYCOS, INC.

By /s/Robert M. Davis

Name: Robert M. Davis
Title: President and Chief Executive Officer

TICKETMASTER ONLINE-CITYSEARCH, INC.

By: /s/ Michael Guttentag

Name: Michael Guttentag
Title: Vice President - Business Development