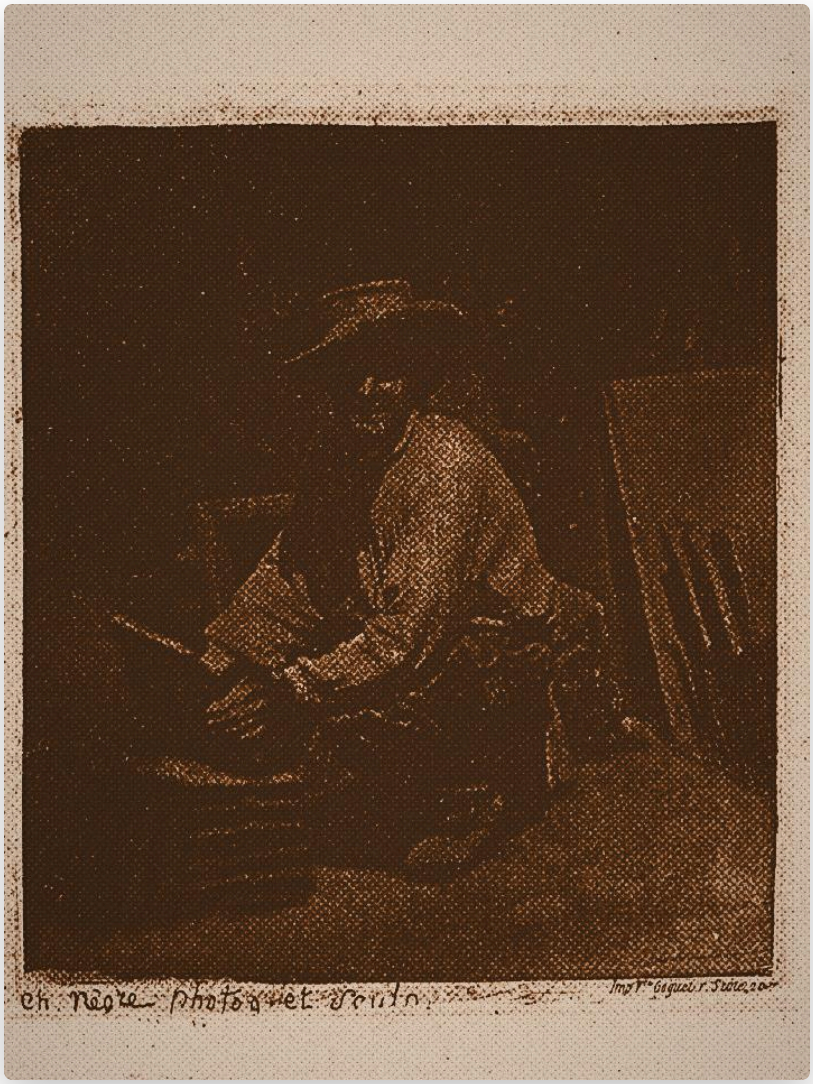
FORM S-1 · REGISTRATION STATEMENT

IXL Enterprises Inc

IPO priced 1999-06-03 · $12.00 a share · IIXL



From S1 Directory · www.s1directory.com/s1/ixl-enterprises-inc/ · Source: https://www.sec.gov/Archives/edgar/data/1018705/000094018099000112/0000940180-99-000112.txt

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON FEBRUARY 5, 1999 REGISTRATION STATEMENT NO. 333- SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 FORM S-1 REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 IXL ENTERPRISES, INC. (EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	7373	58-2234342
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1888 EMERY ST., NW ATLANTA, GA 30318 (800) 573-5544 (ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES) U. BERTRAM ELLIS, JR. CHIEF EXECUTIVE OFFICER IXL ENTERPRISES, INC. 1888 EMERY ST., NW ATLANTA, GA 30318 (404) 267-3800 (NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: AS SOON AS PRACTICABLE AFTER THE EFFECTIVE DATE OF THIS REGISTRATION STATEMENT.

IF ANY OF THE SECURITIES BEING REGISTERED ON THIS FORM ARE TO BE OFFERED ON A DELAYED OR CONTINUOUS BASIS PURSUANT TO RULE 415 UNDER THE SECURITIES ACT OF 1933, CHECK THE FOLLOWING BOX. [_] IF THIS FORM IS FILED TO REGISTER ADDITIONAL SECURITIES FOR AN OFFERING PURSUANT TO RULE 462(B) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] ____ IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(C) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] ____ IF THIS FORM IS A POST-EFFECTIVE AMENDMENT FILED PURSUANT TO RULE 462(D) UNDER THE SECURITIES ACT, CHECK THE FOLLOWING BOX AND LIST THE SECURITIES ACT REGISTRATION STATEMENT NUMBER OF THE EARLIER EFFECTIVE REGISTRATION STATEMENT FOR THE SAME OFFERING. [_] ____ IF DELIVERY OF THE PROSPECTUS IS EXPECTED TO BE MADE PURSUANT TO RULE 434, PLEASE CHECK THE FOLLOWING BOX. [_]

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price (1)	Amount of Registration Fee
COMMON STOCK, PAR VALUE $.01 PER SHARE.....	$86,250,000	$23,978

(1) ESTIMATED SOLELY FOR PURPOSES OF CALCULATING THE REGISTRATION FEE PURSUANT TO RULE 457(O).

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

EXPLANATORY NOTE

THIS REGISTRATION STATEMENT CONTAINS TWO FORMS OF PROSPECTUS: ONE TO BE USED IN CONNECTION WITH A U.S. AND CANADIAN OFFERING OF THE REGISTRANT'S COMMON STOCK (THE "U.S. PROSPECTUS") AND ONE TO BE USED IN A CONCURRENT INTERNATIONAL OFFERING OF THE COMMON STOCK (THE "INTERNATIONAL PROSPECTUS"). THE INTERNATIONAL PROSPECTUS WILL BE IDENTICAL TO THE U.S. PROSPECTUS EXCEPT THAT IT WILL HAVE A DIFFERENT FRONT COVER PAGE, UNDERWRITING SECTION AND BACK COVER PAGE. THE U.S. PROSPECTUS IS INCLUDED HEREIN AND IS FOLLOWED BY THE ALTERNATE FRONT COVER PAGE, UNDERWRITING SECTION AND BACK COVER PAGE TO BE USED IN THE INTERNATIONAL PROSPECTUS, WHICH HAVE EACH BEEN LABELED "ALTERNATIVE PAGE FOR INTERNATIONAL PROSPECTUS".

++
+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the   +
+Securities and Exchange Commission is effective. This prospectus is not an   +
+offer to sell these securities and it is not soliciting an offer to buy these +
+securities in any state where the offer or sale is not permitted.   +
++

SUBJECT TO COMPLETION PRELIMINARY PROSPECTUS DATED FEBRUARY 5, 1999 P R O S P E C T U S

SHARES

[LOGO]

IXL ENTERPRISES, INC.

COMMON STOCK

This is iXL Enterprises, Inc.'s initial public offering of Common Stock. The U.S. underwriters will offer shares in the United States and Canada and the international managers will offer shares outside the United States and Canada.

WE EXPECT THE PUBLIC OFFERING PRICE TO BE BETWEEN $ AND $ PER SHARE. CURRENTLY, NO PUBLIC MARKET EXISTS FOR THE SHARES. AFTER PRICING OF THE OFFERING, WE EXPECT THAT THE COMMON STOCK WILL TRADE ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "IIXL."

INVESTING IN THE COMMON STOCK INVOLVES RISKS WHICH ARE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 10 OF THIS PROSPECTUS.

PER SHARE TOTAL

PUBLIC OFFERING PRICE..... $ $ UNDERWRITING DISCOUNT..... $ $ PROCEEDS, BEFORE EXPENSES, TO IXL ENTERPRISES, INC..... $ $ THE U.S. UNDERWRITERS MAY ALSO PURCHASE UP TO AN ADDITIONAL SHARES AT THE PUBLIC OFFERING PRICE, LESS THE UNDERWRITING DISCOUNT, WITHIN 30 DAYS FROM THE DATE OF THIS PROSPECTUS TO COVER OVER-ALLOTMENTS. THE INTERNATIONAL MANAGERS MAY SIMILARLY PURCHASE UP TO AN AGGREGATE OF AN ADDITIONAL SHARES.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

WE EXPECT THAT THE SHARES OF COMMON STOCK WILL BE READY FOR DELIVERY IN NEW YORK, NEW YORK ON OR ABOUT , 1999.

MERRILL LYNCH & CO. DONALDSON, LUFKIN & JENRETTE BANCBOSTON ROBERTSON STEPHENS NATIONSBANC MONTGOMERY SECURITIES LLC THE DATE OF THIS PROSPECTUS IS , 1999 SERVICES . INTERNET STRATEGY CONSULTING . INTERNET-BASED BUSINESS SOLUTIONS --BUSINESS INFORMATION MANAGEMENT SYSTEMS --E-COMMERCE SYSTEMS AND SERVICES --INTERACTIVE LEARNING ENVIRONMENTS --DIGITAL MEDIA . SOLUTION SETS(TM) --PITCHMAN --SITEMAN . INDUSTRY PRACTICE GROUPS [DESCRIPTION OF INSIDE COVER ART] [IXL LOGO]_____VISION_____[CFN LOGO] "TO PIONEER THE USE OF DIGITAL TECHNOLOGY TO TRANSFORM HOW BUSINESS GETS DONE."

[IXL LOGO]WE ARE A LEADING INTERNET SERVICES COMPANY WHICH PROVIDES INTERNET STRATEGY CONSULTING AND COMPREHENSIVE INTERNET-BASED SOLUTIONS TO FORTUNE 1000 COMPANIES AND OTHER CORPORATE USERS OF INFORMATION TECHNOLOGY.

WE ARE "PROBLEM SOLVERS" EXPERIENCED IN THE USE OF TECHNOLOGY TO CREATE NEW OPPORTUNITIES FOR BUSINESS.

WE SUCCEED BY SHORTENING THE DISTANCE BETWEEN THE CREATION OF IDEAS AND THE REALIZATION OF THEIR ECONOMIC BENEFIT.

CFN IS A SOPHISTICATED E- [CFN LOGO] COMMERCE PLATFORM FOR MARKETING FINANCIAL SERVICES AND EMPLOYEE BENEFITS OVER CORPORATE INTRANETS AND THE INTERNET, AS WELL AS THROUGH A TELESALES CENTER.

CFN IS A PLATFORM WHICH BRINGS PROVIDERS OF SERVICES AND BENEFITS TOGETHER WITH EMPLOYEES WHO WANT TO PURCHASE THOSE SERVICES.

THE CFN PLATFORM ALLOWS EMPLOYEES TO COMPARE, SHOP AND PURCHASE THE SERVICES THEY NEED EASILY AND EFFICIENTLY.

[E-TV LOGO] WE ARE DEVELOPING TECHNOLOGY, APPLICATIONS, CONTENT AND EXPERTISE FOR USE IN THE EMERGING INDUSTRY OF DIGITALLY DELIVERED INFORMATION AND ENTERTAINMENT.

OUR GOAL IS TO DESIGN AND BUILD NAVIGATIONAL INFRASTRUCTURES, BUSINESS MODELS AND STRATEGIC RELATIONSHIPS REQUIRED FOR SUCCESS IN THE ENHANCED TELEVISION MARKETPLACE.

FINANCIAL SERVICES AND BENEFITS . AUTO INSURANCE . HOMEOWNERS INSURANCE . MORTGAGES . HOME EQUITY LOANS . AUTO FINANCE . LONG TERM INDIVIDUAL CARE . INDIVIDUAL LIFE . VISION SERVICES . LEGAL SERVICES ID5 METHODOLOGY [DISCOVER] [DEFINE] [DESIGN] [DEVELOP] [DEPLOY]

Collect information relative to the engagement objective.	Formulate an Internet business strategy.	Refine/document specifications of the Internet business strategy.	Build elements required to implement the Internet business.	Deliver the final solution.

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Forward-looking Statements

This prospectus includes forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events, including, among other things:

. Implementing our business strategy, . Managing our rapid growth and employee costs, . Managing CFN's expenditures and making CFN profitable, . Expanding CFN's customer base, . Integrating acquired businesses, . Forecasting commerce and strategic Internet services market growth and . Competing in the strategic Internet services industry.

In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our and the strategic Internet services industry's actual results, levels of activity, performance, achievements and prospects to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and other factors include, among others, those identified under "Risk Factors" and elsewhere in this prospectus.

We undertake no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties, and assumptions, the forward-looking events discussed in this prospectus might not occur. See "Risk Factors."

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

We are a Delaware corporation. Our principal executive offices are located at 1888 Emery St., NW, Atlanta, GA 30318, and our telephone number is (800) 573-5544. We maintain a World Wide Web site at www.iXL.com. The reference to our World Wide Web address does not constitute incorporation by reference of the information contained at the site. In this prospectus, the "Company," "iXL," "we," "us" and "our" refer to iXL Enterprises, Inc. and its subsidiaries (but not to the underwriters listed in this prospectus), including the businesses acquired by us, unless the context otherwise requires, and "CFN" refers to the Company's subsidiary Consumer Financial Network, Inc. and its subsidiaries. In addition, "Common Stock" refers to our common stock, $.01 par value per share, "Acquired Companies" refers to those businesses which we have acquired since January 1, 1997, and "1998 Acquired Companies" refers to those Acquired Companies which we have acquired during 1998. See "Description of Capital Stock."

iXL(TM), the iXL logo, Interactive Excellence(TM), Internet Excellence(TM), the CFN logo, CFN(TM), Consumer Financial Network(TM), iD5(TM) and the names of products and services offered by iXL Enterprises, Inc. and Consumer Financial Network, Inc. are trademarks, registered trademarks, service marks or registered service marks of iXL Enterprises, Inc. and Consumer Financial Network, Inc. This prospectus also includes product names, trade names and trademarks of other companies.

Summary

This summary may not contain all the information that may be important to you. You should read the entire prospectus, including the financial data and related notes, before making an investment decision. Upon the completion of this offering, the only class of our capital stock outstanding will be our Common Stock. Except where otherwise indicated, all information in this prospectus (a) assumes the automatic conversion of Class A, Class B and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock, (b) assumes the exchange of shares of Common Stock for all outstanding shares of Class D Nonvoting Preferred Stock upon the closing of this offering, (c) assumes the automatic conversion of warrants to purchase shares of Class B Convertible Preferred Stock, and warrants to purchase Class A and Class B Common Stock, into 2,246,000 warrants to purchase shares of Common Stock, (d) assumes the cashless exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock and (e) assumes the Underwriters' over-allotment option will not be exercised.

iXL Enterprises, Inc.

We are a leading Internet services company which provides Internet strategy consulting and comprehensive Internet-based solutions to Fortune 1000 companies and other corporate users of information technology. We help businesses identify how the Internet can be used to their competitive advantage and use our expertise in creative design and systems engineering to design, develop and deploy advanced Internet applications and solutions.

Our service offerings include Internet strategy consulting, e-commerce systems, business information management systems, interactive learning environments, digital media services, traditional web site development, customized hosting, proprietary sales presentation systems and web publishing technology. We use our extensive engineering capabilities to deliver complex Internet-based business solutions by employing proven technologies such as Java, XML, Perl, CGI, C and C++. To foster the best possible solutions and service, we have assembled industry practice groups including professionals with expertise in the business practices and processes of specific industries. In addition, we utilize an engagement methodology (iD5) which defines and delineates business procedures and processes to take full advantage of best practices developed throughout our Company. We offer our services primarily on a fixed price basis. In 1998 our clients included BellSouth, Carlson Wagonlit Travel, Chase Manhattan Bank, First USA, Gateway, GE, Lucent, Time Warner and WebMD.

The Internet represents a revolutionary and powerful new opportunity for business. International Data Corporation expects dramatic growth in total e- commerce transaction volume, projecting an increase from $32 billion in 1998 to $426 billion in 2002. Many companies currently do not have the capabilities required to conduct e-commerce with suppliers and customers. These companies are looking to independent service providers that can assist them in taking full advantage of the Internet's ability to improve their business. We expect this to drive growth in the worldwide Internet development services market, which according to IDC, will grow from $7 billion in 1998 to $44 billion by 2002.

We have expanded rapidly since our founding in March 1996 through a combination of acquisitions and internal growth. We have completed 34 acquisitions to gain critical mass, experienced professionals, industry expertise, technical skills and geographic coverage. As of December 31, 1998, we had approximately 1,300 employees. We have invested in our management information systems to create a scalable organization capable of maximizing the sharing of our knowledge base and the utilization of our staff. Our headquarters is located in Atlanta, Georgia and we have 18 regional offices located throughout the United States and in England, Germany, Spain and Italy.

In addition to our strategic Internet services offerings, we have developed Consumer Financial Network, Inc., a sophisticated e-commerce platform for marketing financial services and employee benefits over corporate intranets and the Internet, as well as through a telesales center. CFN has contracted with competing providers of various financial services (automobile, homeowners and other lines of personal insurance, home mortgages, home equity loans, auto finance, long-term care insurance, term life insurance and prepaid legal services) to create a platform for comparison shopping and purchase of these services. CFN's platform is provided at no cost to large companies and associations for distribution as a human resources benefit to their employees or members. CFN service providers include Nationwide Mutual Insurance Co., Liberty Mutual Insurance Co., and Chase Manhattan Mortgage Corporation. Member companies include Nextel and DaimlerChrysler. CFN receives a fee from the financial service providers for each sale of their services through the CFN network. CFN's equity is owned 88% by the Company and 12% by General Electric Capital Corporation.

Our goal is to become the preferred provider of strategic Internet services and to become a leader in Internet-delivered financial services and employee benefits. To achieve this goal, our strategy is to leverage and expand our industry expertise, develop our technology capabilities, expand our geographic coverage, capture and disseminate our knowledge and best practices, expand our client relationships, attract, train and retain experienced professionals, and enhance and extend the CFN platform.

The Offering

Common Stock offered:

U.S. Offering..... shares

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International Offering......         shares
 Total.....................          shares
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Shares outstanding after the U.S. and International Offerings..... shares(1) Overallotment Option..... shares of Common Stock Use of Proceeds..... We estimate that the net proceeds from this offering (without exercise of the over-allotment option) will be approximately $ million. We intend to use these net proceeds for (a) repayment of indebtedness and (b) general corporate purposes, including working capital requirements and acquisitions. See "Use of Proceeds."

Risk Factors..... See "Risk Factors" for a discussion of factors you should carefully consider before deciding to invest in the shares of the Common Stock.

Nasdaq National Market Symbol..... "IIXL" (1) Excludes a currently undeterminable number of shares of Common Stock issuable upon the exercise of certain contingent rights of preferred stockholders of Consumer Financial Network, Inc. to exchange their shares of Consumer Financial Network, Inc. capital stock for shares of the Company's Common Stock. See "Description of Capital Stock--CFN's Series A Convertible Preferred Stock." Also excludes as of February 5, 1999 (a) 23,489,725 shares of Common Stock subject to outstanding options at a weighted average exercise price of $7.67 per share, (b) 2,246,000 shares of Common Stock subject to outstanding warrants at a weighted average exercise price of $6.99 per share, and 7,510,275 shares of Common Stock reserved for options to be granted under our 1996 Stock Option Plan, 1998 Non-Employee Stock Option Plan and 1999 Employee Stock Option Plan and (c) 4,000,000 shares of Common Stock to be registered pursuant to a Registration Statement on Form S-4 for use in future acquisitions.

Summary Historical and Pro Forma Consolidated Financial Information The following summary historical and pro forma consolidated financial information and pro forma as adjusted information should be read in conjunction with "Pro Forma Consolidated Financial Information," "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's audited Consolidated Financial Statements included elsewhere in this prospectus. The Consolidated Statement of Operations Data set forth below for the years ended December 31, 1997 and 1998 and the Consolidated Balance Sheet Data at December 31, 1998, are derived from and qualified by reference to, the Company's audited Consolidated Financial Statements, which appear elsewhere in this prospectus. The acquisitions of the Acquired Companies, described herein, were accounted for using the purchase method and accordingly, the actual Consolidated Statement of Operations Data reflects the results of operations of these businesses from their respective acquisition dates. The summary pro forma and pro forma as adjusted information does not purport to represent what our results actually would have been if such events had occurred at the dates indicated, nor does such information purport to project our results for any future period. The pro forma Consolidated Statement of Operations Data gives effect to the acquisitions of the 1998 Acquired Companies as if they had occurred on January 1, 1998 and the pro forma Consolidated Balance Sheet Data as if (a) the sale and issuance of 22,825 shares of Class A Convertible Preferred Stock (which shall be converted into 2,282,500 shares of Common Stock upon the closing of this offering) that occurred subsequent to December 31, 1998 (the "Equity Financing") occurred as of December 31, 1998 and (b) the repayment of approximately $10 million of revolving debt that occurred subsequent to December 31, 1998 (the "Revolving Debt Repayment") occurred as of December 31, 1998.

	Years Ended December 31,		
	1997	1998	1998
	Actual	Actual	Pro Forma
	(in thousands, except per share data)		
Consolidated Statement of Operations Data:			
Revenues	$ 18,986	$ 64,767	$ 87,160
Cost of revenues	11,343	44,109	57,790
Gross profit	7,643	20,658	29,370
Sales and marketing expenses	3,903	16,397	17,519
General and administrative expenses	9,114	28,770	37,279
Research and development expenses	4,820	4,408	4,413
Stock option and warrant expenses	--	2,454	4,299
Depreciation	1,408	5,217	5,895
Amortization	5,531	16,354	29,817
Loss from operations	(17,133)	(52,942)	(69,852)
Other income (expense), net	116	(28)	(138)
Loss on equity investment	(1,443)	(1,640)	(1,640)
Interest income	136	750	777
Interest expense	(238)	(770)	(1,748)
Loss before income taxes	(18,562)	(54,630)	(72,601)
Income tax benefit (expense)	1,550	--	(8)
Net loss	(17,012)	(54,630)	(72,609)
Dividends and accretion on mandatorily redeemable preferred stock	--	(9,099)	(9,099)
Net loss available to common stockholders	$(17,012)	$(63,729)	$(81,708)
Basic and diluted net loss per common share	$ (2.60)	$ (5.41)	$ (5.08)
Weighted average common shares outstanding	6,540	11,777	16,088

As of December 31, 1998 Pro Forma as Actual Pro Forma Adjusted(1)

Consolidated Balance Sheet Data:		
Cash and cash equivalents	$19,259	$31,984
Working capital	27,119	39,844
Total assets	135,215	147,940
Debt, including current portion	21,420	11,420
Mandatorily redeemable preferred stock	65,679	65,679
Mandatorily redeemable preferred stock of subsidiary	9,839	9,839
Stockholders' equity	17,824	40,549

(1) As adjusted to reflect (a) the automatic conversion of Class A, Class B and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock upon the closing of this offering, (b) the exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock (assuming a cashless exercise), (c) the exchange of shares of Common Stock for all outstanding shares of Class D Nonvoting Preferred Stock upon the closing of this offering and (d) this offering and the application of our estimated net proceeds (assumed to be $ million) after deducting the underwriting discount and the estimated offering expenses that we will pay.

Risk Factors

Investing in our Common Stock will provide you with an equity ownership interest in iXL. As an iXL stockholder, you may be subject to risks inherent in our business. The performance of your shares will reflect the performance of our business relative to, among other things, our competition, general

economic and market conditions and industry conditions. The value of your investment may increase or decline and could result in a loss. You should carefully consider the following factors as well as other information contained in this prospectus before deciding to invest in shares of the Common Stock.

We Have a Limited Operating History We were founded in March 1996. As a result, your evaluation of us and our prospects will be based on a limited operating history. Our business model and strategy have evolved and are continually being revised. In addition, our historical results of operations do not fully give effect to the operations of the companies we have acquired and the pro forma financial information included in this prospectus is based in part on the separate pre-acquisition financial reports of the companies we have acquired. Consequently, our historical results of operations and pro forma financial information may not give you an accurate indication of our future results of operation or prospects.

Because we are in an early stage of development, we are subject to numerous risks, particularly as a result of the new and rapidly evolving markets in which we operate. These risks include the need to successfully implement our business model and strategy and, as necessary, to revise our model and strategy as industry conditions and competition change. In particular, CFN's business model is new and untested, which creates additional risk as to the successful adoption of this model as well as CFN's ability to implement it. To address these risks, we must, among other things, continue to develop the strength and quality of our operations, successfully complete new acquisitions, integrate our historical and future acquisitions, maximize the value delivered to clients, respond to industry and competitive developments and to attract, retain and motivate qualified employees. We cannot be sure that we will be successful in meeting these challenges and addressing these risks. If we are unable to do so, our business, results of operations and financial condition would be materially and adversely affected.

We Have an Accumulated Deficit and Anticipate Future Losses We have incurred substantial losses since our inception and we anticipate continuing to incur substantial losses for the foreseeable future. As of December 31, 1998, we had an accumulated deficit of approximately $73 million. Although we have experienced revenue growth, this growth may not be sustainable or indicative of future results of operations. Our revenue composition has changed substantially from inception, and we expect further change as our business develops. Historically, a substantial majority of our revenue was derived from traditional web site development and implementation of our Solution Sets(TM) (templated applications which can be customized). To succeed, we must leverage our existing relationships to substantially increase our revenue derived from more comprehensive strategic Internet services. CFN has expended and will continue to expend significant resources to build electronic data interchange interfaces with its participating institutions, to grow its infrastructure, to add additional participating companies and employees and to establish access to the CFN platform for participating companies' employees. These development expenses must be incurred well in advance of the recognition of revenue. CFN recognizes revenue upon completion of an end-user transaction through the CFN operating network, which also will require the realization of expenses in advance of related revenue. CFN's performance will depend in large part upon CFN's ability to estimate accurately these resource requirements and the revenues generated by customers engaging in the transactions with service providers on the CFN platform. To date, the volume of transactions on CFN has been limited and,

accordingly, the revenue recognized has been minimal. We intend to continue to invest heavily in acquisitions, infrastructure, development and marketing. As a result, we may not be able to achieve or sustain profitability. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Potential Fluctuations in Quarterly Results Could Affect Our Common Stock Trading Price As a result of our limited operating history, rapid growth and the emerging nature of the markets in which we compete, we believe that quarter- to-quarter comparisons of results of operations for preceding quarters are not necessarily meaningful. You should not rely on the results of any one quarter as an indication of our future performance. Additionally, quarterly results of operations may fluctuate significantly in the future as a result of a variety of factors, many of which are outside our control. In particular, revenue in the fourth quarter of 1998 was favorably impacted by several large engagements. The Company does not expect to experience a comparable increase in revenue growth during the first quarter of 1999, and the Company may not experience comparable increases in the remainder of 1999.

If in some future quarter, whether as a result of such a fluctuation or otherwise, our results of operations fall below the expectations of securities analysts and investors, the trading price of our Common Stock would likely be materially and adversely affected. Factors that may cause our quarterly results to fluctuate include, among others:

. the amount and timing of expenditures by our clients for strategic Internet services;

. our success in finding and acquiring suitable acquisition candidates;

. our ability to attract, train and retain skilled management, strategic, technical and creative professionals;

. the productivity of our employees;

. the amount and timing of expenditures related to the development of CFN;

. pricing changes in the industry;

. the introduction of new services, new technologies and new systems by us or our competitors;

. unanticipated technical, legal and regulatory difficulties with respect to use of the Internet; and . economic conditions specific to Internet technology usage.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Failure to Properly Manage Growth Could Adversely Affect Our Business and Stockholders' Equity Our business has grown significantly, and we anticipate future internal growth and growth through acquisitions. For example, from January 1, 1997 to December 31, 1998 our staff increased from approximately 90 to approximately 1,300 employees. We expect further growth in our operations in the future. This growth has and will continue to increase the demands on our management, operating systems and internal controls. Consequently, our existing management resources and operational, financial, human and management information systems and controls may be inadequate to support our

future operations. We cannot be sure that we will be able to manage our growth successfully. As a result of these concerns, we can also not be sure that we will continue to grow, or, if we do grow, that we will be able to maintain our historical growth rate.

Our Reliance on Acquisitions Could Adversely Affect Our Business We anticipate that a material portion of any future growth will be accomplished by acquiring existing businesses. Most of our growth in personnel has been through acquisitions. The success of this plan depends upon, among other things, our ability to integrate acquired personnel, operations, products and technologies into our organization effectively, to retain and motivate key personnel of acquired businesses and to retain customers of acquired firms. We cannot guarantee that we will be able to identify suitable acquisition opportunities, obtain any necessary financing on acceptable terms to finance such acquisitions, consummate such acquisitions or successfully integrate acquired personnel and operations. We have typically acquired companies from their employee shareholders in return for a payment primarily in shares of our Common Stock. These shares of Common Stock will become eligible for sale once certain securities laws holding periods and any applicable contractual lock-ups have expired. Typically, we have not used earn-outs or similar deferred payments in connection with our acquisitions. As a result, we may have difficulty retaining employees who received significant amounts of Common Stock once they are able to sell their shares of Common Stock following this offering. In addition, as a public company, it may be more difficult to acquire additional companies or the cost of acquiring these companies may increase relative to the cost of acquiring similar companies when we were a private company. Our acquisitions involve certain other risks, including the assumption of additional liabilities, potentially dilutive issuances of equity securities and diversion of management's attention from other business concerns.

Our Fixed-Price Contracts Involve Financial Risk Most of our contracts are currently on a fixed-price basis, rather than a time and materials basis. Further, the average size of our contracts is currently increasing, which results in a corresponding increase in our exposure to the financial risks of fixed price contracts. On larger contracts, we try to price these fixed-price contracts on a three-phase basis (strategic review, design and implementation), with each phase priced separately, immediately prior to its commencement. We assume greater financial risk on fixed-price contracts than on time and materials engagements, especially those contracts that are not priced on a three-phase basis. We cannot be sure that we will be able to price our larger contracts on a three-phase basis. Currently less than a third of our revenues are from contracts priced on a three-phase basis. We have only a limited history in estimating our costs for our engagements, particularly for larger projects. We have had to commit unanticipated resources to complete certain projects, resulting in lower gross margins on certain contracts. We may experience similar situations in the future. In addition, we typically assume the fixed-price contracts of the companies we acquire. If we fail to estimate accurately the resources and time required for an engagement, to manage client expectations effectively or to complete fixed-price engagements within our budget, on time and to our clients' satisfaction, we would be exposed to cost overruns, potentially leading to losses on these engagements. This failure could materially and adversely affect our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Failure to Attract, Train and Retain Employees Could Increase Costs or Limit Growth Our future success will depend in large part upon our ability to attract, train and retain additional highly skilled executive-level management and creative, technical, consulting, and sales personnel. Competition for such personnel is intense, and we cannot be sure that we will be successful in attracting, training and retaining such personnel. Historically we have experienced significant employee turnover. Most of our employees have joined us recently, either through acquisitions or otherwise, and to realize our business objectives, we must add a significant number of new employees. A substantial amount of training is required to integrate these employees into our business. In addition, most of our employees are not subject to noncompetition agreements, and any such agreements in any event may be difficult to enforce. As a result, our employees may leave us and work for our competitors or start their own companies in competition with us. Our ability to contain payroll expenses and to control employee turnover will have a significant impact on our profitability. If we fail to attract, train and retain key personnel, our business, results of operations and financial condition will be materially and adversely affected.

We Operate in a Developing Market for Strategic Internet Services The market for strategic Internet services is relatively new and is evolving rapidly. Our future growth is dependent upon our ability to provide strategic Internet services that are accepted by our existing and future clients as an integral part of their business model. Demand and market acceptance for recently introduced services are subject to a high level of uncertainty. The level of demand and acceptance of strategic Internet services is dependent upon a number of factors, including the growth in consumer access to and acceptance of new interactive technologies (such as the World Wide Web), companies adopting Internet-based business models, the development of technologies that facilitate two-way communication between companies and targeted audiences, and the acceptance of strategic Internet services. Significant issues concerning the commercial use of these technologies (including security, reliability, cost, ease of use and quality of service) remain unresolved and may inhibit the growth of Internet business solutions that utilize these technologies.

Industry analysts and others have made many predictions concerning the growth of the Internet as a business medium. Many of these historical predictions have overstated the growth of the Internet. These predictions should not be relied upon. Consequently, the market for our services may not develop, our services may not be adopted and individual personal computer users in business or at home may not use the Internet or other interactive media for commerce and communication. If the market for strategic Internet services fails to develop, or develops more slowly than expected, or if our services do not achieve market acceptance, our business, results of operations and financial condition will be materially and adversely affected.

We Generally Do Not Have Long-Term Contracts and Need to Establish Relationships with New Clients Our clients generally retain us on a project by project basis, rather than under long-term contracts. As a result, a client may or may not engage us for further services once a project is completed. In addition, in order to become profitable, we need to establish and develop relationships with additional Fortune 1000 companies and other corporate users of information technology. The absence

of long-term contracts and the need for new clients create an uncertain revenue stream. To the extent that we are unable to add new major clients or to secure new engagements with existing clients, our business, results of operations and financial condition will be materially and adversely affected.

In addition, our existing clients may unilaterally reduce the scope of, or terminate, existing projects. The termination of our business relationship or a material reduction in the use of our services by any of our significant existing clients or our failure to obtain significant new clients would materially and adversely affect our business, results of operations and financial condition.

CFN's Business is Subject to Many Risks CFN must demonstrate the viability of its business model, expand its customer base and solidify its provider network to become profitable. We cannot be sure that CFN will be able to expand its customer base by increasing the number of companies and organizations whose employees are given access to the CFN platform or that such employees will adopt and use the CFN platform to purchase offered services. Many of the providers of services on the CFN platform are doing so on a trial basis, and none of the providers have long- term contracts with CFN. Most of CFN's contracts terminate on or before December 31, 1999 or December 31, 2000. We cannot be sure that these contracts will be renewed or extended or, if renewed or extended, what the terms would be. We cannot guarantee that providers of services will continue to view participation on the CFN platform as an attractive opportunity that does not detract from the providers' other distribution channels or lines of business.

CFN has expended and will continue to expend significant resources to build electronic data interchange interfaces with its participating institutions, to grow its infrastructure, to add participating companies and employees, and to establish access to the CFN platform for participating companies' employees. These development expenses must be incurred well in advance of the recognition of revenue. CFN recognizes revenue upon completion of an end-user transaction through the CFN operating network, which also will require the realization of expenses in advance of related revenue. CFN's performance will depend in large part upon CFN's ability to estimate accurately these resource requirements and the revenues generated by customers engaging in the transactions with service providers on the CFN platform. Expenses and investments must be incurred well in advance of the potential transactions intended to generate revenue to justify this cost structure.

The success of CFN will depend, among other things, on the willingness of consumers to alter their traditional means of acquiring the products offered through CFN's platform and instead to acquire these products through the CFN network. We do not know if these customers will find the price or other aspects of the CFN services more attractive than other alternatives available. CFN has no control over the prices quoted by the services providers over the CFN platform. To date, the volume of transactions on CFN has been limited and, accordingly, the revenue recognized has been minimal. The amount of completed transactions on the CFN platform will depend heavily on, among other things, the attractiveness of the pricing of products and services accessible through the CFN platform. CFN has not yet serviced the volume of service providers and customers that it must successfully integrate

into the CFN platform in order to become a profitable business. The failure of CFN to address successfully or remove these risks could adversely affect our business, results of operations and financial condition. See "Business--Consumer Financial Network."

Our Business is Subject to General Economic Conditions Our revenues and results of operations will be subject to fluctuations based upon the general economic conditions in the United States and, to a lesser extent, abroad. If there is a general economic downturn or a recession in the United States, we expect that business enterprises, including our customers and potential customers, would substantially and immediately reduce their budgets or delay implementation of Internet-based business solutions. A deterioration in existing economic conditions could therefore materially and adversely affect our business, results of operations and financial condition.

Our Business is Subject to Continuous Technological Change The market for strategic Internet services is characterized by rapid ongoing technological change, changes in user and client requirements and preferences, frequent new service and product introductions embodying new processes and technologies, and evolving industry standards and practices that could render our existing service practices and methodologies obsolete. The market for the financial services provided through the CFN platform is also characterized by rapid ongoing technological change, changes in participating company, employee and service provider requirements and preferences, new service and product introductions, and evolving industry standards that could render CFN's existing service practices and methodologies obsolete. Our success will depend, in large part, on our ability to improve our existing services, develop new services and solutions that address the increasingly sophisticated and varied needs of our current and prospective clients, and respond to technological advances, emerging industry standards and practices, and competitive service offerings. We may not be successful in responding quickly, cost-effectively and sufficiently to these developments. If we are unable, for technical, financial or other reasons, to adapt in a timely manner in response to changing market conditions or these requirements, our business, results of operations and financial condition would be materially adversely affected.

Loss of Key Management Personnel Could Adversely Affect Our Business Our success depends largely on the skills of certain key management and technical personnel, as well as key management and technical personnel of companies acquired by us. The loss of one or more of our key management and technical personnel may materially and adversely affect our business, results of operations and financial condition. In addition, several of our executive officers have recently joined the Company. We do not maintain key man insurance for any of our employees other than our Chief Executive Officer. We cannot guarantee that we will be able to replace any of such persons in the event their services become unavailable. See "Management."

We Operate in a Highly Competitive Market with Low Barriers to Entry While the market for strategic Internet services is relatively new, it is already highly competitive and characterized by an increasing number of entrants that have introduced or developed products and services similar to those offered by us. We believe that competition will intensify and increase in the future. Our target market is rapidly evolving and is subject to continuous technological change. As a result, our competitors may be better

positioned to address these developments or may react more favorably to these changes, which could have a material adverse effect on our business, results of operations and financial condition. We compete on the basis of a number of factors, including the attractiveness of the strategic Internet services offered, the breadth and quality of these services, creative design and systems engineering expertise, pricing, technological innovation, and understanding clients' strategies and needs. Many of these factors are beyond our control. Existing or future competitors may develop or offer strategic Internet services that provide significant technological, creative, performance, price or other advantages over the services offered by us.

Our competitors can be divided into several groups: Internet strategy services providers; large information technology consulting services providers; computer hardware and service vendors; strategic consulting firms; and interactive advertising agencies. We also may compete with telecommunications companies. Although most of these types of competitors to date have not offered a full range of Internet professional services, many are currently offering or have announced their intention to do so. These competitors at any time could elect to focus additional resources in our target markets, which could adversely affect our business, results of operations and financial condition. Many of our current and potential competitors have longer operating histories, larger customer bases, longer relationships with clients and significantly greater financial, technical, marketing and public relations resources than we do. Competitors that have established relationships with large companies but have limited expertise in providing Internet solutions may nonetheless be able to successfully use their client relationships to enter our target market or prevent our penetration into their client accounts. We believe that our primary competitors currently are International Business Machines Corporation, USWeb Corporation, Sapient Corporation and smaller Internet services providers.

Additionally, in pursuing acquisition opportunities we may compete with other companies with similar growth strategies, certain of which may be larger and have greater financial and other resources than we have. Competition for these acquisition targets likely could also result in increased prices of acquisition targets and a diminished pool of companies available for acquisition.

There are relatively low barriers to entry into our business. We have no patented or other proprietary technology that would preclude or inhibit competitors from entering the Internet professional services market. Therefore, we must rely on the skill of our personnel and the quality of our client service. The costs to develop and provide Internet services are low. Therefore, we expect that we will continually face additional competition from new entrants into the market in the future, and we are subject to the risk that our employees may leave us and may start competing businesses. The emergence of these enterprises could have a material adverse effect on our business, results of operations and financial condition.

The success of CFN will be highly dependent upon CFN's services becoming available to a large number of participating employees. We expect CFN to face competition from an increasing number of sources in the marketplace. CFN competes with other Internet-based providers of financial and other services, as well as traditional providers of these services. Traditional insurance companies compete with us by providing group rates to corporate employees. CFN believes that its primary and more

direct competitors currently are HomeCom Communications, Inc., ValueSearch, Inc. and Answer Financial Inc. CFN also faces competition from Microsoft Corporation, which currently provides comparative quotes for home mortgages on the Internet. If CFN fails to compete successfully against current or future competitors, our business, results of operations and financial condition will be materially and adversely affected. See "Business--Competition."

We Have Significant Future Capital Needs Which Are Subject to the Uncertainty of Additional Financing We believe that our available cash resources and credit facilities, combined with the net proceeds from this offering, will be sufficient to meet our presently anticipated working capital and capital expenditure requirements for at least the next 12 months. However, we may need to raise significant additional funds sooner in order to support our growth, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. In particular, we are required to invest up to an additional $8.7 million in CFN if CFN does not raise these funds through alternate means before November 3, 1999. Our future liquidity and capital requirements will depend upon numerous factors, including the success of our existing and new service offerings and competing technological and market developments. We may be required to raise additional funds through public or private financing, strategic relationships or other arrangements. We cannot be sure that such additional funding, if needed, will be available on acceptable terms or at all. Furthermore, any additional debt financing, if available, may involve restrictive covenants, which may limit our operating flexibility with respect to certain business matters. If additional funds are raised through the issuance of equity securities, the percentage ownership of our existing stockholders will be reduced, our stockholders may experience additional dilution in net book value per share, and such equity securities may have rights, preferences or privileges senior to those of our existing stockholders. If adequate funds are not available on acceptable terms, we may be unable to develop or enhance our services and products, take advantage of future opportunities, complete our acquisition program or respond to competitive pressures, any of which would have a material adverse effect on our business, results of operations and financial condition.

We May Have to Issue Common Stock to Preferred Stockholders of CFN In certain circumstances, preferred stockholders of CFN may exercise their right to exchange their CFN preferred stock for a currently undeterminable number of shares of Common Stock. The exchange ratio is based upon the market value of Common Stock and the appraised value of the CFN common stock into which the CFN preferred stock is convertible (or, in certain circumstances, the liquidation value of the CFN preferred stock). Such contingent rights arise upon certain events effecting a change of control of CFN or upon certain circumstances after November 3, 2001. If such rights are exercised, our stockholders may incur substantial dilution. See "Description of Capital Stock--CFN's Series A Convertible Preferred Stock" and "Dilution."

We Could Face Potential Liability to Clients Many of our consulting engagements involve the development, implementation and maintenance of Internet and other software applications that are critical to the operations of our clients' businesses. Any defects or errors in these applications could result in delayed or lost revenues, adverse customer reaction and negative publicity regarding us and

our services, or could require expensive corrections, any of which could materially and adversely affect our business, results of operations and financial condition. Our failure or inability to meet a client's expectations could injure our business reputation or result in a claim for substantial damages against us, regardless of our responsibility for such failure. Our standard contracts limit our damages arising from negligent acts, errors, mistakes or omissions in rendering strategic Internet services. However, we cannot be sure that these contractual provisions will protect us from liability for damages. Furthermore, our general liability insurance coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims, or the insurer may disclaim coverage as to any future claim. The successful assertion of one or more large claims against us that are uninsured, exceed available insurance coverage or result in changes to our insurance policies, including premium increases or the imposition of a large deductible or co- insurance requirements, could materially and adversely affect our business, results of operations and financial condition.

iXL Ventures are Subject to Many Uncertainties We have occasionally invested in, and may continue to invest on an opportunistic basis in, businesses engaged in the "new media and e-commerce" segment of the technology industry. Our investments in these types of businesses have typically consisted of the provision of capital and the devotion of our time and resources in developing these new businesses. The extent to which this industry will continue to grow is uncertain. Furthermore, the businesses in which we invest are generally unproven and involve substantial risk and may never be profitable. Even if they are successful, these businesses may sustain losses for extended periods of time. These businesses also may require additional financing, and we may not be willing or able to secure the necessary financing. However, we are under no obligation to provide any such financing. See "Business--iXL Ventures."

Our International Operations and Expansion Involve Financial and Operational Risk We have established three subsidiaries in Europe, and we intend to expand our operations further into international markets. Revenue from our international operations was minimal in 1998. We have only minimal experience in managing international offices and only limited experience in marketing services to international clients. We expect to incur significant costs in expanding our international presence. Revenues from our international offices may prove inadequate to cover the expenses of establishing and maintaining our international offices and marketing to international clients. We cannot be sure of the extent to which the use of the Internet or the demand for strategic Internet services will develop in international markets.

In addition to the uncertainty as to our ability to generate revenues from foreign operations and expand our international presence, there are certain risks inherent in doing business on an international level, such as unexpected changes in regulatory requirements, export and import restrictions, tariffs and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, political instability, fluctuations in currency exchange rates, software piracy, seasonal reductions in business activity and potentially adverse tax consequences, any of which could materially and adversely affect our international operations and, consequently, our business, results of operations and financial condition. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Year 2000 Compliance Issues May Adversely Affect Our Business Many currently installed computer systems and software products are coded to accept only two-digit entries to identify a year in the date code field. Consequently, on January 1, 2000, many of these systems could fail or malfunction because they may not be able to distinguish between 20th century dates and 21st century dates. Accordingly, in the coming year, many companies, including our customers, potential customers, vendors and strategic partners, may need to upgrade their systems to comply with applicable "Year 2000" requirements.

Because we and our clients are dependent, to a very substantial degree, upon the proper functioning of our and their computer systems, a failure of our or their systems to correctly recognize dates beyond December 31, 1999 could materially disrupt our operations, which could materially and adversely affect our business, results of operations and financial condition. Additionally, our failure to provide Year 2000 compliant products and services to our clients could result in financial loss, reputational harm and legal liability. Likewise, the failure of the computer systems and products of the third parties with which we transact business to be Year 2000 compliant could materially disrupt their and our operations, which could materially and adversely affect our business, results of operations and financial condition. For a discussion of our Year 2000 readiness program, see "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000 Risks."

Government Regulation and Legal Uncertainties Related to CFN Could Adversely Affect Our Business The business of CFN is subject to extensive regulation under the financial services and insurance laws of the United States and the states in which it offers services. The failure to comply with regulatory requirements can lead to revocation, suspension or loss of licensing status, termination of contracts and legal and administrative enforcement actions. Licensing laws and regulations often differ materially between states and within individual states. Such laws and regulations are subject to amendment and reinterpretation by the agencies charged with their enforcement. Many aspects of CFN's operations, however, have not been subject to federal or state regulatory interpretation. The use of the Internet in the marketing and distribution of these products is relatively new and presents issues, such as limitations on the scope of an insurance regulator's jurisdiction and whether Internet service providers, gateways, portals or cybermalls are (a) engaging in the solicitation or sale of insurance policies or other financial products, (b) receiving commissions based on the sale of regulated products or (c) otherwise transacting business requiring licensure under the laws of one or more states. Accordingly, the insurance and financial services laws and regulations and interpretations thereof are subject to uncertainty and change. We cannot be sure that a review of CFN's operations will not result in a determination that could materially and adversely affect CFN and, consequently, our business, results of operations and financial condition. Moreover, regulatory requirements are subject to change from time to time and may in the future become more restrictive, thereby making compliance more difficult or expensive or otherwise affecting or restricting CFN's ability to conduct its business as now conducted or proposed to be conducted. See "Business--Consumer Financial Network."

Intellectual Property Risks Could Adversely Affect Our Business We have a variety of copyrights, trademarks, trade secrets (including our methodologies, practices and tools) and other intellectual property rights. We have also filed patent applications for the CFN platform and for Siteman, but we cannot be sure that these applications will be granted or that any future patents will not be challenged,

invalidated or circumvented. We also cannot be sure that the rights granted under any patents or our other intellectual property will provide us with a competitive advantage. To protect our rights in our various intellectual properties, we rely on a combination of trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with certain of our employees, affiliates, clients, strategic partners, acquisition targets and others to protect our proprietary rights. We cannot guarantee that the protective steps we have taken will be adequate to deter misappropriation of proprietary information or that we will be able to detect unauthorized use and take appropriate steps to enforce our intellectual property rights. We have also registered several of our trademarks in the United States and internationally. Effective trademark, copyright and trade secret protection may not be available in every country in which we offer or intend to offer our services. We cannot be sure that the steps taken by us to protect our proprietary rights will be adequate or that third parties will not infringe or misappropriate our copyrights, trademarks and similar proprietary rights, or that we will be able to detect unauthorized use and take appropriate steps to enforce our rights. In addition, although we believe that our proprietary rights do not infringe on the intellectual property rights of others, we cannot be sure that other parties will not assert infringement claims against us or claim that we have violated such intellectual property rights. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

We Have Concentration of Stock Ownership Upon completion of this offering, Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P. (collectively, "Kelso") and CB Capital Investors, L.P. ("CB") will beneficially own approximately % and %, respectively, of the outstanding Common Stock (% and %, respectively, of the outstanding Common Stock if the Underwriters' over-allotment option is exercised in full). These stockholders have entered into an agreement providing that so long as they own more than 5% of our Common Stock, designees of Kelso and CB will be included on our slate of directors submitted for stockholder election. As a result of their ownership of Common Stock and this nomination agreement, these stockholders will have significant influence over the election of directors of the Company. Furthermore, given the size of their individual holdings, these stockholders may be able to exercise significant influence over other matters requiring stockholder approval, including the approval of significant corporate transactions. For example, such concentration of ownership may have the effect of delaying or preventing a change in control of the Company. See "Management-- Amended Stockholders Agreement," "Principal Stockholders," "Certain Transactions" and "Description of Capital Stock--Certain Antitakeover Effects of Provisions of the Certificate of Incorporation, Bylaws and Delaware Law."

External Factors Could Affect Our Common Stock Trading Price Prior to this offering, you could not buy or sell our Common Stock publicly. An active public market for our Common Stock may not develop or be sustained after the offering. If such a market does not develop or is not sustained, it may be difficult for you to sell your shares of Common Stock at a price that is attractive to you. We will negotiate and determine the initial public offering price with the representatives of the Underwriters based on several factors. This price may vary from the trading price of our Common Stock after the offering. See "Underwriting."

Variations in the trading price of our Common Stock may result from a number of factors, some of which are beyond our control, including:

. general economic and stock market conditions;

. changes in financial estimates by securities analysts;

. earnings and other announcements by, and changes in market valuations of, strategic Internet service providers, information technology consulting services providers and Internet companies;

. announcements of technological innovations or new services or products by our competitors; and . trading of our Common Stock.

In addition, the stock market has experienced significant price and volume fluctuations that have particularly affected the trading prices of equity securities of many technology companies. These price and volume fluctuations often have been unrelated to the operating performance of the affected companies. In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against such a company. This type of litigation, regardless of the outcome, could result in substantial costs and a diversion of management's attention and resources, which could materially and adversely affect our business, results of operations and financial condition. Also, in connection with our acquisition strategy and financing activities, we have issued many shares of our Common Stock to a large number of people and entities under exemptions from the relevant securities laws. If the trading price of our Common Stock significantly decreases, one or more of these investors may file a claim against us for a refund of their investment or for other damages. Although we do not believe that any of these claims would succeed, the cost to us of one or more successful claims could materially and adversely affect our business, results of operations and financial condition. For a discussion of certain reasons why the trading price of our stock may decrease as a result of fluctuations in our quarterly results of operations, see "--Potential Fluctuations in Quarterly Results Could Affect our Common Stock Trading Price."

Provisions of Our Certificate of Incorporation, Bylaws, and Delaware Law Could Deter Takeover Attempts Our Board of Directors may issue up to 5 million shares of Preferred Stock and may determine the price, rights, preferences, privileges, and restrictions, including voting and conversion rights, of these shares of Preferred Stock. These determinations may be made without any further vote or action by our stockholders. The issuance of Preferred Stock may make it more difficult for a third party to acquire control of us. In addition, the rights of the holders of Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. Further, certain provisions of Delaware law, our Certificate of Incorporation and our Bylaws could delay or impede a merger, tender offer or proxy contest involving the Company. In particular, Section 203 of the Delaware General Corporation Law could prohibit us from engaging in a business transaction with certain interested stockholders for a period of three years and our Certificate of Incorporation and Bylaws require advance notice for stockholder proposals and director nominations to be considered at a meeting of stockholders. See "Description of Capital Stock--Blank Check Preferred Stock" and "--Certain Antitakeover Effects of Provisions of the Certificate of Incorporation, Bylaws and Delaware Law."

Availability of Significant Amounts of Common Stock for Sale Could Adversely Affect Its Market Price Sales of a substantial number of shares of Common Stock in the public market following this offering could adversely affect the market price for the Common Stock. Upon completion of the offering, we will have outstanding an aggregate of shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradeable, unless such shares are purchased by our affiliates, as that term is defined in Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"). The remaining shares of Common Stock held by stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act. As a result of contractual restrictions, the 180 day lock-up described below and the provisions of Rules 144 and 701, additional shares will be available for sale in the public market as follows: (a) no restricted securities will be eligible for immediate sale on the date of this prospectus; (b) restricted securities issuable pursuant to stock options will be eligible for sale 90 days after the date of this prospectus; (c) restricted securities (plus shares of Common Stock issuable pursuant to stock options) will be eligible for sale upon expiration of the lock-up agreements described below 180 days after the date of this prospectus; and (d) the remainder of the restricted securities will be eligible for sale from time to time thereafter upon expiration of their respective one-year holding periods.

Stockholders holding substantially all of the Common Stock outstanding prior to the offering and the currently exercisable options to purchase Common Stock and all of our executive officers and directors have executed lock-up agreements that limit their ability to sell Common Stock. These stockholders have agreed not to sell or otherwise dispose of any shares of Common Stock for a period of at least 180 days after the date of this prospectus without the prior written approval of Merrill Lynch. Merrill Lynch may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to lock-up agreements. Stockholders holding a majority of the Common Stock outstanding prior to this offering have the right to demand the registration of their shares for sale to the public market at any time after the expiration of the 180 day lock-up described above. In addition, substantially all of the holders of shares of Common Stock and warrants to purchase shares of Common Stock are entitled to certain rights to participate with respect to registration of such shares for sale in the public market. There could also be shares of Common Stock issuable upon the exercise of certain contingent rights of preferred stockholders of CFN to exchange their CFN capital stock for a currently undeterminable number of shares of our Common Stock. We may file a Registration Statement on Form S-8 after 180 days of the date of this prospectus to register shares of Common Stock reserved for issuance under our stock option plans, thus permitting the resale of shares of Common Stock received upon exercise of stock options by non-affiliates in the public market without restriction. Finally, we intend to register 4,000,000 shares of Common Stock pursuant to a "shelf" Registration Statement on Form S-4 for use in future acquisitions. After issuance, such shares could be sold in the public markets, subject to the 180 day lock-up described above. See "Description of Capital Stock" and "Shares Eligible for Future Sale."

We Will Have Significant Unallocated Net Proceeds Approximately $10 million of the net proceeds of this offering will be used to repay certain outstanding debt. We have not designated any specific uses for the remaining net proceeds of this offering. Therefore, we will have broad discretion in how we use our net proceeds, which may include general corporate purposes, such as working capital requirements and acquisitions. The failure of management to apply these proceeds effectively could materially and adversely affect our business, results of operations and financial condition.

Investors Will Incur Immediate Dilution and May Experience Further Dilution The initial offering price is substantially higher than the net tangible book value per share of the outstanding Common Stock immediately after the offering. If you purchase Common Stock in the offering, you will incur immediate and substantial dilution in the net tangible book value per share of Common Stock from the price you pay per share for Common Stock. We also have outstanding a large number of stock options and warrants to purchase Common Stock with exercise prices significantly below the estimated initial public offering price of the Common Stock. To the extent such options or warrants are exercised, there will be further dilution. In addition, we expect to continue our program to acquire suitable businesses through at least the foreseeable future, and we intend to file a "shelf" Registration Statement to register 4,000,000 shares of our Common Stock which will be used as acquisition consideration. We intend to grant substantial stock options to our employees. There could also be shares of Common Stock issuable upon the exercise of certain contingent rights of preferred stockholders of CFN to exchange their CFN capital stock for a currently undeterminable number of shares of our Common Stock. See "Dilution."

Use of Proceeds

The net proceeds to the Company from the sale of shares of Common Stock in this offering are estimated to be $ million ($ million if the Underwriters exercise their over-allotment option in full), based upon an assumed offering price of $ per share and after deducting underwriting discounts and commissions and estimated offering expenses of $ payable by the Company. The principal purposes of this offering are to obtain additional capital and to create a public market for the Company's Common Stock which will facilitate future access by the Company to the public equity markets. The Company expects to use approximately $10 million of such net proceeds to repay indebtedness outstanding as a term loan under the Company's credit facility (the "Term Debt Repayment"). The maturity date for this indebtedness is June 30, 2001, and the interest rate on the outstanding amount is currently 9.75%. The Company will have significant discretion in the use of the remaining net proceeds of this offering for general corporate purposes.

The Company regularly evaluates potential domestic and international acquisition candidates, and is currently holding preliminary discussions with a number of such candidates. If, after due diligence review and negotiation, such companies can be acquired on a basis considered fair to the Company and its stockholders, the Company may proceed with such acquisitions. None of these potential acquisitions is currently considered to be pending or probable. The Company intends to file a "shelf" Registration Statement on Form S-4 to register 4,000,000 shares of its Common Stock for use in future acquisitions. The Company expects most of its future joint ventures or acquisitions to involve the

issuance of additional shares of the Company's Common Stock. To the extent the Company chooses to use cash as consideration for future acquisitions, the Company may use the proceeds from this offering or it may obtain additional financing.

Pending use of the net proceeds for the above purposes, the Company intends to invest such funds in short-term, interest-bearing, investment-grade obligations. See "Risk Factors--We Will Have Significant Unallocated Net Proceeds."

Dividend Policy

The Company has never declared or paid any cash dividends on the Common Stock. The Company does not expect to pay any cash dividends in the foreseeable future. Under the terms of its credit agreement, the Company is restricted from paying dividends to its stockholders. Upon the closing of this offering, shares of Common Stock will be exchanged for all outstanding shares of Class D Nonvoting Preferred Stock (the "Class D Preferred Stock Exchange"), which has previously accrued dividends at a rate of 12% per annum.

Capitalization

The following table sets forth the cash and cash equivalents, current portion of long-term debt and capitalization of the Company (a) as of December 31, 1998; (b) pro forma to reflect (1) the Equity Financing, and (2) the Revolving Debt Repayment; and (c) pro forma as adjusted to reflect (1) the automatic conversion of Class A, Class B and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock upon the closing of this offering, (2) the exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock (assuming a cashless exercise), (3) the Class D Preferred Stock Exchange and (4) the sale of the shares of Common Stock offered hereby and the application of the estimated net proceeds therefrom. This table should be read in conjunction with "Selected Consolidated Financial Data," "Pro Forma Consolidated Financial Information" and the Company's Consolidated Financial Statements and Notes thereto included elsewhere in this prospectus.

December 31, 1998 Pro Forma Actual Pro Forma as Adjusted (in thousands except share and per share data)

Cash and cash equivalents...	$ 19,259	$ 31,984	$
Current portion of long-term debt.....	$ 868	$ 868	$
Long-term debt.....	$ 20,552	$ 10,552	$
Mandatorily redeemable preferred stock:			
Class D Nonvoting Preferred Stock(1)(2).....	24,473	24,473	
Class B Convertible Preferred Stock(3)(4).....	37,683	37,683	
Class C Convertible Preferred Stock(5)	3,523	3,523	
Series A Convertible			

Preferred Stock of CFN(6).....	9,839	9,839		
Stockholders' equity:				
Class A Convertible Preferred Stock(7).....	2	2		
Class A Common Stock(8)(9).....	--	--		
Common Stock(4)(9)(10)(11)(12)...	163	163		
Additional paid-in capital(2).....	94,420	117,145		
Accumulated deficit.....	(73,106)	(73,106)		
Treasury stock.....	(888)	(888)		
Note receivable from stockholder.....	(900)	(900)		
Unearned compensation.....	(1,867)	(1,867)		
Total stockholders' equity.....	17,824	40,549		
Total capitalization.....	$ 113,894	$ 126,619	$	

(1) $.01 par value, 50,000 shares (at December 31, 1998, and Pro Forma) and 0 shares (Pro Forma as Adjusted) authorized, respectively; 35,700 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) issued and outstanding, respectively. (2) Consideration received upon issuance of Class D Nonvoting Preferred Stock was allocated to the 35,700 outstanding shares of Class D Nonvoting Preferred Stock issued to date ($22,465) and the minimum number of shares of Common Stock issuable upon the redemption of Class D Nonvoting Preferred Stock ($13,235) based on their relative fair values at the time of issuance. (3) $.01 par value, 100,000 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) authorized, respectively; 98,767 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) issued and outstanding, respectively. (4) Excludes 12,460 shares of Class B Convertible Preferred Stock subject to outstanding warrants at an exercise price of $458.00 per share, which will convert into warrants to purchase 1,246,000 shares of Common Stock at an exercise price of $4.58 per share upon the closing of this offering. (5) $.01 par value, 15,000 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) authorized, respectively; 9,232 (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) issued and outstanding, respectively.

(footnotes continued on following page) (6) $.01 par value, 24,900,000 shares (at December 31, 1998, Pro Forma and Pro Forma as Adjusted) authorized, respectively; 13,333,334 shares (at December 31, 1998, Pro Forma and Pro Forma as Adjusted) issued and outstanding, respectively. (7) $.01 par value, 250,000 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted), authorized, respectively; 177,291 (at December 31, 1998), 200,116 shares (Pro Forma), and 0 shares (Pro Forma as Adjusted) issued and outstanding, respectively. (8) $.01 par value, 75,000,000 shares (at December 31, 1998 and Pro Forma) and 0 shares (Pro Forma as Adjusted) authorized, respectively; 0 shares (at December 31, 1998, Pro Forma, and Pro Forma as Adjusted) issued and outstanding, respectively. (9) Excludes 500,000 shares of Class A Common Stock subject to outstanding warrants at an exercise price of $10.00 per share, which will convert into warrants to purchase 500,000 shares of Common Stock at an exercise price of $10.00 per share upon the closing of this offering. (10) Previously designated as the "Class B Common Stock". $.01 par value, 200,000,000 (at December 31, 1998, Pro Forma and Pro Forma as Adjusted) authorized, respectively; 16,082,489 shares (at December

31, 1998 and Pro Forma), and shares (Pro Forma as Adjusted) issued and outstanding, respectively. (11) Excludes (a) 500,000 shares of Common Stock subject to outstanding warrants at an exercise price of $10.00 per share, which will convert into warrants to purchase 500,000 shares of Common Stock at an exercise price of $10.00 per share upon the closing of this offering, (b) 240,006 shares of Common Stock subject to outstanding warrants which are mandatorily exercisable upon the closing of this offering and (c) 31,000,000 shares of Common Stock reserved for options granted or to be granted under the Company's 1996 Stock Option Plan, 1998 Non-Employee Stock Option Plan and 1999 Employee Stock Option Plan (collectively, the "Stock Option Plans"). (12) Excludes a currently undeterminable number of shares of Common Stock issuable upon the exercise of certain contingent rights of preferred stockholders of CFN to exchange their CFN capital stock for shares of the Company's Common Stock. See "Description of Capital Stock." Also excludes 4,000,000 shares of Common Stock to be registered pursuant to a Registration Statement on Form S-4 for use in future acquisitions. "Risk Factors--Investors Will Incur Immediate Dilution and May Experience Further Dilution."

Dilution

The pro forma net tangible book value of the Company at December 31, 1998 was $, or $ per share of Common Stock. Pro forma net tangible book value per share represents the amount of total tangible assets less total liabilities and mandatorily redeemable preferred stock divided by , the number of shares of Common Stock treated as outstanding on a pro forma basis after giving effect to (a) the Equity Financings, (b) the conversion of Class A, Class B and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock upon the closing of this offering, (c) the assumed cashless exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock and (d) the Class D Preferred Stock Exchange. After giving effect to the sale by the Company of shares of Common Stock offered hereby at an assumed public offering price of $ per share (after deducting underwriting discounts and commissions and estimated offering expenses), the Company's pro forma net tangible book value at December 31, 1998 would have been $, or $ per share. This represents an immediate increase in net pro forma tangible book value to existing stockholders of $ per share and an immediate dilution of $ per share to new investors. The following table illustrates the per share dilution:

Assumed initial public offering price per share: ..... $ Pro forma net tangible book value per share as of December 31, 1998(1)..... Increase per share attributable to new investors..... Pro forma net tangible book value per share giving effect to this offering..... Dilution per share to new investors..... $ The following table summarizes, on a pro forma basis as of December 31, 1998, the differences between existing stockholders and new investors with respect to the number of shares of Common Stock purchased from the Company, the total consideration paid and the average price per share paid:

Shares Purchased		Total Consideration		Average Price
Number	Percent	Amount	Percent	Per Share

Existing Stockholders(1)	%	$	%	$
New investors				
Total	%	$	%	$

(1) Includes as of December 31, 1998, approximately 2,282,500 shares of Common Stock issued in connection with (a) the Equity Financing, (b) the conversion of Class A, Class B, and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock upon the closing of this offering, (c) the exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock (assuming a cashless exercise) and (d) the Class D Preferred Stock Exchange.

The foregoing table excludes a currently undeterminable number of shares of Common Stock issuable upon the exercise of certain contingent rights of minority stockholders of CFN to exchange their CFN capital stock for shares of Common Stock and also excludes (a) 23,489,725 shares of Common Stock subject to outstanding options at a weighted average exercise price of $7.67 per share, and 7,510,275 shares of Common Stock reserved for options to be granted under the Company's Stock Option Plans, (b) 2,246,000 shares of Common Stock subject to outstanding warrants at a weighted average exercise price of $6.99 per share and (c) 4,000,000 shares of Common Stock to be registered pursuant to a Registration Statement on Form S-4 for use in future acquisitions. See "Description of Capital Stock" and "Risk Factors--Investors Will Incur Immediate Dilution and May Experience Further Dilution."

Pro Forma Consolidated Financial Information

The Consolidated Financial Statements of the Company and the historical audited financial statements of certain of the Acquired Companies are included elsewhere in this prospectus. The unaudited Pro Forma Consolidated Financial Information presented herein should be read in conjunction with those financial statements and related Notes.

The unaudited Pro Forma Consolidated Financial Information of the Company for the year ended and as of December 31, 1998 include adjustments to give effect in the unaudited Pro Forma Condensed Consolidated Statement of Operations for the acquisitions of the 1998 Acquired Companies as if they had occurred on January 1, 1998; and in the unaudited Pro Forma Condensed Consolidated Balance Sheet (a) pro forma as if the Equity Financing and the Revolving Debt Repayment occurred as of December 31, 1998 and (b) pro forma as adjusted as if (1) the conversion of Class A, Class B and Class C Convertible Preferred Stock and Class A and Class B Common Stock into Common Stock upon the closing of this offering occurred as of December 31, 1998, (2) the exercise of warrants mandatorily exercisable upon the closing of this offering into shares of Common Stock (assuming a cashless exercise) occurred as of December 31, 1998, (3) the Class D Preferred Stock Exchange occurred as of December 31, 1998 and (4) the sale of the shares of Common Stock offered hereby and the application of the estimated net proceeds therefrom occurred as of December 31, 1998.

The acquisitions of the Acquired Companies have been accounted for using the purchase method and accordingly, each purchase price has been allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values on the acquisition dates. The historical

carrying amounts of identified net tangible assets, including cash, accounts receivable, property and equipment, and accounts payable, approximated their fair values. Identifiable intangible assets aggregating $2.1 million and the purchase price in excess of identified tangible and intangible net assets acquired in the amount of $65.4 million, allocated to goodwill are being amortized on an entity by entity basis over their estimated useful lives, primarily two to three years.

The fair value of the Common Stock issued as consideration for the 1998 Acquired Companies was determined based upon periodic independent appraisals of the Common Stock.

The Pro Forma Condensed Consolidated Statement of Operations are not necessarily indicative of the results of operations that would have been achieved had the transactions been in effect as of the beginning of the periods presented and should not be construed as being representative of future results of operations.

Pro Forma Condensed Consolidated Statement Of Operations For The Year Ended December 31, 1998

	Historical Company	1998 Acquired Companies	Pro Forma Adjustments(2)	Pro Forma	Pro Forma as Adjusted(5)
		(in thousands except per share data)			
Revenues	$ 64,767	$ 22,393	$ --	$ 87,160	$ --
Cost of revenues	44,109	13,681	--	57,790	--
Gross profit	20,658	8,712	--	29,370	--
Sales and marketing expenses	16,397	1,122	--	17,519	--
General and administrative expenses	28,770	8,509	--	37,279	--
Research and development expenses	4,408	5	--	4,413	--
Stock option and warrant expenses	2,454	1,845	--	4,299	--
Depreciation	5,217	678	--	5,895	--
Amortization	16,354	--	13,463 (3)	29,817	--
Loss from operations	(52,942)	(3,447)	(13,463)	(69,852)	--
Other expense, net	(28)	(110)	--	(138)	--
Loss on equity investment	(1,640)	--	--	(1,640)	--
Interest income	750	27	--	777	--
Interest expense	(770)	(332)	(646)(4)	(1,748)	--
Loss before income taxes	(54,630)	(3,862)	(14,109)	(72,601)	--
Income tax expense	--	(8)	--	(8)	--
Net loss	(54,630)	(3,870)	(14,109)	(72,609)	--
Dividends and accretion on mandatorily redeemable preferred stock	(9,099)	--	--	(9,099)	--
Net loss available to common stockholders	$(63,729)	$ (3,870)	$(14,109)	$(81,708)	$ --
Basic and diluted net loss per common share(1)	$ (5.41)			$ (5.08)	$ --
Weighted average common shares outstanding(1)	11,777			16,088	--

Pro Forma Condensed Consolidated Balance Sheet As of December 31, 1998

	Historical Company	Pro Forma Adjustments(2)	Pro Forma	Pro Forma as Adjusted(5)
		(in thousands)		
Assets				
Cash and cash equivalents	$ 19,259	$12,725	$ 31,984	$ --
Accounts receivable (net)	17,737	--	17,737	--
Unbilled revenues	8,089	--	8,089	--
Prepaid expenses and other assets	3,355	--	3,355	--
Total current assets	48,440	12,725	61,165	--
Property and equipment, net	27,975	--	27,975	--
Intangible assets, net	56,481	--	56,481	--
Other non-current assets	2,319	--	2,319	--
Total assets	$135,215	$12,725	$147,940	$ --
Liabilities And Stockholders' Equity				
Accounts payable	$ 6,438	$ --	$ 6,438	$ --
Deferred revenues	6,072	--	6,072	--
Accrued liabilities	7,943	--	7,943	--
Current portion of long-term debt	868	--	868	--
Total current liabilities	21,321	--	21,321	--
Long-term debt	20,552	(10,000)	10,552	--
Total liabilities	41,873	(10,000)	31,873	--
Mandatorily redeemable preferred stock	65,679	--	65,679	--
Mandatorily redeemable preferred stock of subsidiary	9,839	--	9,839	
Stockholders' equity				
Class A Convertible Preferred Stock	2	--	2	--
Common Stock	163	--	163	--
Additional paid-in capital	94,420	22,725	117,145	--
Accumulated deficit	(73,106)	--	(73,106)	--
Note receivable from stockholder	(900)	--	(900)	--
Unearned compensation	(1,867)	--	(1,867)	
Treasury stock at cost	(888)	--	(888)	--
Total stockholders' equity	17,824	22,725	40,549	--
Total liabilities, mandatorily redeemable preferred stock and stockholders' equity	$135,215	$12,725	$147,940	$ --

Notes To Pro Forma Consolidated Financial Information The following adjustments were applied to the Company's Consolidated Financial Statements and the financial data of the 1998 Acquired Companies to arrive at the unaudited Pro Forma Consolidated Financial Information.

(1) Potential Common shares consist of Class A Convertible Preferred Stock, Class B Convertible Preferred Stock and Class C Convertible Preferred Stock (using the as-converted method) and stock options and warrants (using the treasury stock method), which are excluded from the computation as their effect is anti-dilutive.

(2) Reflects the Equity Financing and the Revolving Debt Repayment as if each occurred as of December 31, 1998.

(3) To record amortization expense for the year ended December 31, 1998 related to the identifiable intangible assets and goodwill acquired in connection with the acquisitions of the 1998 Acquired Companies. Such amounts are amortized on an entity by entity basis over the estimated useful life of each asset with goodwill amortized primarily over two to three years. Certain of the acquisition agreements with respect to the acquisition of the 1998 Acquired Companies required that certain shares issuable at the acquisition date be placed in escrow. Such shares will either be issued to the previous owners of these 1998 Acquired Companies or returned to the Company based upon whether certain performance targets of the respective 1998 Acquired Company are achieved. As of December 31, 1998, the Company has excluded 237,304 shares of Common Stock that have not been earned under the terms of the acquisition agreements from the recognized purchase price calculations. Any purchase price adjustments resulting from the issuance of these escrowed shares to the previous owners of these 1998 Acquired Companies will be recognized as adjustments to goodwill and will be amortized over the remaining period of the expected benefit. See note 3 to the Company's Consolidated Financial Statements as of and for the year ended December 31, 1998.

(4) To reflect the reduction in interest expense of $371,000 as if certain debt of the 1998 Acquired Companies paid off in connection with the acquisitions was paid as of January 1, 1998, and the increase in interest expense of $1.0 million as if the cash paid related to the 1998 Acquired Companies was borrowed on January 1, 1998.

(5) Reflects (a) the automatic conversion of 200,116 shares of Class A Convertible Preferred Stock, 98,767 shares of Class B Convertible Preferred Stock, and 9,232 shares of Class C Convertible Preferred Stock, into 30,811,500 shares of Common Stock, (b) the exercise of warrants which are mandatorily exercisable upon the closing of this offering into shares of Common Stock (assuming a cashless exercise), (c) the sale by the Company of shares of Common Stock offered at an assumed public offering price of $ per share after deducting the estimated underwriting discounts and commissions and offering expenses payable by the Company as described under "Use of Proceeds," (d) the Class D Preferred Stock Exchange and (e) the Term Debt Repayment.

Selected Consolidated Financial Data

The following selected Consolidated Financial Data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Company's audited Consolidated Financial Statements included elsewhere in this prospectus. The Company commenced operations effective May 1, 1996. The various acquisitions of iXL Interactive Excellence, Inc., Creative

Video, Inc., Creative Video Library, Inc., Entrepreneur Television, Inc., CFN, Memphis On-Line, Inc. and the Acquired Companies in each fiscal reporting period were accounted for using the purchase method, and accordingly, the statement of operations data of the Company for all periods presented reflect the results of operations from these businesses from their respective acquisition dates. The Consolidated Statement of Operations Data set forth below for the eight months ended December 31, 1996, the years ended December 31, 1997 and 1998 and the Consolidated Balance Sheet Data at December 31, 1996, 1997 and 1998, are derived from and qualified by reference to, the Company's audited Consolidated Financial Statements, which appear elsewhere in this prospectus.

	Eight Months Ended December 31, 1996	Years Ended December 31, 1997	1998
Consolidated Statement of Operations Data:	(in thousands, except per share data)		
Revenues	$ 5,379	$ 18,986	$ 64,767
Cost of revenues	3,577	11,343	44,109
Gross profit	1,802	7,643	20,658
Sales and marketing expenses	812	3,903	16,397
General and administrative expenses	1,247	9,114	28,770
Research and development expenses	--	4,820	4,408
Stock option and warrant expenses	--	--	2,454
Depreciation	372	1,408	5,217
Amortization	928	5,531	16,354
Loss from operations	(1,557)	(17,133)	(52,942)
Other income (expense), net	48	116	(28)
Loss on equity investment	(249)	(1,443)	(1,640)
Interest income	32	136	750
Interest expense	(30)	(238)	(770)
Loss before income taxes	(1,756)	(18,562)	(54,630)
Income tax benefit	302	1,550	--
Net loss	(1,454)	(17,012)	(54,630)
Dividends and accretion on mandatorily redeemable preferred stock	--	--	(9,099)
Net loss available to common stockholders	$(1,454)	$(17,012)	$ (63,729)
Basic and diluted net loss per common share	$ (0.37)	$ (2.60)	$ (5.41)
Weighted average common shares outstanding	3,972	6,540	11,777

	As of December 31, 1996	1997	1998
Consolidated Balance Sheet Data:	(in thousands)		
Cash and cash equivalents	$ 409	$ 23,038	$ 19,259
Working capital	217	23,879	27,119
Total assets	16,472	55,640	135,215
Debt, including current portion	691	1,273	21,420
Mandatorily redeemable preferred stock	--	29,930	65,679
Mandatorily redeemable preferred stock of subsidiary	--	--	9,839
Stockholders' equity	12,989	19,978	17,824

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with "Selected Consolidated Financial Data," "Pro Forma Consolidated Financial Information" and the Company's Consolidated Financial Statements, including the Notes thereto, included elsewhere in this prospectus. Except for the historical information contained herein, the discussion in this prospectus contains forward-looking statements that involve risks, uncertainties and assumptions such as statements of the Company's plans, objectives, expectations and intentions. The cautionary statements made in this prospectus should be read as being applicable to all related forward-looking statements wherever they appear in this prospectus. The Company's actual results, levels of activity, performance, achievements and prospects could differ materially from those discussed below. Factors that could cause or contribute to such differences include those discussed in "Risk Factors," as well as those discussed elsewhere herein.

Overview

The Company is a leading Internet services company which provides Internet strategy consulting and comprehensive Internet-based solutions to Fortune 1000 companies and other corporate users of information technology. The Company helps businesses identify how the Internet can be used to their competitive advantage and uses its expertise in creative design and systems engineering to design, develop and deploy advanced Internet applications and solutions.

The Company was formed in March 1996, and since that time has acquired a total of 34 companies. All of the Company's acquisitions have been accounted for using the purchase method. Therefore, the historical financial data include the results of operations of Acquired Companies from their respective acquisition dates. The Company has incurred substantial losses since its inception and anticipates continuing to incur substantial losses for the foreseeable future. As of December 31, 1998, the Company had an accumulated deficit of approximately $73 million. Although the Company has experienced revenue growth, this growth may not be sustainable or indicative of future results of operations.

The Company's customers generally retain the Company on a project-by- project basis. The Company typically does not have material contracts that commit a customer to use its services on a long-term basis. Revenue is recognized primarily using the percentage of completion method on a contract- by-contract basis. The Company's use of the percentage of completion method of revenue recognition requires management to estimate the degree of completion of each project. To the extent these estimates prove to be inaccurate, the revenues and gross profits reported for periods during which work on the project is ongoing may not accurately reflect the final results of the project. Any anticipated losses on projects are charged to earnings when identified. The Company primarily prices its projects on a fixed-price basis, rather than on a time and materials basis, and it typically assumes the fixed-price contracts of companies it acquires. iXL has begun implementation of an internally developed estimation process to determine the fixed price for an engagement, and standardize pricing throughout

its offices. This methodology incorporates standard personnel billing rates, project implementation risks and the overall technical complexity of the project. The Company believes that the standardization of pricing throughout its network of offices will decrease project pricing risk. The Company attempts to price larger, fixed-price contracts on a three-phase basis (strategic review, design and implementation), with each phase priced separately, immediately prior to its commencement. Less than a third of the Company's revenues are currently derived from contracts priced on a three-phase basis. See "Risk Factors--Our Fixed-Price Contracts Involve Financial Risk."

Through both acquisitions and its directed marketing efforts, the Company has established a diversified base of clients in a wide range of industries, including the industries targeted by the Company's marketing efforts. For the year ended December 31, 1998, the Company's top 10 clients accounted for 21% of the Company's pro forma revenues whereas the Company's top 10 clients accounted for 12% of pro forma revenues for 1997.

The Company's revenues are comprised of fees from Internet strategy consulting, Internet-based business solutions and iXL Solution Sets. The Company's revenue composition has changed substantially from inception, and the Company expects further change as its business develops. Historically, a substantial majority of the Company's revenues has been derived from traditional web site development and the implementation of iXL's Solution Sets. To succeed, the Company must leverage its existing relationships and establish new relationships in order to substantially increase the revenues derived from more comprehensive strategic Internet services.

The Company's expenses include cost of revenues, sales and marketing, general and administrative, and research and development expenses. Cost of revenues includes salaries, benefits and related overhead expenses associated with the generation of revenues. Sales and marketing expenses include promotion, and new business generation expenses and the salary and benefit costs of personnel in these functions. General and administrative expenses include management, accounting, legal and human resources costs. Research and development expenses include salary and benefit costs of technical personnel developing Solution Sets and component frameworks.

The Company's future success will depend in large part upon its ability to attract, train and retain additional highly skilled executive-level management and creative, technical, consulting, and sales personnel. Competition for such personnel is intense, and the Company is unsure that it will be successful in attracting, training and retaining such personnel. Historically the Company has experienced significant employee turnover, and its ability to control employee turnover will have a significant impact on its profitability.

CFN has expended and will continue to expend significant resources to build electronic data interchange interfaces with participating institutions, to grow its infrastructure, to add additional participating companies and employees, and to establish access to the CFN platform for participating companies' employees. These development expenses must be incurred well in advance of the recognition of revenue. CFN recognizes revenue upon completion of an end-user transaction through the CFN operating network, which also will require the realization of expenses in advance of related

revenue. To date, the volume of transactions on CFN has been limited and, accordingly, the revenue recognized has been minimal. As a result, the Company may not be able to achieve or sustain profitability. See "Risk Factors--CFN's Business is Subject to Many Risks."

The Company incurred stock compensation expense related to its option grants for the year ended December 31, 1998, totaling $1.6 million. The Company will recognize approximately $653,000 in 1999, $651,000 in 2000, $405,000 in 2001 and $158,000 in 2002 in stock compensation expense relating to the grant of certain options to employees in 1998.

Because the Company is in an early stage of development, it is subject to numerous risks, particularly as a result of the new and rapidly evolving markets in which it operates. These risks include the need to successfully implement its business model and strategy and, as necessary, to revise the Company's model and strategy as industry conditions and competition change. In particular, CFN's business model is new and untested, which creates additional risk as to the successful adoption of this model as well as CFN's ability to implement it. To address these risks, the Company must, among other things, continue to develop the strength and quality of its operations, successfully complete new acquisitions, integrate its historical and future acquisitions, maximize the value delivered to clients, respond to industry and competitive developments and attract, train and retain and motivate qualified employees. The Company cannot be sure that it will be successful in meeting these challenges and addressing these risks. If the Company is unable to do so, its business, results of operations and financial condition would be materially and adversely affected.

Acquisition Program

The Company has acquired a total of 34 businesses since its inception and intends to continue acquiring similar businesses. The Company evaluates acquisitions based on numerous quantitative and qualitative factors. Quantitative factors include historical and projected revenues and profitability, geographic coverage and contract backlog. Qualitative factors include strategic and cultural fit, management skills, customer base and technical proficiency. Most of the consideration paid by the Company for prior acquisitions has been in the form of Common Stock. The Company anticipates that Common Stock and options to acquire Common Stock will continue to constitute most of the consideration used to make future acquisitions. The Company's acquisition program will result in additional ownership dilution to investors participating in this offering. See "Risk Factors--Investors Will Incur Immediate Dilution and May Experience Further Dilution."

The acquisitions have been accounted for using the purchase method. The results of operations of the acquired entities are consolidated with those of the Company from the date of the acquisition. For each acquisition, a portion of the purchase price is allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair market values on the acquisition date. A portion of the purchase price in excess of tangible and identifiable intangible assets and liabilities assumed is allocated to goodwill and amortized on a straight-line basis over the estimated period of benefit, which primarily ranges from two to three years. For the year ended December 31, 1998, amortization expense was $16.4 million. The Company expects additional acquisition related amortization expense as a result of its acquisition program.

The Company anticipates that a material portion of its future growth will be accomplished by acquiring existing businesses. Most of the Company's growth in personnel has been through acquisitions. The success of this plan depends upon, among other things, the Company's ability to integrate acquired personnel, operations, products and technologies into its organization effectively, to retain and motivate key personnel of acquired businesses and to retain customers of acquired firms. The Company cannot assure that it will be able to identify suitable acquisition opportunities, obtain any necessary financing on acceptable terms to finance such acquisitions, consummate such acquisitions or successfully integrate acquired personnel and operations. See "Risk Factors--Failure to Properly Manage Growth Could Adversely Affect Our Business and Stockholders' Equity" and "--Our Reliance on Acquisitions Could Adversely Affect Our Business."

Quarterly Pro Forma Results of Operations The following tables present the unaudited pro forma quarterly results of operations, which include adjustments to give effect to the acquisitions of the 1998 Acquired Companies as if they had occurred on January 1, 1998. Primarily because of the Company's large number of acquisitions in 1998, the Company believes that its historical financial statements are not necessarily indicative of future results of operations. The Company has therefore included its quarterly results of operations on a pro forma basis to facilitate the understanding of the effects of business acquisitions on the Company's operations. The pro forma quarterly results of operations are not necessarily indicative of the results of operations that would have been achieved had the transactions been in effect as of the beginning of the periods presented and should not be construed as being representative of future results of operations. The pro forma quarterly results of operations should be read in conjunction with the unaudited Pro Forma Condensed Consolidated Statement of Operations and the historical audited financial statements of the Company and certain of the 1998 Acquired Companies and related notes. See "Pro Forma Consolidated Financial Information."

Three Months Ended March 31, 1998 June 30, 1998 September 30, 1998 December 31, 1998 (in thousands)

Revenues.....	$ 15,437	$ 18,663	$ 23,800	$ 29,260
Cost of revenues.....	10,116	13,144	16,034	18,496
Gross profit.....	5,321	5,519	7,766	10,764
Sales and marketing expenses.....	2,537	3,280	4,801	6,901
General and administrative expenses.....	6,117	8,694	9,537	12,931
Research and development expenses.....	937	1,327	1,214	935
Stock option and warrant expenses.....	--	345	1,500	2,454
Depreciation.....	982	1,190	1,421	2,302
Amortization.....	7,414	7,424	7,135	7,844
Loss from operations....	$(12,666)	$(16,741)	$(17,842)	$(22,603)

Revenues. Revenues were $15.4 million, $18.7 million, $23.8 million and $29.3 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively. Increases were primarily attributable to an increased number of engagements for existing and new customers, as well as an increased engagement size. In particular, revenues in the fourth quarter were favorably impacted by

several large engagements during this period. The Company does not expect to experience a comparable increase in revenue growth during the first quarter of 1999, and the Company may not experience comparable increases in the remainder of 1999.

Cost of revenues. Cost of revenues was $10.1 million, $13.1 million, $16.0 million and $18.5 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively. Cost of revenues as a percentage of revenues was 66%, 70%, 67% and 63% in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively. The second quarter increase to 70% was primarily attributable to the integration of acquired companies, including employee training. The third and fourth quarter decreases to 67% and 63%, respectively, were primarily attributable to the Company's emphasis on obtaining contracts with higher gross margins. The fourth quarter decrease was also attributable to the absence of any acquisitions in this period.

Sales and marketing expenses. Sales and marketing expenses were $2.5 million, $3.3 million, $4.8 million and $6.9 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively. The increases were primarily attributable to the development of infrastructure and the creation and expansion of the Company's sales and product management staffs. The Company expects its sales and marketing expenses to increase.

General and administrative expenses. General and administrative expenses were $6.1 million, $8.7 million, $9.5 million and $12.9 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively. The increases were primarily attributable to the expansion of management infrastructure necessary to support the growth in the Company's operations, including the development of CFN. The Company expects its general and administrative expenses to increase.

Research and development expenses. Research and development expenses of $937,000, $1.3 million, $1.2 million and $935,000 in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively were primarily attributable to the development of Solution Sets and component frameworks.

Stock option and warrant expenses. Stock option and warrant expenses were $345,000, $1.5 million and $2.5 million in the quarters ended June 30, September 30 and December 31, 1998 respectively. In the fourth quarter, approximately $800,000 related to the issuance of warrants in connection with marketing services provided to the Company. The remaining expenses related to the issuance of employee stock options. The Company will recognize an additional expense over the vesting terms of these options. See "--Overview."

Depreciation. Depreciation expenses of $982,000, $1.2 million, $1.4 million, and $2.3 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively were primarily attributable to investments in physical infrastructure at the acquired companies after acquisition.

Amortization. Amortization expenses of $7.4 million, $7.4 million, $7.1 million and $7.8 million in the quarters ended March 31, June 30, September 30 and December 31, 1998 respectively were attributable to the goodwill recorded in connection with the twenty-four acquisitions which took place during 1998. See "--Acquisition Program."

As a result of the Company's limited operating history, rapid growth and the emerging nature of the markets in which it competes, the Company believes that quarter-to-quarter comparisons of results of operations for preceding quarters are not necessarily meaningful. Investors should not rely on the results of any one quarter as an indication of our future performance. Additionally, quarterly results of operations may fluctuate significantly in the future as a result of a variety of factors, many of which are outside the Company's control. If in some future quarter, whether as a result of such a fluctuation or otherwise, the Company's results of operations fall below the expectations of securities analysts and investors, the trading price of our Common Stock would likely be materially and adversely affected. See "Risk Factors--Potential Fluctuations in Quarterly Results Could Affect Our Common Stock Trading Price" and "--External Factors Could Affect Our Common Stock Trading Price."

Annual Results of Operations Years Ended December 31, 1998 and December 31, 1997 The following discussion relates to the Company's actual operating results for the periods noted. These operating results include the operations of the companies acquired by the Company during the periods referenced from the date of acquisition only. As a result, the Company believes the operating results for the year ended December 31, 1998 are not comparable to the operating results for the year ended December 31, 1997. See "Pro Forma Consolidated Financial Information."

Revenues. Revenues increased $45.8 million to $64.8 million for the year ended December 31, 1998 from $19.0 million for the year ended December 31, 1997. This increase was attributable to the Company's acquisition program, an increase in the size and number of client engagements, and, to a lesser extent, the development and growth of industry practice groups. CFN accounted for $251,000 of the Company's 1998 revenues.

Cost of revenues. Cost of revenues increased $32.8 million to $44.1 million for the year ended December 31, 1998 from $11.3 million for the year ended December 31, 1997. The increase was primarily attributable to the integration of the 1998 Acquired Companies and, to a lesser extent, employee training and the development of CFN. CFN had no revenues or cost of revenues during 1997.

Sales and marketing expenses. Sales and marketing expenses increased $12.5 million to $16.4 million for the year ended December 31, 1998 from $3.9 million for the year ended December 31, 1997. This increase was primarily attributable to the development of the Company's sales and marketing infrastructure and staff.

General and administrative expenses. General and administrative expenses increased $19.7 million to $28.8 million for the year ended December 31, 1998 from $9.1 million for the year ended December 31, 1997. The increase was primarily attributable to the acquisitions of the 1998 Acquired Companies, associated integration costs and the expansion of management infrastructure to support the growth in the Company's operations.

Research and development expenses. Research and development expenses decreased by $412,000 to $4.4 million for the year ended December 31, 1998 from $4.8 million for the year ended December 31, 1997. Research and development costs in 1998 were primarily related to the continued development of an automated quote system at CFN. The purchase price of BoxTop Interactive, Inc. included a $2.4

million charge to in-process research and development expenses in 1997 relating to an Internet-based video conferencing product under development which had not reached technological feasibility. Certain related core technology was valued as existing technology and not included in the value of the acquired in-process technology. The value of the purchased in-process technology was determined by estimating the projected net cash flows including future revenues to be earned upon commercialization of the product and the costs to complete the development of the technology. Strong revenue growth was projected for this product through 1999; thereafter, revenue was expected to increase moderately each year through 2001. The cash flows were then discounted to present value at 35%, a rate of return that considers the relative risk of achieving the projected cash flows and the time value of money. Finally, the present values of the cash flows of the discrete projection period were summed to determine the fair market value of the purchased in-process technology. In the fourth quarter of 1998, due to the introduction of competing products utilizing alternative technologies into the market, management decided to cease further investment in the development of this product.

Depreciation. Depreciation expenses increased $3.8 million to $5.2 million for the year ended December 31, 1998 from $1.4 million for the year ended December 31, 1997. The increase related to the depreciation of assets of the Acquired Companies and investments in physical infrastructure at the Acquired Companies after acquisition.

Amortization. Amortization expenses increased $10.9 million to $16.4 million for the year ended December 31, 1998 from $5.5 million for the year ended December 31, 1997. The increase was a result of the goodwill recorded in connection with the twenty-four acquisitions which took place during 1998 and the four acquisitions which took place during 1997.

Interest expense. Interest expense increased to approximately $800,000 in 1998 primarily due to borrowings under the Company's credit facility.

Year Ended December 31, 1997 and Eight Months Ended December 31, 1996 The operating results for the eight months ended December 31, 1996 date from the Company's inception in March of 1996. Due to this shorter operating period, the Company's early stage of development during this period, and the numerous acquisitions effected during 1996 and 1997, the Company believes the operating results for the year ended December 31, 1997 are not comparable to the operating results in the eight months ended December 31, 1996.

Revenues. Revenues increased $13.6 million to $19.0 million for the year ended December 31, 1997 from $5.4 million for the eight months ended December 31, 1996. This increase was a result of the Company's acquisition program and a full year of operations in 1997.

Cost of revenues. Cost of revenues increased $7.7 million to $11.3 million for the year ended December 31, 1997 from $3.6 million for the eight months ended December 31, 1996. This increase was a result of the Company's acquisition program and a full year of operations in 1997.

Sales and marketing expenses. Sales and marketing expenses increased $3.1 million to $3.9 million for the year ended December 31, 1997 from $812,000 for the eight months ended December 31, 1996. This increase was a result of the Company's acquisition program and a full year of operations in 1997.

General and administrative expenses. General and administrative expenses increased $7.9 million to $9.1 million for the year ended December 31, 1997 from $1.2 million for the eight months ended December 31, 1996. This increase was a result of the Company's acquisition program and a full year of operations in 1997.

Research and development expenses. Research and development expenses were $4.8 million for the year ended December 31, 1997. This included $2.4 million from the acquisition of BoxTop Interactive, Inc. which was allocated to in- process technology. The remaining expense is primarily related to the development of CFN's infrastructure.

Depreciation. Depreciation expenses increased $1.0 million to $1.4 million for the year ended December 31, 1997 from $372,000 for the eight months ended December 31, 1996. The increase was related to the depreciation of assets of the Acquired Companies and investments in physical infrastructure at the Acquired Companies after acquisition.

Amortization. Amortization expenses increased $4.6 million to $5.5 million for the year ended December 31, 1997 from $928,000 for the eight months ended December 31, 1996. The increase primarily was attributable to the amortization of goodwill and intangible assets recorded in connection with the four 1997 acquisitions. The increase is also attributable to a charge related to the discontinued use of a brand name and the result of a full year of operations in 1997.

Interest expense. Interest expense from capital leases, building mortgage and loans from stockholders resulted in the increase in interest expense of $208,000 in 1997 compared to 1996.

Income tax. The recognition of the income tax benefit of $1.6 million for 1997 is due to the net operating losses incurred by the Company which were utilized to offset certain long-term deferred tax liabilities acquired in the acquisitions.

As of December 31, 1997 and 1998, the Company had net operating loss carryforwards for federal income tax purposes of approximately $11.8 million and $46.6 million, respectively. The Company acquired loss carryforwards of approximately $2.7 million in 1997 and $6.2 million in 1998. The carryforwards expire in varying amounts through 2018. The use of acquired net operating loss carryforwards is restricted in accordance with Internal Revenue Service regulations. A valuation allowance has been recorded against the Company's net deferred tax asset as management believes it is more likely than not that they will not be realized. See Note 10 to the Company's Consolidated Financial Statements.

Liquidity and Capital Resources Since its inception, the Company has financed its operations primarily through private sales of its capital stock, which totaled approximately $132.2 million in aggregate net proceeds through January 31, 1999 (including approximately $22.7 million from the sale of 22,825 shares of Class A Convertible Preferred Stock in January 1999). On July 29, 1998, the Company entered into a credit facility (as amended from time to time, the "Credit Facility") with Chase Manhattan Bank ("Chase Bank") providing for borrowings of up to $20 million. At December 31, 1998, approximately $20 million of borrowings were outstanding under the Credit Facility. In January 1999, the Company repaid all amounts then outstanding (approximately $10 million) under the revolving

facility provided under the Credit Facility. Additionally, the Company expects to repay all amounts outstanding (approximately $10 million) under the term facility provided under the Credit Facility with a portion of the net proceeds of the offering. This term facility commitment will terminate upon this payment, and hence only the revolving commitment of $10 million will remain available under the Credit Facility. The Company's obligations under the Credit Facility are secured by substantially all of the assets of the Company and its domestic subsidiaries other than CFN and CFN's subsidiaries and by all of the stock of the Company's domestic subsidiaries (other than CFN's subsidiaries) and 65% of the stock of the Company's foreign subsidiaries. Borrowings under the Credit Facility accrue interest at a rate of 2% plus the greater of (a) Chase Bank's prime rate or (b) .5% plus the weighted average of the rates on overnight Federal funds transactions.

At December 31, 1998, the Company had approximately $19.3 million in cash and cash equivalents. For the period from inception to December 31, 1998, the Company used approximately $49.2 million, $27.9 million and $27.7 million to fund operating activities, acquisition activities, and capital expenditures, respectively. These expenditures were financed primarily with proceeds of sales of the Company's capital stock.

iXL is required to invest an additional $8.7 million in CFN, if CFN does not raise these funds through alternate means by November 3, 1999. In addition, at December 31, 1998, the Company had outstanding commitments for capital expenditures totaling approximately $5.4 million, primarily related to the expansion and improvement of its Atlanta, New York and Denver offices. The remainder of the Company's significant commitments consist of obligations outstanding under operating leases.

The Company believes its available cash resources and credit facilities, combined with the net proceeds of this offering, will be sufficient to meet its anticipated working capital and capital expenditure requirements for at least the next 12 months. However, the Company may need to raise significant additional funds sooner in order to support its growth, develop new or enhanced services and products, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated opportunities. See "Risk Factors--We Have Significant Future Capital Needs Which Are Subject to the Uncertainty of Additional Financing."

Year 2000 Risk

Many currently installed computer systems and software products are coded to accept only two-digit entries to identify a year in the date code field. Consequently, on January 1, 2000, many of these systems could fail or malfunction because they may not be able to distinguish between 20th century dates and 21st century dates. Accordingly, many companies, including the Company and the Company's customers, potential customers, vendors and strategic partners, may need to upgrade their systems to comply with applicable "Year 2000" requirements.

Because the Company and its clients are dependent, to a very substantial degree, upon the proper functioning of its and their computer systems, a failure of its or their systems to correctly recognize dates beyond December 31, 1999 could materially disrupt operations, which could materially and

adversely affect the Company's business, results of operations and financial condition. Additionally, the Company's failure to provide Year 2000 compliant products and services to our clients could result in financial loss, reputation harm and legal liability.

In 1998, the Company formed a Year 2000 Assessment and Contingency Planning Committee (the "Y2K Committee") to review both its information technology systems, hardware and software, and its non-information technology systems, and where necessary to plan for and supervise the remediation of those systems. The Y2K Committee is headed by the Chief Information Officer of iXL, Inc. and the Chief Technology Officer of iXL, Inc. Other members of the Y2K Committee include two full-time outside consultants and one full-time and four part-time company employees. The Y2K Committee, utilizing the Company's iD5 engagement methodology, has divided the Company's Year 2000 efforts into five phases: discovery (currently 80% complete), definition (currently 50% complete), design, development and deployment. Each of these phases is scheduled to be complete by the end of May 1999. The Company believes it has identified its mission critical systems. The Company has obtained confirmations from the providers of these systems that they are Year 2000 compliant. The Company expects to conduct internal tests of such systems as part of its Year 2000 efforts.

The Company has initiated communication with significant vendors, to determine the extent to which they are vulnerable to Year 2000 issues. The Company has not yet received sufficient information from all parties about their remediation plans to predict the outcome of their efforts.

The Company has not made an assessment with respect to its clients of the extent to which they might be vulnerable to Year 2000 issues. Likewise, the Company has not made an assessment with respect to other third parties with which it transacts business to determine the extent to which these parties might be vulnerable to Year 2000 issues.

The Company is developing contingency plans for critical individual information technology systems and non-information technology systems for implementation, if required, due to Year 2000 risks not fully resolved by the Company's Year 2000 program. Management currently believes that the Year 2000 risk will not pose significant operational problems for the Company's computer systems. However, there can be no assurance that the Company's Year 2000 program, including consulting with third parties, will avoid any material adverse effect on the Company's operations, customer relations or financial condition. The Company estimates the total cost of its Year 2000 program to be approximately $156,000, $40,000 of which has been incurred as of December 31, 1998. However, there can be no assurance that the actual costs incurred will not be materially higher than this estimate. See "Risk Factors--Year 2000 Compliance Issues May Adversely Affect Our Business."

New Accounting Pronouncements In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company will be required to adopt FAS 133 for the quarter ended March 31, 2000. The Company has not entered into any derivative financial instruments.

Business

Overview

We are a leading Internet services company which provides Internet strategy consulting and comprehensive Internet-based solutions to Fortune 1000 companies and other corporate users of information technology. We help businesses identify how the Internet can be used to their competitive advantage and use our expertise in creative design and systems engineering to design, develop and deploy advanced Internet applications and solutions.

Industry Background

Growth of the Internet The Internet has grown rapidly in recent years, spurred by developments such as easy-to-use web browsers, a large and growing installed base of advanced personal computers, the adoption of faster and more cost efficient networks, the emergence of compelling web-based content and commerce applications, and the growing sophistication of the user base. According to International Data Corporation ("IDC"), a leading research firm, the number of Internet users was 98 million worldwide at the end of 1998, and will continue to grow to 320 million by the end of 2002. The broad acceptance of the Internet has also led to the emergence of intranets (secure web sites accessible only within a given company) and extranets (intranets also available to select outsiders) as new global communications and commerce environments, representing a significant opportunity for enterprises to interact in new and different ways with customers, employees, suppliers and partners.

Growth of E-Commerce

The initial commercial use of the Internet was as an informational and advertising medium (i.e., brochureware). From this origin the Internet is evolving into a platform for conducting transactions and establishing virtual storefronts and trading networks. Companies have also begun to expand their use of efficient and low-cost Internet-based technologies to replace or enhance traditional operations such as customer service, supply chain management, employee training and communication. In addition, companies such as eBay, Amazon.com and E*Trade have each extended beyond conventional models for the sale and delivery of goods and services by operating an Internet-only business and maintaining a limited physical presence. IDC expects dramatic growth in total e-commerce transaction volume, projecting an increase from $32 billion in 1998 to $426 billion in 2002.

Market for Strategic Internet Services The Internet represents a revolutionary and powerful new opportunity for business. Many companies that do not currently utilize the Internet are being forced to reevaluate their business models and to adopt or supplement existing Internet-based business solutions. The development and implementation of Internet-based solutions require the successful integration of strategy consulting, creative design and systems engineering skills. Historically, expertise in these areas either has not existed within an organization or has been located in disparate functional areas. Accordingly, many businesses have chosen to outsource a significant portion of the development, design and maintenance of their intranets, extranets, web sites and e-commerce applications to independent service providers who can capitalize on their accumulated strategic, creative and technical

expertise. Such outsourcing needs have generated worldwide demand for Internet professional services, which IDC estimates will grow from $7 billion in 1998 to $44 billion in 2002. See "Risk Factors--We Operate in a Developing Market for Strategic Internet Services."

Companies increasingly are discovering that many traditional service providers lack the requisite expertise to implement comprehensive Internet- based solutions. Many information technology service providers lack the creative and marketing skills required to build audiences and deliver unique and compelling content and also lack Internet expertise and implementation capabilities. Advertising and marketing communications firms typically lack the extensive technical skills and expertise with legacy (e.g., mainframe) systems integration required to produce the increasingly complex solutions demanded by clients. Many strategy consulting firms lack Internet expertise, marketing perspective and implementation capabilities to deliver comprehensive solutions.

A number of Internet services firms have emerged to address these needs. However, many of these smaller providers tend to develop expertise in a limited number of industry segments because of the relatively small number of Internet solution engagements they have completed. Furthermore, the ability of many of these firms to service clients is constrained by their smaller size, limited geographic scope and lack of capital resources. In addition, many of these firms lack the depth, management and infrastructure necessary to develop the capability required to meet the increasingly larger and more complex needs of an expanding, sophisticated client base. See "Risk Factors--We Operate in a Highly Competitive Market With Low Barriers to Entry," "--We Operate in a Developing Market for Strategic Internet Services."

The Company believes that as businesses' familiarity and sophistication with Internet technologies grow, so will the need for Internet services providers who can help formulate a focused, strategic and integrated approach to the implementation of Internet-based business solutions that enhance their clients' businesses. The Company believes that the rapidly increasing demand for Internet solutions, combined with the inability of many current providers to integrate the strategic, creative and technical skills required by clients, has created significant market opportunities for strategic Internet service providers such as iXL.

iXL Solution

iXL uses its expertise in strategy consulting, creative design and systems engineering to provide services that help clients identify and capitalize on Internet-driven opportunities to improve and expand their businesses. Key elements of the iXL solution are:

. Comprehensive Strategic Internet Services. iXL provides a comprehensive set of strategic Internet services to clients looking to enhance their existing business model by integrating their business processes with an Internet strategy. The Company believes its advantage lies in its ability to assist clients in the development of an appropriate Internet strategy and then to deploy the appropriate Internet services necessary to implement that strategy. Typical iXL engagements include the strategic application of e-commerce solutions to enhance existing business processes, the identification of new business processes and opportunities created by the Internet, the use of creative design and marketing

to acquire, cross-sell and retain consumers online, and the integration of web-based applications with legacy systems. The Company believes that the breadth and focus of iXL's service offerings allow iXL to meet its clients' Internet needs from strategy to deployment in an efficient and cohesive manner.

. Sophisticated Technology Solutions. The Company uses its extensive engineering capabilities to deliver complex Internet-based business solutions. iXL's engineers provide application development and systems integration services by employing proven Internet technologies such as Java, XML, Perl, CGI, C and C++. Typical solutions include developing Internet-enabled business applications, integrating web-based applications with legacy systems and databases, and building sophisticated e-commerce platforms. During 1998, to support its growing technology development capability, the Company substantially increased its engineering staff from approximately 50 to over 300 through acquisitions and new hires. The Company has also established strategic affiliations with leading technology vendors such as Microsoft, Intel, Sun, and Oracle. These affiliations typically allow the Company early access to training, product support and technology developed by these companies.

. Geographic Coverage and Benefits of Scale. The Company believes its geographic coverage allows it to better serve its clients on a local basis, helping to forge strong, long-term client relationships and service the widespread offices of its clients and their customers and vendors. As of December 31, 1998, iXL had offices in Atlanta, GA; New York, NY; Los Angeles, San Francisco, San Diego, and Santa Clara, CA; Washington, D.C.; Chicago, IL; Boston, MA; Denver, CO; Charlotte, NC; Richmond, VA; Memphis, TN; Norwalk, CT; London, England; Berlin and Hamburg, Germany; Madrid, Spain; and Rome, Italy. The Company's internal information technology infrastructure links its various offices and leverages the expertise of its professionals throughout the organization. The Company's scale enables it to handle larger, more complex engagements, expand its base of knowledge and best practices and employ more experts, spreading their cost and expertise over a larger enterprise.

. Use of Engagement Methodology (iD5) to Deliver Solutions. The Company utilizes an engagement methodology known as iD5 (Discover, Define, Design, Develop, Deploy). iD5 governs and directs all phases of project management from initial engagement definition to final solutions delivery. These procedures are updated periodically to reflect new best practices identified throughout the Company. The goal of iD5 is to provide consistent procedures for all engagement phases which encourage usage of best practices, while providing clients with greater clarity of expectations, regular progress reports, and a higher degree of project organization. Accordingly, the Company believes iD5 helps it achieve on-time and on-budget solutions, capture its best practices and integrate acquired businesses.

. Multidisciplined Team Approach. iXL staffs engagements with a multidisciplined team of professionals including project managers, strategic consultants, creative designers, information architects (professionals whose expertise includes both artistic design and technology), industry experts and software engineers. By assembling these multidisciplined teams of professionals, the Company believes that it provides comprehensive Internet-based solutions to clients.

. Experienced Senior Executives. The Company's senior management team is highly experienced in a variety of disciplines relevant to the Company's ability to grow and to service the needs of its clients. iXL's senior executives have managed both emerging and mature businesses in a variety of industries,

including media and entertainment, technology, travel and financial services. The Company's management also includes an experienced acquisition team that has successfully acquired and integrated a large number of businesses in various industries.

iXL Strategy

The Company's goal is to become the leading provider of strategic Internet services to Fortune 1000 companies and other corporate users of information technology. To achieve this objective, iXL is pursuing the following strategies:

. Leverage and Expand Industry Expertise. The Company has assembled industry practice groups including experienced professionals with expertise in the business practices and processes of specific industries. The Company believes its industry expertise enables it to provide effective Internet strategy consulting and services tailored to the special needs of its clients in these industries. In addition, industry expertise reduces the learning curve on new engagements, improving efficiency of implementation and reducing project delivery times. The Company's strategy is to expand its existing industry practice groups by recruiting senior professionals from major consulting firms and companies in the relevant industries. The Company also acquires companies with specific industry expertise. The Company has established practice groups, which are in varying stages of development and staffing, in the Banking & Financial Services, Media & Entertainment, Travel, Telecommunications and Healthcare industries. The Company believes that these industries have been leaders in the utilization of Internet-enabled technologies. See "--iXL Industry Practice Groups."

. Continue to Develop Technology Capabilities. The Company has significant capabilities in systems engineering and applications development which it uses to deliver complex Internet-based business solutions. iXL intends to hire additional software engineers and develop new technology skill-sets to deliver the best possible solutions and meet the evolving needs of clients. The Company's research and development team is dedicated to identifying, testing and defining new Internet-based technologies. In addition, the Company has established a library of reusable software objects and templates from its client engagements, which continues to grow as projects are completed. The Company intends to increasingly leverage this library to deliver solutions rapidly and cost-effectively. The Company believes this will be a significant advantage when providing services under fixed-price contracts.

. Expand Geographic Coverage. Since its inception, the Company has expanded its geographic presence aggressively through a combination of acquisitions and internal growth. iXL has 19 offices located throughout the United States and in England, Germany, Spain and Italy. The Company believes its broad geographic coverage allows it to serve its clients on a local basis, helping to forge strong, long-term client relationships, and to serve the widespread offices of its clients and their customers and vendors. The Company's strategy is to continue its geographic expansion through additional acquisitions and external hiring.

. Capture and Disseminate Knowledge and Best Practices. The Company's employees have developed a broad base of knowledge and best practices through numerous strategic Internet services engagements and from prior experience. The Company's strategy is to capture this broad range of knowledge and best practices for dissemination throughout the Company, and to continue to expand these capabilities

through acquisitions and external hiring. During the course of its client engagements, iXL also identifies distinct solutions which can be developed into and distributed as new iXL Solution Sets (templated applications which can be customized). iXL accomplishes this dissemination in part through frequent iXL Summits, where employees within a given discipline meet in person to receive education and share best practices. The Company's Technical Operations Center also plays a critical role in the dissemination process, linking all of the Company's local offices via a comprehensive Internet protocol-based network combined with a centralized knowledge management system.

. Expand Client Relationships. The Company has established business relationships with a diverse base of clients. The Company's strategy is to leverage its industry expertise, technology skills, and scale by expanding the scope of client relationships into broader engagements, including Internet strategy consulting, creative design, systems engineering and application development services.

. Attract, Train and Retain Experienced Professionals. The Company's growth and its ability to provide strategic Internet services is based in large part on its ability to attract, train and retain experienced professionals. iXL's strategy is to expand its existing expertise by recruiting senior professionals from major consulting firms, creative design firms and information technology services firms as well as from other strategic Internet services companies. The Company maintains an informal, team driven and results oriented culture that is attractive to energetic, talented professionals and provides incentives for its employees through a competitive compensation plan, equity ownership and its stock option plans. The Company provides training on a continuing basis for its employees through its iXL University programs, which are designed to address the rapidly changing technological environment in which its employees are engaged.

. Pursue Strategic Acquisitions. The Company intends to continue to pursue strategic acquisitions that provide additional skilled management, technical and creative personnel, client relationships, technological skills, industry expertise and geographic coverage.

iXL Engagement Methodology (iD5) iXL has developed an engagement methodology known as "iD5" which governs and directs all phases of project management from initial engagement definition to final solutions delivery. iD5 consists of five distinct, clearly delineated stages which provide iXL's clients with clear expectations of both the engagement process and the solutions to be provided. The five stages are:

. Discover. Collect information relevant to the engagement objective.

. Define. Formulate an Internet business strategy.

. Design. Refine and document specifications of the Internet business strategy.

. Develop. Build elements required to implement the Internet business strategy.

. Deploy. Deliver final solution(s).

iD5 enables iXL to effectively serve its clients by (a) clarifying client expectations, (b) promoting consistent and efficient service, (c) combining strategic, creative and technical competencies, (d) minimizing solutions delivery time and (e) establishing benchmarks regarding best practices.

iD5 is periodically revised and improved to assimilate and deploy new tools and new best practices developed in the course of the Company's many engagements throughout all of its offices. Through this process, all iXL offices benefit from the knowledge gained in the course of engagements by any iXL office.

iXL Services

The Company believes it offers clients a single source for the comprehensive range of services required to identify, design, develop and deploy Internet-based business solutions which complement or expand conventional business processes. The services that the Company provides include Internet strategy consulting, Internet-based business solutions, and iXL's Solution Sets.

Internet Strategy Consulting The Company offers consulting services to its clients with the objective of developing Internet solutions that augment a client's overall business strategy. iXL offers Internet strategy consulting that combines its knowledge of industry dynamics and business processes with an understanding of the client's specific needs. The Company has established practice groups, which are in varying stages of development and staffing, in the Banking & Financial Services, Media & Entertainment, Travel, Telecommunications and Healthcare industries. The Company also employs strategy consultants with general business and Internet expertise. The Company presently employs approximately 55 professionals who provide strategy consulting services.

While Internet strategy consulting directly generates only a small percentage of iXL's revenues, the Company believes that Internet strategy consulting will be an important service offering which will differentiate iXL from many of its competitors. By offering strategy consulting services, the Company believes it can leverage the consulting and strategy planning expertise of its various industry experts into engagements which will utilize the services provided by other iXL practice groups.

Internet-Based Business Solutions The Company's revenues are principally derived from the design and delivery of Internet-based business solutions. These solutions typically are web-based applications, many of which integrate with a client's legacy computer system. Such solutions can incorporate multiple capabilities including Internet strategy consulting, creative design, information architecture, software engineering, project management, and audio, video and animation production.

Among its Internet-based business solutions, the Company offers e- commerce systems and services, business information management systems, interactive learning environments, digital media services, and web site development and hosting services.

. E-Commerce Systems and Services. The Company designs, develops and deploys sophisticated e-commerce applications for bringing buyers and sellers together via the Internet. In 1998, iXL created over sixty different e-commerce applications on behalf of its clients, ranging from online retail sites to electronic procurement systems. The Company's strength in e-commerce lies in its ability to integrate third party software with a client's existing computing and network infrastructure to create a robust e-commerce environment for the client's customers and prospects. The Company's technology group utilizes a set of core e-commerce enabling technologies from companies including Microsoft and Netscape (for e-commerce server applications), Oracle, Sybase and Informix (for database platform

development) and Sun and Hewlett- Packard (for networking products and services). iXL also maintains its own reusable middleware code library. In addition, the Company works with specific application providers such as Intershop, CyberCash, Accipiter and NetGravity to produce e-commerce applications that integrate storefront creation tools, business management tools and payment solutions for the Internet. The Company has created secure e-commerce applications for online credit card payment services, micropayment and Internet check transactions and expanded its core e-commerce applications capabilities by providing VeriSign PKI certificate services as part of a complete security solution.

. Business Information Management Systems. The Company designs and develops sophisticated computer based business information management systems. These include database-driven web sites that help clients manage their customer, supplier, and vendor relationships more effectively and provide secure database access. Some of these web sites also have the capacity to recognize and profile the types of information a user is typically interested in, and to provide that information automatically to the user during future visits to the site. As part of its Business Information Management Systems capability, the Company develops intranets and extranets which enable its clients to communicate with employees, customers, suppliers and vendors, as well as track and store critical business data and other information.

. Interactive Learning Environments. The Company has developed expertise in providing education and training using interactive multimedia and web technology. The Company employs instructional designers who create and adapt training materials for use in multimedia and online environments. Interactive learning environments have been attractive to service industry organizations which are geographically dispersed, rely on employees with a common base of skill sets and experience high turnover. The Company has developed several customized solutions to meet the needs of its clients and is developing an additional iXL Solution Set to facilitate the creation and publication of interactive training courses. iXL's learning environments utilize RealNetworks G-2 streaming, Microsoft Media Technologies, Macromedia Dreamweaver, Flash, TopClass and Podium web-based training systems. See "--iXL Solution Sets" and "--Employees."

. Digital Media Services. iXL has developed solutions that combine video, audio, animation, graphics and content into digital media presentations. These media are also frequently utilized to create Internet-based presentations. iXL possesses expertise in numerous post-production editing technologies including Quantel Editbox, Flame and Avid. iXL also provides video production services including the design, scripting, production, testing and distribution of audio and video clips and full broadcast-quality presentations. In addition, the Company owns the worldwide perpetual rights to a comprehensive stock video library of over 500,000 clips. iXL has also developed expertise in the design of user menu and navigation systems for digital video discs (DVDs). iXL works with enabling technologies such as Real Networks (audio and video-enabled environments), Object Design (specialized object data management tools) and Live Picture (high-resolution imagery with low network bandwidth utilization). The Company also has an Enhanced Television (E-TV) group that is developing technology, applications, content and expertise for use in the emerging industry of digitally delivered IP-based (Internet Protocol) information and entertainment. Currently, the Company is working with

cable television operators, telecommunications companies, satellite broadcasters, hardware manufacturers, software developers and content providers to design and build the navigational infrastructures, business models and strategic relationships required for success in the E-TV marketplace.

. Traditional Web Sites and Hosting. To provide complete Internet solutions, iXL offers development of traditional web sites and state-of-the-art web site hosting services through its Memphis, TN and San Jose, CA hosting facilities. The Company's hosting capabilities are offered primarily to clients who require unique and specific hosting technology.

iXL Solution Sets

The Company uses its technology development capabilities to create custom applications based on a common, reusable framework and component library. These "iXL Solution Sets" can be customized and implemented quickly and cost-effectively. The Company believes that its Solution Sets meet the needs of clients for fast, replicable and easily implemented solutions for computer based presentations and multiple web site deployment and content management. iXL's Solution Sets include:

. Pitchman(R). Pitchman is a presentation tool which combines high- end graphics, animation, video and audio in an easy-to-transport and easy-to-display laptop computer format which allows the user to synchronize with the latest version of the presentation via a corporate intranet or the Internet. Sales and marketing professionals are the primary market for Pitchman. The Company has sold over 500 Pitchman laptop presentations to various clients including British Airways, Time Warner, News Corporation and Scudder Kemper.

. Siteman(TM). Siteman is a state-of-the-art browser-based system for creating and managing up to thousands of web sites that share a common style and similar look. Siteman allows novice users to quickly design and build custom web sites by selecting from a library of templates and adding content. It also enables users to easily edit content online, yet restricts them from modifying specified content areas and the overall style of the sites. iXL also provides support for end users who need assistance in creating sites with this product. The Company developed Siteman, recently sold it to a third party, and currently licenses Siteman from that third party on a non-exclusive basis. Siteman clients have included AutoConnect, Carlson Wagonlit Travel and WebMD.

. The Company is also developing an additional iXL Solution Set designed to facilitate the creation and publication of interactive training courses.

iXL Industry Practice Groups The Company has established practice groups in the Banking & Financial Services, Media & Entertainment, Travel, Telecommunications and Healthcare industries. These practice groups are in varying stages of development and staffing. The Company is also in the process of developing practice groups for the Technology and Retail industries. To build its industry practice group expertise, the Company leverages the experience of its employees who have previously worked for major consulting firms or companies in the relevant industries. The Company has utilized its industry expertise in serving the clients listed below. These clients, included for illustrative purposes, are not intended to be representative of the Company's clients generally.

Industry Clients

Banking & Financial Services..... Chase Manhattan Bank First USA Merrill Lynch Scudder Kemper Media & Entertainment..... Cox Enterprises News Corporation Time Warner Universal Studios Travel..... Budget Rent a Car Carlson Wagonlit Travel Delta Air Lines Virgin Atlantic Telecommunications..... BellSouth Lucent Premiere Technologies Healthcare..... Eli Lilly HBOC WebMD Sales and Marketing The role of the Company's marketing program is to create and sustain preference and loyalty for the iXL brand as a leading provider of strategic Internet services. Marketing occurs at the corporate and local levels. The corporate marketing department has overall responsibility for communications, advertising, public relations and the Company's web site, and also engineers and oversees central marketing and communications programs for use by each of the Company's local offices. At the local level, each office also has its own marketing representative responsible for building brand awareness within each geographic region. These local representatives report to the President of each office, with the Executive Vice President for Worldwide Marketing of iXL, Inc. having overall responsibility and oversight.

The Company's sales force totals approximately 105 sales representatives. Each of the Company's offices has its own sales representatives who sell all services offered by the Company to the clients and prospects located in their geographical region. These local representatives report to the President of each office, with the Executive Vice President for Worldwide Operations of the Company having overall responsibility and oversight.

Examples of iXL Internet Solutions The following examples illustrate the Company's strategic Internet service capabilities:

Budget Rent a Car

Budget Rent a Car ("Budget") engaged iXL to implement an Internet strategy, including an online reservation engine for its drivebudget.com website. iXL's solution utilized a sophisticated reservations booking engine that integrates directly with Budget's mainframe-driven customer reservation and inventory control systems. This integrated system allows Budget to accurately identify vehicles that are available in rental inventory at a given Budget location. In addition to pricing and booking reservations via the Internet, Budget's customers can view available vehicles and access vehicle specifications such as seating and cargo space. The system also provides travel planning functions including maps, travel safety tips, and time and distance calculations.

To promote awareness of the site, iXL designed an online marketing campaign, including an extensive search engine optimization effort, which has resulted in increasing online bookings and reservations. Through this shift to an online environment, Budget believes it is realizing significant cost-savings and achieving stronger customer relationships by providing more choice, control and convenience.

Chase Manhattan Bank

iXL's client relationship with Chase Manhattan Bank ("Chase Bank") began with a single project in the second quarter of 1998, and has expanded to include projects for four of Chase Bank's six largest divisions and for the bank's investment company, Chase Capital Partners. The Company believes the

Banking and Financial Services practice group's industry expertise has enabled iXL to broaden the scope of its relationship with Chase Bank.

Among its current projects for Chase Bank, iXL is building an electronic bill presentment and payment ("EBPP") system which will allow Chase Bank customers to view banking statements and pay bills online. The data from the EBPP system also drive Chase Bank's Value-Added Online Marketing system, designed by iXL, which profiles Chase Bank customers by the banking services they utilize, their credit profile, and their Chase Bank web site browsing habits.

Additionally, iXL is providing Internet services to Chase Bank's small business group and its merchant services division. The focus of these engagements is to create Internet business and product strategies and facilitate the implementation of e-commerce. iXL is also working with Chase Bank to overhaul the Chase.com web site to make the site more responsive and effective for Chase Bank customers. iXL developed the strategic plan for this assignment and is designing and developing the infrastructure and architecture required to support a site that better integrates Chase Bank's online portfolio of products and services.

WebMD

WebMD is the first full-service, nationwide, Internet-based healthcare network that links physicians, hospitals, insurance companies and patients. Since its inception in 1996, iXL has provided WebMD with a full range of strategic Internet services, including initial definition of WebMD's Internet- based healthcare services product to be offered via the WebMD.com web site. Once defined, systems design, application development, engineering and hosting of the WebMD service was performed by iXL, including the integration of over eighty databases capable of online search and third-party online service offerings.

The WebMD.com web site provides doctors access to a suite of Internet- based applications which are designed to enable them to manage their time more efficiently and to serve patients more effectively. These applications provide several centrally managed services, including communications functions, insurance compliance, verification and payment processing, and storage and tracking of patient test results. Because these services are offered online, information and consultation can often be offered to patients without requiring an office visit. Furthermore, WebMD offers continuing medical education courses to physicians online. Patients can also gain access to the latest information on a wide variety of health topics.

iXL also developed communications management software and applications for WebMD that allow the redirection of messages across various platforms including e-mail, voice-mail, fax, pager and phone, as well as peer-to-peer information sharing via online chat room and bulletin board services. The Company also created the interactive distance-learning component and knowledge management systems of WebMD. iXL's Siteman Solution Set was the platform for the web publishing component of the WebMD service. Additionally, iXL developed the marketing programs for WebMD including Pitchman presentations for the physician, patient and healthcare community.

Acquisitions

The strategic Internet services industry is highly fragmented, consisting of a large number of small companies providing limited service offerings. Therefore, an important element of iXL's growth strategy is the acquisition of selected companies with complementary technologies and capabilities. The Company's strategy has been to augment its growth through acquisitions of small, regional strategic Internet services companies. By obtaining critical mass in a particular regional market, the Company believes it is able to provide the responsiveness and quality of service of a small company with the greater depth and breadth of services of a large organization. The acquisitions have resulted in a broad geographic presence, allowing iXL to compete more effectively for national accounts. The Company's post-acquisition strategy is to enhance the competitiveness and profitability of each acquired company.

The Company identifies acquisition candidates through its ongoing industry searches, through its business network and through contact initiated by companies seeking to be purchased. Potential targets are evaluated on numerous quantitative and qualitative factors. Quantitative factors include historical and projected revenues and profitability, geographic coverage and contract backlog. Qualitative factors include strategic and cultural fit, management skill, customer base and technical proficiency.

These factors are evaluated as part of a four-part assessment process: (a) a detailed audit and operating assessment is initiated; (b) acquisition pricing models are carefully evaluated; (c) specific technology skills and capabilities are ascertained; and (d) management qualifications and compatibility are appraised.

The Company's post-acquisition process includes the integration of all financial reporting systems, operating procedures, and training programs into the iXL culture and infrastructure. Integration typically begins before the acquisition transaction has been closed, with a goal of total integration promptly following closing. The Company's Technical Operations Center plays a critical role in this process, connecting the acquired business' systems to the Company's central systems. The Company's goal is to provide each of its offices with all tools and resources needed to attain the maximum possible growth and profitability. Accordingly, the Company has rarely used earn-outs in its acquisitions because management believes such arrangements can impede the integration of multiple acquired businesses in the same city by motivating them to compete against one another.

Historically, the Company has used its Common Stock for substantially all of the consideration for its acquisitions. The Company anticipates that this will continue in the future and intends to register 4,000,000 shares of Common Stock pursuant to a "shelf" Registration Statement on Form S-4 for this purpose. By maximizing the use of stock as acquisition consideration, the Company believes that the acquired companies' management has a greater incentive to focus on iXL's long-term growth through the appreciation of its stock price. The Company also generally grants stock options to employees of newly acquired companies as a means of increasing employee and management retention.

The Company began its acquisitions in April 1996 when it acquired iXL Interactive Excellence, Inc., Creative Video Library, Inc., Creative Video Inc., and Entrepreneur Television, Inc., companies whose focus was to assist corporate clients in the design and creation of multimedia and video

communication projects. In December 1996, the Company acquired Consumer Financial Network, Inc., which, at such time, was a small traditional insurance agent for corporate executives. CFN was seeking iXL's strategic and technical assistance to sell insurance services over corporate intranets. Since the CFN acquisition, iXL has developed and implemented the sophisticated CFN e-commerce platform for marketing financial services and employee benefits electronically over the Internet and corporate intranets. iXL has acquired 29 other companies all engaged in related businesses. See "Risk Factors--Our Reliance on Acquisitions Could Adversely Affect Our Business" and "--Failure to Properly Manage Growth Could Adversely Affect Our Business and Shareholders' Equity."

The following table summarizes the Company's other acquisitions since June 1996, listed in chronological order:

Businesses Acquired	Primary Capabilities	Date Acquired	Number of Employees at Acquisition	Shares issued in connection with Acquisition Date
Memphis On-Line, Inc.	Hosting	June 5, 1996	15	none
Memphis, TN				
Webbed Feet, LLC	Creative design	February 14, 1997	1	40,000
Atlanta, GA				
The Whitley Group, Inc.	Interactive multimedia	April 4, 1997	20	454,400
Charlotte, NC				
BoxTop Interactive Inc.	Creative design	May 30, 1997	60	3,416,700
Los Angeles, CA				
Swan Interactive Media, Inc.	Software engineering	July 28, 1997	15	283,900
Atlanta, GA				
Small World Software, Inc.	Software engineering and creative design	January 23, 1998	26	271,356
New York, NY				
Green Room Productions, L.L.C.	Travel expertise, creative design and engineering	February 5, 1998	28	344,270
San Francisco, CA				
CCG Online	Travel expertise, creative design and software engineering	March 27, 1998	23	266,000
Denver, CO				
Spin Cycle Entertainment, Inc.	Creative design and software engineering	May 8, 1998	20	155,200
Los Angeles, CA				
Digital Planet	Creative design and software engineering	May 12, 1998	31	359,584
Los Angeles, CA				
InTouch Interactive, Inc.	Software engineering	May 12, 1998	11	195,834
Charlotte, NC				
Micro Interactive, Inc.	Interactive multimedia	May 14, 1998	35	740,000
New York, NY				
CommerceWAVE, Inc.	E-commerce	July 2, 1998	22	877,898
San Diego, CA				
Wissing & Laurence, Inc.	Video production	July 8, 1998	2	50,000
New York, NY				
601 Design, Inc.	Video production	July 16, 1998	7	200,000
New York, NY				
Image Communications, Inc.	Creative design	July 22, 1998	40	378,999
Vienna, VA				
Campana New Media, S.L. and The Other Media, S.L.	Creative design	July 28, 1998	8	37,107
Madrid, Spain				

Spinners Incorporated.....	Creative design,	July 30, 1998	31
674,132			
Boston, MA	software engineering and financial services expertise		
Tekna, Inc.	Software engineering and	September 4, 1998	27
762,622			
Richmond, VA	creative design		
LAVA Gesellschaft fur Digitale Medien GmbH.....	Software engineering	September 7, 1998	28
321,428			
Hamburg, Germany			
Larry Miller Productions, Inc....	Creative design	September 9, 1998	33
113,823			
Boston, MA			
Denovo New Media Limited.....	Creative design	September 10, 1998	5
42,852			
London, England			
Exchange Place Solutions, Inc....	Financial services	September 10, 1998	4
275,000			
Atlanta, GA	consulting		
Pantheon Interactive, Inc.....	Software engineering	September 18, 1998	15
271,787			
Santa Clara, CA			
Two-Way Communications, L.L.C. ..	Creative design and	September 18, 1998	23
269,421			
Chicago, IL	healthcare expertise		
NetResponse, L.L.C.....	Strategy consulting,	September 22, 1998	36
701,375			
Arlington, VA	software engineering and creative design		
Ionix Development Corporation....	Software engineering	September 23, 1998	22
358,551			
Chicago, IL			
Pequot Systems, Inc.....	Financial services	September 24, 1998	12
378,066			
Norwalk, CT	expertise and software engineering		

Strategic Alliances and Affiliations The Company has entered into, and intends to continue entering into, strategic alliances and affiliations with a select group of technology service providers. The primary goals of iXL's strategic alliances and affiliations are (a) to enhance iXL's overall service offerings, (b) to create or identify new revenue opportunities through referrals and the creation of new service offerings and (c) to increase iXL's credibility and visibility in the marketplace through collaboration in joint marketing.

The Company has established strategic affiliations with, among others, Microsoft, Intel, Sun and Oracle. These strategic affiliations provide the Company early access to training, product support and technology.

The Company has also established strategic alliances with companies offering technologies which serve important roles in the deployment or delivery of iXL services. These alliances focus on the joint development of integrated solutions which utilize the technologies offered by iXL's partners to deliver the services designed by iXL. The Company's strategic alliances include alliances with RealNetworks and @radical.media, Inc. Through its strategic alliance with RealNetworks, a leading provider of media

streaming technologies, the Company will be presented as a preferred provider of content for events streamed via RealNetworks technologies. Through its alliance with @radical.media, which specializes in production and broadcast of high-end commercial advertising campaigns, the Company expects to gain access to @radical.media's clients seeking complimentary Internet solutions.

Technical Operations Center The Company's Technical Operations Center is the Company's computer systems center which links all of the Company's local offices with a centralized knowledge management system. The Technical Operations Center enables the Company to integrate operations of local offices into all facets of the Company, including, financial reporting, e-mail, and dissemination of knowledge and best practices. The Technical Operations Center allows for the rapid integration of acquired businesses, facilitates collection and dissemination of knowledge and best practices throughout the Company and supports enterprise business systems. The Technical Operations Center maintains its network operations and monitoring in Atlanta, with central data center and intellectual property transit support from its data center in Memphis, TN, and co-location facilities in San Jose, CA. The Technical Operations Center manages the Company's general ledger accounting systems, global project and time tracking systems, sales force automation, electronic messaging, central data warehouse repository services, wide area network infrastructure, intellectual property transport services and global digital security. These functions are closely integrated in a worldwide iXL intranet that additionally supports human resources and distance learning. The Company views the Technical Operations Center as a key strategic asset, providing a platform to permit rapid growth and a working model of the solutions the Company can design for its clients. See "Risk Factors--Failure to Properly Manage Growth Could Adversely Affect Our Business and Stockholders' Equity."

Consumer Financial Network Consumer Financial Network, Inc., or CFN (the equity of which is owned 88% by the Company and 12% by General Electric Capital Corporation), is a sophisticated e-commerce platform for marketing financial services and employee benefits over corporate intranets and the Internet, as well as through a telesales center. CFN has contracted with competing providers of financial services and employee benefits to create a platform for the comparison shopping and purchase of these services. CFN is provided at no cost to large companies and associations (typically with 5,000 or more employees) for distribution as a human resources benefit to their employees or members. Currently, CFN provides access to the following services:

Financial Services Employee Benefits

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Auto Insurance                      Long Term Care
Homeowners Insurance                Individual Life Insurance
Mortgages                           Vision Services
Home Equity Loans                   Legal Services
Auto Finance
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Traditionally, the services currently offered by CFN have not been presented on a standardized or comparable basis. Accordingly, consumers have often been deterred from obtaining meaningful price comparisons from competing services providers. Many consumers have been unable or unwilling to devote the time required to compile comparative quotes and have instead relied on other factors unrelated to the price or the terms provided in purchasing these services.

The Company believes CFN is an attractive offering for consumers because CFN enables them to receive explanatory information and an unbiased comparison of products, services and quotes based on equivalent terms from multiple providers of financial services and employee benefits. In addition, because (a) CFN aggregates employees of multiple major companies and members of associations, and (b) CFN aggregates a nationwide network of services providers who compete for each individual members' business, CFN is often able to negotiate discounted pricing for its customers. Consumers can access CFN online (through their employers' and associations' intranets or password protected Internet) or through telephone or fax.

The Company believes the CFN platform is attractive to services providers because it is designed to (a) provide access to a highly desirable market segment (employed consumers), (b) allow each provider to directly access its preferred target market by including multiple providers of similar services, (c) provide a lower cost of customer acquisition than traditional distribution channels due to automated consumer access and bulk acquisition of consumers through the participation of large employers and associations, (d) allow providers to expand geographically and (e) allow providers to utilize automatic payroll deduction to secure payment for services sold. As a result of the benefits outlined above as well as the aggregated customer base available through CFN, providers contracting with CFN may offer discounted rates and other features that are more competitive than the individual rates and features they otherwise may offer through traditional distribution channels.

CFN earns fees on each sale of services made through CFN. Currently, the significant majority of consumer inquiries to CFN for services offered by CFN's providers are made through CFN's telesales center. The Company's goal is for the relative volume of online inquiries as well as the automation of the entire process from inquiry to completed transaction to increase significantly in the future as intranets become more widespread and as customers become more familiar with the Internet. The Company believes that such an increase in online inquiries in proportion to telesales center inquiries will reduce CFN's support costs. CFN's performance will depend in large part upon CFN's ability to estimate accurately the resource requirements and the revenues generated by customers engaging in the transactions with service providers on the CFN platform. Expenses and investments must be incurred well in advance of the potential transactions intended to generate revenue to justify this cost structure. See "Risk Factors--CFN's Business is Subject to Many Risks."

Member Companies

The Company believes CFN is attractive to employers because it enables them to offer to their employees, at no cost to the employer, a wide range of financial services and employee benefits at generally discounted rates. Initially, CFN has chosen to provide its platform to large companies and associations as a no cost human resources benefit for their employees. Current CFN member companies include:

Advantica	Ritz Carlton Hotels
American Standard	Ryder Corporation
Amerigas	Simmons Mattress Company
BellSouth	Society for Human Resource Management
Blue Cross/Blue Shield of TN	Texas A&M University

DaimlerChrysler	Thomson Corporation
Nextel	Williams Companies

Once CFN has established a relationship with a participating employer, CFN's strategy is to become part of the payroll deduction system of the employer. This arrangement allows employers more flexibility in their payroll deduction systems, while enabling CFN to provide multiple services to employees. Becoming part of the payroll deduction system also enhances CFN's ability to retain employees as customers for its providers. Automatic payroll deduction allows services providers to offer payment plans that are structured around the frequency of payroll deductions and is the most desirable form of payment for CFN's participating services providers.

Provider Network

CFN's platform includes property and casualty insurance, home finance, automobile finance, legal services, long-term care, term life insurance and vision plans. Providers available on the CFN platform include American Express Property Casualty companies, Chubb Group of Insurance Cos., Liberty Mutual Insurance Co., and Nationwide Mutual Insurance Co. in property and casualty insurance; Banc One, Chase Manhattan Mortgage Corporation, Countrywide, First Union National Bank and Travelers Home Mortgage Service in home finance; debis Financial Services in automobile finance; Law Phone in legal services; Mass Casualty and Transamerica in long-term care; Empire General Life in life insurance and Vision Care Advantage in vision services.

The terms of these contracts range from one to three years. Most contracts terminate either on or before December 31, 1999 or December 31, 2000, and some contracts are on a trial basis only. The contracts specify the terms of the agreement with CFN, generally including information on terms of pricing to be provided, the fulfillment process, compensation to CFN, necessary regulatory requirements, restrictions on use of consumer information provided by CFN, indemnification, and intellectual property protection for CFN. There are no minimum volume requirements required from CFN to providers. CFN is currently working to obtain non-residential mortgage brokerage licenses where necessary. In jurisdictions where the Company is currently not so licensed, the Company provides mortgages through one of its providers which is appropriately licensed.

Technology

CFN's e-commerce platform is comprised of a Java-enabled web-based front- end, a rules-based decision support middleware suite, an advanced and flexible back-end protocol for legacy system integration, and a state-of-the-art database construct that maximizes the ability to manage customer information.

The e-commerce technology developed by CFN, for which CFN has two utility patents pending, comprises an easily extensible multi-provider, multi-product comparative "Quoting System". While the current application of the Quoting System developed by CFN is for the dissemination of information about financial services and employee benefits, the Quoting System has uses in many industries. The Company believes this technology could be applied to other situations where a consumer needs automated assistance in the selection of a service or product to purchase from a field of varied products from different providers.

For a discussion of certain risks related to CFN, see "Risk Factors-- CFN's Business is Subject to Many Risks."

Government Regulation In most states, there are two broad categories of insurance agency licenses, one for property and casualty insurance and the other for life and health insurance. CFN's wholly-owned subsidiary, CFN Agency, Inc., a Delaware corporation ("CFN Agency"), is licensed as a resident insurance agency for both property and casualty insurance and life and health insurance by the state of Georgia. For property and casualty insurance business, CFN Agency is licensed as a nonresident corporate insurance agency or at least one employee of CFN Agency ("CFN Employee Agent") is individually licensed as a nonresident insurance agent in all fifty states. For life and health insurance business, CFN Agency is licensed as a nonresident corporate insurance agency or at least one CFN Employee Agent is individually licensed as a nonresident insurance agent in thirty-six states.

Because of the lack of uniformity in state insurance agency licensing laws, a corporate insurance agency cannot obtain an insurance agency license in all fifty states. Some states do not issue insurance agency licenses to corporations but only issue insurance agent licenses to individuals. Other states (each, a "Foreign State") issue corporate insurance agency licenses only if the state of residence of the applicant for a corporate insurance agency license applicant reciprocates by issuing corporate insurance agency licenses to insurance agencies resident in the Foreign State. In some states where CFN Agency does not have a nonresident corporate insurance agency license, a CFN Employee Agent is individually licensed in such states as a nonresident insurance agent and the CFN Employee Agent transacts the business of CFN Agency where permitted. If any such CFN Employee Agent's employment with CFN is terminated, CFN Agency may not be able to transact its business unless and until it has another employee who is individually licensed as a nonresident insurance agent in the states where CFN Agency does not hold a nonresident corporate insurance agency license. If a state in which CFN Agency does not hold a nonresident corporate insurance agency license determines that CFN Agency is transacting business in such state as an unlicensed insurance agency, CFN Agency could be subject to fines and prohibited from doing insurance business in such state.

Some states regulate prepaid legal plan companies as an insurance company or their products as specialized legal expense products, while other states regulate prepaid insurance plans as non-insurance services. In states that regulate prepaid legal plan companies as insurance companies, the product is usually classified as casualty insurance. Certain states' bar associations require prepaid legal plans to file periodic information statements. CFN does not believe it is subject to such requirements.

There can be no assurance that a state in which CFN Agency does not hold a nonresident corporate insurance agency license will not assert that CFN Agency is transacting business in such state as an unlicensed insurance agency. Generally, commissions payable for the sale of insurance products cannot be paid to, or received by, a person or entity that is not licensed as an insurance agent or agency, as applicable. There can be no assurance that a state in which CFN Agency does not hold a nonresident corporate insurance agency license will not assert that commissions assigned by the CFN Employee Agent to CFN Agency are an assignment of insurance commissions occurring in such state to an unlicensed corporate insurance agency. In the states in which CFN Agency does not hold a nonresident

corporate insurance agency license, the insurance companies that have contracted with CFN Agency pay commissions to the CFN Employee Agent, who then assigns such commissions to CFN Agency. If a state in which CFN Agency does not hold a nonresident corporate insurance agency license determines that CFN Agency is wrongfully receiving an assignment of insurance commissions in, or with respect to insurance policies sold in, such state as an unlicensed insurance agency, both CFN Agency and the subject CFN Employee Agent could be subject to fines and prohibited from doing business in such state.

CFN Agency operates a telephone call center located in Duluth, Georgia. Some of the CFN Employee Agents work in this telephone call center ("Call Center Agents"). The Call Center Agents provide information and education to consumers who are employees of client companies or members of client affinity groups regarding the insurance products described on CFN's web site. Some of the Call Center Agents are also licensed in states other than Georgia as nonresident insurance agents; however, each Call Center Agent is not licensed as an insurance agent in all fifty states. There can be no assurance that a state, in which a Call Center Agent is not licensed as a nonresident insurance agent, will not assert that such Call Center Agent is, by providing information and education to consumers about insurance products on the CFN web site in such state, transacting insurance agent activities without being licensed by such state as a nonresident insurance agent. If a state in which a Call Center Agent does not hold a nonresident insurance agent license determines that a Call Center Agent has transacted the business of an insurance agent in such state, both CFN Agency and such Call Center Agent could be subject to fines and prohibited from doing insurance business in such state.

For residential mortgage and auto finance business, CFN's wholly-owned subsidiary, CFN Finance, Inc., a Delaware corporation ("CFN Finance"), is in the process of applying, where necessary, for broker licenses to permit it to operate its residential mortgage finance and, where required, its auto finance programs. There is the possibility that some states may not grant such a license to CFN Finance. Until such licenses are granted, CFN Finance has entered into licensing agreements with a Federal savings and loan association to operate CFN Finance's residential mortgage finance program in those states which require licenses and CFN Finance has not yet received a license pursuant to the authority granted under a Federal charter. CFN Finance's auto finance program is being offered in states where no licenses are required for CFN Finance. For the states that require auto finance broker licenses and from which CFN Finance has not yet received such a license, CFN Finance has entered into a licensing agreement with another Federal savings and loan association to operate CFN Finance's auto finance program pursuant to the authority granted under a Federal charter. Federal law governing the federal savings and loan associations preempts the ability of states to require licenses of Federal savings associations engaged in the business of residential mortgage brokerage or auto finance brokerage. There can be no assurance that the residential mortgage program licensing agreement will be renewed upon its expiration date of October 31, 1999, the auto finance licensing agreement will be renewed upon its expiration date of November 11, 1999, or that either agreement will not be terminated sooner. Furthermore, should either agreement expire or terminate there can be no assurance that another Federal savings and loan association will agree to operate CFN Finance's residential mortgage or auto finance program pending the approval of the applicable state licensing applications of CFN Finance.

There also can be no assurance that a state regulatory agency will not challenge the current operation of either program by a Federal savings and loan association. See "Risk Factors--Government Regulation and Legal Uncertainties Related to CFN Could Adversely Affect Our Business."

iXL Ventures

As a complement to its core business, the Company has occasionally, on an opportunistic basis, participated in the development of other Internet-related businesses through iXL Ventures. The Company seeks to combine its management experience, technical expertise and financial capital to develop new ideas. When these new ideas warrant further development, the Company seeks strategic investors to assist in the full development of these projects into viable stand-alone businesses. CFN is the first major stand-alone business to emerge from this process. Currently, other iXL Ventures include FANSonlyTM (University Netcasting, Inc.) (a series of commercial Internet sites for leading colleges and universities), Enhanced Television (E-TV) (digital interactive television delivered via the Internet), and Last Minute Travel (an on-line discount travel service).

Competition

While the market for strategic Internet services is relatively new, it is already highly competitive and characterized by an increasing number of entrants that have introduced or developed products and services similar to those offered by the Company. The Company believes that competition will intensify and increase in the future. Our target market is rapidly evolving and is subject to continuous technological change. As a result, the Company's competitors may be better positioned to address these developments or may react more favorably to these changes, which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company competes on the basis of a number of factors, including the attractiveness of the strategic Internet services offered, the breadth and quality of these services, creative design, engineering expertise, pricing, technological innovation, and understanding clients' strategies and needs.

Many of these factors are beyond our control. Existing or future competitors may develop or offer strategic Internet services that provide significant technological, creative, performance, price or other advantages over the services offered by us.

The Company's competitors can be divided into several groups: strategic Internet services providers; large information technology consulting services providers; computer hardware and service vendors; strategic consulting firms; and interactive advertising agencies. The Company also may compete with telecommunications companies. Although most of these types of competitors to date have not offered a full range of Internet professional services, several have announced their intention to do so. These competitors at any time could elect to focus their resources in the Company's target markets, which could adversely affect our business, results of operations and financial condition. Many of the Company's current and potential competitors have longer operating histories, larger installed customer bases, longer relationships with clients and significantly greater financial, technical, marketing and public relations resources than the Company. Competitors that have established relationships with large companies but limited expertise in providing Internet solutions may nonetheless be able to successfully use their client relationships to enter the Company's target market or prevent the

Company's penetration into their client accounts. The Company believes that its primary competitors currently are International Business Machines Corporation, USWeb Corporation, Sapient Corporation, and smaller Internet service providers.

Additionally, in pursuing acquisition opportunities we may compete with other companies with similar growth strategies, certain of which competitors may be larger and have greater financial and other resources than we have. Competition for these acquisition targets likely could also result in increased prices of acquisition targets and a diminished pool of companies available for acquisition.

There are relatively low barriers to entry into the Company's business. The Company has no patented or other proprietary technology that would preclude or inhibit competitors from entering the Internet professional services market. Therefore, the Company must rely on the skill of its personnel and the quality of its client service. The costs to develop and provide Internet services are low. Therefore, the Company expects that it will continually face additional competition from new entrants into the market in the future, and the Company is subject to the risk that its employees may leave the Company and start competing businesses. The emergence of these enterprises could have a material adverse effect on our business, results of operations and financial condition.

The success of CFN will be highly dependent upon CFN's services becoming available to a large number of participating employees. CFN expects to face competition from an increasing number of sources in the marketplace. CFN competes with other Internet-based providers of insurance and other financial services, as well as traditional insurance companies providing group rates to corporate employees. CFN believes that its primary and more direct competitors currently are HomeCom Communications, Inc., ValueSearch, Inc. and Answer Financial, Inc. CFN also may compete with Microsoft Corporation, which currently provides comparative quotes from home mortgages on the web. If CFN fails to compete successfully against current or future competitors, CFN's business results of operations and financial conditions will be materially and adversely affected. See "Risk Factors--We Operate in a Highly Competitive Market with Low Barriers to Entry."

Employees

As of December 31, 1998, the Company had approximately 1,300 employees, including approximately 55 strategy consultants, 355 engineers and 300 creative designers. None of the Company's employees is represented by a labor union. The Company has experienced no work stoppages and believes its relationship with its employees is good.

In an ongoing effort to train and develop its professionals, the Company has established iXL University, a forum to educate its employees on issues ranging from new technologies to office protocol. Employees may attend iXL University in three ways: (a) attend live presentations in Atlanta; (b) view the live webcast of such presentations; or (c) view at any time archived versions of presentations through the iXL University website. In addition, the Company holds regular company-wide meetings among leaders in specific practice areas. The Company also takes advantage of its corporate intranet to foster company- wide communications and knowledge management. See "Risk Factors--Failure to Attract, Train and Retain Employees Could Increase Costs or Limit Growth."

Properties and Facilities The Company's executive offices are located in Atlanta, consisting of approximately 138,000 square feet of leased space, the lease for which expires in 2007. With the exception of IXL-Memphis, Inc., which owns an approximately 15,000 square foot office building and an approximately 5,600 square foot warehouse, the company leases space for its regional offices in the following metropolitan areas: New York, NY; Los Angeles, San Francisco, San Diego, and Santa Clara, CA; Chicago, IL; Boston, MA; Washington, D.C.; Charlotte, NC; Richmond, VA; Denver, CO; Norwalk, CT; Hamburg and Berlin, Germany; London, England; Rome, Italy; and Madrid, Spain. CFN leases space for its executive offices in Duluth, Georgia.

Legal Proceedings

The Company currently and from time to time is involved in litigation incidental to the conduct of its business. The Company is not a party to any lawsuit or proceeding that, in the opinion of management of the Company, is likely to have a material adverse effect on the Company. However, the Company is involved in IXL Holdings, Inc. v. Talisman Productions, Inc., in the State Court of Fulton County, Georgia, Civil Action File No. 98VS141584E. The Company filed suit against Talisman on June 25, 1998 to collect an account receivable for services rendered in the amount of $40,461.20. In response to the Company's complaint, Talisman filed an Answer and Counterclaim seeking (a) damages in the amount of $3,710,420 for lost profits allegedly sustained as a result of the loss of Talisman's business relationship with BellSouth allegedly caused by the Company's failure to deliver products to Talisman as promised, (b) damages in the amount of $18,995 as reimbursement of the fees paid to the Company for the products delivered by the Company to Talisman, based on a theory of unjust enrichment, and (c) recovery of its litigation expenses, including attorney's fees. The Company believes that the allegations in the Answer and Counterclaim are without merit and intends to vigorously defend such action.

Management

Executive Officers and Directors Certain information regarding the executive officers and directors of the Company as of February 5, 1999 is set forth below:

Name Age Position

U. Bertram Ellis, Jr.(1)	45	Chief Executive Officer and Chairman of the Board of Directors
Kevin M. Wall	46	Vice Chairman and Director
James R. Rocco	44	Vice Chairman and Director
William C. Nussey	33	President and Chief Operating Officer of iXL, Inc. and Director
C. Cathleen Raffaeli	42	President and Chief Operating Officer of CFN
Barry T. Sikes	46	Executive Vice President for Worldwide Operations
M. Wayne Boylston	40	Executive Vice President, Chief Financial Officer, Treasurer, and Assistant Secretary
David Clauson	44	Executive Vice President for Worldwide Marketing of iXL, Inc.
Thomas R. Wall, IV(2)	40	Director
Frank K. Bynum, Jr.(1)(2)(3)	36	Director
I. Robert Greene(1)(2)	38	Director
Jerome D. Colonna	35	Director
Thomas G. Rosencrants(3)	49	Director

(1) Member of the Executive Committee. (2) Member of the Compensation Committee. (3) Member of the Audit Committee.

U. Bertram (Bert) Ellis, Jr. founded the Company in March 1996 and has served as Chairman of the Board of Directors and Chief Executive Officer since that time. Prior to founding the Company, Mr. Ellis founded Ellis Communications, Inc., an owner of television and radio stations, in 1993, and served as its President from 1993 to 1996. Prior to founding Ellis Communications, Inc., Mr. Ellis served as President, Chief Executive Officer, and Chief Operating Officer of Act III Broadcasting, Inc., an owner of television stations, from 1986 to 1992. Mr. Ellis received a Bachelor of Arts degree in Economics from the University of Virginia and a Masters of Business Administration from the University of Virginia Graduate School of Business Administration. Mr. Ellis also serves as a Director of WebMD, Inc.

Kevin M. Wall has served as Vice Chairman since April 1998 and as a director since May 1997. Mr. Wall joined the Company in May 1997 upon the acquisition by the Company of BoxTop Interactive, Inc., and served as the President and Chief Executive Officer of BoxTop Interactive, Inc. from its founding in 1995 until 1998. Prior to founding BoxTop Interactive, Inc., Mr. Wall served as Chairman of BoxTop Entertainment, Inc., a television production company specializing in network specials, from 1990 until 1995. Prior to forming BoxTop Entertainment, Inc., Mr. Wall founded Radio Vision International, Inc., a television production company specializing in network specials and syndication of television specials, and served as its Chairman from its founding until 1990. Mr. Wall attended Indiana University-Purdue University Fort Wayne. Mr. Kevin Wall is not related to Mr. Thomas R. Wall, IV.

James R. Rocco has served as Vice Chairman since August 1998 and as a director since April 1996. Mr. Rocco previously served as the President and Chief Operating Officer of the Company from April 1996 until August 1998. Mr. Rocco founded Creative Video, Inc. and served as its President from July 1986 until it was acquired by the Company in April 1996. Mr. Rocco graduated cum laude from St. John's University in New York in 1976 with Bachelor degrees in Communications and Business.

William C. Nussey has served as a Director of the Company since December 1997, and as the President and Chief Operating Officer of iXL, Inc. since joining the Company in May 1998. From 1996 to May 1998 Mr. Nussey served as an associate with Greylock Ventures, a private investment firm. In 1985, Mr. Nussey co-founded Da Vinci Systems, Inc., a software and application design company, and served as its Chief Executive Officer from its founding until its sale in 1994 to ON Technology, Inc. After such sale, Mr. Nussey served as a consultant to ON Technology while attending Harvard Business School. Mr. Nussey received a Bachelor of Science degree in Electrical Engineering from North Carolina State University and a Masters of Business Administration from Harvard Business School.

C. Cathleen Raffaeli is the President and Chief Operating Officer of CFN, and has served in such capacity since joining CFN in November 1998. From 1994 through 1998, Ms. Raffaeli held positions of increasing responsibility with Citicorp, most recently as the Executive Director, Commercial Card Division. From 1988 through 1994, Ms. Raffaeli held positions of increasing responsibility with

Chemical Bank, last serving as the Senior Vice President, Mortgage Banking Division. Ms. Raffaeli received a Bachelor of Science Degree in Finance from the University of Baltimore and a Masters of Business Administration from New York University.

Barry T. Sikes has served as Executive Vice President for Worldwide Operations since August 1998. Mr. Sikes previously served as Vice President-- Operations from April 1996 until August 1998. From 1991 until 1996, Mr. Sikes served as the Chief Operating Officer of Creative Video, Inc. Mr. Sikes received a degree in Electronics Engineering from The Cape Fear Institute.

M. Wayne Boylston has served as Chief Financial Officer, Executive Vice President, Treasurer and Assistant Secretary since joining the Company in August 1998. From 1990 until February 1998, Mr. Boylston held positions of increasing responsibility with Healthdyne Technologies, Inc., most recently as Vice President--Finance, Chief Financial Officer and Treasurer. From February 1998 until July 1998 Mr. Boylston served as a consultant to Healthdyne Technologies, Inc. following its merger with Respironics, Inc. Mr. Boylston is a Certified Public Accountant and has a Bachelor of Business Administration degree from Emory University.

David Clauson has served as Executive Vice President for Worldwide Marketing of iXL, Inc. since joining the Company in August 1998. From 1991 until July 1998, Mr. Clauson served in various positions of increasing responsibility with subsidiaries of True North Communications, Inc., most recently as the Senior Vice President/Worldwide Account Director of its Foote, Cone & Belding subsidiary. Mr. Clauson has a Bachelor of Arts degree in American Urban History from the University of California at Los Angeles.

Thomas R. Wall, IV has served as a Director of the Company since April 1996. Mr. Wall has held various positions of increasing responsibility with Kelso & Company, a private investment firm, since 1983, and currently serves as one of its Managing Directors. Mr. Wall also serves as a director of AMF Bowling, Inc., Consolidated Vision Group, Inc., Cygnus Publishing, Inc., Mitchell Supreme Fuel Company, Mosler, Inc., Peebles Inc., and 21st Century Newspapers, Inc. Mr. Wall received a Bachelor of Science degree in Business Administration from Washington & Lee University. Mr. Thomas Wall is not related to Mr. Kevin M. Wall.

Frank K. Bynum, Jr. has served as a Director of the Company since April 1996. Mr. Bynum has held various positions of increasing responsibility with Kelso & Company since 1987, and currently serves as one of its Managing Directors. Mr. Bynum also serves as a director of Cygnus Publishing, Inc., Hosiery Corporation of America, Inc., 21st Century Newspapers, Inc. and MJD Communications, Inc. Mr. Bynum received a Bachelor of Arts degree in History from the University of Virginia.

I. Robert Greene has served as a Director of the Company since December 1997. Mr. Greene has served as a General Partner with Chase Capital Partners (formerly Chemical Venture Partners), an investment firm, since January 1999, and previously served as a Principal thereof from 1994 through 1998. From 1988 to , Mr. Greene served as a Director and Principal of Prudential Equity Investors, an investment firm. Mr. Greene also serves on the Investment Committee of Flatiron Partners, LLC ("Flatiron") and the Advisory Board of Techfund Capital, and is the President of the New York Venture Capital Forum.

Mr. Greene received a Bachelor of Science degree from the Wharton School and a Masters of Business Administration degree from M.I.T./The Sloan School. Mr. Greene serves as a Director of Multex.com, Inc.

Jerome D. Colonna has served as a Director of the Company since December 1997. Mr. Colonna co-founded Flatiron in August 1996 and has served as a partner in Flatiron since such founding. Previously, Mr. Colonna co-founded CMG @ Ventures L.P. in February 1995 and served as a partner therein until July 1996. From 1985 to 1995, Mr. Colonna served in various positions with CMP Media, Inc., including Editorial Director, Interactive Media Group. From 1985 to 1993, he served in a variety of roles at Information Week, including that of Editor. Mr. Colonna received a Bachelor of Arts degree from Queens College, City University of New York. Mr. Colonna serves as a Director of GeoCities, Inc.

Thomas G. Rosencrants has served as a Director of the Company since January 1999. Mr. Rosencrants founded Greystone Capital Group, LLC in April 1997 and serves as its Chairman and Chief Executive Officer. Greystone Capital Group, LLC is the General Partner for Greystone Capital Partners I, L.P. From 1991 to April 1997 he served as Senior Vice President and head of the Insurance Research Group of The Robinson-Humphrey Company, Inc. Mr. Rosencrants is a Chartered Financial Analyst, has a Masters of Business Administration from the Roosevelt University in Chicago and a Bachelor of Arts Degree from the University of Dayton.

The Company believes retention of its management is critical to its success. See "Risk Factors--Loss of Key Management Could Adversely Affect Our Business," and "Risk Factors--Failure to Attract, Train and Retain Employees Could Limit Growth."

Board Committees

The Board of Directors has established an Executive Committee, a Compensation Committee and an Audit Committee. The Executive Committee, consisting of Mr. Ellis, Mr. Bynum, and Mr. Greene, is empowered to exercise all powers and authority of the Board other than amending the Certificate of Incorporation, recommend to the stockholders the sale of all or substantially all of the assets of the Company or a dissolution of the Company, or amending the Bylaws of the Company. The Compensation Committee, consisting of Mr. Thomas R. Wall, IV, Mr. Bynum, and Mr. Greene, administers the Company's Stock Option Plans, including approval of all options granted thereunder. The Audit Committee, consisting of Mr. Bynum and Mr. Rosencrants, will recommend the selection of independent public accountants to the Board of Directors, review the scope and results of the audit and other services provided by the Company's independent accountants, and review the Company's accounting practices and its systems of internal accounting controls.

Director Compensation The Company reimburses its directors for all out-of-pocket expenses incurred in the performance of their duties as directors of the Company. The Company currently does not pay fees to its directors for attendance at meetings.

Amended Stockholders Agreement The Amended Stockholders Agreement entitles certain stockholders to designate nominees to the Company's board of directors as follows. The Amended Stockholders Agreement entitles Kelso to designate as nominees two members of the board of

directors so long as Kelso holds 5% or more of the outstanding Common Stock. CB has the right to designate as a nominee one member so long as it owns at least 5% of the outstanding Common Stock. The Amended Stockholders Agreement does not obligate any stockholder to vote its Common Stock in favor of any nominated directors.

Compensation Committee Interlocks and Insider Participation No member of the Compensation Committee of the Company serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of the Company's Board of Directors or Compensation Committee. See "Certain Transactions" for a description of transactions between the Company and entities affiliated with members of the Compensation Committee.

Employment Agreements The Company has assumed the employment agreement originally executed as of August 1, 1996 between Mr. Kevin Wall and BoxTop Interactive, Inc. Mr. Kevin Wall's employment agreement was assumed by the Company in April 1998. This agreement has a four year term expiring July 31, 2000. Pursuant to this agreement, Mr. Kevin Wall's base annual salary shall be (a) $302,500 for the one year period from August 1, 1998 through July 31, 1999, and (b) $332,750 for the one year period from August 1, 1999 through July 31, 2000.

iXL, Inc. has entered into an employment agreement with Mr. Nussey. Pursuant to this employment agreement, if the Company terminates Mr. Nussey's employment without cause at any time or if Mr. Nussey Resigns for a Good Reason (as defined in the agreement), (i) iXL, Inc. shall, for a period of eighteen months or until Mr. Nussey begins employment with any other company, continue to pay as payable pursuant to the employment agreement his salary and bonus as severance pay and continue to provide benefits to him, and (ii) the vesting of unvested stock options granted to Mr. Nussey pursuant to his employment agreement shall be immediately accelerated twelve months, and all options which remain unvested after such acceleration shall terminate. Upon a termination of his employment by virtue of his death, Mr. Nussey's estate shall be entitled to all salary payable to him for the remainder of the year of his death. In addition, upon a termination of Mr. Nussey's employment by virtue of his death or disability, Mr. Nussey or his estate shall be entitled to the pro rata portion of his bonus with respect to the portion of the year prior to his death or disability. The base salary for Mr. Nussey pursuant to his employment agreements is $250,000 per year, and the target bonus is $50,000 per year. The base salary and target bonus are to be reviewed annually, and may be increased from time to time by iXL, Inc. Once increased, the base salary may not be decreased and the target bonus may not be set at less than $50,000 per full fiscal year. The employment agreement also provides that Mr. Nussey shall not compete with the Company for a period of one year following the termination of his employment.

Limitation on Liability and Indemnification Matters Section 145 of the General Corporation Law of Delaware ("DGCL") permits the indemnification of directors, officers, employees and agents of Delaware corporations. The Company's Amended and Restated Certificate of Incorporation and By-Laws provide that the Company shall indemnify its Directors and Officers to the fullest extent permitted by the DGCL. Insofar as indemnification for liabilities arising under the Securities Act of

1933 may be permitted to directors, officers or persons controlling the Company pursuant to the foregoing provisions, the opinion of the Securities and Exchange Commission is that such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

As permitted by the DGCL, the Company's Certificate of Incorporation also limits the liability of directors of the Company for damages in derivative and third party lawsuits for breach of a director's fiduciary duty except for liability (a) for any breach of the director's duty of loyalty to the Company or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) for unlawful payments of dividends or unlawful stock purchases or redemptions as provided in Section 174 of the DGCL, or (d) for any transaction for which the director derived improper personal benefit. The limitation of liability applies only to monetary damages and, presumably, would not affect the availability of equitable remedies such as injunction or rescission. The limitation of liability applies only to the acts of omission of directors as directors and does not apply to any such act or omission as an officer of the Company or to any liabilities imposed under federal securities laws.

The Underwriting Agreement with respect to the offering made hereby provides for indemnification by the Underwriters and their controlling persons, on the one hand, and of the Company and its controlling persons on the other hand, for certain liabilities arising under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, or otherwise.

The Company intends to obtain directors' and officers' insurance providing indemnification for certain of the Company's directors, officers, affiliates, partners or employees for certain liabilities.

The Company has entered into agreements to indemnify its directors and executive officers, in addition to indemnification provided for in the Company's Bylaws. These agreements, among other things, indemnify the Company's directors and executive officers for certain expenses (including attorneys' fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of the Company, arising out of such person's services as a director or executive officer of the Company, any subsidiary of the Company or any other company or enterprise to which the person provides services at the request of the Company. The Company believes that these provisions and agreements are necessary to attract and retain qualified directors and executive officers.

At present, there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification is expected to be required or permitted. The Company is not aware of any threatened litigation or proceeding that might result in a claim for such indemnification.

Executive Compensation The following table sets forth information concerning the compensation paid by the Company during the fiscal year ended December 31, 1998 to the Company's Chief Executive Officer and each of the Company's four other highest paid executive officers (collectively, the "Named Executive Officers"):

Summary Compensation Table (1)

Name and Principal Position	Year(2)	Annual Compensation Salary	Bonus	Long Term Compensation Awards Options (# of Shares)
U. Bertram Ellis, Jr.	1998	$247,000	$100,000	338,889
Chairman and Chief	1997	232,300	--	550,000
Executive Officer	1996	-- (3)	--	1,000,000
Kevin M. Wall	1998	276,000	--	--
Vice Chairman	1997	167,800	--	170,000
	1996	--	--	--
James R. Rocco	1998	180,600	50,000	106,056
Vice Chairman	1997	163,900	25,000	297,000
	1996	105,600(3)	--	--
William C. Nussey	1998	166,500(4)	50,000	1,844,276
President and Chief Operating Officer	1997	--	--	--
of iXL, Inc.	1996	--	--	--
Barry T. Sikes	1998	163,300	45,000	140,500
Executive Vice President for	1997	137,700	25,000	165,000
Worldwide Operations	1996	103,600(3)	--	255,000

(1) Excludes certain executive officers of the Company whose annual base salaries exceed salaries reported herein, but who were hired during 1998, and hence did not earn more than the salaries reported herein. (2) 1996 figures are for the eight months ended December 31, 1996. (3) The annual base salaries for Mr. Ellis, Mr. Rocco, and Mr. Sikes were $0, $175,000 and $140,000, respectively. The figures listed represent payment for actual employment during the eight months ended December 31, 1996. (4) Mr. Nussey's fiscal year 1998 salary is for approximately seven months ended December 31, 1998. Mr. Nussey's annual base salary for fiscal year 1998 was $250,000.

Option Grants and Exercises During Fiscal Year 1998 No stock options were exercised by the Named Executive Officers during fiscal year 1998. The following table below sets forth individual grants of stock options made during fiscal year 1998 to each of the Named Executive Officers:

Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation Annual Compensation for Option Term(2) Number of Securities % of Total Options Underlying Granted to Exercise or Named Executive Officer Options Employees in Base Price Expiration and Principal Position Granted Fiscal Year(1) Per Share Date 5% 10%

U. Bertram Ellis, Jr.	50,000	0.4%	$3.00	02/26/08	$ 171,707	$ 362,264
Chairman and Chief	88,889	0.6%	3.00	02/26/08	305,257	644,026
Executive Officer	50,000	0.4%	3.50	02/26/08	146,707	337,264
	50,000	0.4%	4.00	02/26/08	121,707	312,264
	50,000	0.4%	4.50	02/26/08	96,707	287,264
	50,000	0.4%	5.00	02/26/08	71,707	262,264
	338,889	2.6%				
Kevin M. Wall	--	--	--	--	--	--
Vice Chairman						
James R. Rocco	500	*	1.00	02/26/08	2,717	4,623
Vice Chairman	5,556	*	3.00	02/26/08	19,080	40,255
	100,000	0.8%	3.50	02/26/08	293,413	674,528
	106,056	0.8%				
William C. Nussey	5,176	*	3.50	05/01/08	24,040	49,010
President and Chief Operating	389,100	2.9%	4.00	05/01/08	1,612,614	3,489,726

Officer of iXL, Inc.	900,000	6.8%	4.50	05/01/08	3,280,028	7,261,841
	550,000	4.1%	10.00	05/01/08	--	1,632,792
	1,844,276	13.8%				
Barry T. Sikes.....	500	*	1.00	02/26/98	2,717	4,623
Executive Vice President for	100,000	.8%	3.50	02/26/98	293,413	674,528
Worldwide Operations	40,000	.3%	10.00	11/25/98	--	118,748
	140,500	1.1%				

* represents less than 0.1% (1) These options to purchase shares of Common Stock were granted under the Company's 1996 Stock Option Plan and generally provide for vesting over either four or five years. (2) These columns show the hypothetical gains or option spreads of options granted based on 5% and 10% assumed annual rates of compounded stock price appreciation. The assumed rates of appreciation are mandated by the Securities and Exchange Commission and do not represent the Company's estimates or projections of the Company's future Common Stock prices.

Year-End Option Values The following table sets forth the number and value of exercisable and unexercisable options held at December 31, 1998 by each of the Named Executive Officers:

	Number of Securities Underlying Unexercised Options at December 31, 1998		Value of Unexercised In-the-Money Options at December 31, 1998 (1)	
Name	Exercisable	Unexercisable	Exercisable	Unexercisable

U. Bertram Ellis, Jr. .... 1,330,000 558,889 $6,925,000 $2,225,001 Chairman and Chief Executive Officer Kevin Wall (2)..... 703,900 102,000 4,505,145 510,000 Vice Chairman James R. Rocco..... 178,740 225,216 683,070 883,632 Vice Chairman William C. Nussey..... 521,009 1,323,267 1,153,327 2,929,228 President and Chief Operating Officer of iXL, Inc. Barry T. Sikes..... 252,000 308,500 1,203,000 1,205,250 Executive Vice President for Worldwide Operations (1) Calculated by determining the difference between the deemed fair market value of the securities on December 31, 1998 underlying the options (based on preliminary valuations of the Company performed by independent appraisers at the request of the Company) and the exercise price. (2) Includes 635,900 options granted to Mr. Kevin Wall prior to the acquisition of BoxTop Interactive, Inc. at an exercise price of $0.95 per share.

Stock Option Plans

1996 Stock Option Plan General. The Company's 1996 Stock Option Plan (the "1996 Stock Option Plan") was established to promote the success of the Company by providing an additional means to attract and retain key personnel through added long term incentives for high levels of performance and for significant efforts to improve the financial performance of the Company. The 1996 Stock Option Plan authorizes the granting of options for up to an aggregate maximum of 25 million shares of the Company's Common Stock to employees of the Company. As options lapse or terminate without exercise, any unpurchased shares previously subject to such lapsed or terminated options may be available for further options under the 1996 Stock Option Plan.

Administration. The 1996 Stock Option Plan is administered by the Compensation Committee, which as of the date of this prospectus is comprised of Mr. Thomas R. Wall, Mr. Bynum and Mr. Greene. The Compensation Committee may delegate administrative functions to individuals who are officers or

employees of the Company.

The Compensation Committee has the authority to construe and interpret the 1996 Stock Option Plan and any agreements defining the rights and obligations of the Company and Eligible Employees (as defined below) who receive options awards under the 1996 Stock Option Plan, to further define the terms used in the 1996 Stock Option Plan, to prescribe, amend and rescind rules and regulations relating to administration of the 1996 Stock Option Plan, to determine the duration and purposes of leaves of absence which may be granted to Participants without constituting a termination of their employment for purposes of the 1996 Stock Option Plan and to make all other determinations necessary or advisable for the administration of the 1996 Stock Option Plan. Determinations of the Compensation Committee on the foregoing matters are conclusive.

Grant of Options. Awards of options to purchase Common Stock under the 1996 Stock Option Plan may be granted only to employees of the Company ("Eligible Employees"). Members of the Board who are not employees of the Company are not eligible to receive Awards. Options may be granted to Eligible Employees by action of the Compensation Committee. The Compensation Committee determines the terms of each option (which need not be identical) and the number of shares of Common Stock subject to each option. Each option is subject to the terms and conditions set forth in the 1996 Stock Option Plan and such other terms and conditions established by the Compensation Committee as are not inconsistent with the purpose and provisions of the 1996 Stock Option Plan. Each option granted is designated as either a Nonqualified Stock Option or an Incentive Stock Option (as defined in the 1996 Stock Option Plan).

The Company expects that most options granted pursuant to the 1996 Stock Option Plan will be subject to vesting (with respect to the exercise thereof) over a period of years, such as 20% increments each year over a period of five years, during which the optionholder must continue to be an employee of the Company or one of its subsidiaries. The Compensation Committee, however, may choose to impose different vesting requirements or none at all. An optionholder has no rights as a stockholder of the Company with respect to any shares covered by his or her option until the date a stock certificate is issued for such shares following his or her exercise of such option.

Exercise of Options. Except as otherwise provided in the 1996 Stock Option Plan, an option may be exercised, in whole or in part, on the date or dates specified in the Award Agreement executed by and between the Company and an Eligible Employee and thereafter shall remain exercisable until the expiration or earlier termination of the such option. Not less than 10 shares of Common Stock may be purchased at one time unless the number purchased is the total number at the time available for purchase under the terms of the option. No option granted pursuant to the 1996 Stock Option Plan is transferable by an optionholder other than by will or by the applicable laws of descent and distribution, and such option is exercisable during the Eligible Employee's lifetime only by the Eligible Employee.

1998 Non-Employee Stock Option Plan The Company's 1998 Non-Employee Stock Option Plan (the "1998 Stock Option Plan") contains essentially the same terms as the 1996 Stock Option Plan, except that the 1998 Stock Option Plan was established for grants to persons who are not employees of the

Company. The 1998 Stock Option Plan authorizes the granting of options for up to an aggregate maximum of 1 million shares of the Company's Common Stock.

1999 Employee Stock Option Plan Prior to the consummation of the offering, the Board of Directors will adopt and the stockholders of the Company will approve the 1999 iXL Enterprises, Inc. Stock Option Plan (the "1999 Stock Option Plan"). The 1999 Stock Option Plan provides for the grant of stock options, including incentive stock options.

Stock options may be granted to key employees, including executive officers of the Company, its subsidiaries and affiliates. The number of employees participating in the 1999 Stock Option Plan will vary from year to year. The shares to be granted with respect to options under the 1999 Stock Option Plan shall be shares of Common Stock, may consist, in whole or in part, of treasury stock or authorized but unissued stock not reserved for any other purpose and may not exceed 5 million, as such number may be adjusted to reflect changes in the Company's capitalization.

If shares subject to an option under the 1999 Stock Option Plan cease to be subject to such option, such shares will again be available for future grant under the 1999 Stock Option Plan. In the event of certain changes in the Company's capital structure affecting the Common Stock, the Compensation Committee may make appropriate adjustments in the number and kinds of shares that may be awarded and in the number and kinds of shares covered by options then outstanding under the 1999 Stock Option Plan, and, where applicable, exercise price of outstanding options under the 1999 Stock Option Plan. The 1999 Stock Option Plan will be administered by the Compensation Committee.

The Compensation Committee may grant options to purchase shares of Common Stock that are either "qualified," which includes those awards that satisfy the requirements of Section 422 of the Code for incentive stock options, or "nonqualified," which includes those awards that are not intended to satisfy the requirements of Section 422 of the Internal Revenue Code of 1986, as amended. Under the terms of the 1999 Stock Option Plan, the exercise price of the options will, unless the Compensation Committee determines otherwise, not be less than such Common Stock's fair market value at the time of grant. The exercise price of the options is payable in cash or its equivalent or by exchanging shares of Common Stock owned by the participant, through an arrangement with a broker approved by the Company whereby payment of the exercise price is accomplished with the proceeds of the sale of Common Stock, or by a combination of the foregoing.

The options will generally have a term of ten years, unless the Compensation Committee specifies a shorter term, and will become exercisable following the performance of a minimum period of service or the satisfaction of performance goals, as determined by the Compensation Committee. If an option holder ceases employment with the Company as a result of the holder's (a) death, (b) disability, or (c) retirement, the holder (or his or her beneficiary or legal representative) may exercise any then exercisable option for a period of one year (or such greater or lesser period as determined by the Compensation Committee at grant), but in no event after the date the option otherwise expires. If an option holder's employment is terminated for any other reason, the holder may exercise any then exercisable option for a period of 30 days (or such greater period not exceeding 90 days as determined

by the Compensation Committee), but in no event after the date the option otherwise expires; provided that if the holder's employment is terminated for cause (as defined in the 1999 Stock Option Plan) all of his or her options will immediately terminate, regardless of whether then exercisable.

If there is a "change in control," all options that are not then vested will become vested unless the options are either assumed or substituted for equivalent options by the new controlling entity following the change in control.

Certain Transactions

Equity Investments

The following table sets forth the number of shares of Common Stock, warrants to purchase Common Stock and shares of Class D Nonvoting Preferred Stock, purchased by the Company's executive officers, directors, five percent stockholders and their respective affiliates and certain related parties:

Class D Investor Common Stock Warrants(9) Preferred Stock(10)

CB	5,538,500(1)	639,000	9,000
GECC	2,038,400(2)	177,500	2,500
Greystone Capital Partners I, L.P.	1,000,000(3)	--	--
Kelso	13,837,000(4)	--	10,000(11)
U. Bertram Ellis, Jr.	1,400,000(5)	--	1,000
William C. Nussey	10,000(6)	--	--
David Clauson	100,000(7)	--	--
John Rocco	61,500(8)	--	--

(1) All shares purchased for $3.25 per share. (2) 1,538,400 shares purchased for $3.25 per share and 500,000 shares purchased for $10.00 per share. Includes 500,000 shares purchased for $10.00 per share by General Electric Capital Assurance Company, an indirect wholly- owned subsidiary of GECC. (3) All shares purchased for $10.00 per share. Greystone Capital Partners I, L.P. is an affiliate of Thomas G. Rosencrants, a director of the Company. (4) 9,925,000 shares purchased for $1.00 per share and 3,912,000 shares purchased for $2.50 per share. Includes 12,911,300 shares held by Kelso Investment Associates V, L.P. and 925,700 shares held by Kelso Equity Partners V, L.P. Excludes shares issuable as payment of advisory fee to an affiliate of Kelso in connection with the closing of this offering. (5) 1,000,000 shares purchased for $1.00 per share and 400,000 shares purchased for $2.50 per share. (6) All shares purchased for $10.00 per share. (7) All shares purchased for $10.00 per share. As payment of a portion of the purchase price for the 100,000 shares of Common Stock which Mr. Clauson purchased from the Company, Mr. Clauson executed in favor of the Company a promissory note in the original principal amount of $900,000. This note is a non-recourse note secured by a pledge of the 100,000 shares of Common Stock held by Mr. Clauson. (8) All shares purchased for $3.25 per

share. John Rocco is James Rocco's brother. (9) All Warrants exercisable for $4.58 per share. (10) All shares purchased for $1,000 per share. (11) Includes 9,000 shares held by Kelso Investment Associates V, L.P. and 1,000 shares held by Kelso Equity Partners V, L.P.

Acquisitions

In April 1996, the Company acquired Creative Video, Inc., Creative Video Library, Inc., and Entrepreneur Television, Inc. In connection with that transaction, Mr. Rocco received 1,055,300 shares of Common Stock, valued at $1.00 per share for the purpose of such acquisition, in exchange for his capital stock holdings in such acquired entities, and Mr. Sikes received 221,100 shares of Common Stock, valued at $1.00 per share for the purpose of such acquisition, in exchange for his capital stock holdings in such acquired entities. In May 1997, the Company acquired BoxTop Interactive, Inc. In connection with that transaction, Mr. Kevin Wall received 1,773,600 shares of Common Stock, valued at $2.50 per share for the purpose of such acquisition, in exchange for his capital stock holdings in BoxTop Interactive, Inc.

Loans

From February 1997 to August 1998, Mr. Ellis and/or his wife made nine separate loans to the Company in an aggregate principal amount of $12 million. The maximum principal balance of these loans at any one time was $6 million. All such loans accrued interest at a rate of either 10% or 12% per annum. All such loans have been repaid in full with accrued interest. From September 1997 to December 1997, Mr. James R. Rocco loaned the Company $300,000. These loans accrued interest at a rate of 12% per annum, and have been repaid in full with accrued interest. From May 30, 1997 to March 30, 1998, Mr. Kevin Wall borrowed a maximum aggregate amount of $268,753 from the Company, at an interest rate of 8% per annum; this loan was repaid on March 30, 1998 from the proceeds of the sale by Mr. Kevin Wall to the Company of 184,616 shares of Common Stock for a purchase price of $3.25 per share.

Chase Bank is the Administrative Agent and sole lender under the Credit Facility. Chase Bank is a limited partner of CB.

Other Transactions

In April 1996, the Company paid Kelso & Company a fee of $150,000 for financial advisory services and reimbursed Kelso & Company for out-of-pocket expenses incurred in connection with rendering such services. In addition, the Company agreed to pay Kelso & Company an annual fee of $15,000 for financial advisory services and to reimburse Kelso for out-of-pocket expenses incurred, which in 1998 totaled approximately $85,000. The Company has also agreed to indemnify Kelso & Company against certain claims, losses, damages, liabilities and expenses which may arise in connection with rendering such financial advisory services. Kelso has agreed, other than with respect to such indemnification and expenses provisions, to terminate its annual financial services agreement. In connection with the offering, the Company has agreed to pay Kelso & Company a fee (the "Kelso Fee") equal to $750,000, payable in shares of Common Stock, valued at the offering price.

The Company has issued to General Electric Capital Corporation warrants to purchase 500,000 shares of Common Stock at an exercise price of $10.00 per share in exchange for certain marketing services.

The stockholders of iXL Interactive Excellence, Inc. were parties to a Stock Option Agreement, dated October 24, 1994 (the "Option Agreement"), pursuant to which Ellis Communications, Inc. ("ECI") had an option to acquire 100% of the capital stock of iXL Interactive Excellence, Inc. from such stockholders. ECI and such iXL Interactive Excellence, Inc. stockholders desired to terminate the Option Agreement, and pursuant to a Termination Agreement dated March 26, 1996 and a fairness opinion from an investment banking firm, such iXL Interactive Excellence, Inc. stockholders paid ECI $100,000 as consideration for termination of the Option Agreement. ECI, at such time, was controlled by affiliates of Kelso, and Mr. Ellis was the President, Chief Executive Officer and Chairman of the Board of Directors of ECI.

Mr. Ellis is a limited partner in the partnership that owns the building in which the Company began leasing space in May 1997. Pursuant to the terms of the lease, the Company pays rent of approximately $93,000 per month, and the lease expires December 31, 2008. The Company believes its lease of such space is at fair market value and was negotiated on an arm's length basis. Mr. Ellis is a director and shareholder of WebMD, Inc., which is a significant customer of the Company.

In June 1998, iXL, Inc. created a new wholly-owned subsidiary, Permit.Com, Inc., a Delaware corporation. In exchange for additional stock of Permit.Com, Inc., iXL, Inc. then transferred all of the assets related to the Permit.Com division and operations of iXL, Inc. to Permit.Com, Inc. Subsequently, the sole director of iXL, Inc. approved and declared a dividend of all of the outstanding common stock (100,000 shares) of Permit.Com, Inc. to the Company as the sole shareholder of iXL, Inc. On June 26, 1998, the Board of Directors of the Company approved and declared a dividend of the common stock of Permit.Com, Inc. payable to stockholders of the Company of record as of June 1, 1998. The aggregate value of this dividend was approximately $420,000, or $4.20 per share.

Each of the Company and CFN provide services in the ordinary course of business to CB, GECC, and Kelso, or their respective affiliates. In 1998 the Company recognized revenues of approximately $1.5 million, $300,000 and $200,000, respectively, from CB, Kelso and GECC or their respective affiliates.

The Company has entered into a Stockholders' Agreement with certain of its stockholders. The Company has also entered into a Registration Rights Agreement with its stockholders. See "Management--Amended Stockholders Agreement" and "Description of Capital Stock--Registration Rights Agreement."

GECC has the right to exchange its shares of preferred stock in CFN for shares of the Company's Common Stock upon certain events effecting a change of control of CFN or upon certain circumstances after November 3, 2001. The exchange ratio is based on the market value of Common Stock and the appraised value of the CFN common stock into which the CFN preferred stock is convertible (or, in certain circumstances, the liquidation value of the CFN preferred stock). See "Description of Capital Stock--CFN's Series A Convertible Preferred Stock."

At the closing of this offering, the Company expects to exchange shares of Common Stock for all outstanding shares of Class D Nonvoting Preferred Stock. The exchange ratio is based on the redemption value of such Class D Nonvoting Preferred Stock and the offering price of Common Stock. Pursuant to such exchange, Kelso, CB, and GECC will receive , , and shares of Common Stock, respectively.

Principal Stockholders

The following table sets forth certain information known to the Company with respect to the beneficial ownership of the Common Stock as of February 5, 1999 and as adjusted to reflect the sale of Common Stock offered by the Company hereby for (a) each stockholder who is known by the Company to beneficially own more than 5% of the Common Stock (b) each of the Company's directors, (c) each Named Executive Officer and (d) all directors and executive officers of the Company as a group:

Named Executive Officers, Directors and 5% Stockholders	Shares of Common Stock Beneficially Owned(1)(2)	Percentage Ownership Prior to the Offering	Percentage Ownership After the Offering
Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P.(3)	13,635,900	29.1%	%
Joseph S. Schuchert(3)	--	--	
Frank T. Nickell(3)(4)	--	--	
Thomas R. Wall, IV(3)(5)	--	--	
George E. Matelich(3)	--	--	
Michael B. Goldberg(3)	--	--	
David I. Wahrhaftig(3)	--	--	
Frank K. Bynum, Jr.(3)	--	--	
Philip E. Berney(3) c/o Kelso & Company 320 Park Avenue 24th Floor New York, NY 10022	10,000	*	
CB Capital Investors, L.P.(6)	6,177,500	13.0%	
I. Robert Greene(7) 380 Madison Avenue 12th Floor New York, NY 10017-2591	--	--	
General Electric Capital Corporation and General Electric Capital Assurance Company(8) 120 Long Ridge Road Stamford, CT	2,715,900	5.7%	
U. Bertram Ellis, Jr.(9)	2,734,100	5.7%	
Kevin M. Wall(10)	2,292,884	4.8%	
James R. Rocco(11)	1,207,040	2.6%	
William C. Nussey(12)	627,834	1.3%	
Barry T. Sikes(13)	473,100	1.0%	
Thomas G. Rosencrants(14)	1,000,000	2.1%	
All Directors and Executive Officers as a Group (11 persons)	28,467,292	56%	

* Less than 1% of the outstanding shares of the class of securities. (1) Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission and generally includes voting or investment power with respect to securities. Except as indicated by footnote, and

subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares of Common Stock. (2) Number of shares beneficially owned includes shares of Common Stock issuable upon the exercise of options or warrants that are currently exercisable or exercisable within 60 days of February 5, 1999. Percentage of beneficial ownership is based on 46,893,989 shares of Common Stock outstanding as of February 5, 1999, shares of Common Stock outstanding after completion of this offering.

(3) Messrs. Schuchert, Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum and Berney may be deemed to share beneficial ownership of shares of Common Stock owned of record by Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P., by virtue of their status as general partners of the general partner of Kelso Investment Associates V, L.P. and as general partners of Kelso Equity Partners V, L.P. Messrs. Schuchert, Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum and Berney share investment and voting power with respect to securities owned by Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P., but disclaim beneficial ownership of such securities. Number of shares of Common Stock (a) includes 12,911,300 shares held by Kelso Investment Associates V, L.P. and 724,600 shares held by Kelso Equity Partners V, L.P, and (b) excludes (i) shares and shares issuable to Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P, respectively, upon the Class D Preferred Stock Exchange, and (ii) shares Kelso Equity Partners V, L.P. will acquire from Kelso & Company immediately after payment of the Kelso fee. Kelso Investment Associates V, L.P. and Kelso Equity Partners V, L.P., due to their common control, could be deemed to beneficially own each of the other's shares, but disclaim such beneficial ownership. (4) Mr. Nickell could be deemed to beneficially own 800 shares of Common Stock owned by trusts of which Mr. Nickell is the trustee; however, Mr. Nickell disclaims such beneficial ownership. (5) Mr. Thomas Wall could be deemed to beneficially own 200,300 shares of Common Stock owned by trusts of which Mr. Wall is the trustee; however, Mr. Wall disclaims such beneficial ownership. (6) Number of shares excludes shares issuable upon the Class D Preferred Stock Exchange. (7) Mr. Greene is a general partner of Chase Capital Partners, a New York general partnership ("Chase Capital Partners") which is the general partner of CB. Accordingly, Mr. Greene could be deemed to beneficially own the shares beneficially owned by CB. However, Mr. Greene disclaims beneficial ownership of all Common Stock owned by CB, except an indeterminate number thereof in which he has a pecuniary interest as a general partner of Chase Capital Partners. (8) Number of shares (a) includes 2,215,900 shares held by General Electric Capital Corporation and 500,000 shares held by General Electric Capital Assurance Corporation, and (b) excludes shares issuable upon the Class D Preferred Stock Exchange. (9) Includes 1,330,000 shares of Common Stock issuable upon exercise of options exercisable within 60 days from the date hereof. Excludes (a) 558,889 shares of Common Stock issuable upon exercise of options which are not exercisable within 60 days from the date hereof and (b) shares issuable upon the Class D Preferred Stock Exchange. (10) Includes 703,900 shares of Common Stock issuable upon exercise of options exercisable within 60 days from the date hereof. Excludes 102,000 shares of Common Stock issuable upon exercise of options which are not exercisable within 60 days from the date hereof. (11) Includes 178,740 shares of Common Stock issuable upon exercise of options exercisable within 60 days from the date hereof. Excludes 225,116 shares of Common Stock issuable upon exercise of options which are not exercisable within 60 days from the date hereof. (12) Includes 617,834 shares of Common

Stock issuable upon exercise of options exercisable within 60 days from the date hereof. Excludes 1,226,442 shares of Common Stock issuable upon exercise of options which are not exercisable within 60 days from the date hereof. (13) Includes 252,000 shares of Common Stock issuable upon exercise of options exercisable within 60 days from the date hereof. Excludes 308,500 shares of Common Stock issuable upon exercise of options which are not exercisable within 60 days from the date hereof. (14) Mr. Rosencrants is a general partner of Greystone Capital Partners I, L.P., which holds 1,000,000 shares of Common Stock. Mr. Rosencrants disclaims beneficial ownership of such shares.

Description of Capital Stock

The following description of the capital stock of the Company and certain provisions of the Company's Certificate of Incorporation and Bylaws is a summary and is qualified in its entirety by the provisions of the Certificate of Incorporation and Bylaws, which have been filed as exhibits to the Company's Registration Statement of which this prospectus is a part.

Upon the closing of this offering, the authorized capital stock of the Company will be 205,000,000 shares, consisting of 200,000,000 shares of Common Stock, par value $0.01 per share, and 5,000,000 shares of undesignated Preferred Stock, par value $0.01 per share.

Common Stock

As of February 5, 1999 there were 46,893,989 shares of Common Stock outstanding held of record by 256 stockholders.

Common Stock is entitled to one vote per share on all matters on which stockholders are entitled to vote. The Common Stock does not have cumulative voting rights or other preemptive or subscription rights, and is not redeemable by the Company. Holders of shares of Common Stock are entitled to any dividends as may be declared by the Board of Directors out of legally available funds. Upon liquidation, dissolution or winding up of the Company, after required payments to creditors, the assets of the Company will be divided pro rata on a per share basis among the holders of the Common Stock.

CFN's Series A Convertible Preferred Stock Until November 3, 1998, CFN was owned 100% by the Company. On November 3, 1998 CFN issued shares of Series A Exchangeable Convertible Preferred Stock (the "CFN Preferred Stock") representing approximately 12% of its equity to GECC, on an as-converted basis. Each share of CFN Preferred Stock is convertible into one share of CFN's common stock at the option of the holder, based on the current conversion rate. CFN Preferred Stock, which is mandatorily redeemable, may also be exchanged for Common Stock of the Company under two separate exchange rights. First, an exchange may be made upon a change of control of CFN, unless (a) the change of control transaction triggers certain co-sale rights and obligations set forth in the CFN stockholders' agreement, (b) the change of control transaction involves the issuance of securities of CFN and the holders of CFN Preferred Stock choose to exercise their preemptive rights with respect to such issuance, or (c) the transaction effecting the change of control is a qualified public offering. Second, an exchange may be made after November 3, 2001, unless the Company is no longer a stockholder of CFN or a qualified public offering of the common stock of CFN has occurred. In either

case, the exchange rate will be based on the relative value of CFN and the Company. The value of CFN Preferred Stock upon a change of control transaction shall be the price per share paid in connection with such transaction. The value of CFN Preferred Stock under the exchange right available after November 3, 2001 will be the greater of the liquidation value of such stock or the appraised fair market value of such stock assuming a conversion of such stock into the Common Stock of CFN. CFN Preferred Stock will then be converted into an equivalent value of the Company's Common Stock based on a trailing average of closing price of the Company's Common Stock if such stock is publicly traded, or the most recent appraisal of the Company if such stock is not publicly traded.

Blank Check Preferred Stock Effective upon the closing of this offering, the Board of Directors will have the authority, without further action by the stockholders, to issue up to 5,000,000 shares of Preferred Stock in one or more series, and to fix the rights, designations, preferences, privileges, qualifications and restrictions of the Preferred Stock, including dividend rights, conversion rights, voting rights, rights and terms of redemption, liquidation preferences and sinking fund terms, any or all of which may be greater than the rights of the Common Stock.

No shares of Preferred Stock will be outstanding upon the closing of this offering. The issuance of Preferred Stock could adversely affect the voting power of holders of Common Stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. Such issuance could have the effect of decreasing the market price of the Common Stock. The issuance of Preferred Stock may have the effect of delaying, deterring or preventing a change in control of the Company without any further action by the stockholders. The Company has no present plans to issue any shares of Preferred Stock.

Registration Rights Agreement The Company, Kelso and certain other stockholders of the Company are parties to a Registration Rights Agreement, dated as of April 30, 1996 (the "Registration Agreement"). All shares of Common Stock outstanding prior to this offering, as well as (a) all shares of Common Stock issuable upon exercise of certain warrants outstanding prior to this offering, (b) all shares of Common Stock issuable upon the exchange of the Class D Nonvoting Preferred Stock upon the closing of this offering, and (c) all shares of Common Stock to be held by Kelso Equity Partners V, L.P. that are issuable in connection with the Kelso Fee, are subject to the Registration Agreement. Pursuant to the Registration Agreement, at any time and from time to time after May 1, 1997, the holder or holders of 50% or more (the "Majority Stockholder") of the Registrable Securities (as defined in the Registration Agreement) may request that the Company effect a registration (a "Demand Registration") under the Securities Act of the Registrable Securities held by the Majority Stockholder. After such request, the Company must use its best efforts to effect such a registration of all Registrable Securities held by the Majority Stockholder and all other holders of Registrable Securities. In addition to the Demand Registration, if the Company at any time proposes to effect a registration of its equity securities and the type of registration so permits, all holders of Registrable Securities may include their shares in such registration (a "Piggyback Registration"). In certain circumstances, the number of shares to be registered pursuant to a Demand Registration or a Piggyback Registration may be reduced on a pro rata basis if the managing underwriter (in an underwritten offering) or the investment banker (in a non-underwritten offering) advises the Company that the number of shares requested to be so

included exceeds the number which can be sold in such offering. The Registration Agreement provides for cross- indemnification by the Company and the sellers of Registrable Securities for losses, claims and damages incurred by the other resulting from untrue statements or omissions contained in the registration statement. All expenses incurred in connection with each registration under the Registration Agreement will be paid by the Company. Additionally, pursuant to the Registration Agreement, all stockholders who have purchased iXL's capital stock prior to this offering have agreed not to effect any public sale or distribution of their stock during the 180 days after the closing of this offering. For a description of the Kelso Fee described above, see "Certain Transactions."

Certain Antitakeover Effects of Provisions of the Certificate of Incorporation, Bylaws and Delaware Law General. Certain provisions of the Delaware General Corporation Law and the Company's Certificate of Incorporation and Bylaws could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party to acquire, control of the Company. Such provisions could limit the price that certain investors might be willing to pay in the future for shares of the Company's Common Stock. These provisions of Delaware law and the Company's Certificate of Incorporation and Bylaws may also have the effect of discouraging or preventing certain types of transactions involving an actual or threatened change of control of the Company (including unsolicited takeover attempts), even though such a transaction may offer the Company's stockholders the opportunity to sell their stock at a price above the prevailing market price. The Certificate of Incorporation allows the Company to issue Preferred Stock with rights senior to those of the Common Stock and other rights that could adversely affect the interests of holders of Common Stock, which could decrease the amount of earnings or assets available for distribution to the holders of Common Stock or could adversely affect the rights and powers, including voting rights, of the holders of Common Stock. In certain circumstances, such issuance could have the effect of decreasing the market price of the Common Stock, as well as having the anti-takeover effect discussed above. See "Risk Factors--Provisions of Our Certificate of Incorporation, Bylaws and Delaware Law Could Deter Takeover Attempts."

Delaware Takeover Statute. The Company is subject to Section 203 of the Delaware General Corporation Law ("Section 203"), which prohibits a Delaware corporation from engaging in a "business combination" with certain persons ("Interested Stockholders") for three years following the date any such person becomes an Interested Stockholder. Interested Stockholders generally include (a) persons who are the beneficial owners of 15% or more of the outstanding voting stock of the corporation and (b) persons who are affiliates or associates of the corporation and who hold 15% or more of the corporation's outstanding voting stock at any time within three years before the date on which such person's status as an Interested Stockholder is determined. Subject to certain exceptions, a business combination includes, among other things, (a) a merger or consolidation, (b) the sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets having an aggregate market value equal to 10% or more of either the aggregate market value of all assets of the corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation, (c) any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the Interested Stockholder, except pursuant to a transaction that effects a pro rata distribution to all

stockholders of the corporation, (d) any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the corporation that is owned directly or indirectly by the Interested Stockholder, or (e) any receipt by the Interested Stockholder of the benefit (except proportionately as a stockholder) of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

Section 203 does not apply to a business corporation if (a) before a person becomes an Interested Stockholder, the board of directors of the corporation approved the transaction in which the Interested Stockholder became an Interested Stockholder or approved the business combination, or (b) upon consummation of the transaction that resulted in the Interested Stockholder becoming an Interested Stockholder, the Interested Stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than the affirmative vote of the holders of at least two-thirds of the outstanding voting stock of the corporation not owned by the Interested Stockholder.

Certificate of Incorporation and Bylaws. The Company's Bylaws also require that special meetings of the stockholders of the Company may be called only by the Board of Directors, the Chief Executive Officer of the Company or by any person or persons holding shares representing at least 20% of the outstanding capital stock. The Company's Bylaws also require advance written notice, which must be received by the Secretary of the Company not less than 90 days prior to the meeting, by a stockholder of a proposal or directors nomination which such stockholder desires to present at an annual or special meeting of stockholders. The Company's Certificate of Incorporation does not include a provision for cumulative voting in the election of directors. Under cumulative voting, a minority stockholder holding a sufficient number of shares may be able to ensure the election of one or more directors. The absence of cumulative voting may have the effect of limiting the ability of minority stockholders to effect changes in the Board of Directors and, as a result, may have the effect of deterring a hostile takeover or delaying or preventing changes in control or management of the Company.

The Company's Bylaws provide that the authorized number of directors may be changed by an amendment to the Bylaws adopted by the Board of Directors or by the stockholders. Vacancies in the Board of Directors may be filled either by holders of a majority of the Company's voting stock or by a majority of directors in office, although less than a quorum. See "Risk Factors--Provisions of Our Certificate of Incorporation, Bylaws and Delaware Law Could Deter Takeover Attempts."

No Shareholder Action by Written Consent. The Restated Certificate of Incorporation will prohibit stockholders from taking action by written consent in lieu of an annual or special meeting, and thus stockholders will only be able to take action at an annual or special meeting called in accordance with the Amended By-Laws.

Transfer Agent and Registrar SunTrust Bank, Atlanta has been appointed as transfer agent and registrar for the Common Stock.

Listing

Application will be made to list the Common Stock for quotation on the Nasdaq National Market under the trading symbol "IIXL."

Shares Eligible for Future Sale

Upon completion of the offering, the Company will have outstanding an aggregate of shares of Common Stock, assuming no exercise of the Underwriters' over-allotment option and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradeable, unless such shares are purchased by affiliates of the Company, as that term is defined in Rule 144 under the Securities Act . The remaining shares of Common Stock held by stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act of 1933. Restricted securities may be sold in the public market only if registered or if they qualify for an exemption from registration under Rules 144 or 701 promulgated under the Securities Act. As a result of contractual restrictions, the 180 day lock-ups described below and the provisions of Rules 144 and 701, additional shares will be available for sale in the public market as follows: (a) no restricted securities will be eligible for immediate sale on the date of this prospectus; (b) restricted securities issuable pursuant to stock options will be eligible for sale 90 days after the date of this prospectus; (c) restricted Securities (plus shares of Common Stock issuable pursuant to stock options) will be eligible for sale upon expiration of the lock-up agreements described below 180 days after the date of this prospectus; and (d) the remainder of the restricted securities will be eligible for sale from time to time thereafter upon expiration of their respective one-year holding periods.

In general, under Rule 144 as currently in effect, a person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned Restricted Shares for at least one year from the later of the date such restricted securities were acquired from the Company or (if applicable) from an affiliate on the date on which they were fully paid, is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of (a) 1% of the then-outstanding shares of Common Stock or (b) the average weekly trading volume of the Common Stock in the public market as reported through the Nasdaq National Market during the four calendar weeks preceding such sale. Sales under Rule 144 are also subject to certain requirements as to the manner and notice of sale and the availability of public information about the Company.

Restricted securities held by affiliates of the Company are subject to the foregoing volume limitations, holding period and other restrictions under Rule 144. Affiliates may sell shares other than restricted securities in accordance with the foregoing volume limitations and other restrictions, but without regard to any holding period.

Further, under Rule 144(k), if a period of at least two years has elapsed since the later of the date restricted securities were acquired from the Company or from an affiliate of the Company or the date on which they were fully paid, a holder of such restricted securities who is not an affiliate of the Company at the time of sale, and has not been an affiliate of the Company for at least three months prior to the sale, would be entitled to sell the shares immediately without regard to volume limitations and the other conditions described above.

Prior to this offering, there has been no market for the Common Stock and no prediction can be made as to the effect, if any, that the market sales of shares or the availability of such shares for sale will have on the market price of the Common Stock from time to time. Nevertheless, sales of substantial amounts of Common Stock in the public market could have an adverse impact on such market price and the Company's ability to raise additional capital.

In general, under Rule 701 of the Securities Act as currently in effect, any employee, officer, director, consultant or advisor of the Company who purchased shares from the Company in connection with a compensatory stock or option plan or written employment agreement is eligible to resell such shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with certain restrictions, including the holding period, contained in Rule 144.

The Company may file a registration statement under the Securities Act to register shares of Common Stock reserved for issuance under its Stock Option Plans after 180 days from the date of this prospectus, thus permitting the resale of such shares by non-affiliates in the public market without restriction under the Securities Act. See "Management--Stock Option Plans." Such registration statement would become effective immediately upon filing. As of February 5, 1999, options to purchase approximately 23,489,725 shares of Common Stock were outstanding under the Company's Stock Option Plans.

The Company intends to register 4,000,000 shares of Common Stock pursuant to a "shelf" Registration Statement on Form S-4 for use in future acquisitions. After issuance, such shares could be sold in the public markets, although it is anticipated that any such shares acquired within 180 days of the date of this prospectus would be subject to lock-up agreements that would limit their ability to sell shares of Common Stock for that 180-day period.

After the closing of this offering, the holders of approximately shares of Common Stock, including approximately 1,986,006 shares of Common Stock issuable upon exercise of outstanding warrants, will be entitled to certain rights with respect to the registration of such shares under the Securities Act. See "Description of Capital Stock--Registration Rights Agreement."

The holders of substantially all of the shares of Common Stock, options and warrants currently outstanding and all executive officers and directors of the Company have agreed that for a period of 180 days after the date of this prospectus they will not offer, sell or otherwise dispose of, any shares of Common Stock, options or warrants to acquire shares of Common Stock or securities exchangeable for or convertible into Common Stock. However, Merrill Lynch, in its sole discretion, may release such persons from these lock-up agreements, in whole or in part, at any time without notice. Stockholders holding a majority of the Common Stock outstanding prior to this offering have the right to demand the registration of their shares for sale to the public market at any time after the expiration of the 180-day lock-up described above. In addition, substantially all of the holders of shares of Common Stock and warrants to purchase shares of Common Stock are entitled to certain rights to participate with respect to registration of such shares for sale to the public market. There could also be shares of Common Stock issuable upon the exercise of certain contingent rights of minority stockholders of CFN to exchange their CFN capital stock for a currently undeterminable number of shares of Common

Stock. The Company may also file a Registration Statement on Form S-8 after 180 days of the date of this prospectus to register shares of Common Stock reserved for issuance under its Stock Option Plans, thus permitting the resale of shares of Common Stock received upon exercise of stock options by non-affiliates in the public market without restriction under the Securities Act.

United States Federal Tax Considerations for Non-u.s. Holders

The following is a summary of certain United States federal income and estate tax consequences of the ownership and disposition of Common Stock by non-U.S. holders. As used herein, "non-U.S. holder" means any person or entity that holds Common Stock, other than (a) a citizen or resident of the United States, (b) a corporation, partnership or other entity created or organized in the United States or under the laws of the United States or of any state of the United States, (c) an estate whose income is includable in gross income for U.S. federal income tax purposes regardless of its source or (d) a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and (2) at least one U.S. person has authority to control all substantial decisions of the trust. Recently enacted legislation authorizes the issuance of Treasury Regulations that, under certain circumstances, could reclassify as a non-U.S. partnership a partnership that would otherwise be treated as a U.S. partnership, or could reclassify as a U.S. partnership a partnership that would otherwise be treated as a non-U.S. partnership. Such regulations would apply only to partnerships created or organized after the date that proposed Treasury Regulations are filed with the Federal Register (or, if earlier, the date of issuance of a notice substantially describing the expected contents of the regulations).

This summary is based on provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing, temporary and proposed Treasury regulations promulgated thereunder (the "Treasury Regulations") and administrative and judicial interpretations thereof, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis.

This summary is for general information only. The tax treatment of a particular non-U.S. holder may vary depending on the holder's particular situation. In addition, this summary does not include any description of the tax laws of any state, local or non-U.S. government that may be applicable to a particular non-U.S. holder.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR U.S. FEDERAL INCOME AND ESTATE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF COMMON STOCK, AS WELL AS THE TAX CONSEQUENCES UNDER STATE, LOCAL, NON-U.S. AND OTHER U.S. FEDERAL TAX LAWS AND THE POSSIBLE EFFECTS OF CHANGES IN TAX LAWS.

Income Tax

Dividends

Generally, dividends paid on Common Stock to a non-U.S. holder will be subject to U.S. federal income tax. Except for dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business within the United States, this tax is imposed and collected by withholding at the rate of 30% of the amount of the dividend, unless reduced by an applicable income tax treaty. Currently, dividends paid to an address in a country other than the United States are presumed to be paid to a resident of such country in determining the applicability of a treaty for such purposes.

However, under recently finalized Treasury Regulations relating to withholding of tax on non-U.S. persons, which by their terms apply to dividend and other payments made after December 31, 1999 (the "Final Withholding Regulations"), a non-U.S. holder who is the beneficial owner (within the meaning of the Final Withholding Regulations) of dividends paid on Common Stock and who wishes to claim the benefit of an applicable treaty is generally required to satisfy certain certification and documentation requirements, including (in certain cases) the need to make certain recertifications for periods after December 31, 2000. Certain special rules apply to claims for treaty benefits made by non-U.S. persons that are entities rather than individuals and to beneficial owners (within the meaning of the Final Withholding Regulations) of dividends paid to entities in which such beneficial owners are interest holders.

Except as may be otherwise provided in an applicable income tax treaty, dividends paid on Common Stock to a non-U.S. holder that are effectively connected with the holder's conduct of a trade or business within the United States are subject to tax at ordinary U.S. federal income tax rates, which tax is not collected by withholding (except as described below under "Backup Withholding and Information Reporting"). All or part of any effectively connected dividends received by a non-U.S. corporation may also, under certain circumstances, be subject to an additional "branch profits" tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. A non-U.S. holder who wishes to claim an exemption from withholding for effectively connected dividends is generally required to satisfy certain certification and documentation requirements.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax pursuant to a tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the U.S. Internal Revenue Service (the "I.R.S.").

Disposition of Common Stock Generally, non-U.S. holders will not be subject to U.S. federal income tax (or withholding thereof) in respect of gain recognized on a disposition of Common Stock unless (a) the gain is effectively connected with the holder's conduct of a trade or business within the United States (in which case the "branch profits~" tax described above may also apply if the holder is a non- U.S. corporation); (b) in the case of a holder who is a nonresident alien individual and holds Common Stock as a capital asset, such holder is present in the United States for 183 or more days in the taxable year of the sale and certain other conditions are met; (c) the Company is or has been a "United States real property holding corporation" for U.S. federal income tax purposes (which the Company does not believe it has been or is currently and does not expect to become in the future) and the holder has held directly or constructively more than 5% of the outstanding Common Stock within the five- year period ending on the date of the disposition, unless an exemption is provided under an applicable treaty; or

(d) the holder is an individual who lost U.S. citizenship within the 10-year period immediately preceding the close of the taxable year of such disposition, unless such loss of citizenship did not have a U.S. tax avoidance purpose.

Estate Tax

If an individual non-U.S. holder owns, or is treated as owning, Common Stock at the time of his or her death, such stock would be includable in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax imposed on the estates of nonresident aliens, in the absence of a contrary provision contained in an applicable tax treaty.

Backup Withholding and Information Reporting Dividends Under current law, dividends paid on Common Stock to a non-U.S. holder at an address outside the United States are generally exempt from backup withholding tax and U.S. information reporting requirements (but not from regular withholding tax as discussed above). Under the Final Withholding Regulations, for dividends paid after December 31, 1999, a non-U.S. person must generally provide proper documentation indicating non-U.S. status to a withholding agent in order to avoid backup withholding tax; however, dividends paid to certain exempt recipients (not including individuals) will not be subject to backup withholding even if such documentation is not provided if the withholding agent is allowed to rely on certain regulatory presumptions concerning the recipient's non-U.S. status (including payment to an address outside the United States).

Broker Sales

Payments of proceeds from the sale of Common Stock by a non-U.S. holder made to or through a U.S. office of a broker are generally subject to both information reporting and backup withholding at a rate of 31% unless the holder certifies its non-U.S. status under penalties of perjury or otherwise establishes entitlement to an exemption. Payments of proceeds from the sale of Common Stock by a non-U.S. holder made to or through a non-U.S. office of a broker generally will not be subject to information reporting or backup withholding. However, payments made to or through certain non-U.S. offices, including the non-U.S. offices of a U.S. broker, are generally subject to information reporting (but not backup withholding) unless the holder certifies its non-U.S. status under penalties of perjury or otherwise establishes entitlement to an exemption.

A non-U.S. holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the I.R.S.

Underwriting

Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Donaldson, Lufkin & Jenrette Securities Corporation ("Donaldson, Lufkin & Jenrette"), BancBoston Robertson Stephens Inc. and NationsBanc Montgomery Securities LLC are acting as representatives (the "Representatives") of each of the underwriters named below (the "U.S. Underwriters"). Subject to the terms and conditions set forth in a U.S. purchase agreement (the "U.S. Purchase Agreement") among the Company and the U.S.

Underwriters, and concurrently with the sale of shares of Common Stock to the International Managers (as defined below), the Company has agreed to sell to the U.S. Underwriters, and each of the U.S. Underwriters severally and not jointly has agreed to purchase from the Company the number of shares of Common Stock set forth opposite its name below.

Underwriter	Number of Shares

Merrill Lynch, Pierce, Fenner & Smith Incorporated..... Donaldson, Lufkin & Jenrette Securities Corporation..... BancBoston Robertson Stephens Inc..... NationsBanc Montgomery Securities LLC..... Total.....

The Company has also entered into an international purchase agreement (the "International Purchase Agreement") with certain underwriters outside the United States and Canada (the "International Managers " and, together with the U.S. Underwriters, the "Underwriters") for whom Merrill Lynch International, Donaldson, Lufkin & Jenrette International, BancBoston Robertson Stephens Inc. and NationsBanc Montgomery Securities LLC are acting as lead managers (the "Lead Managers"). Subject to the terms and conditions set forth in the International Purchase Agreement, and concurrently with the sale of shares of Common Stock to the U.S. Underwriters pursuant to the U.S. Purchase Agreement, the Company has agreed to sell to the International Managers, and the International Managers severally have agreed to purchase from the Company, an aggregate of shares of Common Stock. The initial public offering price per share and the total underwriting discount, per share of Common Stock are identical under the U.S. Purchase Agreement and the International Purchase Agreement.

In the U.S. Purchase Agreement and the International Purchase Agreement, the several U.S. Underwriters and the several International Managers, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such agreement if any of the shares of Common Stock being sold pursuant to such agreement are purchased. In the event of a default by an Underwriter, the U.S. Purchase Agreement and the International Purchase Agreement provide that, in certain circumstances, the purchase commitments of non-defaulting Underwriters may be increased or the Purchase Agreements may be terminated. The closings with respect to the sale of shares of Common Stock to be purchased by the U.S. Underwriters and the International Managers are conditioned upon one another.

The Representatives have advised the Company that the U.S. Underwriters propose initially to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at such price less a concession not in excess of $ per share of Common Stock. The U.S. Underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of Common Stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may change.

The Company has granted options to the U.S. Underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of Common Stock at the initial public offering price set forth on the cover page of this prospectus, less the underwriting discount. The U.S. Underwriters may exercise these options solely to cover over-allotments, if any, made on the sale

of the Common Stock offered hereby. To the extent that the U.S. Underwriters exercise these options, each U.S. Underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of Common Stock proportionate to such U.S. Underwriter's initial amount reflected in the foregoing table. The Company has granted options to the International Managers, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the U.S. Underwriters.

The following table shows the per share and total underwriting discounts and commissions to be paid by the Company to the Underwriters and the proceeds before expenses to the Company. This information is presented assuming either no exercise or full exercise by the Underwriters of their over-allotment options.

Per Share Without Option With Option

Public Offering Price.....	$	$	$
Underwriting Discount.....	$	$	$
Proceeds, before expenses, to the Company.....	$	$	$

The expenses of the offering (exclusive of the underwriting discount) are estimated at $ and are payable by the Company.

The shares of Common Stock are being offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

At the Company's request, the Underwriters have reserved for sale, at the initial public offering price, up to 10% of the shares offered hereby for employees, directors and other persons with relationships with the Company who have expressed an interest in purchasing shares of Common Stock in the offering. The number of shares of Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The Company and the Company's executive officers and directors and most existing stockholders have agreed, subject to certain exceptions, not to directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option (other than options granted by the Company pursuant its Stock Options Plans) right or warrant for the sale of or otherwise dispose of or transfer any shares of Common Stock or securities convertible into exchangeable or exercisable for Common Stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing (other than a registration statement on Form S-4 covering up to 4,000,000 shares of Common Stock to be issued in connection with acquisitions) or (b) enter into any

swap or other agreement that transfers, in whole or in part, the economic consequences of ownership of the Common Stock whether any such swap or transaction is to be settled by delivery of Common Stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch on behalf of the Underwriters for a period of 180 days after the date of this Prospectus. See "Shares Eligible for Future Sale."

Prior to the offering, there has been no public market for the Common Stock of the Company. The initial public offering price will be determined through negotiations between the Company and the Representatives and the Lead Managers. The factors considered in determining the initial public offering price, in addition to prevailing market conditions, are price-earnings ratio of publicly traded companies that the Representatives and the Lead Managers believe to be comparable to the Company, certain financial information of the Company, the history of, and the prospects for, the Company and the industry in which it competes, and an assessment of the Company's management, its past and present operations, the prospects for, and timing of, future revenues of the Company, the present state of the Company's developments, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to the Company. There can be no assurance that an active trading market will develop for the Common Stock or that the Common Stock will trade in the public market subsequent to the offering at or above the initial public offering price.

The Underwriters do not expect sales of the Common Stock to any accounts over which they exercise discretionary authority to exceed 5% of the number of shares being offered hereby.

The U.S. Underwriters and the International Managers have entered into an intersyndicate agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, the U.S. Underwriters and the International Managers are permitted to sell shares of Common Stock to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of common stock will not offer to sell or sell shares of common stock to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non- Canadian persons, and the International Managers and any dealer to whom they sell shares of common stock will not offer to sell or sell shares of common stock to U.S. persons or to Canadian persons or to persons they believe intend to resell to U.S. or Canadian persons, except in the case of transactions pursuant to the Intersyndicate Agreement.

The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the Underwriters may be required to make in respect thereof.

Until the distribution of the Common Stock is completed, rules of the Securities and Exchange Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the Representatives are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the offering, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this prospectus, the Representatives may reduce that short position by purchasing Common Stock in the open market. The Representatives may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of the Common Stock to the extent that it discourages resales of the Common Stock.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Company provides services to Merrill Lynch and certain of its affiliates in the ordinary course of business. Donaldson, Lufkin & Jenrette from time to time provides investment banking services to Kelso & Company and its affiliates.

Legal Matters

Certain legal matters with respect to the validity of the issuance of the shares of Common Stock offered hereby will be passed upon for the Company by Minkin & Snyder, a Professional Corporation, Atlanta, Georgia. Attorneys employed by Minkin & Snyder hold 120,427 shares of Common Stock and options to purchase 11,449 shares of Common Stock. From September 1997 to December 17, 1997, Mr. James S. Altenbach, a member of Minkin & Snyder, loaned $100,000 to the Company at an interest rate of 12% per annum. Mr. Altenbach currently serves as Secretary of the Company and its subsidiaries including CFN. Certain other legal matters will be passed upon for the Company by Debevoise & Plimpton, New York, New York. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, Palo Alto, California.

Experts

The financial statements included in this prospectus have been audited by PricewaterhouseCoopers LLP, independent accountants. The companies and periods covered by these audits are indicated in the individual reports of PricewaterhouseCoopers LLP. Such financial statements have been so included in reliance on the reports of PricewaterhouseCoopers LLP given on the authority of said firm as experts in auditing and accounting.

Additional Information

The Company has filed with the Securities and Exchange Commission (the "Commission"), a Registration Statement on Form S-1 under the Securities Act, and the rules and regulations promulgated thereunder, with respect to the Common Stock offered hereby. This prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement and the exhibits and schedules to the Registration Statement. For further information with respect to the Company and the Common Stock, reference is hereby made to such Registration Statement and the exhibits and schedules to the Registration Statement, which may be inspected and copied at the principal office of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the regional offices of the Commission located at Seven World Trade Center, Suite 1300, New York, New York 10048 and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and copies of all or any part thereof may be obtained at prescribed rates from the Commission's Public Reference Section at such addresses. Also, the Commission maintains a World Wide Web site on the Internet at http://www.sec.gov that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission. Upon approval of the Common Stock for quotation on the Nasdaq National Market, such reports, proxy and information statements and other information also can be inspected at the office of Nasdaq Operations, 1735 K Street, N.W., Washington, D.C. 20006. Statements contained in the prospectus as to the contents of any contract or other document that is filed as an exhibit to the Registration Statement are not necessarily complete and each such statement is qualified in all respects by reference to the full text of such contract or document.

The Company intends to furnish its stockholders with annual reports containing financial statements audited by an independent public accounting firm and make available to its stockholders quarterly reports for the first three quarters of each fiscal year containing interim unaudited financial information.

iXL ENTERPRISES, INC.

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Report of Independent Accountants

To the Board of Directors and Stockholders of iXL Enterprises, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of iXL Enterprises, Inc. and its subsidiaries at December 31, 1997 and 1998, and the results of their operations and their cash flows for the period from May 1, 1996 (commencement of operations) through December 31, 1996 and the years ended December 31, 1997 and 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia February 5, 1999 iXL ENTERPRISES, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEET (in thousands, except share and per share data)

	December 31,		Pro Forma (Note 1) December 31,
	1997	1998	1998 (unaudited)
ASSETS			
Current Assets			
Cash and cash equivalents	$23,038	$ 19,259	$ 31,984
Accounts receivable less allowance for doubtful accounts of $138 and $796	3,259	17,737	17,737
Unbilled revenues	1,858	8,089	8,089
Prepaid expenses and other assets	616	3,355	3,355
Total current assets	28,771	48,440	61,165
Property and equipment, net	9,178	27,975	27,975
Intangible assets, net	16,233	56,481	56,481
Equity investment in affiliate, net	1,115	--	--
Other non-current assets	343	2,319	2,319
Total assets	$55,640	$135,215	$147,940
LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$ 2,242	$ 6,438	$ 6,438
Deferred revenues	471	6,072	6,072
Accrued liabilities	1,746	7,943	7,943
Current portion of long-term debt	433	868	868

Total current liabilities	4,892	21,321	21,321
Long-term debt	840	20,552	10,552
Total liabilities	5,732	41,873	31,873
Mandatorily redeemable preferred stock	29,930	65,679	--
Mandatorily redeemable preferred stock of subsidiary	--	9,839	9,839
	29,930	75,518	9,839
Commitments and contingencies (Note 13)			
Stockholders' equity			
Class A Convertible Preferred Stock, par value $.01, 250,000 shares authorized; issued and outstanding 169,260, 177,291 and 0; aggregate liquidation preference of $25,590 and $31,103	2	2	--
Class A Common Stock, par value $.01, 75,000,000 shares authorized; issued and outstanding 0, 0 and 0			
Class B Common Stock, par value $.01, 200,000,000 shares authorized; issued and outstanding 8,229,800, 16,334,905 and 50,868,907 (including 0, 252,416 and 252,416 shares held in treasury)	82	163	509
Additional paid-in capital	38,360	94,420	182,480
Accumulated deficit	(18,466)	(73,096)	(73,096)
Accumulated other comprehensive income	--	(10)	(10)
Note receivable from stockholder	--	(900)	(900)
Unearned compensation	--	(1,867)	(1,867)
Treasury stock at cost; 0, 252,416 and 252,416 shares	--	(888)	(888)
Total stockholders' equity	19,978	17,824	106,228
Total liabilities, mandatorily redeemable preferred stock and stockholders' equity	$55,640	$135,215	$147,940

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

iXL ENTERPRISES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share data)

	For the period May 1, 1996 through December 31, 1996	Years ended December 31, 1997	1998
Revenues	$ 5,379	$ 18,986	$ 64,767
Cost of revenues	3,577	11,343	44,109
Gross profit	1,802	7,643	20,658
Sales and marketing expenses	812	3,903	16,397
General and administrative expenses	1,247	9,114	28,770
Research and development expenses	--	4,820	4,408
Stock option and warrant expenses	--	--	2,454
Depreciation	372	1,408	5,217
Amortization	928	5,531	16,354
Loss from operations	(1,557)	(17,133)	(52,942)
Other income (expense), net	48	116	(28)
Loss on equity investment	(249)	(1,443)	(1,640)
Interest income	32	136	750
Interest expense	(30)	(238)	(770)
Loss before income taxes	(1,756)	(18,562)	(54,630)
Income tax benefit	302	1,550	--
Net loss	(1,454)	(17,012)	(54,630)
Dividends and accretion on mandatorily redeemable preferred stock	--	--	(9,099)

Net loss available to common stockholders	$(1,454)	$(17,012)	$(63,729)
Basic and diluted net loss per common share	$ (0.37)	$ (2.60)	$ (5.41)
Weighted average common shares outstanding	3,972	6,540	11,777

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

iXL ENTERPRISES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (in thousands, except share data)

Accumulated Note Additional Other Receivable Class A Class B Paid-in Accumulated Comprehensive Comprehensive from Unearned Preferred Stock Common Stock Capital Deficit Income Income Stockholder Compensation Shares Value Shares Value

Initial capital contribution..... 101,500 $ 1 300 $-- $10,149 $ -- $ -- $ -- $-- $ -- Stock issuance... 10,000 -- 25,000 -- 1,025 -- -- -- -- -- Stock issuance in connection with acquisitions..... -- -- 4,009,500 40 3,228 -- -- -- -- -- Net loss..... -- -- -- -- -- (1,454) -- -- -- -- Balance, December 31, 1996..... 111,500 1 4,034,800 40 14,402 (1,454) -- -- -- -- Stock issuance... 57,760 1 13,619 -- -- -- -- -- Stock issuance in connection with acquisitions..... -- -- 4,195,000 42 10,339 -- -- -- -- -- Net loss..... -- -- -- -- -- (17,012) -- -- -- -- Balance, December 31, 1997..... 169,260 2 8,229,800 82 38,360 (18,466) -- -- -- -- Stock issuance... 8,031 -- -- -- 5,512 -- -- -- (900) -- Stock issuance in connection with acquisitions..... -- -- 8,047,305 81 41,663 -- -- -- -- -- Treasury stock acquired..... -- -- (252,416) -- -- -- -- -- -- -- Stock options ex- ercised..... -- -- 57,800 -- -- -- -- -- -- -- Dividends and ac- cretion on mandatorily re- deemable pre- ferred stock..... -- -- -- -- (8,671) -- -- -- -- -- Common Stock to be issued in con- nection with Class D Pre- ferred..... -- -- -- -- 13,235 -- -- -- -- -- Issuance of stock options and war- rants..... -- -- -- -- 3,508 -- -- -- -- (3,508) Stock compensa- tion and warrant expenses..... -- -- -- -- 813 -- -- -- -- 1,641 Comprehensive in- come: Net loss..... -- -- -- -- -- (54,630) (54,630) -- -- -- Foreign cur- rently transla- tion adjust- ment..... -- -- -- -- -- -- (10) (10) -- -- Other comprehen- sive income..... -- -- -- -- -- -- (10) -- -- -- Comprehensive in- come..... (54,640) Balance, December 31, 1998..... 177,291 $ 2 16,082,489 163 $94,420 $(73,096) $(10) $(900) $(1,867) Total Treasury Stockholders' Stock Equity Initial capital contribution..... $ -- $ 10,150 Stock issuance... -- 1,025 Stock issuance in connection with acquisitions..... -- 3,268 Net loss..... -- (1,454) Balance, December 31, 1996..... -- 12,989 Stock issuance... -- 13,620 Stock issuance in connection with acquisitions..... -- 10,381 Net loss..... -- (17,012) Balance, December 31, 1997..... -- 19,978 Stock issuance... -- 4,612 Stock issuance in connection with acquisitions..... -- 41,744 Treasury stock acquired..... (888) (888) Stock options ex- ercised..... -- -- Dividends and ac- cretion on mandatorily re- deemable pre- ferred stock..... -- (8,671) Common Stock to be issued in con- nection with Class D Pre- ferred..... -- 13,235 Issuance of stock options and war- rants..... -- -- Stock compensa- tion and warrant expenses..... -- 2,454 Comprehensive in- come: Net loss..... -- (54,630) Foreign cur- rently transla- tion adjust-

ment..... -- (10) Other comprehen- sive income..... -- -- Comprehensive in- come..... Balance, December 31, 1998..... $(888) $ 17,824 The accompanying notes are an integral part of these consolidated financial statements.

Ixl Enterprises, Inc. and Subsidiaries

Consolidated Statement of Cash Flows (In Thousands)

	FOR THE PERIOD MAY 1, 1996 THROUGH DECEMBER 31, 1996	YEARS ENDED DECEMBER 31, 1997	1998
Cash flows from operating activities			
Net loss.....	$(1,454)	$(17,012)	$(54,630)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation	372	1,408	5,217
Amortization.....	928	5,531	16,354
Provision for bad debts.....	134	118	1,227
Acquired in-process technology.....	--	2,400	--
Deferred income taxes.....	(344)	(1,550)	--
Non-cash investment and losses in equity affiliate and amortization.....	(168)	807	1,365
Stock option and warrant expense.....	--	--	2,454
Changes in assets and liabilities, net of effects from purchase of subsidiaries			
Accounts receivable.....	(249)	(1,538)	(9,840)
Unbilled revenues.....	(112)	(1,597)	(5,328)
Prepaid expenses and other assets.....	(5)	(684)	(4,669)
Accounts payable and accrued liabilities.....	(332)	1,534	5,523
Deferred revenues.....	195	(156)	4,888
Net cash used in operating activities...	(1,035)	(10,739)	(37,439)
Cash flows from investing activities			
Purchases of property and equipment.....	(666)	(6,704)	(20,304)
Purchases of subsidiaries, net of cash acquired.....	(7,833)	(3,433)	(16,602)
Investment in equity affiliate.....	(1,129)	(625)	--
Loan to equity affiliate.....	--	(250)	--
Net cash used in investing activities...	(9,628)	(11,012)	(36,906)
Cash flows from financing activities			
Proceeds from borrowings.....	250	6,849	23,428
Repayment of borrowings.....	(119)	(6,259)	(6,729)
Proceeds from issuance of mandatorily redeemable preferred stock.....	--	29,930	40,314
Proceeds from issuance of stock.....	10,941	13,860	4,612
Proceeds from issuance of mandatorily redeemable preferred stock of subsidiary...	--	--	9,839
Acquisition of treasury stock.....	--	--	(888)
Net cash provided by financing activities	11,072	44,380	70,576
Effect of exchange rate changes on cash and cash equivalents.....	--	--	(10)
Net increase (decrease) in cash and cash equivalents.....	409	22,629	(3,779)

Cash and cash equivalents at beginning of period	--	409	23,038
Cash and cash equivalents at end of period	$ 409	$ 23,038	$ 19,259
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 29	$ 168	$ 797
Non-cash investing and financing activities			
Acquisition of equipment through capital leases	$ 112	$ 289	$ 569

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

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

1. Background and Summary of Significant Accounting Policies

iXL Enterprises, Inc. (the "Company") is an Internet services company, which provides Internet strategy consulting and comprehensive Internet-based solutions to Fortune 1000 companies and other corporate users of information technology. The Company helps businesses identify how the Internet can be used to their competitive advantage and provides expertise in creative design and systems engineering to design, develop and deploy advanced Internet applications and solutions.

iXL Enterprises, Inc. is a Delaware corporation formed in March 1996. Since its inception, iXL Enterprises, Inc. has acquired 34 companies (see Note 3).

Principles of consolidation The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries after the elimination of all significant intercompany accounts and transactions. The Company accounts for its investment in University Netcasting, Inc. ("UNI") using the equity method.

The Company owns 100% of the common stock of its subsidiary, Consumer Financial Network, Inc. ("CFN"). In addition to its common stock, CFN has mandatorily redeemable convertible preferred stock of which 13,333,334 shares are issued and outstanding as of December 31, 1998 and are owned by a third party. The Company owns 88% of CFN on an as-converted basis.

Revenue recognition

Revenues are recognized for fixed fee contracts using the percentage of completion method based on costs incurred. Revenues are recognized as services are performed for time and materials contracts.

Revenues related to software development contracts, including planning, installation, implementation and training that require significant customization or modification are recognized using the percentage of completion method. Revenues from sales of software that do not require customization or

modification are recognized upon delivery, or when all essential elements have been delivered, in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position 97-2, "Software Revenue Recognition".

Unbilled revenues represent revenues earned under contracts in advance of billings. Such amounts are normally converted into accounts receivable within 90 days. Deferred revenues represent billings made or cash received in advance of services performed or costs incurred under contracts. Any anticipated losses on contracts are charged to earnings when identified. Revenues from post- contract support are recorded as services are provided.

Cash and cash equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Property and equipment Property and equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided using the straight-line method over the estimated useful lives for purchased assets. Equipment held under capital leases is amortized using the straight-line method over the lesser of the useful life or the lease term. Leasehold improvements are amortized over the shorter of the useful lives of the assets or the remaining term of the lease.

Intangible assets

Intangible assets, primarily excess of cost over fair value of net assets acquired ("goodwill"), are stated at cost less accumulated amortization. Intangible assets are being amortized using the straight-line method over estimated useful lives ranging from 2 to 15 years, primarily 2 to 3 years.

The carrying value of the excess of cost over fair value of net assets acquired and other intangible assets are reviewed if facts and circumstances suggest that they may be impaired. If this review indicates goodwill or other intangibles will not be recoverable, as determined based on future expected cash flows or other fair market value determinations, the Company's carrying value of the goodwill or other intangibles is reduced to fair value.

Software developments costs In accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased or Otherwise Marketed," software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the establishment of technological feasibility of the Company's products and general release of such software have substantially coincided. As a result, software development costs qualifying for capitalization have been insignificant and therefore, have not been capitalized.

Internal use computer software The Company adopted the AICPA Statement of Position 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" effective January 1, 1998. The Company capitalizes external costs related to software and implementation

services in connection with its internal use software systems.

Income taxes

The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different time periods for financial reporting and income tax purposes. Provisions for deferred income taxes are made in recognition of such temporary differences, where applicable. A valuation allowance is established against deferred tax assets unless the Company believes it is more likely than not that the benefit will be realized.

Stock-based compensation plans The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations and elects the disclosure option of Statement of Financial Accounting Standards No. 123, iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) "Accounting for Stock-Based Compensation" ("FAS 123"). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Basic and diluted net loss per share Basic net loss per common share is based on the weighted average number of shares of Common Stock outstanding during the period. No potential common shares have been included in the diluted earnings per share calculation as they would have been antidilutive due to the net loss reported by the Company. The convertible securities outstanding and the number of common shares into which they are convertible are as follows:

Number of Common Shares into which they are convertible at each year-end Security 1996 1997 1998

```
Stock Options.........................  1,915,500  5,549,200 18,226,112
Warrants..............................         --  1,295,900  2,486,006
Class A Convertible Preferred Stock.... 11,150,000 16,926,000 17,729,100
Class B Mandatorily Redeemable
 Convertible Preferred.................         --  8,307,500  9,876,700
Class C Mandatorily Redeemable
 Convertible Preferred ................         --    923,200    923,200
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The Class D Mandatorily Redeemable Nonvoting Preferred Stock is not a convertible security, but provides for certain amounts of Common Stock to be issued upon redemption. The minimum aggregate number of shares to be issued upon redemption is 3,722,502.

CFN has outstanding mandatorily redeemable preferred stock that is exchangeable into Common Stock of the Company upon the occurrence of certain events ("CFN Mandatorily Redeemable Preferred") (see Note 8). These contingently issuable shares have not been included in diluted earnings per share as they would be antidilutive.

Net loss available to common stockholders used in calculating basic and diluted earnings per share includes charges related to dividends and accretion on mandatorily redeemable preferred stock.

Stock split

In January 1998, the Board of Directors declared a stock split of the Class B Common Stock effected in the form of a dividend distribution of 99 shares of Class B Common Stock for each share of Class B Common Stock held as of January 9, 1998. The accompanying consolidated financial statements give retroactive effect for this stock dividend as if it occurred at inception of the Company.

Foreign currency translation The financial position and results of operations of foreign subsidiaries are measured using the currency of the respective countries as the functional currency. Assets and liabilities are translated into the reporting currency (U.S. dollars) at the foreign exchange rate in effect at the balance sheet date, while revenue and expenses for the year are translated at the average exchange rate in effect during the year. Translation gains and losses are not included in determining net income or loss but are accumulated and reported as a separate component of stockholders' equity. The Company has not entered into any hedging contracts during any of the periods presented.

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) Fair value of financial instruments The carrying amounts of financial instruments, including cash, cash equivalents, accounts receivable, accounts payable and accrued expenses, approximate fair value. The carrying amount of long-term debt approximates fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Effective January 1, 1998, the Company implemented Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income." This standard requires that the total changes in equity resulting from revenue, expenses, and gains and losses, including those which do not affect the accumulated deficit, be reported. Accordingly, those amounts which are comprised solely of foreign currency translation adjustments, are included in other comprehensive income in the consolidated statements of stockholders' equity.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from those estimates.

Unaudited Pro Forma Information The pro forma consolidated balance sheet as of December 31, 1998 is unaudited. However, in the opinion of management, such information has been prepared on the same basis as the audited financial statements and includes adjustments to reflect (i) the net proceeds of $22,725 from the issuance of 22,825 shares of Class A Convertible Preferred Stock ("Class A Preferred") and the repayment of approximately $10,000 of revolving debt that occurred subsequent

to December 31, 1998; (ii) the conversion of the Class A Preferred, the Class B Mandatorily Redeemable Convertible Preferred Stock ("Class B Preferred"), and the Class C Mandatorily Redeemable Convertible Preferred Stock ("Class C Preferred") into Common Stock; and (iii) the issuance of Common Stock issuable upon the exchange of the Class D Mandatorily Redeemable Preferred Stock ("Class D Preferred"), as if such events occurred on December 31, 1998.

New accounting pronouncements In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133). This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The Company will be required to adopt FAS 133 for the quarter ended March 31, 2000. The Company has not entered into any significant derivative financial instrument transactions.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) 2. Property and Equipment Property and equipment are summarized as follows:

	Estimated Useful Lives In Years	December 31, 1997	December 31, 1998
Land	N/A	$ 100	$ 100
Building	40	550	550
Improvements	5--10	1,456	4,852
Furniture and fixtures	5--7	1,286	5,472
Computer equipment and software	3--5	5,496	19,883
Equipment	5--10	2,247	6,068
		11,135	36,925
Less: Accumulated depreciation and amortization		(1,957)	(8,950)
		$9,178	$27,975

At December 31, 1997 and 1998 the Company had approximately $961 and $2,570, respectively, of vehicles and equipment under capital leases included in property and equipment and related accumulated amortization of approximately $335 and $889, respectively. Amortization of these assets recorded under capital leases is included in depreciation expense.

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

3. Acquisitions

During the two-year period ended December 31, 1998, the Company acquired 28 companies. The companies acquired and purchase price, including the shares of Class B Common Stock and related warrants and options issued are as follows:

BUSINESS ACQUIRED	DATE ACQUIRED	SHARES OF COMMON STOCK ISSUED	WARRANTS/ OPTIONS ISSUED(1)	CASH USED FOR ACQUISITIONS, NET OF CASH ACQUIRED	TOTAL PURCHASE PRICE	FAIR VALUE OF NET TANGIBLE ASSETS (LIABILITIES) ACQUIRED	EXCESS OF COST OVER FAIR VALUE OF NET ASSETS ACQUIRED
BoxTop Interactive, Inc.-- Los Angeles, CA.....	May 1997	3,416,700	1,236,800	$ 1,182	$ 9,644	$(1,635)	6,958
Other Acquisitions (aggregated 1997).....	Various	778,300	179,800	2,251	2,804	26	2,778
Total of 1997 Acquisitions.....		4,195,000	1,416,600	$ 3,433	$12,448	$(1,609)	$ 9,736
Digital Planet, Inc.-- Los Angeles, CA.....	May 1998	259,584	42,680	$ 1,962	$ 3,550	$ (39)	$ 3,589
Micro Interactive, Inc.--New York, NY.....	May 1998	740,000	42,800	1,718	5,809	281	5,528
CommerceWAVE, Inc.-- San Diego, CA.....	July 1998	877,898	65,382	117	5,459	(1,037)	6,496
Image Communications, Inc.-- Vienna, VA.....	July 1998	378,999	125,056	753	3,324	381	2,943
Spinners Incorporated-- Boston, MA.....	July 1998	674,132	66,495	1,383	5,543	499	5,044
Tekna, Inc.-- Richmond, VA.....	September 1998	712,622	125,757	611	4,383	527	4,231
Larry Miller Productions, Inc.-- Boston, MA.....	September 1998	113,823	239,029	1,812	3,490	(143)	3,633
NetResponse--Arlington, VA.....	September 1998	701,375	73,625	1,719	5,307	1,312	3,995
Ionix Development Corp.--Chicago, IL.....	September 1998	358,551	--	1,059	3,013	231	2,782
Pequot Systems, Inc.-- Norwalk, CT.....	September 1998	378,066	--	792	2,501	154	2,347
TwoWay Communications LLC--Chicago, IL.....	September 1998	269,421	--	1,246	2,469	335	2,134
Other Acquisitions (aggregated 1998).....	Various	2,295,530	87,215	3,430	14,129	795	13,334
Total of 1998 acquisitions.....		7,760,001	868,039	$16,602	$58,977	$ 3,296	$56,056

(1) Amounts equal the number of Class B Common Stock shares to be issued upon exercise of the warrants and options.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) Individual acquisitions with a purchase price of $2,000 or less have been aggregated in Other Acquisitions in the schedule above and consist of the following:

Date Business Acquired	Acquired
Webbed Feet, LLC--Atlanta, GA.....	February 1997
The Whitley Group, Inc.--Charlotte, NC.....	April 1997
Swan Interactive Media, Inc.--Atlanta, GA.....	July 1997
Small World Software, Inc.--New York, NY.....	January 1998
Green Room Productions, L.L.C.--San Francisco, CA.....	February 1998
CCG Online--Denver, CO.....	March 1998
Spin Cycle Entertainment, Inc.--Los Angeles, CA.....	May 1998
InTouch Interactive, Inc.--Charlotte, NC.....	May 1998
Campana New Media, S.L. and The Other Media, S.L.--Madrid, Spain.....	July 1998
601 Design, Inc.--New York, NY.....	July 1998
Wissing & Laurence, Inc.--New York, NY.....	July 1998
LAVA--Hamburg, Germany.....	September 1998
Denovo New Media, Ltd.--London, England.....	September 1998
Exchange Place Solutions, Inc.--Atlanta, GA.....	September 1998
Pantheon Interactive, Inc.--Santa Clara, CA.....	September 1998

All acquisitions have been accounted for using the purchase method, and accordingly, the purchase price has been allocated to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair value on the acquisition dates. The historical carrying amounts of tangible net assets acquired approximated their fair values. The fair value of identifiable intangible assets acquired were based on independent appraisals or management estimates.

The allocation of the purchase price of BoxTop Interactive, Inc. resulted in a $2,400 charge to in-process research and development expenses in 1997 relating to an Internet-based video conferencing product under development which had not reached technological feasibility. Certain related core technology was valued as existing technology and not included in the value of the acquired technology in-process. The value of the purchased in-process technology was determined by estimating the projected net cash flows including future revenues to be earned upon commercialization of the product and the costs to complete the development of the technology. Strong revenue growth was projected for this product through 1999; thereafter, revenue was expected to increase moderately each year through 2001. The cash flows were then discounted to present value at 35%, a rate of return that considers the relative risk of achieving the projected cash flows and the time value of money. Finally, the present values of the cash flows of the discrete projection period were summed to determine the fair market value of the purchased in-process technology. In the fourth quarter of 1998, due to the introduction of competing products utilizing alternative technologies into the market, management decided to cease further investment in the development of this product.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) For acquisitions made in 1997 and 1998, the purchase price in excess of identifiable tangible and intangible assets acquired and liabilities assumed of $9,736 and $55,681, respectively, was allocated to goodwill and is being amortized over estimated useful lives ranging from 2 to 3 years.

The Company discontinued the use of a brandname acquired in the purchase of BoxTop Interactive, Inc. and charged the remaining book value of that intangible asset, approximately $1,700, to amortization expense in 1997.

The purchase price of the acquisitions consists of the consideration provided to the selling stockholders, which includes Common Stock, options, warrants and cash. The fair value of the Company's Common Stock issued as consideration for the acquisitions was determined based primarily upon independent appraisals.

The terms of three of the Company's 1998 acquisition agreements provide for additional consideration if the acquired entities' revenues exceed certain levels. Such additional consideration is payable in shares of the Company's Common Stock and will be recorded, if earned, as additional purchase price. For one of the acquired companies, the contingency period ended December 31, 1998; for the other entity, the contingency period ends October 31, 1999. As of December 31, 1998, a total of 287,304 shares of the Company's Class B Common Stock were held in escrow in relation to these agreements.

The targeted revenues were achieved at one of the acquired entities whose contingency period ended December 31, 1998. As such, 50,000 shares of the Company's Common Stock will be released from escrow in March 1999 and have been accounted for as additional purchase price as of December 31, 1998.

For those acquisitions that have been structured as tax-free exchanges of stock, the differences between the fair value of the acquired assets, including intangible assets, and their historical tax bases is not deductible for income tax purposes.

The following unaudited pro forma financial information reflects the results of operations for the years ended December 31, 1997 and 1998, as if the acquisitions had occurred on January 1, 1997. These unaudited pro forma results have been prepared for comparative purposes only and do not purport to be indicative of what operating results would have been had the acquisitions actually taken place on January 1, 1997 and may not be indicative of future operating results. The unaudited pro forma results are summarized as follows:

Years ended December 31, 1997 1998 Revenues..... $ 55,301 $ 87,160 Net loss..... $(45,389) $(72,609) Net loss available to common stockholders..... $(45,389) $(81,708) Basic and diluted net loss per common share..... $ (2.79) $ (5.08) iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) 4. Intangible Assets Intangible assets are comprised of the following:

December 31, 1997 1998 Excess of cost over fair value of net assets ac- quired..... $17,067 $73,123 Other..... 3,496 3,892 20,563 77,015 Less--accumulated amor- tization..... (4,330) (20,534) $16,233 $56,481 5. Equity Investment in Affiliate Effective August 27, 1996, the Company acquired a 22% equity interest in the outstanding convertible preferred stock of UNI for $750 in cash. UNI develops and manages sports information Web sites for colleges, universities and athletic associations. Pursuant to agreements with UNI, the Company performed Internet development and financial consulting services and payment for these services has been made in shares of UNI convertible preferred stock valued at $1 per share.

The Company accounts for its investment in UNI under the equity method. The Company's investments in UNI have been accounted for as excess of cost over fair value of net assets acquired and were being amortized over five years as a reduction to the investment account together with the Company's share of UNI losses. The Company's investment balance in UNI reached zero in the fourth quarter of 1998. Because the Company has no obligation to fund UNI's operations or deficit, the Company has discontinued recording its share of UNI's losses. The Company will not recognize its share of any future earnings from UNI until UNI earnings are sufficient to recover the unrecognized losses.

The following is a summary of the activity in the investment in UNI:

	For the period May 1, 1996 through	Years Ended December 31,

	December 31,		
	1996	1997	1998
Net investment in UNI balance, beginning of period	$ --	$ 1,298	$ 1,115
Additional investment in UNI	1,547	1,260	525
Equity in UNI net loss	(174)	(1,001)	(1,010)
Amortization of goodwill	(75)	(442)	(630)
Net investment in UNI balance, end of period	$1,298	$ 1,115	$ --

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) The following is a summary of certain unaudited financial information of UNI as of and for the years ended December 31, 1997 and 1998:

December 31, 1997 1998

Current assets	$ 467	$2,703
Non current assets	176	333
Current liabilities	543	1,295
Non current liabilities	560	--
Stockholders' equity	(460)	1,741
Net revenues	795	1,559
Net loss	(2,919)	(5,071)

As of December 31, 1998 the Company owned a 23% interest in UNI. UNI has certain outstanding stock options and warrants which, if exercised, would not materially reduce the Company's investment ownership percentage in UNI.

6. Accrued Liabilities Accrued liabilities consist of the following:

December 31, 1997 1998 Accrued compensation and related costs..... $ 709 $3,244 Other accrued liabilities..... 1,037 4,699 $1,746 $7,943 7. Long-Term Debt The Company's long-term debt is comprised of the following:

December 31, 1997 1998

Borrowings under Credit Agreement	$ --	$19,328
8.25% note payable to bank in monthly installments through January 2002, collateralized by land and building	484	465
Notes payable to banks and a former shareholder at interest rates from 8.9% to 10.4%; all repaid in 1998...	183	--
Capital lease obligations, at interest rates from 4% to 24% expiring from 1998 to 2003	606	1,627
Total debt	1,273	21,420
Less current portion of long-term debt	(433)	(868)
Long-term debt	$ 840	$20,522

In July 1998, the Company entered into a credit agreement (the "Credit Agreement") with a bank providing for borrowings of up to $20,000. The Credit Agreement expires June 30, 2001. The Credit Agreement includes a $10,000 term loan and a $10,000 revolving line of credit and bears interest payable quarterly at the higher of the prime rate plus 2% or the federal funds effective rate plus 2.5%. The Credit Agreement is secured by liens on substantially all of the assets of the Company's domestic subsidiaries, except iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED

FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) CFN, including a pledge of the capital stock of the same subsidiary companies. The Credit Agreement provides for borrowings based upon a borrowing base formula. Borrowings under the term loan portion of the Credit Agreement are payable $50 each quarter, commencing September 30, 1998, with the balance due upon expiration. A 0.5% annual commitment fee is charged on the average unused portion of the revolving line of credit. At December 31, 1998, the Company's borrowing rate under the Credit Agreement was 9.75%.

Under the terms of the Credit Agreement and notes payable to banks, the Company is required to maintain certain financial covenants related to consolidated earnings, consolidated debt to capital and working capital, among others. At December 31, 1998, the Company was in compliance with, or has received a waiver of all covenants.

As of December 31, 1998, the Company had letters of credit outstanding, totaling $1,740. Certificates of deposits in the same amount, which are included in prepaid expenses and other assets, are pledged as collateral for these letters of credit.

As of December 31, 1998, aggregate principal maturities of notes payable and capital lease obligations are as follows:

December 31, Year 1998

1999	$ 868
2000	674
2001	19,220
2002	627
2003	31
	$21,420

8. Mandatorily Redeemable Preferred Stock; Mandatorily Redeemable Preferred Stock of Subsidiary; and Warrants A total of 265,000 shares of mandatorily redeemable convertible preferred stock have been designated for issuance; 200,000, 15,000 and 50,000 of such shares have been designated as Class B, Class C and Class D, respectively.

In December 1997, for net consideration of approximately $26,900 and $2,990, the Company issued 83,075 shares of Class B Preferred, par value $.01, and 9,232 shares of Class C Preferred, par value $.01. In conjunction with this equity transaction, the Company issued warrants to purchase 10,650 shares of Class B Preferred for $458 per share.

In February 1998, for net consideration of approximately $4,935 the Company issued 15,692 shares of Class B Preferred and warrants to purchase 1,810 shares of Class B Preferred for $458 per share.

In August 1998, for net consideration of approximately $35,400, the Company issued 35,700 shares of Class D Preferred, $.01 par value.

In November 1998, the Company issued warrants to purchase 500,000 shares of Class A Common Stock at $10 per share. The warrants expire three years from the date of grant and were issued upon the Company's approval of a marketing plan. The fair value of the warrants was measured on the date the warrants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) were earned, using the Black-Scholes option pricing model and was recorded as an expense of approximately $815 in the fourth quarter of 1998.

In December 1998, the Company issued warrants to purchase 500,000 shares of Class B Common Stock at $10 per share. The warrants expire the later of eighteen months from the date of grant or twelve months after an initial public offering of the Company's Common Stock. The warrants were granted in conjunction with a contract that will generate revenue for the Company beginning in 1999 and are exercisable immediately. The fair value of the warrants was measured at the grant date using the Black-Scholes option pricing model and the related charge will be recorded as contra-revenue as the services are provided to the customer.

The Company has accounted for the Class B, Class C and Class D Preferred as mandatorily redeemable preferred stock. Accordingly, the Company is accruing dividends and amortizing any difference between the carrying value and the redemption value over the redemption period with a charge to additional paid-in capital ("APIC").

The Class D Preferred provides that, upon redemption the holders will receive $1,000 per share plus any accrued and unpaid dividends and a certain number of shares of Class B Common Stock of the Company. The aggregate number of shares of Class B Common Stock to be issued varies based on the timing of a Qualified Public Offering, but at a minimum, equals 3,722,502 shares. The proceeds from the issuance of the Class D Preferred have been allocated to mandatorily redeemable preferred stock and additional paid-in-capital, based on the relative fair values of components as of the date of the issuance. Of the approximately $35,400 total proceeds from the issuance of the Class D Preferred, $22,165 was allocated to mandatorily redeemable preferred stock and the remaining $13,235 was allocated to APIC. As the number of shares of Class B Common Stock to be issued upon redemption varies depending on the timing of a Qualified Public Offering, the fair value of the potentially issuable shares of Class B Common Stock are ratably charged to net loss available to common stockholders, based upon the fair value of the potentially issuable shares at the end of each reporting period. The Company is accruing the 12% dividend on the Class D Preferred and accreting any difference between the carrying value and the redemption value over the redemption period with a charge to APIC.

The amount charged to APIC related to the Class B and Class C Preferred was $5,449 and $926, respectively, for the year ended December 31, 1998. The Company has reserved 18,817 Class B Preferred shares for exercise of warrants and conversion of 10,799,020 Class A Common Shares.

The rights, preferences and privileges with respect to the Class B, Class C and Class D Preferred are as follows:

Voting

Class B Preferred has the same number of votes as each share of Class A Common Stock into which such preferred stock may be converted. Class C and Class D Preferred have no voting rights.

Dividends

The Company may make distributions to Class B and Class C Preferred; however, there is no requirement for dividends. If a distribution is made to common stockholders, Class A, Class B and Class C Preferred stockholders will receive a similar per share amount based on the number of shares of Class A Common Stock into which the Class A, Class B and Class C Preferred will convert. The Class D Preferred accrues dividends at the rate of 12% per annum.

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) Conversion Each share of Class B and Class C Preferred is convertible at the option of the holder into 100 shares of Class A Common Stock. This conversion rate is subject to change if certain events occur that would otherwise dilute the conversion rights of the Class B and Class C Preferred. Such conversion is automatic upon the effective date of an initial public offering of the Company's Common Stock with a per share price of at least $7 and for which the aggregate proceeds to the Company equal at least $30,000 (a "Qualified Public Offering"). The Class D Preferred is not convertible.

Redemption

The Company has the right to redeem the Class B and Class C Preferred prior to December 31, 2004 only upon a change in control. The Class B and Class C Preferred stockholders have the right, at their option, to require the Company to redeem any or all of the stock on or after December 31, 2004. The redemption amount will be the fair value per share of the Class B and Class C Preferred, as of the date of redemption, plus an amount equal to all declared and unpaid dividends. The Company is accreting the carrying value of the Class B and Class C Preferred up to the redemption price over the period from issuance until December 31, 2004.

The Company has the right to redeem the Class D Preferred at any time prior to its mandatory redemption date of August 2005. The Class D Preferred stockholders have the right to require the Company to redeem the shares only upon the occurrence of certain events. The redemption amount is equal to the liquidation preference amount plus all accrued and unpaid dividends plus a certain number of shares of Class B Common Stock, which varies depending on the timing of a Qualified Public Offering, as follows:

NUMBER OF CLASS B COMMON STOCK SHARES DATE OF QUALIFIED PUBLIC OFFERING TO BE ISSUED

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prior to or on August 14, 1999          3,722,502
August 15, 1999--February 14, 2000      4,647,602
after February 14, 2000                 5,279,293
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Liquidation

The Class D Preferred has liquidation preference over the Class A, Class B and Class C Preferred, which all have the same liquidation preference based on their respective liquidation values. All classes of preferred stock have liquidation preference over the Class A and Class B Common Stock. The liquidation value equals $325 per share for the Class B and Class C Preferred and $1,000 per share for the Class D Preferred plus any declared and unpaid dividends, subject to adjustment.

The following is a summary of the carrying value of the mandatorily redeemable preferred stock:

	DECEMBER 31,			
	1997		1998	
	REDEMPTION VALUE	CARRYING VALUE	REDEMPTION VALUE	CARRYING VALUE
Class B Preferred.....	$27,000	$26,937	$93,829	$36,888
Class C Preferred.....	3,000	2,993	8,770	4,030
Class D Preferred.....	--	--	50,552	24,761
		$29,930		$65,679

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) The rights, preferences and privileges with respect to the mandatorily redeemable preferred stock of subsidiary, CFN Mandatorily Redeemable Preferred, are as follows:

Voting

Each share of CFN Mandatorily Redeemable Preferred is entitled to one vote on issues that are subject to a vote of the CFN stockholders.

Dividends

CFN may make distributions to CFN Mandatorily Redeemable Preferred stockholders; however, there is no requirement for dividends. If a distribution is made to the common stockholder of CFN, CFN Mandatorily Redeemable Preferred stockholders will receive a similar per share amount based on the number of CFN common shares into which the CFN Mandatorily Redeemable Preferred is then convertible.

Conversion

Each share of CFN Mandatorily Redeemable Preferred is convertible into one share of CFN Common Stock. This conversion rate is subject to change if certain events occur that would otherwise dilute the conversion rights of the CFN Mandatorily Redeemable Preferred stockholders. Such conversion is automatic upon the effective date of an initial public offering of at least 15% of CFN's Common Stock with a per share price of at least $2 (the "CFN Qualified Public Offering").

Liquidation

The CFN Mandatorily Redeemable Preferred has liquidation preference over the CFN Common Stock. The Liquidation Value is equal to $0.75 per share and is subject to adjustment if certain events occur that would otherwise dilute the liquidation rights of the CFN Mandatorily Redeemable Preferred. The amount to be paid to the CFN Mandatorily Redeemable Preferred stockholders equals the liquidation value plus any declared and unpaid dividends as of the liquidation date. CFN Mandatorily Redeemable Preferred stockholders will not participate in any balance remaining after such amounts have been paid.

Redemption

CFN Mandatorily Redeemable Preferred stockholders have the right at their option, to require CFN to redeem any or all of the CFN Mandatorily Redeemable Preferred on or after December 31, 2005. Such redemption will be a redemption price per share equal to the Liquidation Value plus all declared and unpaid dividends. As of December 31, 1998, the carrying value of the CFN Mandatorily Redeemable Preferred equaled its redemption value.

Exchange into Common Stock of the Company Pursuant to the terms of the CFN stockholders' agreement each of the CFN Mandatorily Redeemable Preferred stockholders has the right to exchange all, but not less than all, of their CFN Mandatorily Redeemable Preferred into the Company's Common Stock under two separate exchange rights. First, an exchange may be made upon a change in control of CFN, unless (a) the change in control occurs in the context of a tag-along, drag-along, or sale of CFN governed by the CFN stockholders agreement, (b) the change in control transaction involves the issuance of securities of CFN and the holders of CFN Mandatorily Redeemable Preferred choose to exercise their preemptive rights with respect to such issuance, or (c) the transaction effecting the change in control is a CFN Qualified Public Offering. Second, the CFN Mandatorily Redeemable Preferred stockholders have a one time right to exchange on November 3, 2001, unless the Company is no iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) longer a stockholder of CFN and no CFN Qualified Public Offering has occurred. In either case, the exchange rate will be based on the relative fair values of CFN and the Company. The value of CFN Mandatorily Redeemable Preferred upon a change in control transaction will be the price per share paid in connection with such transaction. The value of CFN Mandatorily Redeemable Preferred under the exchange right available on November 3, 2001 will be the greater of the Liquidation Value of such stock or the appraised fair market value of such stock assuming a conversion of such stock into the Common Stock of CFN. CFN Mandatorily Redeemable Preferred will then be exchanged into an equivalent value of the Company's Common Stock based on a trailing average of closing prices of the Company's Common Stock, if such stock is publicly traded, or the most recent appraisal of the Company, if such stock is not publicly traded.

Commitment to Purchase CFN Mandatorily Redeemable Preferred If as of November 3, 1999, CFN has sold fewer than 24,900,000, shares of CFN Mandatorily Redeemable Preferred (including the 13,333,334 sold as of December 31, 1998), the Company will purchase the number of shares of CFN

Mandatorily Redeemable Preferred equal to the difference between 24,900,000 and the number of shares theretofore sold by CFN for $0.75 per share.

9. Stockholders' Equity The Company's capital stock consists of $.01 par value Class A Common Stock, $.01 par value Class B Common Stock, and $.01 par value Class A Preferred. At December 31, 1997 and 1998, there were no outstanding shares of Class A Common Stock.

During the year ended December 31, 1998, for consideration of approximately $5,510, which includes a $900 note receivable, the Company issued 8,031 shares of Class A Preferred.

The rights, preferences and privileges with respect to the Common Stock and Class A Preferred are as follows:

Voting

Holders of shares of Class A Common Stock are entitled to ten votes per share, holders of Class B Common Stock are entitled to one vote per share and holders of Class A Preferred are entitled to voting rights as if the stock had been converted into Class A Common Stock.

Dividends

Holders of shares of Class A and Class B Common Stock are entitled to share, on an as converted basis with the Class A Preferred, Class B Preferred and Class C Preferred any dividends declared by the Board of Directors.

Conversion

Holders of shares of Class A Common Stock are entitled to convert their shares into Class B Common Stock at any time on a share-for-share basis. Each share of Class A Preferred is convertible into 100 shares of Class A Common Stock. This conversion rate is subject to change if certain events occur that would otherwise dilute the conversion rights of the Class A Preferred. Such conversion is automatic upon the effective date of a Qualified Public Offering. The Company has reserved 25,000,000 shares of Class B Common Stock for issuance upon conversion of Class A Preferred.

Redemption

The Class A Preferred stockholders have no option to require the Company to redeem their stock. The Company has the right to an early redemption, at the liquidation value, only upon a change in control, as defined.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) Liquidation The Class A Preferred has liquidation preference over the Class A and Class B Common Stock. The liquidation value for the Class A Preferred will equal the amount invested, which ranges from $100 to $1,000 per share, plus any declared and unpaid dividends.

Other

Under certain limited circumstances as described in the Stockholders' Agreement ("Agreement"), management can put their preferred and/or common shares back to the Company at fair value, as defined in the Agreement. The Company is obligated to pay for the shares in cash, or at the option of the Board of the Directors, with a promissory note. The Agreement terminates upon the effective date of a Qualified Public Offering.

Treasury stock

During February and March 1998, the Company purchased a total of 242,416 shares of Class B Common Stock from two employees at a purchase price of $3.25 per share. During September 1998, the Company purchased a total of 10,000 shares of Class B Common Stock from one employee at a price of $10 per share.

10. Income Taxes

The components of the benefit (provision) for income taxes consist of the following:

	For the period May 1, 1996 through December 31, 1996	Years ended December 31, 1997	1998
Current:			
State	$(42)	$ --	$ --
Deferred:			
State	101	--	
Federal	243	1,550	--
	344	1,550	--
	$302	$ 1,550	$ --

As of December 31, 1997 and 1998, the Company had net operating loss carryforwards for federal income tax purposes of approximately $11,800 and $46,560, respectively. The Company acquired loss carryforwards of approximately $1,100 in 1996, $1,560 in 1997 and $3,510 in 1998. The carryforwards expire in varying amounts through 2018. The use of acquired net operating loss carryforwards is restricted in accordance with Internal Revenue Service regulations.

In addition, under the Tax Reform Act of 1986, the amounts of, and the benefits from, net operating loss carryforwards may be impaired or limited in certain circumstances. These circumstances include, but are iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) not limited to, a cumulative stock ownership change of greater than 50% over a three-year period. A valuation allowance has been recorded against the Company's net deferred tax asset as management believes it is more likely than not that they will not be realized.

A reconciliation of the federal statutory rate and the effective income tax rate follows:

For the period May 1, 1996 through December 31, 1996	Years ended December 31, 1997	1998

Statutory federal tax rate (34%).....	$ 597	$ 6,311	$ 18,574
Nondeductible amortization.....	(315)	(1,800)	(4,627)
State income tax.....	24	252	743
Losses of foreign subsidiaries.....	--	--	(860)
Valuation allowance.....	(312)	(3,391)	(13,427)
Other.....	308	178	(403)
	$ 302	$ 1,550	$ --

Deferred tax (assets) liabilities are comprised of the following:

December 31, 1997 1998

Gross deferred tax assets		
Allowance for doubtful accounts.....	$ (28)	$ (349)
Loss in equity investment.....	(643)	(750)
Intangibles.....	--	(967)
Net operating loss carryforward.....	(4,330)	(16,923)
Valuation allowance.....	3,703	17,130
	$(1,298)	$ (1,859)
Gross deferred tax liabilities		
Property and equipment.....	242	842
Intangible assets.....	840	840
Conversion from S Corporation to C Corporation.....	116	77
Other.....	100	100
	1,298	1,859
Net deferred tax asset.....	$ --	$ --

11. Stock-Based Compensation The Company's 1996 Stock Option Plan (the "1996 Stock Option Plan") was established to promote the success of the Company by providing an additional means to attract and retain key personnel. Pursuant to the terms of the 1996 Stock Option Plan, a committee of the Board of Directors is authorized to grant options to purchase Class B Common Stock not to exceed an aggregate maximum of 25,000,000 shares to officers and employees. The committee is further authorized to establish the exercise price and the vesting terms.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) In December 1998, the Board of Directors of the Company adopted the 1998 Non-Employee Stock Option Plan (the "1998 Stock Option Plan"), which contains essentially the same terms as the 1996 Stock Option Plan, except that the 1998 Stock Option Plan was established for grants to persons who are not employees of the Company. The 1998 Stock Option Plan authorizes the granting for up to an aggregate maximum of 1,000,000 options, of which 290,464 were outstanding as of December 31, 1998.

The Company expects that most options granted pursuant to the plans will be subject to vesting over a period of 4 to 5 years, such as 20% increments each year over a period of five years, during which the optionee must continue to be an employee of the Company. The committee, however, may choose to impose different vesting requirements or none at all. Options outstanding under the Plan generally have a term of ten years.

The Company applies APB 25 and related Interpretations in accounting for the Plan. During 1997 and 1998, $0 and $1,641, respectively, of compensation expense was recognized. Stock options issued in connection with acquisitions were accounted for as purchase price.

Had compensation expense for the Company's Plan been determined under the provisions of FAS 123 based on the fair value at the grant date, the Company's net loss and loss per share would have been increased to the pro forma amounts indicated below:

	For the period May 1, 1996 through December 31, 1996	For the years ended December 31, 1997	1998
Net loss			
As reported	$(1,454)	$ (17,012)	$ (54,630)
Pro forma	$(1,481)	$(17,073)	$(56,152)
Basic and diluted net loss per common share			
As reported	$ (0.37)	$ (2.60)	$ (5.41)
Pro forma	$ (0.37)	$ (2.61)	$ (5.54)

The minimum value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted- average assumptions used for grants during the 1997 and 1998 periods, respectively; dividend yield of 0% for all periods; expected volatility of 0% for all periods, risk free interest rate of 6.3%, 5.7% and 5.0%, expected life of 5 years, 4 years and 4 years.

Ixl Enterprises, Inc. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(CONTINUED) (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA) A summary of stock options as of December 31, 1996, 1997 and 1998 and activity during the period ending on those dates is as follows:

	1996		1997		1998	
	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED AVERAGE EXERCISE OPTIONS
Outstanding at beginning of period	--	--	1,915,500	$1.77	5,549,200	$2.35
Granted	1,920,500	$1 .77	3,847,200	$2.59	13,310,331	$7.31
Exercised	--	--	--	--	(57,800)	$0.01
Forfeited	(5,000)	$ 1.00	(213,500)	$1.03	(575,619)	$5.39
Outstanding at the end of period	1,915,500	$ 1.77	5,549,200	$2.35	18,226,112	$5.89
Options exercisable at end of period	1,183,100	$ 1.93	3,045,300	$2.03	7,833,247	$3.88
Weighted average fair value of options granted during the period						

	1996		1997		1998	
OPTIONS GRANTED DURING THE YEAR	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED FAIR MARKET VALUE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED FAIR MARKET VALUE	WEIGHTED AVERAGE EXERCISE PRICE	WEIGHTED FAIR MARKET PRICE
Option price>fair market value	$ 0.70	$ 1.77	$ 2.13	$3.45	$ 4.98	$9.91
Option price=fair market						

value	--	--	$ 2.50	$2.50	$ 5.00	$5.00
Option price<fair market value	--	--	$ 2.13	$0.90	$ 4.97	$3.49

The following table summarizes information about stock options outstanding at December 31, 1998:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AT DECEMBER 31, 1998	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE $	NUMBER EXERCISABLE AT DECEMBER 31, 1998	WEIGHTED AVERAGE EXERCISE PRICE $
$0.01-$0.75	537,954	9.47	$ 0.18	531,460	$ 0.18
$0.95-$1.32	1,423,665	8.15	$ 0.97	1,217,835	$ 0.97
$1.84-$2.60	2,533,004	7.91	$ 2.18	1,866,974	$ 2.12
$3.00-$4.50	4,575,339	9.05	$ 3.97	2,102,997	$ 3.87
$5.00-$6.00	1,904,351	9.18	$ 5.08	818,487	$ 5.06
$8.00-$10.00	7,251,799	9.78	$10.00	1,295,494	$10.00
	18,226,112			7,833,247	

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) 12. Employee Benefit Plans Employees of the Company can elect to participate in the iXL Enterprises, Inc. Savings Plan (the "Plan") which is intended to be qualified and exempt from tax under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the Plan after one month of service and can elect to invest 1% to 16% of their pre-tax earnings. All employee contributions are fully vested and there have not been material contributions to the Plan by the Company.

13. Commitments and Contingencies Certain operating facilities and equipment are leased under non-cancelable agreements. Operating lease expense charged to operations was approximately $184 in 1996, $956 in 1997 and $3,844 in 1998. As of December 31, 1998, the approximate future minimum lease payments for noncancelable operating leases are as follows:

1999	$ 6,586
2000	5,862
2001	5,485
2002	5,264
2003	4,112
Thereafter	15,832
	$43,141

As of December 31, 1998, the Company has commitments for capital expenditures of approximately $5,400, primarily in connection with expansion and improvement of its Atlanta, New York and Denver offices.

The Company is subject to legal proceedings and claims that arise in the ordinary course of its business. In the opinion of the management, the amount of the ultimate outcome of these actions will not materially affect the Company's financial position, results of operations or cash flows.

14. Business Segments The Company operates in two business segments: strategic Internet services, which includes Internet strategy consulting, Internet-based business solutions and solution sets; and CFN, an e-commerce platform for marketing financial services and employee benefits.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) A summary of the Company's two business segments for the two years ended December 31, 1998 is set forth below. For the year ended December 31, 1997, CFN's information includes the period from December 20, 1996 (date of acquisition) through December 31, 1997:

Strategic Internet 1998 Services CFN Total

Revenues	$64,516	$ 251	$64,767
Loss from operations	(41,901)	(12,729)	(54,630)
Loss on equity investment	(1,640)	--	(1,640)
Interest income	713	37	750
Interest expense	750	20	770
Amortization	16,298	56	16,354
Depreciation	4,542	675	5,217
Identifiable assets	125,519	9,696	135,215
Capital expenditures	18,142	2,162	20,304

1997

Revenues	$18,986	$ --	$18,986
Loss from operations	(12,466)	(4,667)	(17,133)
Loss on equity investment	(1,443)	--	(1,443)
Interest income	136	--	136
Interest expense	238	--	238
Amortization	5,475	56	5,531
Depreciation	1,328	80	1,408
Identifiable assets	54,186	1,454	55,640
Capital expenditures	5,795	909	6,704

15. Related Party Transactions In January 1997, the Company entered into an agreement to lease its headquarters office space from Park Place Emery, L.L.C. ("PPE") commencing April 1, 1997 for a term of eleven years. The Chief Executive Officer and Chairman of the Board of Directors (the "Chairman") of the Company is a limited partner in PPE. The Company paid $441 and $628 under this lease in 1997 and 1998, respectively.

During 1997, certain executive officers of the Company loaned the Company a total of $6,600. The loans bore interest at 12% and were repaid during the year. Interest expense recognized in 1997 related to these borrowings was approximately $88. In June 1998, the Chairman's spouse loaned the Company $4,000 at an interest rate of 10%. The principal and interest on this note were repaid in July 1998.

In April 1996, the Company paid Kelso & Company a fee of $150 for financial advisory services. In addition, the Company agreed to pay Kelso & Company an annual fee of $15 for financial advisory services. The Company has also agreed to indemnify Kelso & Company against certain claims, losses, damages, liabilities and expenses which may arise in connection with rendering such financial advisory services.

In June 1998, the Company created a wholly-owned subsidiary, Permit.Com, Inc. On June 26, 1998, the Board of Directors of the Company approved and declared a dividend of the common stock of Permit.Com, Inc. payable to stockholders of the Company of record as of June 1, 1998. The carrying value of the assets of Permit.Com, Inc. were $0.

iXL ENTERPRISES, INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued) (in thousands, except share and per share data) The Company recognized revenues in 1996, 1997 and 1998 from providing services to certain of its investors, and entities related to its investors, of $0, $100 and $2,574, respectively.

16. Subsequent Event

In January 1999, for net consideration of approximately $22,725, the Company issued 22,825 shares of Class A Preferred. A portion of the proceeds were used to repay approximately $10,000 of the borrowings under the revolving line of credit portion of the Credit Agreement.

The Company's Board of Directors authorized the Company to file a Form S- 1 with the Securities and Exchange Commission under the Securities Act of 1933 with respect to an initial public offering of the Company's Common Stock. In connection with the offering, the Company has agreed to pay Kelso & Company a fee equal to $750 payable in shares of Common Stock, valued at the offering price.

In February, 1999, the Class D Preferred Stockholders and the Company entered into an Exchange Agreement under which the stockholders will exchange, upon the closing of an initial public offering, the shares of Class D stock (which include their rights to the liquidation value of $35,700 plus accrued dividends and their rights upon redemption to 3,722,502 shares of Class B Common Stock) into shares of the Company's Common Stock. The number of such shares will be based upon the offering price of the Company's Common Stock in the initial public offering. This exchange will result in a charge to net loss available to common shareholders equal to the difference between $35,700 plus accrued dividends and the carrying value of the Class D Preferred Stock.

In February 1999, the Company's Board of Directors adopted the 1999 Employee Stock Option Plan (the "1999 Stock Option Plan"). The 1999 Stock Option Plan authorizes the granting of options to purchase up to an aggregate maximum of 5,000,000 shares of Class B Common Stock.

Report of Independent Accountants

To the Board of Directors and Shareholder of BoxTop Interactive, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' deficit and of cash flows present fairly, in all material respects, the financial position of BoxTop Interactive, Inc. (the "Company") at September 30, 1996 and May 31, 1997, and the results of its operations and its cash flows for the period November 6, 1995 (inception) through September 30, 1996 and the period October 1, 1996 through May 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the

accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia October 3, 1997

Boxtop Interactive, Inc.

Balance Sheet

	September 30, 1996	May 31, 1997
ASSETS		
Current assets		
Cash	$ 2,288	$ --
Accounts receivable	241,007	319,869
Prepaid expenses and other assets	2,255	81,139
Total current assets	245,550	401,008
Property and equipment, net	313,876	391,454
Advances to shareholder	18,945	79,565
Intangible asset, net of accumulated amortization of $10,415 at May 31, 1997	--	239,585
Other noncurrent assets	25,751	27,373
Total assets	$ 604,122	$ 1,138,985
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 502,476	$ 604,007
Accrued expenses	606,663	319,861
Current portion of long term debt	223,718	1,493,836
Current portion of capital lease obligations	37,024	41,351
Due to affiliate	60,052	208,835
Total current liabilities	1,429,933	2,667,890
Long-term debt	36,620	24,413
Capital lease obligations	81,844	50,854
Total liabilities	1,548,397	2,743,157
Shareholders' deficit		
Common stock, $.01 par value; Authorized 50,000,000 shares; issued and outstanding 3,200,000 and 3,350,000 shares, respectively	32,000	33,500
Additional paid-in capital	2,490	89,490
Accumulated deficit	(978,765)	(1,727,162)
Total shareholders' deficit	(944,275)	(1,604,172)
Total liabilities and shareholders' deficit	$ 604,122	$ 1,138,985

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

Boxtop Interactive, Inc.

Statement of Operations

	For the period November 6, 1995	For the period

	(inception) through September 30, 1996	October 1, 1996 through May 31, 1997
Revenues	$1,746,022	$2,759,993
Costs and expenses		
Direct cost of revenues	684,013	1,075,615
Selling, general and administrative	1,903,215	2,181,395
Depreciation and amortization	74,234	114,467
Stock compensation expense	31,990	88,500
Total operating expenses	2,693,452	3,459,977
Loss from operations	(947,430)	(699,984)
Interest expense	(30,535)	(56,338)
Other income	--	8,725
Loss before income taxes	(977,965)	(747,597)
Income taxes	(800)	(800)
Net loss	$ (978,765)	$ (748,397)

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

Boxtop Interactive, Inc.

Statement of Shareholders' Deficit

	Common stock		Additional Paid-in	Accumulated	Total Shareholders'
	Shares	Amount	Capital	Deficit	Deficit
Initial capital contribution	1,000	$ 10	$ 2,490	$ --	$ 2,500
Issuance of common stock	3,199,000	31,990	--	--	31,990
Net loss	--	--	--	(978,765)	(978,765)
Balance, September 30, 1996	3,200,000	32,000	2,490	(978,765)	(944,275)
Issuance of common stock	150,000	1,500	17,000	--	18,500
Issuance of stock options and warrants	--	--	70,000	--	70,000
Net loss	--	--	--	(748,397)	(748,397)
Balance, May 31, 1997	3,350,000	$33,500	$89,490	$(1,727,162)	$(1,604,172)

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

Boxtop Interactive, Inc.

Statement of Cash Flows

	For the period November 6, 1995 (inception) through September 30, 1996	For the period October 1, 1996 through May 31, 1997

Cash flows from operating activities		
Net loss	$(978,765)	$ (748,397)
Adjustments to reconcile net loss to net cash used for operating activities		
Stock compensation expense	31,990	88,500
Depreciation and amortization	74,234	114,467
Changes in assets and liabilities		
Accounts receivable	(241,007)	(78,862)
Prepaid expenses and other assets	13,745	(78,884)
Advances to shareholder	(18,945)	(60,620)
Other noncurrent assets	(25,751)	(1,622)
Accounts payable	502,476	101,531
Accrued expenses	606,663	(286,802)
Due to affiliate	(5,854)	(101,217)
Net cash used for operating activities	(41,214)	(1,051,906)
Cash flows from investing activities		
Purchase of property and equipment	(135,409)	(181,630)
Net cash used for investing activities	(135,409)	(181,630)
Cash flows from financing activities		
Borrowings from long-term debt	200,000	1,375,000
Repayments of long-term debt	(15,770)	(117,089)
Repayments of capital lease obligations	(7,819)	(26,663)
Net cash provided by financing activities	176,411	1,231,248
Net decrease in cash	(212)	(2,288)
Cash, beginning of period	2,500	2,288
Cash, end of period	$ 2,288	$ --
Supplemental disclosure of cash flow information		
Cash paid during the period for interest	$ 16,655	$ 17,334
Cash paid during the period for income taxes	$ 800	$ --
Non-cash activities		
Cost of licensing agreement	$ --	$ 250,000
Assets acquired under capital lease	$ 126,686	$ --

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

Boxtop Interactive, Inc.

Notes to Financial Statements

1. Business

BoxTop Interactive, Inc. (the "Company") develops, maintains and hosts interactive web sites for clients in a variety of industries. The Company also develops interactive audio and visual communication applications for use with personal and business computers. The Company is a California corporation and was incorporated on November 6, 1995.

2. Summary of Significant Accounting Policies Revenue recognition Revenues from website development, hosting and maintenance services are recognized as the services are performed. Sales to four separate customers were approximately $853,000 for the eleven months ended September 30, 1996; sales to two separate customers were approximately $1,351,000 for the eight months ended May 31, 1997.

Property and equipment Property and equipment are recorded at cost, less accumulated depreciation and amortization. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets, which ranges from three to five years. Leasehold improvements are amortized using the straight- line method over the lesser of the lease term or the estimated useful life. Equipment held under capital lease is recorded at the lower of the fair market value of the lease or the present value of future minimum lease payments. These leased assets are amortized using the straight-line method over the lesser of the lease term or the estimated useful life.

Intangible asset

The intangible asset balance represents the cost of a licensing agreement between BoxTop Entertainment, Inc. (an affiliate company) and the Company. The licensing agreement is for the indefinite use of the BoxTop tradename and logo. The intangible asset is stated at cost less accumulated amortization. Amortization expense is provided using the straight-line method over ten years.

The carrying value of the intangible asset is reviewed periodically for impairment based on future expected cash flows. Based on its review, the Company does not believe that an impairment has occurred.

Software development costs Software development costs incurred in connection with the Company's licensed software products are accounted for in accordance with the provisions of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased, or Otherwise Marketed" (FAS 86). Capitalization of such costs begins only upon establishment of technological feasibility as defined in FAS 86 and ends when the resulting product is available for sale. All costs incurred to establish the technological feasibility of software products are classified as research and development and are expensed as incurred. No products had reached technological feasibility during the period from November 6, 1995 (inception) through May 31, 1997. Research and development costs included in selling, general and administrative expense approximated $78,000 and

NOTES TO FINANCIAL STATEMENTS--(Continued) $224,000 for the period November 6, 1995 (inception) through September 30, 1996, and the period October 1, 1996 through May 31, 1997, respectively.

Income taxes

The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109), for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different time periods for financial reporting and income tax purposes. Provisions for deferred income taxes are made in

recognition of such temporary differences, where applicable. A valuation allowance is established against deferred tax assets unless the Company believes it is more likely than not that the benefit will be realized.

Stock-based compensation The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25), and related Interpretations and to elect the disclosure option of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair market value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and accrued expenses approximate fair value. The carrying amount of long-term debt approximates fair value based on current rates of interest available to the Company for loans of similar maturities.

3. Property and Equipment Property and equipment consist of the following:

September 30, May 31, 1996 1997

Furniture and fixtures.....	$ 16,394	$ 31,388
Computer equipment.....	376,017	502,826
Leasehold improvements.....	1,438	21,260
Computer software.....	--	20,005
	393,849	575,479
Less accumulated depreciation and amortization.....	(79,973)	(184,025)
Property and equipment, net.....	$313,876	$ 391,454

Boxtop Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) At September 30, 1996 and May 31, 1997, the Company had approximately $127,000 of equipment under capital lease included in property and equipment in the accompanying financial statements.

4. Accrued Expenses

Accrued expenses consist of the following:

September 30, May 31, 1996 1997

Payroll taxes payable	$402,972	$ --
Customer advances	165,419	180,994
Accrued vacation	28,000	40,952
Deferred rent	--	31,603
Accrued interest	--	36,016
Other	10,272	30,296
	$606,663	$319,861

5. Long-term Debt

Long-term debt consists of the following:

	September 30, 1996	May 31, 1997

Notes payable to shareholders (see Note 11), accruing monthly interest based on an annual rate of 8%. Outstanding principal and accrued interest are due 120 days after demand. These notes are secured by substantially all of the assets of the Company and are guaranteed by the principal shareholder of the Company. These notes require a late payment penalty of 5.0% of the outstanding principal and accrued interest should payment not be received within 120 days after demand..... $200,000 $ 100,000 Notes payable accruing monthly interest based on an annual rate of 8%. Outstanding principal and accrued interest are due on the earlier of demand or July 1, 1997. These notes are secured by substantially all of the assets of the Company and are guaranteed by the principal shareholders of the Company..... -- 750,000 Notes payable accruing monthly interest based on an annual rate of 15%. Outstanding principal and accrued interest are due on July 1, 1997. These notes are secured by substantially all of the assets of the Company and are guaranteed by the principal shareholder of the Company. In connection with these borrowings the Company issued warrants to acquire 375,000 shares of the Company's common stock at $1.00 per share exercisable on demand..... -- 375,000 Note payable to IXL Holdings, Inc. (see note 12), accruing monthly interest based on an annual rate of 8%. Outstanding principal and accrued interest are due on June 17, 1997. The note is guaranteed by the principal shareholder of the Company..... -- 250,000 Bank equipment note payable bearing interest at the Bank's prime rate plus 2%. This note requires monthly principal payments of $1,526 plus interest through September 1999..... 54,930 42,723 Other..... 5,408 526 Total debt..... 260,338 1,518,249 Less current portion of long-term debt..... (223,718) (1,493,836) Long-term debt..... $ 36,620 $ 24,413

Boxtop Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) Future maturities of principal payments under long-term debt are as follows:

Year ending May 31,

1998..... $1,493,836 1999..... 24,413 $1,518,249 See Note 12 for description of extinguishment of debt subsequent to May 31, 1997.

6. Shareholders deficit Stock The Company is authorized to issue two classes of stock designated respectively as "common stock" and "preferred stock". The number of shares of common stock and preferred stock authorized for issuance is 50,000,000 and 5,000,000, respectively.

Any liquidation preferences, dividends, voting rights and convertible features of the preferred stock are to be determined by the Company's Board of Directors at the time of issuance. From November 6, 1995 (inception) through May 31, 1997, there was no preferred stock issued or outstanding.

During the period November 6, 1995 (inception) through September 30, 1996 and the period October 1, 1996 through May 31, 1997, the Company recognized stock compensation expense of approximately $32,000 and $19,000, respectively, related to the issuance of its common stock to employees and consultants.

Warrants

In connection with borrowings made by the Company during the period October 1, 1996 through May 31, 1997, the Company issued warrants to acquire 375,000 shares of the Company's common stock at $1.00 per share exercisable on demand.

In December 1996 and May 1997, the Company issued warrants to consultants to acquire 30,000 shares of the Company's common stock at an exercise price of $1.10 per share and 40,000 shares of the Company's common stock at an exercise price of $1.50 per share, respectively. Such warrants were exercisable immediately. The Company recognized expense of approximately $38,000 in connection with the issuance of warrants in May 1997. These warrants remained outstanding as of May 31, 1997.

In connection with a customer making a $500,000 cash deposit with the Company in October 1996 for future services, the Company issued warrants to acquire 712,500 shares of the Company's common stock at $.90 per share exercisable on demand. As of May 31, 1997, the Company has customer advances of approximately $180,000 related to remaining services to be performed under the agreement. These warrants remained outstanding as of May 31, 1997.

7. Income Taxes

The Company's income tax expense for the period November 6, 1995 (inception) through September 30, 1996 and the period October 1, 1996 through May 31, 1997, consists entirely of the California State minimum income tax of $800.

Boxtop Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) The Company had net deferred tax assets consisting primarily of federal and state net operating loss carryforwards. The Company has no items which give rise to significant deferred tax liabilities. At September 30, 1996 and May 31, 1997, the Company has recorded a full valuation allowance offsetting the net deferred tax assets as management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized.

At May 31, 1997, the Company had net operating loss carryforwards for federal income tax purposes of approximately $1,560,000 expiring in 2012. The Internal Revenue Code can impose certain limitations on the future availability of net operating loss carryforwards, including annual limitations on the amount of the carryforwards which could be utilized following substantial changes in a company's ownership.

The difference between the Company's effective income tax rate and multiplying the Company's loss before income taxes by the Federal statutory income tax rate for each of the periods presented in the financial statements is due primarily to the recording of a valuation allowance to offset the Company's net deferred tax asset.

8. Stock Option Plan

The Board of Directors has adopted a stock option plan (the Plan). Pursuant to the terms of the Plan, the Board of Directors is authorized to grant options to purchase common stock not to exceed 3,000,000 shares to officers, employees and nonemployees. The Board of Directors is further authorized to establish the exercise price and the vesting terms.

Pro forma information regarding net loss is required by FAS 123, and has been determined as if the Company had accounted for its employee stock options under the fair value method. Had compensation cost for the Company's Plan been determined based on the fair value at the grant date consistent with the provisions of FAS 123, the Company's net loss would have been increased to the pro forma amounts indicated below:

September 30, May 31, 1996 1997

Net loss		
As reported	$(978,765)	$(748,397)
Pro forma	(978,865)	(810,397)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted- average assumptions used for grants during the 1996 and 1997 periods, respectively: dividend yield of 0% for both periods; expected volatility of 0% for both periods; risk free interest rate of 6.3% for both periods; expected life of 3.2 years and 3.0 years.

Boxtop Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) A summary of stock options as of September 30, 1996 and May 31, 1997, and changes during the periods ending on those dates is as follows:

	September 30, 1996		May 31, 1997	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at beginning of period..	--	$ --	405,000	$0.97
Granted	405,000	$ 0.97	465,000	$1.10
Outstanding at end of period	405,000	$ 0.97	870,000	$1.04
Weighted average fair value of				

options granted during the period:		
Exercise price exceeds fair value of stock	$ --	$0.13
Exercise price equals fair value of stock	$ --	$ --
Exercise price is less than fair value of stock	$ --	$0.99

No options were exercised or forfeited during the period from November 6, 1995 (inception) through May 31, 1997.

The following table summarizes information about stock options outstanding at May 31, 1997:

Options Outstanding				Options Exercisable	
Exercise Prices	Number Outstanding at 5/31/97	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number Exercisable at 5/31/97	Weighted Average Exercise Price
$1.10	550,000	$1.10	9.60	250,000	$1.10
$1.10	270,000	$1.10	4.50	145,000	$1.10
$0.01	50,000	$0.01	4.20	16,668	$0.01

In May 1997, the Company granted certain employees options to acquire 40,000 shares of the Company's common stock at $1.10 per share. These options vested immediately. The Company recognized approximately $32,000 of stock compensation expense related to the issuance of these options.

9. Commitments

The Company is obligated under various capital leases for computer equipment that expire at various dates through 1999. The gross amount of computer equipment and related accumulated amortization included in property and equipment and recorded under capital lease is as follows:

	September 31, 1996	May 31, 1997
Computer Equipment	$126,686	$126,686
Less accumulated amortization	(23,226)	(40,117)
	$103,460	$ 86,569

Amortization of assets held under capital lease for the period November 6, 1995 (inception) through September 30, 1996 and the period October 1, 1996 through May 31, 1997 of approximately $23,000 and $17,000, respectively, is included with depreciation expense.

Boxtop Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) Future minimum lease payments under non-cancelable operating leases and future minimum capital lease payments as of May 31, 1997 are as follows:

Year Ending May 31,	Capital Leases	Operating Leases
1998	$ 52,500	$212,208
1999	52,500	212,208

2000	4,015	212,208
2001	--	123,788
Total minimum lease payments	$109,015	$760,412

Rental expense under operating leases, primarily the Company's office facility, for the period November 6, 1995 (inception) through September 30, 1996 and the period October 1, 1996 through May 31, 1997 totaled approximately $96,000 and $154,000, respectively.

10. Employee Benefit Plan During the period October 1, 1996 through May 31, 1997, the Company established a 401(k) plan (the Plan) under Section 401(k) of the Internal Revenue Code. The Plan permitted the Company to make discretionary contributions to employees' 401(k) accounts, subject to IRS limitations on maximum contributions. During the period from October 1, 1996 through May 31, 1997, the Company made no contributions to this plan.

11. Related Party Transactions The amounts due to affiliate represent monies owed to BoxTop Entertainment, Inc., an affiliated company who provided non-interest bearing advances to the Company. During the period November 6, 1995 through September 30, 1996, certain shared operating expenses including payroll, rent and other costs were allocated between BoxTop Entertainment, Inc. and the Company. Costs allocated to the Company were approximately $280,000, and are reflected in general and administrative expenses in the accompanying financial statements.

The Company made non-interest bearing advances to its principal shareholder. Amounts outstanding at September 30, 1996 and May 31, 1997 were $18,945 and $79,565, respectively.

At September 30, 1996 and May 31, 1997, the Company had outstanding loans of $200,000 and $100,000, respectively, due to certain of its shareholders. The loans bear interest at 8% per annum.

12. Subsequent Events On May 30, 1997, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations and change in members' deficit and of cash flows present fairly, in all material respects, the financial position of Green Room Productions L.L.C. at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia September 3, 1998

Green Room Productions L.l.c.

Balance Sheet

December 31, 1997

ASSETS	
Current assets	
Cash	$ 37,532
Accounts receivable	282,573
Cost and estimated earnings in excess of billings on uncompleted contracts	39,660
Due from bank for factored accounts receivable	10,878
Total current assets	370,643
Equipment, net	123,388
Other assets	3,000
Total assets	$ 497,031
LIABILITIES AND MEMBERS' EQUITY	
Current liabilities	
Accounts payable	$ 82,888
Accrued expenses	77,727
Short-term borrowings	118,170
Current portion of capital lease obligations	55,367
Billings in excess of costs and estimated earnings on uncompleted contracts	43,073
Total current liabilities	377,225
Capital lease obligations	20,583
Total liabilities	397,808
Members' equity	
Members' Units, no par value; 1,000,000 units issued and outstanding	
Unallocated capital	1,093,411
Members' deficit	(994,188)
Total members' equity	99,223
Commitments	
Total liabilities and members' equity	$ 497,031

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

Green Room Productions L.l.c.

Statement of Operations and Change in Members' Deficit

For the year ended December 31, 1997

Revenues	$1,483,003
Cost of revenues	948,011
Gross profit	534,992
Selling, general and administrative expenses	970,143
Depreciation and amortization	58,894
Loss from operations	(494,045)
Interest expense and other, net	(16,672)
Net loss	(510,717)
Members' deficit, beginning of year	(483,471)
Members' deficit, end of year	$ (994,188)

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

Green Room Productions L.l.c.

Statement of Cash Flows

For the year ended December 31, 1997

Cash flows from operating activities	
Net loss	$(510,717)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	
Depreciation and amortization	58,894
Changes in operating assets and liabilities	
Accounts receivable	(215,909)
Costs and estimated earnings in excess of billings on uncompleted contracts	(21,912)
Other assets	23,164
Accounts payable and accrued expenses	95,723
Billings in excess of costs and estimated earnings on uncompleted contracts	43,073
Net cash used in operating activities	(527,684)
Cash flows from investing activities	
Capital expenditures	(9,182)
Net cash used in investing activities	(9,182)
Cash flows from financing activities	
Net proceeds from factored account receivables	54,391
Payments on capital leases	(42,752)
Net cash provided by financing activities	11,639
Net decrease in cash	(525,227)
Cash, beginning of year	562,759
Cash, end of year	$ 37,532
Supplemental disclosure of cash flow information	
Cash paid during the period for interest	$ 29,662
Non-cash investing and financing activities	
Acquisition of equipment through capital leases	$ 65,503

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

Green Room Productions L.l.c.

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business Green Room Productions L.L.C. (the "Company") creates consumer-oriented content for the World Wide Web (the "Web"). The content developed for the Web consists of informative and promotional web sites with a focus on the travel industry. The Company's customers are located throughout the United States.

Significant accounting policies Revenue recognition Revenue from service contracts is recognized over the contractual period using the percentage-of-completion method based on when services are performed. Advance billings in excess of costs represent deferred revenue and are recorded as billings

in excess of costs and estimated earnings on uncompleted contracts. Unbilled receivables in excess of billings represent earned revenues and are recorded as costs and estimated earnings in excess of billings on uncompleted contracts. Operating expenses, including indirect costs and administrative expenses, are charged to income as incurred and are not allocated to contract costs. At the time a loss on a contract becomes known, the entire amount of the estimated loss is accrued.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided on the straight-line method over the estimated useful lives for purchased assets, which range from 3 to 7 years. Equipment held under capital lease is amortized on the straight-line method over the lesser of the useful life or the lease term.

Income taxes

The Company is organized as a limited liability corporation (L.L.C.). As such, the Company's income, or losses, are passed-through directly to the shareholders of the Company. As a result, no provision for income taxes has been made in the accompanying financial statements.

Stock-based compensation The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations and has elected the disclosure option of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and accrued expenses approximate fair value. The carrying amounts of borrowings approximate fair value based on current rates of interest available to the Company for loans of similar maturities.

Green Room Productions L.l.c.

NOTES TO FINANCIAL STATEMENTS--(Continued) Comprehensive income Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any such activity other than the net loss for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

2. Equipment

Equipment consists of the following:

December 31, 1997

Computer equipment	$147,279
Computer software	21,577
Furniture and fixtures	35,058
	203,914
Less accumulated depreciation and amortization	(80,526)
Equipment, net	$123,388

At December 31, 1997, the Company had equipment under capital lease, net of amortization, of $75,486.

3. Borrowings

Borrowings consist of the following:

December 31, 1997

Capital lease obligations, payable in monthly installments of $137 to $1,738 expiring from 1998 to 2000, collateralized by equipment with a net book value of $75,486 as of December 31, 1997	$ 75,950
Borrowing, secured by factored accounts receivable	54,391
Note payable to a member, unsecured, which provides for quarterly interest only payments at 11%	9,423
Note payable to a member, unsecured, which provides for quarterly interest only payments at 11%	27,416
Note payable to a member, unsecured, which provides for quarterly interest only payments at 11%	26,940
	194,120
Less current maturities	(173,537)
Long-term portion	$ 20,583

Green Room Productions L.l.c.

NOTES TO FINANCIAL STATEMENTS--(Continued) Total interest expense recognized for the year ended December 31, 1997 was $18,785, including $8,048 owed to related parties.

During 1996 the Company entered into an agreement with a bank whereby the Company sold certain qualified accounts receivable to the bank, with recourse, for the amount of the accounts receivable less fees and interest. Fees were calculated at 1% of the amount of the receivable at the date of sale. Interest is calculated as 0.2% of the amount of the outstanding balance for each day the receivable is outstanding. As of December 31, 1997, the Company had an outstanding factored balance of $54,391.

The aggregate maturities required on notes payable and capital lease obligations are as follows:

Year ending December 31,

1998	$173,537
1999	26,761
2000	1,637
Less amounts representing interest on capital leases	(7,815)
	$194,120

4. Employee Benefits

Unit plan

During 1996, the Company adopted an employee unit plan which provides for the granting of member units to officers and other key employees of the Company. These awards vest over a three year period. The plan terminates on December 31, 2007. All new awards of units are withdrawn from the three original members.

The Company applies APB Opinion No. 25 and related Interpretations in accounting for the plan. During the years ended December 31, 1997, no compensation cost was recognized for issuance of 15,750 units under the Company's plan.

401(k) savings plan

Effective April 1, 1997, the Company established a 401(k) plan for substantially all employees over the age of 21 and with more than six months of services as defined by the plan. The plan allows for discretionary employer matching contributions up to 15% of the employees' compensation, subject to limitations. The matching contributions made during the year ended December 31, 1997 were not significant.

Green Room Productions L.l.c.

NOTES TO FINANCIAL STATEMENTS--(Continued) 5. Concentrations of Credit Risk Net sales for the year ended December 31, 1997 for several major customers, together with the receivable due from each customer, are presented below. The Company does not obtain, nor require, any collateral or other security instruments related to these balances.

December 31, 1997 Accounts Amount of Receivable Customer Net Sales Balance

A	$ 506,557	$ 39,998
B	201,637	30,682
C	177,245	12,529
D	139,500	59,433
E	127,901	45,009
	$1,152,840	$187,651

6. Commitments

Future minimum lease payments under non-cancelable operating leases as of December 31, 1997 are as follows:

Year ending December 31, 1998..... $64,000
1999..... 2,000 Total minimum lease payments.....
$66,000 The Company's operating leases are primarily for office equipment and the Company's office facility. Rental expense under operating leases for the year ended December 31, 1997 totaled approximately $139,000.

7. Subsequent Event

On February 5, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' deficit, and of cash flows present fairly, in all material respects, the financial position of Digital Planet at September 30, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia July 13, 1998

Digital Planet

Balance Sheet

September 30, March 31, 1997 1998 (unaudited)

ASSETS		
Current assets		
Cash.....	$ 87,355	$ 98,302
Accounts receivable.....	482,997	651,770
Cost and estimated earnings in excess of billings on uncompleted contracts.....	92,091	--
Other current assets.....	48,162	21,977
Total current assets.....	710,605	772,049
Equipment, net.....	188,559	450,776
Other assets.....	19,632	26,474
Total assets.....	$ 918,796	$ 1,249,299
LIABILITIES, MANDATORILY REDEEMABLE CONVERTIBLE		

PREFERRED STOCK AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 227,597	$ 258,779
Accrued expenses	228,218	173,530
Short-term borrowings	762,225	1,096,502
Current portion of capital lease obligations	9,936	26,179
Billings in excess of costs and estimated earnings on uncompleted contracts	32,874	83,912
Total current liabilities	1,260,850	1,638,902
Deferred rent	--	28,131
Capital lease obligations	8,006	100,506
Total liabilities	1,268,856	1,767,539
Series A mandatorily redeemable convertible preferred stock, 1,966,163 shares designated; 811,597 shares issued and outstanding	613,567	613,567
Series A preferred stock warrants, 1,154,566 outstanding	161,639	161,639
Shareholders' deficit		
Common stock, no par value; 40,000,000 shares authorized; 9,579,500 and 9,580,000 shares issued and outstanding at September 30, 1997 and March 31, 1998, respectively	9,580	9,830
Additional paid-in capital	48,838	48,838
Accumulated deficit	(1,183,684)	(1,352,114)
Total shareholders' deficit	(1,125,266)	(1,293,446)
Commitments		
Total liabilities and shareholders' deficit	$ 918,796	$ 1,249,299

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

Digital Planet

Statement of Operations

	For the Year Ended September 30, 1997	For the Six Months Ended March 31, 1997 (unaudited)	1998 (unaudited)
Revenues	$3,745,947	$1,921,302	$1,598,868
Cost of revenues	2,031,531	1,037,503	1,006,664
Gross profit	1,714,416	883,799	592,204
Selling, general and administrative expenses	1,209,550	513,647	625,766
Depreciation and amortization	45,277	11,319	36,658
Income (loss) from operations	459,589	358,833	(70,220)
Interest expense, net	(56,824)	(11,867)	(97,410)
Income (loss) before income taxes	402,765	346,966	(167,630)
Income tax provision	800	800	800
Net income (loss)	401,965	346,166	(168,430)
Accretion on Series A mandatorily redeemable convertible preferred stock	(149,646)	(149,646)	--
Net income (loss) available to common shareholders	$ 252,319	$ 196,520	$ (168,430)

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

Digital Planet

Statement of Changes in Shareholders' Deficit

	Common Stock		Additional		
	Shares Outstanding	Amount	Paid-in Capital	Accumulated Deficit	Total
Balance, September 30, 1996	9,579,500	$9,580	$48,838	$(1,436,003)	$(1,377,585)
Accretion on Series A mandatorily redeemable convertible preferred stock	--	--	--	(149,646)	(149,646)
Net income	--	--	--	401,965	401,965
Balance, September 30, 1997	9,579,500	9,580	48,838	(1,183,684)	(1,125,266)
Exercise of stock options (unaudited)	500	250	--	--	250
Net loss (unaudited)	--	--	--	(168,430)	(168,430)
Balance, March 31, 1998 (unaudited)	9,580,000	$9,830	$48,838	$(1,352,114)	$(1,293,446)

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

Digital Planet

Statement of Cash Flows

	For the year ended September 30,	For the six months ended March 31,	
	1997	1997	1998
		(unaudited)	
Cash flows from operating activities			
Net income (loss)	$ 401,965	$ 346,166	$(168,430)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	45,277	11,319	36,658
Changes in operating assets and liabilities			
Accounts receivable	(194,908)	(81,190)	(168,773)
Costs and estimated earnings in excess of billings on uncompleted contracts	(92,091)	--	92,091
Other assets	(44,429)	(2,537)	19,222
Accounts payable and accrued expenses	263,579	(12,357)	(23,506)
Billings in excess of costs and estimated earnings on uncompleted contracts	(819,073)	(239,143)	51,038

Deferred rent	--	--	28,131
Net cash (used in) provided by operating activities	(439,680)	22,258	(133,569)
Cash flows from investing activities			
Capital expenditures	(97,679)	(10,855)	(185,810)
Other	(8,060)	--	--
Net cash used in investing activities	(105,739)	(10,855)	(185,810)
Cash flows from financing activities			
Proceeds from factored accounts receivable	167,081	--	87,250
Payments on revolving line of credit	(50,000)	--	--
Payments on capital leases	(10,353)	(2,588)	(4,202)
Payments on short term borrowings	(85,846)	(24,711)	(2,972)
Proceeds from short term borrowings	500,000	--	250,000
Proceeds from exercise of stock options	--	--	250
Net cash provided by (used in) financing activities	520,882	(27,299)	330,326
Net (decrease) increase in cash	(24,537)	(15,896)	10,947
Cash, beginning of period	111,892	111,892	87,355
Cash, end of period	$ 87,355	$ 95,996	$ 98,302
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	$ 38,898	$ 11,867	$ 65,023
Cash paid during the period for income taxes	$ 800	$ --	$ --
Non-cash investing and financing activities			
Accretion on Series A mandatorily redeemable convertible preferred stock	$ 149,646	$ 149,646	$ --
Acquisition of equipment through capital leases	$ --	$ --	$ 112,944

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

Digital Planet

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business Digital Planet (the "Company") was incorporated on October 26, 1994 in California and is engaged in the development of consumer-oriented content for the World Wide Web and other media. The Company's customers are located throughout the United States.

Significant accounting policies Revenue recognition Revenue from service contracts is recognized over the contractual period using the percentage-of-completion method based on when services are performed. Advance billings in excess of costs represent deferred revenue and are recorded as billings in excess of costs and estimated earnings on uncompleted contracts. Unbilled receivables in excess of billings represent earned revenues and are recorded as costs and estimated earnings in excess of billings on uncompleted contracts. Revenue for services in which reasonable estimates to complete could not be made is recognized upon completion and when all remaining obligations are not significant. Operating expenses, including indirect costs and administrative expenses, are charged to income as incurred and are not allocated to contract costs. Any anticipated losses on contracts are charged to earnings when identified.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided on the straight-line method over the estimated useful lives for purchased assets, which range from 3 to 7 years. Equipment held under capital lease is amortized on the straight-line method over the lesser of the useful life or the lease term. Leasehold improvements are amortized using the straight-line method over the lesser of the useful life or the lease term.

Income taxes

The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different time periods for financial reporting and income tax purposes. Provisions for deferred income taxes are made in recognition of such temporary differences, where applicable. A valuation allowance is established against deferred tax assets unless the Company believes it is more likely than not that the benefit will be realized.

Stock-based compensation The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations and has elected the disclosure option of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123).

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable, accrued expenses and mandatorily redeemable convertible preferred stock approximate fair value. The carrying amount of borrowings approximate fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any such activity other than the net income (loss) for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Interim financial information The accompanying financial statements and related notes as of March 31, 1998 and for the six months ended March 31, 1997 and 1998 are unaudited. In the opinion of management, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company's financial position as of March 31, 1998 and the results of the Company's operations and its cash flows for the six months ended March 31, 1997 and 1998. The results for the six months ended March 31, 1998 are not necessarily indicative of the results to be expected for the year ending September 30, 1998.

2. Equipment

Equipment consists of the following:

September 30, March 31, 1997 1998 (unaudited)

Computer equipment.....	$253,608	$468,297
Computer software.....	20,483	24,982
Leasehold improvements.....	12,361	91,926
	286,452	585,205
Less accumulated depreciation and amortization....	(97,893)	(134,429)
Equipment, net.....	$188,559	$450,776

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) At September 30, 1997 and March 31, 1998, the Company had equipment under capital lease, net of amortization, of $25,066 and $131,518, respectively.

3. Borrowings

Borrowings consist of the following:

September 30, March 31, 1997 1998 (unaudited) Note payable, unsecured, due March 1, 1998 which provides for payment of the principal balance, plus interest accrued at prime plus 2%..... $ 500,000 $ 500,000 Note payable, unsecured, due April 15, 1998 which provides for payment of the principal balance plus interest accrued at 12%..... -- 250,000 Capital lease obligations, payable in monthly instalments of $156 to $1,083 expiring from 1998 to 2003, collateralized by equipment with a net book value of $25,066 and $131,518 at September 30, 1997 and March 31, 1998, respectively..... 17,942 126,685 Borrowing, secured by factored accounts receivable..... 167,081 254,331 Note payable to shareholder, unsecured, which provides for periodic principal payments of $500 to $1,500 plus interest at 10%. The note was repaid in May 1998..... 55,659 56,014 Note payable to an officer, unsecured, which provides for

monthly interest only payments at 10%. The note was repaid in May 1998..... 10,786 8,339 Note payable to shareholder, unsecured, which provides for monthly interest only payments at 10%. The note was repaid in May 1998..... 28,699 27,818 780,167 1,223,187 Less current maturities..... (772,161) (1,122,681) Long-term portion..... $ 8,006 $ 100,506 Total interest expense recognized by the Company for the year ended September 30, 1997 and the six months ended March 31, 1998 was $60,639 and $97,902, respectively, including $34,905 and $38,381, respectively, recognized with respect to related party borrowings. The Company maintained a $50,000 line of credit which expired and was repaid on July 1, 1997.

The $500,000 note payable was issued pursuant to an agreement with a private investor and included a detachable warrant to purchase up to 166,667 shares of the Company's common stock for $3 per share through April 2000 (see Note 6). The value of the warrants was not material. The note was repaid with proceeds from the sale of the Company to iXL Enterprises, Inc. (see Note 11). The warrant was not exercised. On July 25, 1997, the Company entered into an agreement with a bank whereby the Company sold certain qualified accounts receivable to the bank, with recourse, for the amount of the accounts receivable less fees and interest. Fees are calculated at 1% of the amount of the accounts receivable at the date of sale. Interest is calculated as 0.1% of the amount of the outstanding balance for each day the accounts receivable are outstanding. As of May 12, 1998, all of the factored accounts receivable had been collected from the customer.

On January 14, 1998, the Company entered into an agreement with iXL Enterprises, Inc. to borrow $250,000 pursuant to a note which accrues interest at 12% per year.

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) The aggregate maturities required on borrowings including capital lease obligations are as follows:

Year ending September 30,

1998.....	$774,500
1999.....	7,625
2000.....	1,271
	783,396
Less amounts representing interest on capital leases.....	(3,229)
	$780,167

4. Income Taxes

At September 30, 1997 the Company had net operating loss carryforwards for federal income tax purposes of approximately $204,000. The carryforwards expire in varying amounts in 2003 through 2013. A valuation allowance has been established against the benefit of the net operating loss carryforwards and other deferred tax assets which the Company does not believe are more likely than not to be realized. Under the Tax Reform Act of 1986, the amount of and the benefit from federal net

operating losses that can be carried forward may be limited in certain circumstances. Events which may cause changes in the Company's tax carryovers include, but are not limited to, a cumulative ownership change of more than 50% over a three-year period.

The income tax provision differs from the amount of income tax determined by applying the U.S. federal income tax rate to pretax income for the year ended September 30, 1997 due to the utilization of net operating loss carryforwards which had been previously reserved for.

5. Series A Mandatorily Redeemable Convertible Preferred Stock In June 1996, the Company entered into an agreement to issue 811,597 shares of Series A 8% Mandatorily Redeemable Convertible Preferred Stock and 1,154,566 Preferred Stock Warrants in return for the termination of a loan, advances and the cancellation of previously issued warrants with a combined carrying value totaling $511,306. The aggregate authorized number of preferred shares is 10,000,000 of which 1,966,163 are designated as Series A Mandatorily Redeemable Convertible Preferred Stock ("Series A Preferred Stock") with 811,597 shares issued and outstanding at September 30, 1997 and March 31, 1998.

Each share of Series A Preferred Stock outstanding is convertible at the option of the holder into one share of common stock, subject to certain adjustments, and automatically converts upon the completion of an underwritten public offering of common stock with gross proceeds of at least $7.5 million and a public offering price of not less than $2.52 per share.

The holders of the Series A Preferred Stock are entitled to receive their original issuance price of $0.63 per share in liquidation, plus an amount equal to all declared but unpaid dividends, prior and in preference to any distribution to the holders of common stock. At September 30, 1997 and March 31, 1998, the aggregate liquidation value of the Series A Preferred Stock is $511,306. Each share of preferred stock is redeemable at the option of the holder for $613,567 (120% of its original issuance price) any time after January 1, 1997.

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) The holders of the preferred stock are entitled to elect two members to the Board of Directors and have voting rights equal to common stock on an if-converted basis. Preferred stockholders also are entitled to receive noncumulative dividends in preference to any dividends on common stock at a rate per share equal to 8% of the original per share value. No dividends have been declared as of September 30, 1997 or March 31, 1998. The Company is restricted from authorizing or creating any new class or series of stock which has a preference over or is equal to the preferred stock.

The 1,154,566 Preferred Stock Warrants allow the holders to purchase 1,154,566 shares of the Company's Series A Preferred Stock at $0.63 per share subject to adjustment upon the occurrence of certain events as defined in the agreement. The warrants are exercisable through the earlier of July 10, 1999 or a public offering, as defined, and provide for certain registration rights.

In May 1998, the Company purchased all of the outstanding Series A Preferred Stock and Preferred Stock Warrants from the holders (see Note 11).

The combined carrying value of $511,306 was allocated between the Series A Preferred Stock and the Preferred Stock Warrants based upon the relative fair value of each instrument. The value allocated to the warrants was $161,639 and the amount allocated to the stock was $349,667. The Series A Preferred Stock carrying value was increased such that at January 1, 1997, when the stock can be redeemed, it is stated at its redemption value. The Company has recorded this accretion using the effective interest method by increasing the value of the Series A Preferred Stock and increasing the accumulated deficit.

Mandatorily redeemable preferred stock activity consists of the following for the year ended September 30, 1997:

Balance at September 30, 1996..... $463,921 Accretion to redemption value..... 149,646 Balance at September 30, 1997..... $613,567 6. Common Stock Warrants As of both September 30, 1997 and March 31, 1998, the Company had warrants outstanding held by a customer and a private lender (see Note 3) which allowed the holders to purchase 348,842 and 166,667 shares of the Company's common stock, respectively, at a weighted-average price of $1.18 and $3.00 per share, respectively. The customer warrants were issued in May 1996 and were allocated a value of approximately $49,000.

7. Employee Benefits

Stock option plan

In June 1996, the Company adopted a stock option plan which provides for the grant of incentive and nonqualified options to officers, other key employees of the Company and certain directors and consultants to purchase up to 421,500 shares of the Company's common stock. On January 1, 1998, the number of authorized shares was increased to 1,000,000. Options are granted at prices equal to at least 100% of the fair market value of the stock at the date of grant, expire no later than ten years from the date of grant and become exercisable as the Board of Directors determines. At September 30, 1997 and March 31, 1998, respectively, 387,457 and 990,700 stock options were outstanding with exercise prices ranging from $0.50 to $6.00 per share.

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) The following table summarizes stock option activity for the year ended September 30, 1997:

September 30, 1997 Weighted Average Exercise Options Price

Outstanding, beginning of year	290,457	$0.55
Granted	145,000	$2.00
Exercised	--	--
Forfeited	(48,000)	$1.24
Outstanding, end of year	387,457	$1.01
Options exercisable at end of year	58,091	$0.55

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at September 30, 1997	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at September 30, 1997	Weighted Average Exercise Price
$0.50.....	175,000	3.66	$0.50	35,000	$0.50
$0.63.....	115,457	3.92	$0.63	23,091	$0.63
$1.24.....	55,000	2.16	$1.24	--	--
$3.00.....	30,000	4.54	$3.00	--	--
$6.00.....	12,000	4.58	$6.00	--	--
	387,457			58,091	

The Company granted 729,200 options during the six months ended March 31, 1998. The Company applies APB Opinion No. 25 and related Interpretations in accounting for the plan. During the year ended September 30, 1997 and the six months ended March 31, 1998, no compensation cost was recognized for the issuance of stock options under the Company's plan. Had compensation cost for the Company's stock option plan been determined based on the fair value method as described in Financial Accounting StandardsNo. 123, "Accounting for Stock- Based Compensation", there would not be a material difference from the Company's reported results of operations.

401(k) savings plan

Effective January 1, 1996, the Company established a 401(k) plan for substantially all employees over the age of 21 with more than six months of service as defined by the plan. The plan allows for discretionary employer matching contribution up to 4% of the employees' compensation, subject to limitations. The matching contributions made during the year ended September 30, 1997 and the six months ended March 31, 1998 were not material.

Digital Planet

NOTES TO FINANCIAL STATEMENTS--(Continued) 8. Related Party Transactions During the year ended September 30, 1997 and the six months ended March 31, 1998, the Company performed services for one of its Series A Preferred Stock investors and recognized revenue in the amount of $615,640 and $40,000, respectively.

9. Concentrations of Credit Risk Net sales for the year ended September 30, 1997 for several major customers, together with the receivable due from each customer, are presented below. The Company does not obtain, nor require, any collateral or other security instruments related to these balances.

September 30, 1997 Accounts Amount of Receivable Customer Net Sales Balance

A.....	$ 458,400	$ --
B (related party, see Note 8).....	615,640	5,000
C.....	1,082,537	139,323
D.....	1,143,973	315,899
	$3,300,550	$460,222

10. Commitments

Future minimum lease payments under non-cancelable operating leases as of September 30, 1997 are as follows:

Year ending September 30, 1998..... $118,806 1999..... 183,450 2000..... 195,483 2001..... 207,510 2002..... 219,543 Thereafter..... 55,638 Total minimum lease payments..... $980,430 The Company's operating leases are primarily for office equipment and the Company's office facility. Rental expense under operating leases for the year ended September 30, 1997 and the six months ended March 31, 1998 totaled approximately $223,000 and $127,000, respectively.

11. Subsequent Events On May 12, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' deficit, and of cash flows present fairly, in all material respects, the financial position of Micro Interactive, Inc. at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia June 26, 1998

Micro Interactive, Inc.

Balance Sheet

December 31, March 31, 1997 1998 (unaudited)

ASSETS		
Current assets		
Cash	$ 203,414	$ 91,994
Accounts receivable	651,239	521,407
Costs and estimated earnings in excess of billings on uncompleted contracts	371,300	300,133
Prepaid expenses	56,944	69,569
Total current assets	1,282,897	983,103

Property and equipment, net	113,936	106,248
Other assets	49,617	49,617
Total assets	$1,446,450	$1,138,968
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Accounts payable	$ 139,399	$ 94,954
Accrued expenses	79,758	40,450
Accrued payroll	80,900	80,900
Borrowings under line of credit	--	25,000
Current portion of long-term debt	244,444	215,277
Billings in excess of costs and estimated earnings on uncompleted contracts	675,000	441,372
Current portion of capital lease obligations	29,000	31,000
Total current liabilities	1,248,501	928,953
Due to related parties	250,000	250,000
Deferred rent	89,713	89,713
Capital lease obligations	16,000	14,000
Total liabilities	1,604,214	1,282,666
Shareholders' deficit		
Common stock, $.01 par value; 3,000,000 shares authorized; 796,000 shares issued and outstanding	7,960	7,960
Additional paid-in capital	350,240	350,240
Accumulated deficit	(515,964)	(501,898)
Total shareholders' deficit	(157,764)	(143,698)
Commitments		
Total liabilities and shareholders' deficit	$1,446,450	$1,138,968

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

Micro Interactive, Inc.

Statement of Operations

For the three For the year months ended March ended 31, December 31, ---------- 1997 1997 1998 (unaudited)

Revenues	$3,220,300	$1,116,206	$870,837
Cost of revenues	1,788,706	679,279	506,968
Gross profit	1,431,594	436,927	363,869
Selling, general and administrative expenses	1,466,786	297,090	291,431
Depreciation and amortization	88,455	40,700	45,357
(Loss) income from operations	(123,647)	99,137	27,081
Interest expense, net	37,549	2,751	10,648
(Loss) income before income taxes	(161,196)	96,386	16,433
Income tax provision	3,900	855	2,367
Net (loss) income	$ (165,096)	$ 95,531	$ 14,066

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

Micro Interactive, Inc.

Statement of Changes in Shareholders' Deficit

	Common Stock				
	Shares Outstanding	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, December 31, 1996	750,000	$7,500	$ 17,500	$(288,268)	$(263,268)
Distributions to shareholders	--	--	--	(62,600)	(62,600)
Issuance of common stock, net of stock issuance costs	46,000	460	332,740	--	333,200
Net loss	--	--	--	(165,096)	(165,096)
Balance, December 31, 1997	796,000	7,960	350,240	(515,964)	(157,764)
Net income (unaudited)	--	--	--	14,066	14,066
Balance, March 31, 1998 (unaudited)	796,000	$7,960	$350,240	$(501,898)	$(143,698)

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

Micro Interactive, Inc.

Statement of Cash Flows

	For the year ended December 31,	For the three months ended March 31,	
	1997	1997	1998
		(unaudited)	
Cash flows from operating activities			
Net (loss) income	$(165,096)	$ 95,531	$ 14,066
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	88,655	40,700	45,357
Non cash charge to operations	33,280	--	--
Changes in operating assets and liabilities			
Accounts receivable	(105,604)	253,849	129,832
Costs and estimated earnings in excess of billings on uncompleted contracts	(125,300)	215,604	71,167
Accounts payable and accrued expenses	(66,557)	(137,908)	(83,753)
Deferred rent	42,113	--	--
Billings in excess of costs and estimated earnings on uncompleted contracts	235,700	(385,022)	(233,628)
Other assets	(41,705)	51	(12,625)
Net cash provided by (used in) operating activities	(104,514)	82,805	(69,584)
Cash flows from investing activities			

Capital expenditures	(46,060)	(13,431)	(27,319)
Net cash used in investing activities	(46,060)	(13,431)	(27,319)
Cash flows from financing activities			
Proceeds (payments) on revolving line of credit, net	(128,000)	--	25,000
Payments on long-term debt	(75,000)	(8,333)	(29,167)
Proceeds from issuance of debt	250,000	--	--
Proceeds from issuance of common stock	299,920	--	--
Payments on capital leases	(54,375)	(10,200)	(10,350)
Distributions to shareholders	(62,600)	(43,600)	--
Net cash provided by (used in) financing activities	229,945	(62,133)	(14,517)
Net increase (decrease) in cash	79,371	7,241	(111,420)
Cash, beginning of period	124,043	124,043	203,414
Cash, end of period	$ 203,414	$131,284	$ 91,994
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	$ 44,763	$ 4,931	$ 5,075
Non-cash investing and financing activities			
Acquisition of equipment through capital leases	$ 18,175	$ 5,400	$ 9,500

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

Micro Interactive, Inc.

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business Micro Interactive, Inc. (the Company) designs and produces interactive multimedia software applications, primarily on CD-ROM, for use by worldwide companies in connection with corporate communications, marketing, sales publicity and training.

Significant accounting policies Revenue recognition The Company records revenues based on the completed contract method. Accordingly, revenue is recognized only when all remaining obligations are not significant. All related billings and costs for uncompleted contracts have been deferred as billings on uncompleted contracts and costs on uncompleted contracts.

Cash and cash equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided on the straight-line method over the estimated useful lives for purchased assets, which range from 5 to 7 years. Equipment held under capital leases is amortized on the straight-line method over the lesser of the useful life or the lease term.

Income taxes

The Company has elected to be taxed as an S Corporation for Federal and State tax purposes, whereby the Company's taxable income accrues directly to the shareholders. The Company remains subject to New York City and New York State S Corporation taxes.

Stock-based compensation The Company has elected to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations and has elected to elect the disclosure option of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Micro Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) Fair value of financial instruments The carrying amounts of financial instruments including cash, cash equivalents, accounts receivable, accounts payable and accrued expenses approximate fair value. The carrying amount of long-term debt approximates fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income which represents the change in equity during a period from non-owner sources. The Company has not incurred any such activity other than its net income (loss) for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Interim Financial Information The accompanying financial statements and related notes as of March 31, 1998 and for the three months ended March 31, 1997 and 1998 are unaudited. In the opinion of management, the unaudited interim financial statements have been prepared on the same basis as the audited financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position as of March 31, 1998, and the results of the Company's operations and its cash flows for the three months ended March 31, 1997 and 1998. The results for the three months ended March 31, 1998 are not necessarily indicative of the results to be expected for the year ending December 31, 1998.

2. Equipment

Equipment consists of the following:

December 31, March 31, 1997 1998 (unaudited)

Furniture and fixtures	$ 76,668	$ 77,229
Computers and related equipment	349,545	363,778
Leasehold improvements	21,815	21,815
	448,028	462,822
Less accumulated depreciation and amortization	(334,092)	(356,574)
Equipment, net	$ 113,936	$ 106,248

At December 31, 1997, the Company had equipment under capital lease, net of related amortization, of $27,300.

Micro Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 3. Concentrations of Credit Risk For the year ended December 31, 1997, two customers (one through multiple operating divisions located in various countries worldwide) accounted for approximately 37.5% and 10.5% of total revenues, respectively.

4. Borrowings

Borrowings consist of the following:

December 31, March 31, 1997 1998 (unaudited)

Term loans due to bank payable in monthly principal instalments of $9,722 through January 1999, thereafter $6,944 through June 2000	$244,444	$215,277
Notes payable to related parties due March 22, 2000	250,000	250,000
	$494,444	$465,277

Revolving line of credit The Company had a line of credit with the Bank of New York as of December 31, 1996 which allowed for advances up to $250,000 and expired on May 30, 1997. On May 30, 1997 the Company entered into a new agreement with the same bank which increased the line of credit to $500,000 allowing for advances in increments of $25,000 and expiring on May 30, 1998. The line of credit is payable on demand and bears interest at the bank's prime rate plus 1 3/4% (10 1/4% at December 31, 1997). The line of credit is secured by the Company's assets. Amounts outstanding under the agreement at December 31, 1997 and March 31, 1998 were $0 and $25,000, respectively.

Term loans

On January 25, 1996, the Company entered into an agreement with the bank of New York to borrow $100,000. The note is secured by the Company's assets and bears interest at the bank's prime rate plus 1 3/4% and is payable in monthly instalments of $2,778 through January 1999.

On May 30, 1997, the Company entered into an agreement with the Bank of New York to increase its borrowings to $250,000. The note is secured by the Company's assets and bears interest at the bank's prime rate plus 1 3/4%. The loan is payable in monthly instalments of $6,944 through June 2000. The Company is subject to certain covenants under the bank debt agreement, including maintaining

working capital and tangible net worth requirements, among others. As of December 31, 1997, the Company had violated certain of these covenants. The Company did not obtain waivers for these violations; however, the Company repaid these borrowings subsequent to year end. As a result of the covenant violation, the amount of the term loans outstanding as of December 31, 1997 is classified as current.

Related party debt

In 1995, the Company entered into loan agreements with two related parties. These loans in the amounts of $137,500 and $112,500 bear interest at rates of 6 1/8% and 8 3/4%, respectively, and are due March 22, 2000. These loans are subordinate to the term loans and line of credit with Bank of New York.

Micro Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) Interest expense recognized with respect to these borrowings for the year ended December 31, 1997 was $21,098.

The aggregate maturities required on borrowings and capital lease obligations as of December 31, 1997 are as follows:

Year ending December 31,

1998	$276,237
1999	11,694
2000	254,385
2001	1,461
Less amounts representing interest on capital leases	(4,333)
	$539,444

5. Private Placement Offering In June 1997, the Company sold 46,000 shares of common stock for $299,920. Five of the six investors purchased shares of stock at $8.33 per share with the remaining investor (a related party) purchasing 16,000 shares at $6.25 per share pursuant to a warrant issued contemporaneously with the offering. The Company has recorded a charge to operations of $33,280 to reflect the lower share price paid by this investor. The Company issued 6,000 of the 46,000 shares to its legal counsel as payment for legal services rendered in connection with the offering. Such costs have been netted against the proceeds raised.

6. 1996 Stock Option Plan The Company's 1996 Stock Option Plan provides for the granting to certain employees as incentive stock options the purchase of up to 50,000 shares of the Company's common stock. Options are exercisable over the exercise period (which shall not exceed ten years from the date of grant) at such times and upon such conditions as the stock option committee may determine. Options are granted at fair market value as determined by the stock option committee except for stock options to 10% or more shareholders, for whom the option price must be at least 110% of the fair market value.

Had compensation cost for the Company's plan been determined based on the fair value at the grant date consistent with the provisions of FAS 123, the Company's net loss would have been increased to the pro forma amounts indicated below:

December 31, 1997

Net loss As reported..... $(131,816) Pro forma..... $(162,187) The minimum value of each option is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants during 1997; dividend yield of 0% for the period; expected volatility of 60% for the period; average risk free interest rate 6.4%; expected life of 4.5 years for the period.

Micro Interactive, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) A summary of stock option activity as of and for the year ended December 31, 1997, is as follows:

December 31, 1997 Weighted Average Exercise Options Price

Outstanding at beginning of year.....	11,000	$10.00
Granted.....	16,500	$ 8.33
Forfeited.....	(7,000)	$10.00
Outstanding at end of year.....	20,500	$ 9.06
Options exercisable at end of year.....	6,500	$ 8.59

The following table summarizes information about stock options outstanding at December 31, 1997:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at December 31, 1997	Weighted Average Remaining Contractual Life		Number Exercisable at December 31, 1997	Weighted Average Exercise Price
$ 8.33	11,500	9.58		5,500	$ 8.33
$10.00	9,000	8.64		1,000	$10.00
	20,500			6,500	$ 8.59

7. Commitments

The Company leases its office under an operating lease which expires December 2001. The lease provides for escalations for increases in real estate taxes and operating expenses. Operating lease expense charged for the year ended December 31, 1997 (consisting of the office lease) was $178,280. The aggregate minimum rentals remaining through dates of expiration payable over the next four years are as follows:

Year ending December 31, 1998..... $184,900
1999..... 184,900 2000..... 184,900
2001..... 184,900 Total minimum lease payments.....
$739,600 8. Subsequent Event On May 8, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' equity (deficit), and of cash flows present fairly, in all material respects, the financial position of CommerceWave, Inc. at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia August 21, 1998

Commercewave, Inc.

Balance Sheet

December 31, June 30, 1997 1998 (unaudited)

ASSETS		
Current assets		
Cash	$ 277,080	$ 1,251
Accounts receivable less allowance for doubtful accounts of $64,750 and $54,331, respectively	399,903	195,250
Other current assets	12,131	2,400
Total current assets	689,114	198,901
Equipment, net	167,086	150,614
Other assets	22,929	14,719
Total assets	$ 879,129	$ 364,234
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 225,225	$ 188,142
Accrued expenses	122,508	143,781
Current portion of notes payable and capital lease obligations	402,510	372,401
Advances from related parties	27,770	71,276
Total current liabilities	778,013	775,600
Notes payable and capital lease obligations	24,659	25,454
Total liabilities	802,672	801,054
Shareholders' equity (deficit)		
Preferred stock, Series A, no par value; 4,050,405 shares authorized, issued and outstanding	861,000	861,000
Common stock, no par value; 24,000,000 shares authorized; 8,000,000 shares issued and outstanding	20,000	20,000

Additional paid-in capital	(613,663)	(554,663)
Accumulated deficit	(190,880)	(763,157)
Total shareholders' equity (deficit)	76,457	(436,820)
Commitments		
Total liabilities and shareholders' equity (deficit)	$ 879,129	$ 364,234

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

Commercewave, Inc.

Statement of Operations

	For the year ended December 31, 1997	For the six months ended June 30, 1997	1998
		(unaudited)	
Revenues	$1,636,614	$ 669,644	$ 563,438
Cost of revenues	760,673	335,300	438,866
Gross profit	875,941	334,344	124,572
Selling, general and administrative expenses	1,093,551	510,251	635,111
Depreciation and amortization	65,294	28,129	33,971
Research and development expenses	151,568	118,380	5,147
Loss from operations	(434,472)	(322,416)	(549,657)
Interest expense, net	(55,044)	(32,303)	(21,820)
Other income	32,204	12,451	--
Loss before income taxes	(457,312)	(342,268)	(571,477)
Income tax provision	800	800	800
Net loss	$ (458,112)	$ (343,068)	$ (572,277)

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

Commercewave, Inc.

Statement of Changes in Shareholders' Equity (Deficit)

	Common Stock		Preferred Stock				
	Shares Outstanding	Amount	Shares Outstanding	Amount	Additional Paid-in Capital	Accumulated Deficit	Total
Balance, December 31, 1996	8,000,000	$20,000	--	--	--	$(346,431)	$(326,431)
Sale of preferred stock, net of issuance costs.	--	--	4,050,405	$861,000	--	--	861,000
Net loss under S Corporation tax status (January 1, 1997 through July 31, 1997)	--	--	--	--	--	(267,232)	(267,232)
S Corporation to C Corporation conversion effective August 1, 1997	--	--	--	--	--	$(613,663)	613,663
--							
Net loss under C Corporation tax status (August 1, 1997 through December 31, 1997)	--	--	--	--	--	(190,880)	(190,880)
Balance, December 31, 1997	8,000,000	20,000	4,050,405	861,000	(613,663)	(190,880)	76,457
Stock compensation (unaudited)	--	--	--	--	--		

59,000 -- 59,000 Net loss (unaudited).... -- -- -- -- -- (572,277) (572,277) Balance, June 30 1998 (unaudited)..... 8,000,000 $20,000 4,050,405 $861,000 $(554,663) $(763,157) $(436,820) The accompanying notes are an integral part of these financial statements.

Commercewave, Inc.

Statement of Cash Flows

	For the year ended December 31,	For the six months ended June 30,	
	1997	1997	1998
		(unaudited)	
Cash flows from operating activities			
Net loss	$(458,112)	$(343,068)	$(572,277)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Depreciation and amortization	65,294	28,129	33,971
Stock compensation expense	--	--	59,000
Change in operating assets and liabilities			
Accounts receivable	(174,711)	105,197	204,653
Other assets	(7,304)	(4,821)	9,209
Accounts payable and accrued expenses	76,830	22,832	(15,809)
Net cash used in operating activities	(498,003)	(191,731)	(281,253)
Cash flows from investing activities			
Capital expenditures	(19,072)		(3,469)
Net cash used in investing activities	(19,072)	--	(3,469)
Cash flows from financing activities			
Payments on notes payable and capital leases	(114,973)	(43,784)	(34,614)
Proceeds from sale of preferred stock	861,000	--	--
Proceeds from advances from related parties	17,770	222,609	43,506
Net cash provided by financing activities	763,797	178,825	8,892
Net increase (decrease) in cash	246,722	(12,906)	(275,830)
Cash, beginning of period	30,358	30,358	277,081
Cash, end of period	$ 277,080	$ 17,452	$ 1,251
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	$ 17,733	$ 8,867	$ 7,975
Cash paid during the period for income taxes	$ 800	$ --	$ --
Non-cash investing and financing activities			
Acquisition of equipment through capital leases	$ 34,366	$ 12,553	$ 5,299

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

Commercewave, Inc.

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business CommerceWave, Inc. (the "Company") offers products and consulting services related to electronic commerce. The Company markets a suite of commerce solutions ranging from an Internet-based interactive commerce software for merchants to transaction processing systems. The Company provides consulting services in transaction processing, point-of-sale terminal applications and Internet commerce solutions. Effective September 30, 1996, the Board of Directors of the Company elected to change the Company's name (formerly Professional Business Solutions, Inc.) to CommerceWave, Inc.

Significant accounting policies Revenue recognition Revenue from consulting services is recognized based on time incurred. Revenue from product sales is recognized upon shipment of the product when the Company has no significant obligations remaining. Revenue from software customizations is recorded as services are provided. Maintenance revenue is recognized on a pro rata basis over the terms of the maintenance agreements.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided on the straight-line method over the estimated useful lives for purchased assets, which range from 3 to 5 years. Equipment held under capital lease is amortized on the straight-line method over the lesser of the useful life or the lease term.

Software development costs In accordance with Statement of Financial Accounting Standards No. 86, "Accounting for the Costs of Computer Software to Be Sold, Leased, or otherwise Marketed," software development costs are expensed as incurred until technological feasibility has been established, at which time such costs are capitalized until the product is available for general release to customers. To date, the establishment of technological feasibility of the Company's products and general release of such software have substantially coincided. As a result, software development costs qualifying for capitalization have been insignificant, and therefore, the Company has not capitalized any software development costs.

Income taxes

The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different time periods for financial reporting and income tax purposes. Provisions for deferred income taxes are made in recognition of such temporary differences, where applicable. A valuation allowance is established against deferred tax assets unless the Company believes it is more likely than not that the benefit will be realized.

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) Stock-based compensation The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations and has elected the disclosure option of Statement of Financial Accounting Standards No 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and accrued expenses approximate fair value. The carrying amounts of convertible notes payable and other borrowings approximate fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any such activity other than the net loss for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Interim financial information The accompanying financial statements and related notes as of June 30, 1998 and for the six months ended June 30, 1997 and 1998 are unaudited. In the opinion of management, these statements have been prepared on the same basis as the audited financial statements and reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 1998 and the results of the Company's operations and its cash flows for the six months ended June 30, 1997 and 1998. The results for the six months ended June 30, 1998 are not necessarily indicative of the results to be expected for the year ending December 31, 1998.

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 2. Equipment Equipment consists of the following:

December 31, June 30, 1997 1998 (unaudited)

Office furniture and equipment	$ 45,103	$ 46,427
Computer equipment	196,512	203,956
Computer software	47,784	47,784
	289,399	298,167
Less accumulated depreciation and amortization	(122,313)	(147,553)
Equipment, net	$ 167,086	$ 150,614

Equipment held under capital lease is as follows:

December 31, June 30, 1997 1998 (unaudited)

Office furniture and equipment	$ 23,228	$ 23,228
Computer equipment	119,324	124,623
Computer software	25,117	25,117
	167,669	172,968
Less accumulated amortization	(67,008)	(77,788)
Equipment, net	$100,661	$ 95,180

Several of the Company's capital leases contain purchase options by which the Company can purchase the equipment at the end of the lease term for $1.00.

3. Accrued Expenses

Accrued expenses consists of the following:

December 31, June 30, 1997 1998 (unaudited)

Accrued vacation	$ 43,936	$ 36,168
Accrued salaries	27,662	27,662
Accrued interest	37,825	53,688
Other	13,085	26,263
	$122,508	$143,781

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 4. Borrowings Borrowings consist of the following:

December 31, June 30, 1997 1998 (unaudited)

Convertible note payable, unsecured, which accrues interest at 8%	$ 150,000	$ 150,000
Convertible note payable, unsecured, which accrues interest at 8%	150,000	150,000
Convertible note payable, unsecured, which accrues interest at 8%	50,000	50,000
Note payable to bank, which accrues interest at prime plus 2% (10.5% at December 31, 1997) and matures on February 15, 1998	8,558	--
Capital leases, payable in monthly instalments of $178 to $783 expiring from 1998 to 2000 collateralized by equipment with a net book value of $100,661 and $95,180 at December 31, 1997 and June 30, 1998, respectively	68,611	47,855
	427,169	397,855
Less current maturities	(402,510)	(372,401)
Long-term portion	$ 24,659	$ 25,454

In 1996 the Company issued three notes payable, as indicated in the table above, for total proceeds to the Company of $350,000. The notes are convertible into common stock upon the closing of an equity transaction in which the consideration received by the Company is greater than $1,000,000 (the Equity Transaction). The conversion rate is calculated as 80%, 83%, and 90%, respectively, of the per share price paid by the investors in the Equity Transaction but shall be no less than $8.45 per share. The notes payable were repaid in conjunction with the Company's acquisition by iXL Enterprises, Inc. (see Note 12).

The Company recognized interest expense of $64,250 and $28,148 for the year ended December 31, 1997 and for the six months ended June 30, 1998, respectively.

The aggregate maturities required on notes payable and capital leases as of December 31, 1997 are as follows:

Year ending December 31,	Notes Payable	Capital Leases	Total
1998	$358,558	$53,898	$412,456
1999	--	22,901	22,901
2000	--	4,472	4,472
	358,558	81,271	439,829
Less amounts representing interest	--	(12,660)	(12,660)
	$358,558	$68,611	$427,169

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 5. Concentrations of Credit Risk Net sales for the year ended December 31, 1997 for several major customers, together with the receivable due from each customer, are presented below. The Company does not obtain, nor require, any collateral or other security instruments related to these balances.

December 31, 1997 Accounts Amount of Receivable Customer Net Sales Balance

A	$ 176,387	$100,019
B	470,887	137,682
C	266,719	116,083
D	239,184	23,554
E	--	--
	$1,153,177	$377,338

6. 1997 Stock Option Plan The Company's stock option plan provides for the granting of options to acquire up to 1,000,000 shares of the Company's common stock. The options may either be incentive stock options or non-qualified stock options as defined in the Internal Revenue Code. The Board of Directors will govern the terms of each option grant and will determine the exercise price, the vesting period and the exercise period of each option. The exercise period may not exceed ten years from the date of grant.

For the year ended December 31, 1997, no compensation costs were recognized in connection with option grants. In June 1998, the Company granted 308,600 options to certain employees with exercise prices below the estimated fair value of the Company's common stock. These options vested

immediately. As a result, the Company recorded compensation costs of $59,000.

Had compensation cost for the Company's option plan been determined based on the fair value method as described in Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation," the Company's net loss would have been increased to the pro forma amounts indicated below:

December 31, June 30, 1997 1998 (unaudited)

Net loss		
As reported	$(458,112)	$(572,277)
Pro forma	$(480,195)	$(596,439)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants during the December 31, 1997 and June 30, 1998 periods, respectively: dividend yield of 0% for all periods; expected volatility of 60% for all periods; risk free interest rate of 5.71% and 5.52%; expected life of five years and two years. The weighted average fair value of the options granted for the year ended December 31, 1997 and the six months ended June 30, 1998 is $0.53 and $0.13, respectively.

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) The following table summarizes stock option activity for the year ended December 31, 1997:

December 31, 1997 Weighted Average Exercise Options Price

Outstanding, beginning of year	--	$ 0.00
Granted	718,500	0.22
Exercised	--	0.00
Forfeited	(9,900)	0.22
Outstanding, end of year	708,600	0.22
Options exercisable at end of year	176,660	$ 0.22

The stock options outstanding at December 31, 1997 have a weighted average remaining contractual life of 4 years.

7. Shareholders' Equity (Deficit) Preferred stock In August 1997, the Company issued 4,050,405 of Series A convertible preferred stock at $0.22 per share for total proceeds of $861,000, net of issuance cost of $39,000. Two preferred stock investors advanced the Company a total of $200,000 in June and April of 1997, respectively, prior to the issuance of the shares and final settlement of the price in August 1997. The holders of the preferred stock are entitled to elect two members to the Board of Directors and have voting rights equal to common stock on an if-converted basis. Preferred stockholders also are entitled to receive noncumulative dividends in preference to any dividends on common stock at a rate of $0.01 per share. No dividends have been declared for the year ended December 31, 1997 nor for the six months ended June 30, 1998.

The holders of the preferred stock are entitled to receive their original issuance price of $0.22 per share in liquidation, plus an amount equal to all declared but unpaid dividends, prior and in preference to any distribution to the holders of common stock. Each share of preferred stock is convertible into one share of common stock.

Stock split

In 1997, the Company approved a 10 for 1 split of its common stock. The Company restated the share data for this transaction as if it occurred at inception of the Company.

8. 401(k) Savings Plan Effective October 1, 1996, the Company established a 401(k) plan for substantially all of its employees over the age of 21 with an employment date prior to the effective date of the plan or with more than one year of service, as defined in the plan. The plan allows for discretionary employer matching contributions, subject to limitations. The matching contributions made during the year ended December 31, 1997 and the six months ended June 30, 1998 were not material.

Commercewave, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 9. Commitments Future minimum lease payments under non-cancelable operating leases as of December 31, 1997 are as follows:

Year ending December 31, 1998..... $ 78,948
1999..... 52,835 Total minimum lease payments.....
$131,783 The Company's operating leases are primarily for office equipment and the Company's office facility. Rental expense under operating leases for the year ended December 31, 1997 and for the six months ended June 30, 1998 totaled approximately $102,000 and $43,000, respectively.

10. Income Taxes

From inception through July 31, 1997 the Company elected to be taxed as an S Corporation for federal and state tax purposes, whereby the Company's taxable income accrues directly to the shareholders. The Company elected to be taxed as a C Corporation for federal and state tax purposes effective August 1, 1997. Due to the change in tax status, the Company has transferred its accumulated deficit as of July 31, 1997 of $613,663 to additional paid in capital.

The provision for income taxes results from a minimum state tax liability. No other current provision for income tax expense or benefit has been provided by the Company for the year ended December 31, 1997 or for the six months ended June 30, 1998 due to a net loss being recognized for income tax purposes. Further, no deferred income tax expense or benefit has been provided as changes in net deferred tax assets, consisting primarily of net operating loss carryforwards, and liabilities have been fully offset by a valuation allowance.

11. Related Party Transactions On June 29, 1998, the Company received an advance from iXL Enterprises, Inc. (iXL) in the amount of $50,000. The advance was used for working capital. The advance was considered as part of the purchase price when the Company was acquired by iXL (see Note 12). The Company also recognized $22,913 of revenues for the six months ended June 30, 1998 in connection with providing professional services to iXL prior to the acquisition. The amount was included in accounts receivable at June 30, 1998.

12. Subsequent Event

On July 2, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' equity, and of cash flows present fairly, in all material respects, the financial position of Spinners Incorporated at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia September 4, 1998

Spinners Incorporated

Balance Sheet

December 31, June 30, 1997 1998 (unaudited)

ASSETS		
Current assets		
Cash	$107,361	$176,317
Accounts receivable	333,300	281,420
Costs and estimated earnings in excess of billings on uncompleted contracts	51,000	67,264
Investment--held-to-maturity	81,413	--
Other current assets	46,436	1,115
Total current assets	619,510	526,116
Property and equipment, net	231,447	403,817
Other assets	27,489	49,898

Total assets	$878,446	$979,831
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 3,543	$ 52,266
Accrued expenses	45,934	73,029
Billings in excess of costs and estimated earnings on uncompleted contracts	106,750	52,975
Current portion of capital lease obligations	49,540	85,532
Total current liabilities	205,767	263,802
Capital lease obligations	41,576	146,761
Total liabilities	247,343	410,563
Shareholders' equity		
Common stock, $.01 par value; 10,000,000 shares authorized; 7,000,000 shares issued and outstanding	70,000	70,000
Additional paid-in capital	161,000	161,000
Unearned compensation	(144,000)	(124,000)
Retained earnings	544,103	462,268
Total shareholders' equity	631,103	569,268
Commitments		
Total liabilities and shareholders' equity	$878,446	$979,831

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

Spinners Incorporated

Statement of Operations

	For the Year Ended December 31,	For the Six Months Ended June 30,	
	1997	1997	1998
		(unaudited)	
Revenues	$1,742,439	$747,138	$1,104,261
Cost of revenues	798,942	316,467	727,238
Gross profit	943,497	430,671	377,023
Selling, general and administrative expenses	489,028	139,526	343,956
Depreciation and amortization	38,182	12,193	36,814
Income (loss) from operations	416,287	278,952	(3,747)
Interest income (expense), net	(8,684)	1,912	(6,088)
Net income (loss)	$ 407,603	$280,864	$ (9,835)

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

Spinners Incorporated

Statement of Changes in Shareholders' Equity

	Common Stock					
	Shares Outstanding	Amount	Additional Paid-in Capital	Unearned Compensation Expense	Retained Earnings	Total

Balance, December 31, 1996	7,000,000	$70,000	--	--	$173,100	$243,100
Distributions	--	--	--	--	(36,600)	(36,600)
Issuance of stock options	--	--	$161,000	$(161,000)	--	--
Stock compensation	--	--	--	17,000	--	17,000
Net income	--	--	--	--	407,603	407,603
Balance, December 31, 1997	7,000,000	70,000	161,000	(144,000)	544,103	631,103
Distributions (unaudited)	--	--	--	--	(72,000)	(72,000)
Stock compensation (unaudited)	--	--	--	20,000	--	20,000
Net loss (unaudited)	--	--	--	--	(9,835)	(9,835)
Balance, June 30, 1998 (unaudited)	7,000,000	$70,000	$161,000	$(124,000)	$462,268	$569,268

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

Spinners Incorporated

Statement of Cash Flows

	For the Year Ended December 31,	For the Six Months Ended June 30,	
	1997	1997	1998
		(unaudited)	

Cash flows from operating activities Net income (loss) $ 407,603 $ 280,864 $ (9,835) Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities Depreciation and amortization 38,182 12,193 36,814 Stock compensation expense 17,000 -- 20,000 Changes in operating assets and liabilities Accounts receivable (216,505) (10,579) 51,880 Costs and estimated earnings in excess of billings on uncompleted contracts (51,000) (63,000) (16,264) Other assets (57,677) (1,850) 22,912 Accounts payable and accrued expenses 35,030 26,057 75,818 Billings in excess of costs and estimated earnings on uncompleted contracts 106,750 2,000 (53,775) Net cash provided by operating activities 279,383 245,685 127,550 Cash flows from investing activities Capital expenditures (84,945) (54,539) (28,142) Proceeds from (purchase of) investment securities (81,413) (81,413) 81,413 Net cash provided by (used in) investing activities (166,358) (135,952) 53,271 Cash flows from financing activities Payments on capital leases (22,230) (4,900) (39,865) Distributions to shareholders (36,600) (36,600) (72,000) Net cash used in financing activities (58,830) (41,500) (111,865) Net increase in cash 54,195 68,233 68,956 Cash, beginning of period 53,166 53,166 107,361 Cash, end of period $ 107,361 $ 121,399 $ 176,317 Supplemental disclosures of cash flow information Cash paid during the period for interest $ 12,894 $ 365 $ 10,271 Non-cash investing and financing activities Acquisition of property and equipment through capital leases $ 100,896 $ 32,706 $ 181,042 The accompanying notes are an integral part of these financial statements.

Spinners Incorporated

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business Spinners Incorporated (the "Company" or "Spinners") specializes in providing integrated technology and design services that allow organizations to successfully incorporate internet technology as a core component of their business. Spinners' clients are located in the northeast United States.

Significant accounting policies Revenue recognition Revenue from service contracts is recognized over the contractual period using the percentage-of-completion method based on when services are performed. Advance billings for services in excess of costs represent deferred revenue and are recorded as billings in excess of costs and estimated earnings on uncompleted contracts. Unbilled receivables in excess of billings represent earned revenues and are recorded as costs and estimated earnings in excess of billings. Operating expenses, including indirect costs and administrative expenses, are charged to operations as incurred and are not allocated to contract costs. Any anticipated losses on contracts are charged to earnings when identified. There were no loss contracts at December 31, 1997.

Cash and cash equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investment securities The Company's investment securities consist of a U.S. treasury bill with the face amount of $85,000 that is classified as a held-to-maturity security. Held-to-maturity securities are stated at amortized cost with gains recognized in earnings as required by FAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". The maturity date for the U.S. treasury bill is January 8, 1998.

Property and equipment Property and equipment are recorded at cost, less accumulated depreciation. Depreciation and amortization are provided using the straight- line method over the estimated useful life. Equipment is depreciated over five years. Equipment held under capital lease is recorded at the lower of the fair market value of the lease or the present value of future minimum lease payments. The leased assets are depreciated over the lesser of the lease term or the estimated useful life. Leasehold improvements are amortized over the lesser of the lease term or the estimated useful life.

Income taxes

The Company has elected to be taxed as an S Corporation for federal and state tax purposes, whereby the Company's taxable income accrues directly to the shareholders. As a result, no provision for income taxes has been made in the accompanying financial statements.

Spinners Incorporated

NOTES TO FINANCIAL STATEMENTS--(Continued) Stock-based compensation The Company has elected to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations and has elected the disclosure option of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable, held-to-maturity securities, and accrued expenses approximate fair value. The carrying amounts of borrowings approximate fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any comprehensive income components other than the net income (loss) for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Interim financial information The accompanying financial statements and related notes as of June 30, 1998 and for the six months ended June 30, 1997 and 1998 are unaudited. In the opinion of management these statements have been prepared on the same basis as the audited financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 1998 and the results of the Company's operations and its cash flows for the six months ended June 30, 1997 and 1998. The results for the six months ended June 30, 1998 are not necessarily indicative of the results to be expected for the year ending December 31, 1998.

Spinners Incorporated

NOTES TO FINANCIAL STATEMENTS--(Continued) 2. Equipment Equipment consists of the following:

December 31, June 30, 1997 1998 (unaudited)

Equipment	$273,829	$353,000
Furniture and fixtures	12,250	124,163
Leasehold improvements	--	18,100
	286,079	495,263
Less accumulated depreciation and amortization	(54,632)	(91,446)
Equipment, net	$231,447	$403,817

At December 31, 1997 and June 30, 1998, the Company had property and equipment under capital lease as follows:

December 31, June 30, 1997 1998 (unaudited)

Property and equipment under capital lease	$120,951	$281,859
Less accumulated amortization	(11,863)	(29,579)
	$109,088	$252,280

3. Borrowings

Borrowings consist of the following:

December 31, June 30, 1997 1998 (unaudited)

Capital lease obligations payable in monthly installments of $5,792 to $10,459 expiring from 1998 to 2003, collateralized by equipment with a net book value of $124,011 and $305,053, respectively	$ 91,116	$232,293
Less current maturities	(49,540)	(85,532)
Long-term portion	$ 41,576	$146,761

Total interest expense for the year ended December 31, 1997 and the six months ended June 30, 1997 and 1998 was $12,894, $365 and $10,271, respectively.

Spinners Incorporated

NOTES TO FINANCIAL STATEMENTS--(Continued) The aggregate maturities required on capital lease obligations as of December 31, 1997 are as follows:

Year ending December 31,

1998	$ 65,319
1999	39,298
2000	7,549
2001	926
Less amounts representing interest	(21,976)
	$ 91,116

4. Shareholders' Equity From inception until June 10, 1997, the Company had 1,054 shares of no par value common stock outstanding. On June 10, 1997, the Company canceled the 1,054 shares of no par value common stock and in its place issued 7,000,000 shares of $0.01 par value common stock (10,000,000 shares authorized) to existing shareholders based on their proportionate interest. The Company has accounted for this transaction as a stock split and, accordingly, has restated share data in the accompanying financial statements as if it occurred at inception of the Company.

5. Employee Benefits

1997 stock option plan In June 1997, the Company adopted a stock option plan (the "Plan") which provides for the grant of incentive and nonqualified stock options to directors, officers, employees of the Company and certain consultants to purchase up to 1,000,000 shares of the Company's common stock. Options expire not later than ten years from the date of grant and other terms are determined by the Board of Directors. At December 31, 1997 and June 30, 1998 outstanding stock options totaled 696,500 and 690,500, respectively, with exercise prices at $.25 per share.

The following table summarizes stock option activity for the year ended December 31, 1997:

December 31, 1997 Weighted Average Exercise Options Price

Outstanding beginning of year	--	--
Granted	706,500	$.25
Exercised	--	--
Forfeited	(20,000)	.25
Outstanding end of year	686,500	$.25

During the year ended December 31, 1997, the Company recorded compensation expense of $17,000 related to the granting of stock options to employees with exercise prices below the estimated fair market value of the common stock at the date of grant. There were no options exercisable at December 31, 1997.

Spinners Incorporated

NOTES TO FINANCIAL STATEMENTS--(Continued) In addition, during the year ended December 31, 1997 the Company granted 10,000 stock options to a non-employee consultant for services. The fair value of the options issued has been determined to be insignificant.

The Company has adopted the disclosure only provision of FAS 123. Had compensation cost for the Company's stock option grants described above been determined based on the fair value at the grant date for awards in 1997 consistent with the provision of FAS 123, the Company's net income would have been decreased to the pro forma amounts indicated below.

December 31, 1997

Net income	
As reported	$407,603
Pro forma	$397,942

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 1997: dividend yield of 0%, weighted average risk free interest rate of 6.41%, volatility of 60% and expected life of 4 years.

The following table summarizes information about stock options outstanding at December 31,1997.

	Options Outstanding		
Number Outstanding at 12/31/97	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price

686,500 10 years $.25 401(k) profit sharing plan Effective January 1, 1996, the Company established a 401(k) plan for substantially all employees over the age of 21 with no requirement of minimum services. The plan allows for discretionary employer qualified contributions. For the year ended December 31, 1997, the Company made no contribution to the plan.

6. Concentrations of Credit Risk Net sales for the year ended December 31, 1997, of three major customers, together with the receivable due from each customer, are presented below. The Company does not obtain, nor require, any collateral or other security instruments related to these balances.

December 31, 1997 Accounts Amount of Receivable Customer Net Sales Balance

A	$ 702,040	$ 76,838
B	280,834	185,400
C	183,096	--
	$1,165,970	$262,238

Spinners Incorporated

NOTES TO FINANCIAL STATEMENTS--(Continued) 7. Commitments The Company leases its office facility under a noncancelable operating lease expiring in May 1998 with monthly payments of $12,923. Rental expense charged for the year ended December 31, 1997 and for the six month period ended June 30, 1998 was $137,802 and $107,192, respectively.

As of December 31, 1997, future minimum lease payments under non- cancelable operating leases due over the next year total $64,614.

8. Subsequent Events

On July 30, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors and Shareholders of iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' equity, and of cash flows present fairly, in all material respects, the financial position of Tekna, Inc. at December 31, 1997, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia September 24, 1998

Tekna, Inc.

Balance Sheet

December 31, June 30, 1997 1998 (unaudited)

ASSETS		
Current assets		
Cash	$ 175,420	$ 45,919
Accounts receivable	274,793	654,960
Related party receivables	7,675	5,063
Total current assets	457,888	705,942
Equipment, net	268,313	295,708
Other assets	103	9,345
Total assets	$ 726,304	$1,010,995
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 46,501	$ 124,672
Accrued expenses	54,736	42,887
Accrued interest	4,913	26,637
Notes payable to shareholder	424,203	424,203
Total current liabilities	530,353	618,399
Shareholders' equity		
Common stock, $1.00 par value; 1,000,000 shares authorized; 850,000 shares issued and outstanding	850,000	850,000
Additional paid-in capital	--	664,000
Unearned compensation	--	(398,380)
Accumulated deficit	(654,049)	(723,024)
Total shareholders' equity	195,951	392,596
Commitments		
Total liabilities and shareholders' equity	$ 726,304	$1,010,995

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

Tekna, Inc.

Statement of Operations

	For the year ended December 31, 1997	For the six months ended June 30, 1998 (unaudited)
Revenues	$239,776	$1,183,663
Cost of revenues	129,375	609,223
Gross profit	110,401	574,440
Selling, general and administrative expenses	111,723	618,217
Depreciation and amortization	17,397	29,513
Loss from operations	(18,719)	(73,290)
Interest income, net	2,167	4,315
Net loss	$(16,552)	$ (68,975)

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

Tekna, Inc.

Statement of Changes in Shareholders' Equity

	Common Stock					
	Shares Outstanding	Amount	Additional Paid-in Capital	Unearned Compensation	Accumulated Deficit	Total
Balance, December 31, 1996	1,000	$ 1,000	$ 24,000	$ --	$ (23,497)	$ 1,503
Issuance of common stock	587	587	74,413	--		75,000
Capital contributions	--	--	136,000	--	--	136,000
Net income	--	--	--	--	(16,552)	(16,552)
Common stock split	848,413	848,413	(234,413)	--	(614,000)	--
Balance, December 31, 1997	850,000	850,000	--	--	(654,049)	195,951
Issuance of options (unaudited)	--	--	664,000	(664,000)	--	--
Stock compensation (unaudited)	--	--	--	265,620	--	265,620
Net loss (unaudited)	--	--	--	--	(68,975)	(68,975)
Balance, June 30, 1998 (unaudited)	850,000	$850,000	$ 664,000	$(398,380)	$(723,024)	$392,596

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

Tekna, Inc.

Statement of Cash Flows

For the For the year six months ended ended December 31, June 30, 1997 1998 (unaudited)

Cash flows from operating activities		
Net loss	$ (16,552)	$ (68,975)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Depreciation and amortization	17,397	29,513
Stock compensation	--	265,620
Changes in operating assets and liabilities		
Accounts receivable	(213,793)	(380,167)
Other assets	(7,675)	(6,630)
Accounts payable and accrued expenses	106,150	88,046
Net cash used in operating activities	(114,473)	(72,593)
Cash flows from investing activities		
Capital expenditures	(60,107)	(56,908)
Net cash used in investing activities	(60,107)	(56,908)
Cash flows from financing activities		
Proceeds from capital contribution	75,000	--
Proceeds from note payable to shareholder	200,000	--
Proceeds from issuance of common stock	75,000	--
Net cash provided by financing activities	350,000	--

Net increase (decrease) in cash	175,420	(129,501)
Cash, beginning of period	--	175,420
Cash, end of period	$ 175,420	$ 45,919
Non-cash investing and financing activities		
Acquisition of equipment through note payable to shareholder	$ 224,203	$ --
Receivable contributed by shareholder for acquired service contract	$ 61,000	$ --

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

Tekna, Inc.

Notes to Financial Statements

1. Nature of Business and Summary of Significant Accounting Policies Nature of business Tekna, Inc. (the "Company") is a provider of internet related development services. Its primary service lines are web-enabled business applications, object-oriented development, multimedia and internet-based training for varied clientele ranging from small entities to major fortune 500 corporations. The Company's customers are located throughout the United States.

Tekna, Inc. (formerly Booth Technologies, Inc.) was formed in 1994 as a subchapter S corporation. Effective November 1, 1997, the Company acquired certain assets and assumed certain liabilities through issuance of a note payable of $224,203 to its sole shareholder at the time based on the carrying amount of the assets acquired.

Significant accounting policies Revenue recognition Revenue from service contracts is recognized over the contractual period using the percentage-of-completion method based on when services are performed. Advance billings for services in excess of costs, represent deferred revenue and are recorded as billings in excess of costs and estimated earnings on uncompleted contracts. Unbilled receivables in excess of billings represent earned revenues and are recorded as costs and estimated earnings in excess of billings. Operating expenses, including indirect costs and administrative expenses, are charged to income as incurred and are not allocated to contract costs. At the time a loss on a contract becomes known, the entire amount of the estimated loss is accrued. As of December 31, 1997 there are no unbilled receivables or deferred revenue amounts.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. Depreciation expense is provided on the straight-line method over the estimated useful lives for purchased assets, which range from 5 to 7 years.

Income taxes

The Company has elected to be taxed as an S corporation for federal and state tax purposes, whereby the Company's taxable income accrues directly to the shareholders. As a result, no provision for income taxes has been made in the accompanying statements.

Stock split

On December 15, 1997, the shareholders of the Company approved an increase in the number of authorized shares of common stock from 5,000 to 1,000,000. On January 1, 1998, the Company issued 848,413 shares to its two existing shareholders in proportion to their then existing common stock ownership interests. Because the Company elected to retain the $1.00 par value of its common stock, the transaction resulted in a

Tekna, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) transfer of $234,413 and $614,000 from additional paid-in capital and accumulated deficit, respectively, to common stock in the December 31, 1997 balance sheet.

Stock-based compensation The Company has elected to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related interpretations and has elected the disclosure option of Statement of Financial Accounting Standards No 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, compensation cost for stock options is measured as the excess, if any, of the fair value of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable and accrued expenses approximate fair value. The carrying amounts of borrowings approximate fair value based on current rates of interest available to the Company for loans of similar maturities.

Comprehensive income

Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any such activity other than the net loss for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amounts of assets, liabilities and future operating results.

Interim financial information The accompanying financial statements and related notes as of June 30, 1998 and for the six months ended June 30, 1998 are unaudited. In the opinion of management, the unaudited interim financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the Company's financial position as of June 30, 1998, and the results of the Company's operations and its cash flows for the six months then ended. Results of operations for the six months ended June 30, 1997 were not material. The results for the six months ending June 30, 1998 are not necessarily indicative of the results to be expected for the year ending December 31, 1998.

Tekna, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 2. Equipment Equipment consists of the following:

December 31, June 30, 1997 1998 (unaudited)

Furniture and fixtures.....	$ 64,445	$ 73,160
Computer equipment.....	217,316	241,670
Computer software.....	6,490	11,620
Leasehold improvements.....	--	18,709
	288,251	345,159
Less accumulated depreciation and amortization.....	(19,938)	(49,451)
Equipment, net.....	$268,313	$295,708

3. Notes Payable to Shareholder December 31, June 30, 1997 1998 (unaudited) Note payable to a shareholder, secured by all equipment and a second priority interest in accounts receivable, which provides for payment of the principal balance on demand plus interest accrued at 10%..... $224,203 $224,203 Note payable to a shareholder, secured by all equipment and a second priority interest in accounts receivable, which provides for payment of the principal balance on demand plus interest accrued at 10%..... 200,000 200,000 $424,203 $424,203 Total interest expense incurred with respect to these borrowings was $4,913 for the year ended December 31, 1997.

4. 401(k) Savings Plan Effective January 1, 1998, the Company established a 401(k) savings plan for substantially all of its employees with more than three months of service as defined by the plan. The employer has no obligation under the plan to make a contribution.

Tekna, Inc.

NOTES TO FINANCIAL STATEMENTS--(Continued) 5. Concentrations of Credit Risk Net sales for the year ended December 31, 1997 for several major customers, together with the receivable due from each customer, are presented below. The Company does not obtain, nor require, any collateral or other security instruments related to these balances.

	December 31, 1997	
Customer	Amount of Net Sales	Accounts Receivable Balance

A	$ 60,742	$121,742
B	52,739	37,073
C	50,260	50,260
D	35,000	35,000
	$198,741	$244,075

6. Commitments

Future minimum lease payments under non-cancelable operating leases as of December 31, 1997 are as follows:

Year ending December 31, 1998..... $144,416 1999..... 154,185 2000..... 151,976 2001..... 31,223 Total minimum lease payments..... $481,800 The Company's operating leases are primarily for office equipment and the Company's office facility. Rental expense under operating leases for the year ended December 31, 1997 totaled $7,809.

7. Subsequent Events

In April 1998, the Company entered into a line of credit agreement with a bank. The line of credit allows for borrowings of up to $500,000 at the bank's prime rate plus 2% and any borrowings are payable to the bank on demand. No borrowings have been made on the line as of June 30, 1998.

In June 1998 the Company granted stock options to certain of its employees. The Company recorded a charge to compensation expense of $265,620 for the six months ended June 30, 1998 related to these options.

On September 4, 1998, the Company was acquired by iXL Enterprises, Inc.

Report of Independent Accountants

To the Board of Directors iXL Enterprises, Inc.

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in shareholders' deficit, and of cash flows present fairly, in all material respects, the financial position of Larry Miller Productions, Inc. at December 31, 1997, and the results of its operations and its cash flows for the year ended December 31, 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP Atlanta, Georgia November 10, 1998

Larry Miller Productions, Inc.

Balance Sheets

December 31, June 30, 1997 1998 (unaudited)

Assets		
Current assets:		
Cash	$ 435,442	$ 274,956
Accounts receivable	571,806	476,856
Costs and estimated earnings in excess of billings on uncompleted contracts	72,800	33,389
Refundable income taxes	96,454	--
Other current assets	26,793	15,093
Total current assets	1,203,295	800,294
Furniture, fixtures and equipment, net	158,220	129,213
Other assets	--	89,764
Total assets	$1,361,515	$ 1,019,271
Liabilities, and Shareholders' Deficit		
Current liabilities:		
Accounts payable	$ 522,158	$ 273,611
Accrued expenses and other liabilities	170,925	197,729
Prebillings	248,777	295,630
Line of credit	250,000	250,000
Stock repurchase obligation	61,561	61,561
Current portion of capital lease obligations	49,745	46,259
Current portion on notes payable	--	100,000
Total current liabilities	1,303,166	1,224,790
Capital lease obligations	62,568	55,265
Notes payable	--	200,000
Total liabilities	1,365,734	1,480,055
Shareholders' deficit		
Common stock		
Class A voting stock, $.01 par value, 1,000 shares authorized; 1,000 shares issued	10	10
Class B non-voting stock, $.01 par value, 1,000 and 2,000 shares authorized, respectively; 350 shares issued	3	3
Treasury stock		
Class A voting stock, 550 shares (Note 6)	(61,561)	(61,561)
Class B non-voting stock, 100 shares at cost	(5,000)	(5,000)
Additional paid-in capital	14,298	105,356
Retained earnings (accumulated deficit)	48,031	(499,592)
Total shareholders' deficit	(4,219)	(460,784)
Total liabilities and shareholders' deficit	$1,361,515	$ 1,019,271

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

Larry Miller Productions, Inc.

Statements of Operations

	For the year ended December 31,	For six months ended June 30,	
	1997	1997	1998
		(unaudited)	
Gross sales	$4,195,024	$1,837,634	$1,678,015
Cost of sales	2,964,601	1,235,540	1,470,792
Gross profit	1,230,423	602,094	207,223

Selling, general and administrative expenses	1,637,026	692,611	684,824
Depreciation and amortization expenses	104,100	46,455	47,871
Loss from operations	(510,703)	(136,972)	(525,472)
Interest income (expense), net	(28,225)	(8,846)	(22,151)
Miscellaneous income	6,521	--	--
Loss before income tax benefit	(532,407)	(145,818)	(547,623)
Income tax benefit from loss carryback	75,359	20,640	--
Net loss	$ (457,048)	$ (125,178)	$ (547,623)

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

Larry Miller Productions, Inc.

Statements of Changes in Shareholders' Equity (Deficit)

	Class A Common Stock		Class B Common Stock		Paid-in	Class A Treasury Stock		Class B Treasury Stock		Retained Earnings (Accumulated	Total
	Shares	Amount	Shares	Amount	Capital	Shares	Amount	Shares	Amount	Deficit)	
Balance at December 31, 1996	1,000	$ 10	350	$ 3	$ 14,298	550	$(61,561)	50	$(2,500)	$ 505,079	$ 455,329
Purchase of treasury stock at cost	--	--	--	--	--	--	--	50	(2,500)	--	(2,500)
Net loss	--	--	--	--	--	--	--	--	--	(457,048)	(457,048)
Balance at December 31, 1997	1,000	10	350	3	14,298	550	(61,561)	100	(5,000)	48,031	(4,219)
Issuance of warrants in connection with debt (unaudited)	--	--	--	--	91,058	--	--	--	--	91,058	
Net loss (unaudited)	--	--	--	--	--	--	--	--	--	(547,623)	(547,623)
Balance at June 30, 1998 (unaudited)	1,000	$ 10	350	$ 3	$105,356	550	$(61,561)	100	$(5,000)	$(499,592)	$(460,784)

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

Larry Miller Productions, Inc.

Statements of Cash Flows

	For the year ended December 31, 1997	For six months ended June 30, 1997	1998
			(unaudited)
Cash flows from operating activities Net loss	$(457,048)	$(125,178)	$(547,623)
Adjustments to reconcile net loss to net cash provided by operating activities Depreciation and amortization	104,100	46,455	47,871
Changes in assets and liabilities Accounts receivable	(200,705)	(204,615)	94,950
Costs and estimated earnings in excess of billings on uncompleted contracts	13,503	(52,297)	39,411
Other assets	(106,127)	(31,560)	108,154
Accounts payable	362,714	135,497	(248,547)
Accrued expenses and other liabilities	54,600	(97,310)	26,804
Prebillings	4,270	(105,282)	46,853
Net cash used in operating activities	(224,693)	(434,290)	(432,127)
Cash flows from			

financing activities Borrowings on line of credit..... 303,880 303,880 -- Proceeds from issuance of notes payable..... -- -- 300,000 Payments on line of credit and capital lease obligations..... (103,439) (75,249) (28,359) Purchase of treasury stock..... (2,500) -- -- Net cash provided by financing activities..... 197,941 228,631 271,641 Net decrease in cash..... (26,752) (205,659) (160,486) Cash, beginning of period..... 462,194 462,194 435,442 Cash, end of period..... $ 435,442 $ 256,535 $ 274,956 Supplemental Disclosures of Cash Flow Information Cash paid during the period for interest..... $ 35,365 $ 10,824 $ 25,735 Non-cash financing and investing activities Acquisition of property and equipment through capital leases..... $ 91,174 $ 79,248 $ 17,570 Warrants issued in connection with debt..... $ -- $ -- $ 91,058 The accompanying notes are an integral part of these financial statements.

Larry Miller Productions, Inc.

Statements of Cash Flows 1.Nature of Business and Summary of Significant Accounting Policies Nature of business Larry Miller Productions, Inc. (the "Company") provides marketing strategy and planning, consulting, multi-media presentation design, evaluation, management, and web site development. The Company services clients in the northeastern United States.

Significant accounting policies Revenue recognition For program design, multimedia creation and web development contracts, revenues are recognized using the percentage of completion method over the period of contracts based on costs incurred. For event management contracts, revenues are recognized as the services are performed or on a percentage of completion basis for fixed fee arrangements. Web site maintenance revenues are billed and recognized monthly over the term of agreements. Billings for services in excess of costs represent deferred revenue and are recorded as prebillings and earned revenue in excess of billings are recorded as costs and estimated earnings in excess of billings on uncompleted contracts in the balance sheet. Operating expenses, including indirect costs and administrative expenses, are charged to operations as incurred and are not allocated to contract costs. Any anticipated losses on contracts are charged to earnings when identified.

Cash and cash equivalents The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Furniture, fixtures and equipment Furniture, fixtures and equipment are stated at cost less accumulated depreciation, which is computed using an accelerated method over the estimated useful lives of the related assets; generally five to seven years. Equipment held under capital lease is recorded at the lower of the fair market value of the leased property or the present value of future minimum lease payments. Leasehold improvements are amortized over the lesser of the remaining lease term or the estimated useful life of the assets. Upon sale, retirement or other disposition of these assets, the cost and the related accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is included in operations.

Income taxes

The Company has applied the asset and liability approach of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" for financial accounting and reporting purposes. The Company accounts for certain items of income and expense in different time periods for financial reporting and income tax purposes.

Larry Miller Productions, Inc.

Notes to Financial Statements A reconciliation of the federal statutory rate and the effective income tax rate follows:

Year ended December 31, 1997

Statutory federal income tax rate (34%)	$(181,019)
Permanent differences	2,705
Benefit of state income taxes	(24,750)
Increase in valuation allowance	127,706
Income tax (benefit) provision	$ (75,359)

The significant components of the Company's net deferred tax assets were as follows:

December 31, 1997

Deferred tax assets	
Deferred revenue	$ 94,436
Loss contract accrual	11,008
Net operating loss carryforwards	22,261
Net deferred tax assets	127,705
Valuation allowance	(127,705)
	$ --

At December 31, 1997, the Company had net operating loss carryforwards for income tax purposes of approximately $58,643, expiring in the year 2012. Realization of these assets is contingent on having future taxable earnings. Based on the loss incurred in 1997 and the fundamental change in the strategic direction of the Company, management believes that a full valuation allowance should be recorded against the deferred tax assets.

In addition, under the Tax Reform Act of 1986, the amounts of, and the benefits from, net operating loss carryforwards may be impaired or limited in certain circumstances. The company experienced an ownership change as defined under Section 368(a) of the Internal Revenue Code in September 1998. As a result of the ownership change, net operating loss carryforwards, which were incurred prior to the date of change, are subject to annual limitation on their future use.

Fair value of financial instruments The carrying amounts of financial instruments including cash, accounts receivable, accounts payable, accrued expenses, line of credit and notes payable approximate fair value. The carrying amounts of capital lease obligations approximate fair value based on monthly lease payments, lease term, interest available to the Company for similar leases and cost of leased assets.

Larry Miller Productions, Inc.

Notes to Financial Statements Comprehensive income Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" requires entities to report comprehensive income, which represents the change in equity during a period from non-owner sources. The Company has not incurred any comprehensive income components other than the net income for all periods presented.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and could materially affect the reported amount of assets, liabilities and future operating results.

2.Unaudited Interim Financial Information The accompanying balance sheet as of June 30, 1998, the statement of changes in shareholders' equity (deficit) for the six-month period ended June 30, 1998 and the statements of operations and of cash flows for the six-month periods ended June 30, 1997 and 1998 are unaudited. In the opinion of management these statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the results of the interim periods. The financial data and other information disclosed in these notes to financial statements related to these periods are unaudited. The results for the six months ended June 30, 1998 are not necessarily indicative of the results to be expected for the year ending December 31, 1998.

3.Concentration of Credit Risk As of December 31, 1997, three customers accounted for 47% of accounts receivable. As of June 30, 1997 and 1998, three customers accounted for 52% of accounts receivable and two customers accounted for 43% of accounts receivable, respectively. The company did not obtain or require any collateral or other security instruments related to the balances. For the year ended December 31, 1997, net sales from one customer were $474,730, which accounted for 11% of the Company's total net sales.

Larry Miller Productions, Inc.

Notes to Financial Statements 4.Furniture, Fixtures and Equipment Furniture, fixtures and equipment consists of the following:

December 31, June 30, 1997 1998 (unaudited)

Equipment	$390,844	$390,844
Equipment under capital leases	186,757	204,326
Furniture and fixtures	57,515	57,515
Leasehold improvements	20,406	20,406
	655,522	673,091
Less accumulated depreciation and amortization	(497,302)	(543,878)
Furniture, fixtures and equipment, net	$158,220	$129,213

5.Revolving Line of Credit, Notes Payable and Capital Lease Obligations Revolving line of credit On April 11, 1997, the Company obtained a line of credit allowing borrowings up to $250,000. Borrowings bear interest at the prime rate (8.5% at December 31, 1997) plus 1.0% per annum. The amounts borrowed are due on demand and collateralized by substantially all of the Company's assets and the shareholder's personal guarantee. The Company has borrowed $250,000 under the line of credit at December 31, 1997 and June 30, 1998, respectively.

Notes payable and capital lease obligations Notes payable and capital lease obligations consist of the following:

December 31, June 30, 1997 1998 (unaudited) Capital leases payable in monthly instalments of $6,468 to $6,031 expiring from 1998 to 2002, collateralized by equipment with a net book value of $177,231 and $174,601, respectively.... $112,313 $101,524 Notes payable to an individual creditor with an interest rate at 12% per annum, due August 1, 1998, collateralized by pledge of stocks owned by Class A Common stockholders and a shareholder's personal guarantee..... -- 100,000 Notes payable to individual creditors in quarterly interest only installments until May 1, 2000, and subsequently in monthly instalments of $4,250 through May 1, 2005, with an interest rate of 10% per annum, subordinated to the line of credit..... -- 200,000 112,313 401,524 Less current portion..... 49,745 148,259 Long-term portion..... $ 62,568 $255,265

Larry Miller Productions, Inc.

Notes to Financial Statements Total interest expense for the year ended December 31,1997 and the six months ended June 30, 1997 and 1998 was $35,365, $10,824 and, $25,735, respectively.

The aggregate maturities required over the next five years on capital lease obligations are as follows:

Year ending December 31, Total

1998	$ 67,405
1999	41,445
2000	24,010
2001	3,384
2002	2,820
Less amounts representing interest	(26,751)
	$112,313

6.Stock Repurchase Agreement On January 1, 1994, the Company entered into an agreement with its major shareholder to repurchase all of the Company's stock held by the said shareholder for a purchase price of $61,561. The total price will be paid by monthly installments of $1,710 for a period of 36 months starting on January 1, 1998. The repurchase price may be prepaid by the Company only upon the unanimous agreement of the voting Trustees of the said shareholder's Voting Trust. Until all these payments are made in full on December 1, 2000, the said shareholder shall retain all rights of ownership with respect to shares owned by him. On July 13, 1998, the Company obtained the approval from the voting Trustees of the said shareholder's Voting Trust and repurchased all of 550 shares of Class A Common Stock held by the said shareholder for a lump sum payment of $100,000.

7.Treasury Stock

During the year ended December 31, 1997, the Company acquired 50 shares of its Class B Non-Voting Common Stock at a cost of $50 per share for an aggregate amount of $2,500.

8.401(k) Retirement Plan Effective January 1, 1996, the Company established a 401(k) plan for substantially all employees over the age of 21 with no requirement of minimum services. The plan allows the Company to make discretionary contributions to the Plan. For the year ended December 31, 1997 and for the six-month periods ended June 30, 1997 and 1998, the Company made no contributions to the plan.

9.Commitments

The Company leases its office facility and vehicles under noncancelable operating leases expiring through January 2001 with aggregate monthly payments of $12,598. Rental expense charged for the year ended December 31, 1997 and for the six-month periods ended June 30, 1997 and 1998 was $163,037, $78,891 and $104,477 respectively.

Larry Miller Productions, Inc.

Notes to Financial Statements As of December 31, 1997, future minimum lease payments under the non- cancelable operating leases over the next four years are as follows:

For the year ended December 31,

1998	$ 147,984
1999	140,004
2000	140,004
2001	23,334
Total minimum lease payments	$ 451,326

10.Subsequent Events

Stock purchase warrants On May 13, 1998, the Company issued stock purchase warrants to two individual creditors in connection with the issuance of $200,000 in the form of Promissory Notes. The stock purchase warrants allow the creditors to purchase up to 40 shares of Class B Non-Voting Common Stock, par value $.01 per share of the Company at the price of $.01 per share at any time through May 1, 2005. The Company has recorded deferred debt issuance cost of $91,058 for the estimated fair value at the grant date of these warrants.

Settlement agreement

On June 15, 1998, the Company entered into an agreement with another party to settle a dispute between the two parties with respect to consulting services. The Company has agreed to pay an aggregate amount of $51,500 on an installment basis over a five-month period beginning in June 1998.

Non-qualified stock options In August 1998, the board of directors granted fully vested stock options to certain employees and directors to purchase up to 1,300 shares of Class B Non-Voting Common Stock, $.01 par value, at an exercise price of $25 per share. The options expire ten years from the date of grant.

Merger

On September 10, 1998, the Company was acquired by iXL Enterprises, Inc.

Listing of the following client logos:

America Online Delta Bell South Eli Lilly GE Chase WebMD Lucent First USA Mayo Clinic Budget Virgin Atlantic Frito Lay Universal Studios Cox HBOC AutoConnect Time Warner Gateway Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

[Logo]

iXL ENTERPRISES, INC.

Common Stock

Prospectus

Merrill Lynch & Co.

Donaldson, Lufkin & Jenrette BancBoston Robertson Stephens NationsBanc Montgomery Securities LLC , 1999

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++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++
+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the     +
+Securities and Exchange Commission is effective. This prospectus is not an    +
+offer to sell these securities and it is not soliciting an offer to buy these +
+securities in any state where the offer or sale is not permitted.             +
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[Alternative Page for International Prospectus] Subject to Completion Preliminary Prospectus dated February 5, 1999

Prospectus

Shares

[Logo]

iXL ENTERPRISES, INC.

Common Stock

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    This is iXL Enterprises, Inc.'s initial public offering of Common Stock.
The international managers will offer      shares outside the United States and
Canada and the U.S. underwriters will offer      shares in the United States
and Canada.
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We expect the public offering price to be between $ and $ per share. Currently, no public market exists for the shares. After pricing of the offering, we expect that the Common Stock will trade on the Nasdaq National Market under the symbol "IIXL."

Investing in the Common Stock involves risks which are described in the "Risk Factors" section beginning on page 10 of this prospectus.

Per Share Total

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     Public Offering Price.................................    $       $
     Underwriting Discount.................................    $       $
     Proceeds, before expenses, to iXL Enterprises, Inc. ...    $       $
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The international managers may also purchase up to an additional shares at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover over-allotments. The U.S. underwriters may similarly purchase up to an aggregate of an additional shares.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect that the shares of Common Stock will be ready for delivery in New York, New York on or about , 1999.

Merrill Lynch International Donaldson, Lufkin & Jenrette BancBoston Robertson Stephens NationsBanc Montgomery Securities LLC The date of this prospectus is , 1999 [Alternate Page for International Prospectus]

Underwriting

Merrill Lynch International ("Merrill Lynch"), Donaldson, Lufkin & Jenrette International ("Donaldson, Lufkin & Jenrette"), BancBoston Robertson Stephens Inc. and NationsBanc Montgomery Securities LLC are acting as lead managers (the "Lead Managers") for each of the international managers named below (the "Lead Managers"). Subject to the terms and conditions set forth in an international purchase agreement (the "International Purchase Agreement") among the Company and the International Managers, and concurrently with the sale of shares of Common Stock to the U.S. Underwriters (as

defined below), the Company has agreed to sell to the International Managers, and each of the International Managers severally and not jointly has agreed to purchase from the Company the number of shares of Common Stock set forth opposite its name below.

Number of International Managers Shares Merrill Lynch International..... Donaldson, Lufkin, & Jenrette International..... BancBoston Robertson Stephens Inc. ..... NationsBanc Montgomery Securities LLC..... Total.....

The Company has also entered into a U.S. purchase agreement (the "U.S. Purchase Agreement") with certain underwriters in the United States and Canada (the "U.S. Underwriters" and, together with the International Managers, the "Underwriters") for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, BancBoston Robertson Stephens Inc. and NationsBanc Montgomery Securities LLC are acting as representatives (the "Representatives"). Subject to the terms and conditions set forth in the U.S. Purchase Agreement, and concurrently with the sale of shares of Common Stock to the International Managers pursuant to the International Purchase Agreement, the Company has agreed to sell to the U.S. Underwriters, and the U.S. Underwriters severally have agreed to purchase from the Company, an aggregate of shares of Common Stock. The initial public offering price, and the total underwriting discount, per share of Common Stock are identical under the International Purchase Agreement and the U.S. Purchase Agreement.

In the International Purchase Agreement and the U.S. Purchase Agreement, the several International Managers and the several U.S. Underwriters, respectively, have agreed, subject to the terms and conditions set forth therein, to purchase all of the shares of Common Stock being sold pursuant to each such agreement if any of the shares of Common Stock being sold pursuant to such agreement are purchased. In the event of a default by an Underwriter, the International Purchase Agreement and the U.S. Purchase Agreement provide that, in certain circumstances, the purchase commitments of non-defaulting Underwriters may be increased or the Purchase Agreements may be terminated. The closings with respect to the sale of shares of Common Stock to be purchased by the International Managers and the U.S. Underwriters are conditioned upon one another.

The Lead Managers have advised the Company that the International Managers propose initially to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at such price less a concession not in excess of $ per share of Common Stock. The International Managers may allow, and such dealers may reallow, a discount not in excess of $xxx per share of Common Stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may change.

The Company has granted options to the International Managers, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of Common Stock at the initial public offering price set forth on the cover page of this prospectus, less the underwriting discount. The International Managers may exercise these options solely to cover over-allotments, if any, made on the sale of the Common Stock offered hereby. To the extent that the International Managers exercise these options, each International Managers will be obligated, subject to certain conditions, to purchase a

number of additional [Alternate Page for International Prospectus] shares of Common Stock proportionate to such International Manager's initial amount reflected in the foregoing table. The Company has granted options to the U.S. Underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of Common Stock to cover over-allotments, if any, on terms similar to those granted to the International Managers.

The following table shows the per share and total underwriting discounts and commissions to be paid by the Company to the Underwriters and the proceeds before expenses to the Company. This information is presented assuming either no exercise or full exercise by the Underwriters of their over-allotment options.

Per Share	Without Option	With Option
Public Offering Price.....	$	$
Underwriting Discount.....	$	$
Proceeds, before expenses, to the Company.....	$	$

The expenses of the offering (exclusive of the Underwriting discount) are estimated at $ and are payable by the Company.

The shares of Common Stock are being offered by the several Underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the Underwriters and certain other conditions. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

At the Company's request, the Underwriters have reserved for sale, at the initial public offering price, up to 10% of the shares offered hereby for employees, directors and other persons with relationships with the Company who have expressed an interest in purchasing shares of Common Stock in the offering. The number of shares of Common Stock available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Any reserved shares not so purchased will be offered by the Underwriters to the general public on the same basis as the other shares offered hereby.

The Company and the Company's executive officers and directors and most existing stockholders have agreed, subject to certain exceptions, not to directly or indirectly (a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option (other than options granted by the Company pursuant its Stock Options Plans) right or warrant for the sale of or otherwise dispose of or transfer any shares of Common Stock or securities convertible into exchangeable or exercisable for Common Stock, whether now owned or thereafter acquired by the person executing the agreement or with respect to which the person executing the agreement thereafter acquires the power of disposition, or file a registration statement under the Securities Act with respect to the foregoing (other than a registration statement on Form S-4 covering up to 4,000,000 shares of Common Stock to be issued in connection with acquisitions) or (b) enter into any swap or other agreement that transfers, in whole or in part, the economic consequences of ownership of the Common Stock whether any such swap or transaction is to be settled by delivery of Common

Stock or other securities, in cash or otherwise, without the prior written consent of Merrill Lynch on behalf of the Underwriters for a period of 180 days after the date of this Prospectus. See "Shares Eligible for Future Sale."

Prior to the offering, there has been no public market for the Common Stock of the Company. The initial public offering price will be determined through negotiations between the Company and the Lead Managers and the Representatives. The factors considered in determining the initial public offering price, in addition to prevailing market conditions, are price-earnings ratio of publicly traded companies that the Lead Managers and the Representatives believe to be comparable to the Company, certain financial information of the Company, the history of, and the prospects for, the Company and the industry in which it competes, and an assessment of the Company's management, its past and present operations, the prospects for, and timing of, future revenues of the Company, the present state of the Company's developments, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to the Company. There can be no assurance that an active trading market will develop for the Common Stock or [Alternate Page for International Prospectus] that the Common Stock will trade in the public market subsequent to the offering at or above the initial public offering price.

The Underwriters do not expect sales of the Common Stock to any accounts over which they exercise discretionary authority to exceed 5% of the number of shares being offered hereby.

The U.S. Underwriters and the International Managers have entered into an intersyndicate agreement (the "Intersyndicate Agreement") that provides for the coordination of their activities. Pursuant to the Intersyndicate Agreement, the U.S. Underwriters and the International Managers are permitted to sell shares of Common Stock to each other for purposes of resale at the initial public offering price, less an amount not greater than the selling concession. Under the terms of the Intersyndicate Agreement, the U.S. Underwriters and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to persons who are non-U.S. or non-Canadian persons or to persons they believe intend to resell to persons who are non-U.S. or non- Canadian persons, and the International Managers and any dealer to whom they sell shares of Common Stock will not offer to sell or sell shares of Common Stock to U.S. persons or to Canadian persons or to persons they believe intend to resell to U.S. or Canadian persons, except in the case of transactions pursuant to the Intersyndicate Agreement.

The Company has agreed to indemnify the Underwriters against certain liabilities, including certain liabilities under the Securities Act, or to contribute to payments the Underwriters may be required to make in respect thereof.

Until the distribution of the Common Stock is completed, rules of the Securities and Exchange Commission may limit the ability of the Underwriters and certain selling group members to bid for and purchase the Common Stock. As an exception to these rules, the Lead Managers are permitted to engage in certain transactions that stabilize the price of the Common Stock. Such transactions consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of the Common Stock.

If the Underwriters create a short position in the Common Stock in connection with the offering, i.e., if they sell more shares of Common Stock than are set forth on the cover page of this Prospectus, the Representatives and Lead Managers, respectively, may reduce that short position by purchasing Common Stock in the open market. The Representatives and Lead Managers, respectively, may also elect to reduce any short position by exercising all or part of the over-allotment option described above.

The Representatives and Lead Managers, respectively, may also impose a penalty bid on certain Underwriters and selling group members. This means that if the Representatives or Lead Managers, respectively, purchase shares of Common Stock in the open market to reduce the Underwriters' short position or to stabilize the price of the Common Stock, they may reclaim the amount of the selling concession from the Underwriters and selling group members who sold those shares.

In general, purchases of a security for the purpose of stabilization or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases. The imposition of a penalty bid might also have an effect on the price of the Common Stock to the extent that it discourages resales of the Common Stock.

Neither the Company nor any of the Underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Stock. In addition, neither the Company nor any of the Underwriters makes any representation that the Representatives or Lead Managers will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Each International Manager has agreed that: (a) it has not offered or sold and, prior to the expiration of the period of six months from the Closing Date, will not offer or sell any shares of Common Stock to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or [Alternate Page for International Prospectus] disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which do not constitute an offer to the public in the United Kingdom for the purposes of the Public Offers of Securities Regulations 1995; (b) it has complied and will comply with all applicable provisions of the Public Offers of Securities Regulations 1995 and of the Financial Services Act 1986 with respect to anything done by it in relation to the shares of Common Stock in, from or otherwise involving the United Kingdom; and (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue or sale of shares of Common Stock to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

No action has been or will be taken in any jurisdiction (except in the United States) that would permit a public offering of the shares of Common Stock, or the possession, circulation or distribution of this Prospectus or any other material relating to the Company or shares of Common Stock in any jurisdiction where action for that purpose is required. Accordingly, the shares of Common Stock may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material

or advertisements in connection with the shares of Common Stock may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Purchasers of the shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Company provides services to Merrill Lynch and certain of its affiliates in the ordinary course of business. Donaldson, Lufkin & Jenrette from time to time provides investment banking services to Kelso & Company and its affiliates.

[Alternative Page for International Prospectus] Through and including (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

[Logo]

iXL ENTERPRISES, INC.

Common Stock

Prospectus

Merrill Lynch International Donaldson, Lufkin & Jenrette BancBoston Robertson Stephens NationsBanc Montgomery Securities LLC , 1999

Part Ii

Item 13. Other Expenses of Issuance and Distribution.

The following table indicates the expenses to be incurred in connection with the offering described in this Registration Statement, all of which will be paid by the Company. All amounts are estimates, other than the registration fee, the NASD fee, and the NASDAQ listing fee.

Registration fee	$23,978
NASD fee	9,125
NASDAQ listing fee	*
Accounting fees and expenses	*
Legal fees and expenses	*
Director and officer insurance expenses	*
Printing and engraving	*
Transfer Agent fees and expenses	*
Blue sky fees and expenses	*

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Miscellaneous expenses.....................................        *
  Total..................................................... $
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* To be completed by amendment.

Item 14. Indemnification of Directors and Officers.

The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that officers and directors who are made a party to or are threatened to be made a party to or is otherwise involved in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was an officer or a director of the Company or is or was serving at the request of the Company as a director or an officer of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware General Corporation Law ("DGCL"), as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than permitted prior thereto), against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, excise taxes or penalties, and amounts paid or to be paid in settlement) incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue with respect to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that the Company shall indemnify any such indemnitee in connection with a proceeding initiated by such indemnitee only if such proceeding was authorized by the Board of Directors. The right to indemnification includes the right to be paid by the Company for expenses incurred in defending any such proceeding in advance of its final disposition. Officers and directors are not entitled to indemnification if such persons did not meet the applicable standard of conduct set forth in the DGCL for officers and directors.

DGCL Section 145 provides, among other things, that the Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the Company) by reason of the fact that the person is or was a director, officer, agent or employee of the Company or is or was serving at the Company's request as a director, officer, agent, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in defense of any action, suit or proceeding, or (b) if such person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the Company as well, but only to the extent of defense expenses (including attorneys' fees but excluding

amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of a judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of his duties to the Company, unless the court believes that in light of all the circumstances indemnification should apply.

The indemnification provisions contained in the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are not exclusive of any other rights to which a person may be entitled by law, agreement, vote of stockholders or disinterested directors or otherwise. In addition, the Company maintains insurance on behalf of its directors and executive officers insuring them against any liability asserted against them in their capacities as directors or officers or arising out of such status.

Item 15. Recent Sales of Unregistered Securities.

1. On April 12, 1996, the Registrant issued and sold 300 shares of Common Stock in a private placement to the founders of the Registrant for an aggregate of $300 in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

2. On April 30, 1996, the Registrant issued and sold 101,500 shares of its Class A Preferred Stock, in a private placement to eight investors for an aggregate of $10,150,000 in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

3. On April 30, 1996, the Registrant issued and sold 3,959,500 shares of Common Stock in a private placement to ten investors in connection with the acquisition of iXL Interactive Excellence, Inc., Creative Video Library, Inc., Creative Video, Inc. and Entrepreneur Television, Inc. The issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

4. During the period from April 30, 1996 through February 5, 1999, the Registrant granted options to purchase an aggregate of 23,049,261 shares of Common Stock to 1,423 employees pursuant to the IXL Holdings, Inc. 1996 Stock Option Plan in reliance on Rule 701 promulgated under the Securities Act and under Section 4(2) of the Securities Act. Options issued for 14,874,533 shares of Common Stock cannot be exercised prior to the earlier of the registration of the underlying Common Stock under the Securities Act or six years from the date of issuance.

5. On September 30, 1996, the Registrant issued and sold 10,000 shares of its Class A Preferred Stock for $1,000,000 in a private placement to three investors and 25,000 shares of Common Stock for $25,000 in a private placement to one investor, each in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

6. On December 16, 1996, the Registrant issued and sold 50,000 shares of Common Stock in a private placement to one investor in connection with the acquisition of Consumer Financial Network, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

7. On February 14, 1997, the Registrant issued and sold 40,000 shares of Common Stock in a private placement to two investors in connection with the acquisition of Webbed Feet, LLC. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

. On April 4, 1997, the Registrant issued and sold 454,400 shares of its Common Stock and options to purchase 153,600 shares of Common Stock in a private placement to one investor in connection with the acquisition of The Whitley Group, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

9. From April 4, 1997 through August 29, 1997, the Registrant issued and sold an aggregate of 57,760 shares of its Class A Preferred Stock for an aggregate of $14,440,000 to 38 investors in reliance on Section 4(2) of the Securities Act.

10. On May 31, 1997, the Registrant issued and sold 3,416,700 shares of Common Stock, and warrants to purchase 230,900 shares of Common Stock in a private placement to ten investors in connection with the acquisition of BoxTop Interactive, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

11. On July 28, 1997, the Registrant issued and sold 283,900 shares of Common Stock in a private placement to five investors in connection with the acquisition of Swan Interactive Media, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

12. From December 17, 1997 through December 23, 1997, the Registrant issued and sold in a private placement to four investors (i) 83,075 shares of its Class B Preferred Stock, and warrants to purchase 10,650 shares of Class B Preferred Stock for $26,999,375 and (ii) 9,232 shares of its Class C Preferred Stock, for an aggregate of $3,000,400 in reliance on Section 4(2) of the Securities Act.

13. On January 23, 1998, the Registrant issued and sold 271,356 shares of Common Stock in a private placement to two investors in connection with the acquisition of Small World Software, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

14. On February 5, 1998, the Registrant issued and sold 344,270 shares of Common Stock in a private placement to 18 investors in connection with the acquisition of substantially all of the assets of Green Room Productions, L.L.C. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

15. From February 20, 1998 through February 27, 1998, the Registrant issued and sold in a private placement an aggregate of (a) 3,192 shares of its Class A Preferred Stock and (b) 15,692 shares of its Class B Preferred Stock plus warrants to purchase 1,810 shares of Class B Preferred Stock for an aggregate of $6,137,300 to 12 investors in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

16. On March 27, 1998, the Registrant issued and sold 266,000 shares of Common Stock in a private placement to one investor in connection with its acquisition of certain assets of Continental Communications Group, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

17. On May 8, 1998, the Registrant issued and sold 155,200 shares of Common Stock in a private placement to five investors in connection with its acquisition of Spin Cycle Entertainment. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

18. On May 12, 1998, the Registrant issued and sold 195,834 shares of Common Stock in a private placement to three investors in connection with the acquisition of InTouch Interactive, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

19. On May 12, 1998, the Registrant issued and sold 359,584 shares of Common Stock in a private placement to four investors in connection with the acquisition of Digital Planet. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

. On May 14, 1998, the Registrant issued and sold 740,000 shares of Common Stock in a private placement to two investors in connection with the acquisition of Micro Interactive, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

21. On May 20, 1998, the Registrant issued and sold an aggregate of 539 shares of Class A Preferred Stock in a private placement to four investors for an aggregate consideration of $175,175. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

22. From June 29, 1998 through September 18, 1998, the Registrant issued and sold an aggregate of 4,300 shares of Class A Preferred Stock in a private placement to 53 investors for an aggregate consideration of $4,300,000. This issuance was made in reliance on Section 4(2) of the Securities Act.

23. On July 2, 1998, the Registrant issued and sold 877,898 shares of Common Stock in a private placement to six investors in connection with the acquisition of CommerceWAVE, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

24. On July 8, 1998, the Registrant issued and sold 50,000 shares of Common Stock in a private placement to two investors in connection with the acquisition of Wissing & Laurence, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

25. On July 16, 1998, the Registrant issued and sold 200,000 shares of Common Stock in a private placement to two investors in connection with the acquisition of 601 Design, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

26. On July 22, 1998, the Registrant issued and sold 378,999 shares of Common Stock in a private placement to six investors in connection with the acquisition of Image Communications, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

27. On July 28, 1998, the Registrant issued and sold 37,107 shares of Common Stock in a private placement to two foreign investors in connection with the acquisition of Campana New Media, S.L. and The Other Media, S.L. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

28. On July 30, 1998, the Registrant issued and sold 674,132 shares of Common Stock in a private placement to two investors in connection with the acquisition of Spinners Incorporated. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

29. On August 14, 1998, the Registrant issued and sold an aggregate of 35,700 shares of Class D Preferred Stock, par value $.01 per share, in a private placement to 10 investors for an aggregate consideration of $35,700,000 in reliance on Section 4(2) of the Securities Act.

30. On September 4, 1998, the Registrant issued and sold 762,622 shares of Common Stock in a private placement to two investors in connection with the acquisition of Tekna, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

31. On September 7, 1998, the Registrant issued and sold 321,428 shares of Common Stock in a private placement to four foreign investors in connection with the acquisition of LAVA Gesellschaft fur Digitale Medien GmbH. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

32. On September 9, 1998, the Registrant issued and sold 113,823 shares of Common Stock and warrants to purchase 9,106 shares of Common Stock in a private placement to four investors in connection with the acquisition of Larry Miller Productions, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

. On September 10, 1998, the Registrant issued and sold 42,852 shares of Common Stock in a private placement to one foreign investor in connection with the acquisition of Denovo New Media Limited. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

34. On September 10, 1998, the Registrant issued and sold 275,000 shares of Common Stock in a private placement to one investor in connection with the acquisition of Exchange Place Solutions, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

35. On September 18, 1998, the Registrant issued and sold 271,787 shares of Common Stock in a private placement to three investors in connection with the acquisition of Pantheon Interactive, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

36. On September 18, 1998, the Registrant issued and sold 269,421 shares of Common Stock in a private placement to six investors in connection with the acquisition of Two-Way Communications, L.L.C. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

37. On September 22, 1998, the Registrant issued and sold 701,375 shares of Common Stock in a private placement to one investor in connection with the acquisition of NetResponse, L.L.C. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

38. On September 23, 1998, the Registrant issued and sold 358,551 shares of Common Stock in a private placement to one investor in connection with the acquisition of Ionix Development Corporation. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

39. On September 24, 1998, the Registrant issued and sold 378,066 shares of Common Stock in a private placement to three investors in connection with the acquisition of Pequot Systems, Inc. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

40. On October 15, 1998, the Registrant issued and sold 2,000 shares of Common Stock in a private placement to one investor for an aggregate consideration of $20,000. This issuance of Common Stock was made in reliance on Section 4(2) of the Securities Act.

41. On December 14, 1998, the Registrant issued warrants to purchase 500,000 shares of Common Stock in a private placement to one investor in reliance on Section 4(2) of the Securities Act.

42. During the period from December 10, 1998 through February 5, 1999, the Registrant granted options to purchase an aggregate of 440,464 shares of Common Stock to 29 persons pursuant to the iXL Enterprises, Inc. 1998 Non- Employee Stock Option Plan in reliance on the exemption from registration provided by Section 4(2) of the Securities Act. Options issued for 293,064 shares of Common Stock cannot be exercised prior to the earlier of the registration of the underlying Common Stock under the Securities Act or six years from the date of issuance.

43. On December 31, 1998, the Registrant issued warrants to purchase 500,000 shares of Common Stock in a private placement to one investor in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

44. From January 15, 1999 through January 19, 1999, the Registrant issued and sold 22,825 shares of Class A Preferred Stock in a private placement to 27 investors for an aggregate consideration of $22,825,000 in reliance on the exemption from registration provided by Section 4(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

a. Exhibits

Exhibit Number Description 1.1 Form of U.S. Purchase Agreement* 1.2 Form of International Purchase Agreement* 2.1 Exchange Agreement, dated April 30, 1996, between the Registrant, Creative Video Library, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of Creative Video Library, Inc.

2.2 Exchange Agreement, dated April 30, 1996, between the Registrant, Creative Video, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of Creative Video, Inc.

2.3 Exchange Agreement, dated April 30, 1996, between the Registrant, IXL Interactive Excellence, Inc. and its stockholders for the purchase of all of the issued and outstanding Stock of IXL Interactive Excellence, Inc.

2.4 Exchange Agreement, dated April 30, 1996, between the Registrant, Entrepreneur Television, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of Entrepreneur Television, Inc.

2.5 Purchase and Sale Agreement, dated as of June 5, 1996, by and among IXL Acquisition Corp., Memphis On Line, Inc. Southern On Line Systems, Inc., and Southern Tel Supply, Inc.

2.6 Agreement and Plan of Merger, dated as of December 13, 1996, by and among IXL Merger Corp., the Registrant, Consumer Financial Network, Inc., Mellett, Reene & Smith, LLC, Derek V. Smith, Michael W. Reene and Edwin R. Mellett.

2.7 Asset Purchase Agreement, dated as of February 14, 1997, by and between the Registrant, iXL, Inc., Webbed Feet, LLC, F. Blair Schmidt- Fellner and Michael Brendon Dowdle.

2.8 Agreement and Plan of Merger, dated as of April 4, 1997, by and between the Registrant, IXL Merger Corp. II, Inc., The Whitley Group, Inc. and William C. Whitley.

2.9 Agreement of Plan of Merger, dated as of May 30, 1997, by and between the Registrant, IXL Merger Corp. III, Inc., BoxTop Interactive, Inc., and the Shareholders of Boxtop Interactive, Inc.

2.10 Agreement and Plan of Merger, dated as of July 28, 1997, by and between the Registrant, IXL Merger Corp. IV, Inc., Mark Swanson, N. Blake Patton, Marc Sirkin, Edwin Davis, Estate of Robert H. Kriebel and Swan Interactive Media, Inc.

2.11 Agreement and Plan of Merger, dated as of January 23, 1998, by and between the Registrant, iXL-New York, Inc., Small World Software, Inc., and the Shareholders of Small World 2.12 Asset Purchase Agreement, dated as of February 5, 1998, by and between the Registrant, iXL-San Francisco, Inc., Green Room Productions, L.L.C. and the Controlling Members.

2.13 Asset Purchase Agreement, dated as of March 27, 1998, by and between the Registrant, iXL-Denver, Inc., Continental Communications Group, Inc., d/b/a Customer Communications Group, Inc. and John R. Klug.

2.14 Agreement and Plan of Merger, dated as of May 4, 1998, by and between the Registrant, iXL-New York, Inc., Micro Interactive, Inc. and the Micro Shareholders.

2.15 Agreement and Plan of Merger, dated as of May 8, 1998, by and between the Registrant, iXL-Los Angeles, Inc., Spin Cycle Entertainment, Inc., and the SCE Shareholders.

2.16 Agreement and Plan of Merger, dated as of May 12, 1998, by and between the Registrant, iXL-Los Angeles, Inc., Digital Planet and the Digital Shareholders.

Exhibit Number Description 2.17 Agreement and Plan of Merger, dated as of May 12, 1998, by and between InTouch Interactive, Inc., the Registrant, iXL-Charlotte, Inc., and the InTouch Shareholders.

2.18 Share Sale and Purchase Agreement dated as of 11 May, 1998 between, iXL London Limited, and Derek Scanlon.

2.19 Agreement and Plan of Merger, dated as of July 2, 1998, by and between CommerceWAVE, Inc., the Registrant, iXL-San Diego, Inc., and the CommerceWAVE shareholders.

2.20 Agreement and Plan of Merger, dated as of July 8, 1998, by and between the Registrant, iXL-New York, Inc., Wissing & Laurence, Inc. and the W&L Shareholders.

2.21 Asset Purchase Agreement, dated as of July 16, 1998, by and among Robert Ortiz and John Tierney, the Registrant and iXL-New York, Inc.

2.22 Agreement and Plan of Merger, dated as of July 22, 1998, by and between Image Communications, Inc., the Registrant, iXL-DC, Inc., and the Image Shareholders 2.23 Share Purchase Agreement, dated as of July 28, 1998, by and among the Registrant, iXL-Madrid, S.A., Campana New Media, S.L, The Other Media, S.L., the Campana Companies Beneficial Owners and the Campana Companies Shareholders.

2.24 Agreement and Plan of Merger, dated as of July 30, 1998, by and among Spinners Incorporated, the Registrant, iXL-Boston, Inc. and the Spinners Shareholders.

2.25 Agreement and Plan of Merger, dated as of September 4, 1998, by and among the Registrant, iXL-Richmond, Inc., Tekna, Inc., and the Tekna Shareholders.

2.26 Share Sale and Purchase Agreement, dated as of September 7, 1998, by and between the Registrant, Jens Bley, Manfred Otterbreit, Stephan Balzerand Matthias Oelmann.* 2.27 Agreement and Plan of Merger dated as of September 9, 1998 by and among the Registrant, iXL-Boston, Inc., Larry Miller Productions, Inc., and the LMP Principals.

2.28 Agreement and Plan of Merger, dated as of September 10, 1998, by and between the Registrant, iXL, Inc., Exchange Place Solutions, Inc., and the Exchange Place Shareholder.

2.29 Agreement and Plan of Merger, dated as of September 18, 1998, by and among the Registrant, iXL-San Francisco, Inc., Pantheon Interactive, Inc., and the Pantheon Shareholders.

2.30 Agreement and Plan of Merger, dated as of September 18, 1998, by and among the Registrant, iXL-Chicago, Inc., Two-Way Communications, L.L.C., and the TWC Members.

2.31 Agreement and Plan of Merger, dated as of September 22, 1998, by and between the Registrant, iXL-DC, Inc., NetResponse, L.L.C., and Next Century Communications Corp.

2.32 Agreement and Plan of Merger, dated as of September 23, 1998, by and among the Registrant, iXL-Chicago, Inc., Ionix Development, Corporation, and the Ionix Shareholder.

2.33 Agreement and Plan of Merger, dated as of September 24, 1998, by and between the Registrant, iXL-Connecticut, Inc., Pequot Systems, Inc. and the Pequot Shareholders.

3.1 Form of Amended and Restated Certificate of Incorporation* 3.2 Form of Amended and Restated Bylaws.* 4.1 Form of Common Stock Certificate.* 4.2 Form of Common Stock Warrant.* 4.3 Form of Class B Convertible Preferred Stock Warrant.* Exhibit Number Description 4.4 Form of Class A Common Stock Warrant.* 4.5 Form of Class B Common Stock Warrant.* 4.6 Investor Stockholders Agreement, dated as of April 30, 1996, as amended.

4.7 Form of Amended Stockholders' Agreement.* 5.1 Opinion of Minkin & Snyder, a Professional Corporation.* 10.1 Employment Agreement between Boxtop Interactive, Inc. and Kevin Wall, dated as of August 1, 1996, as amended, together with related agreements.

10.2 Employment Agreement dated as of May 1, 1998 between iXL, Inc. and William C. Nussey.

10.3 Employment Agreement dated August 17, 1998 between iXL, Inc. and David Clauson.

10.4 Form of Employment Agreement between Consumer Financial Network, Inc. and C. Cathleen Raffaeli.* 10.5 iXL Enterprises, Inc. 1996 Stock Option Plan, together with related agreements.* 10.6 iXL Enterprises, Inc. 1998 Non-Employee Stock Option Plan, together with related agreements.* 10.7 iXL Enterprises, Inc. 1999 Employee Stock Option Plan, together with related agreements.* 10.8 Amended and Restated Advisory Agreement dated as of April 30, 1996 by and between IXL Holdings, Inc. and Kelso & Company.* 10.9 Consulting Agreement by and between iXL Enterprises, Inc. and Kelso & Company.* 10.10 Promissory Note, dated as of January 14, 1997, made by IXL-Memphis, Inc. in favor of First Tennessee Bank National Association, in the original principal amount of $499,000 and agreements related thereto.* 10.11 Promissory Note, dated as of May 30, 1997, in the principal aggregate amount of $50,000 in favor of the Registrant from Kevin Wall.

10.12 Promissory Note, dated as of September 15, 1997, in the principal aggregate amount of $500,000 in favor of U. Bertram Ellis from the Registrant.

10.13 Promissory Note, dated as of September 18, 1997, in the principal aggregate amount of $300,000 in favor of James Rocco from the Registrant.

10.14 Promissory Note, dated as of September 29, 1997, in the principal aggregate amount of $100,000 in favor of James S. Altenbach from the Registrant.

10.15 Promissory Note, dated as of October 10, 1997, in the principal aggregate amount of $1,000,000 in favor of U. Bertram Ellis, Jr. from the Registrant. 10.16 Promissory Note, dated as of October 30, 1997, in the principal aggregate amount of $1,000,000 in favor of U. Bertram Ellis, Jr. from the Registrant.

10.17 Promissory Note, dated as of November 25, 1997, in the principal aggregate amount of $1,000,000 in favor of U. Bertram Ellis, Jr. from the Registrant.

10.18 Promissory Note, dated as of December 3, 1997, in the principal aggregate amount of $1,300,000 in favor of U. Bertram Ellis, Jr. from the Registrant.

10.19 Promissory Note, dated as of June 19, 1998, in the principal aggregate amount of $4,000,000 in favor of Deborah Hicks Ellis from the Registrant and certain of its subsidiaries and related agreements.

10.20 Promissory Note, dated as of July 20, 1998, in the principal aggregate amount of $2,000,000 in favor of U. Bertram Ellis, Jr. from the Registrant.

10.21 Credit Agreement, dated as of July 29, 1998, as amended and restated as of November 30, 1998, among the Registrant, the Lenders party thereto and The Chase Manhattan Bank as Administrative Agent and related agreements.

Exhibit Number Description 10.22 Promissory Note, dated as of September 18, 1998, between David Clauson (as Maker) and the Registrant together with Stock Pledge Agreement.

10.23 Subscription Agreement for Common Stock dated April 12, 1996 between the Registrant and U. Bertram Ellis, Jr.

10.24 Subscription Agreement for Common Stock dated April 12, 1996 between the Registrant and James S. Altenbach.

10.25 Subscription Agreement for Class A Convertible Preferred Stock dated April 30, 1996 between the Registrant and U. Bertram Ellis, Jr.

10.26 Subscription Agreement for Class A Convertible Preferred Stock dated April 30, 1996 between the Registrant and U. Bertram Ellis, Jr., James V. Sandry and James S. Altenbach.

10.27 Subscription Agreement for Class A Convertible Preferred Stock dated June 3, 1996 between the Registrant and James S. Altenbach.

10.28 Subscription Agreement for Class A Convertible Preferred Stock dated April 4, 1997 between the Registrant and Kelso Investment Associates V, L.P.

10.29 Subscription Agreement for Class A Convertible Preferred Stock dated April 4, 1997 between the Registrant and Kelso Equity Partners V, L.P.

10.30 Subscription Agreement for Class A Convertible Preferred Stock dated April 4, 1997 between the Registrant and U. Bertram Ellis, Jr.

10.31 Subscription Agreement for Class A Convertible Preferred Stock dated April 4, 1997 between the Registrant and James S. Altenbach.

10.32 Subscription Agreement for Class A Convertible Preferred Stock dated February 20, 1998 between the Registrant and U. Bertram Ellis, Jr.* 10.33 Subscription Agreement for Class A Convertible Preferred Stock dated August 25, 1998 between the Registrant and William C. Nussey.

10.34 Subscription Agreement for Class A Convertible Preferred Stock dated September 18, 1998 between the Registrant and David Clauson.

10.35 Exchange Agreement, dated April 30, 1996, between the Registrant, Creative Video Library, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of Creative Video Library, Inc. (contained in Exhibit 2.1).

10.36 Exchange Agreement, dated April 30, 1996, between the Registrant, Creative Video, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of Creative Video, Inc. (contained in Exhibit 2.2).

10.37 Exchange Agreement, dated April 30, 1996, between the Registrant, Entrepreneur Television, Inc. and its stockholders for the purchase of all of the issued and outstanding capital stock of, Entrepreneur Television, Inc. (contained in Exhibit 2.3).

10.38 Agreement and Plan of Merger, dated May 30, 1997, by and among iXL Enterprises, Inc., iXL Merger Corp. III, Inc., Boxtop Interactive, Inc., and the Stockholders of Boxtop Interactive, Inc. (contained in Exhibit 2.9).

10.39 Securities Purchase Agreement, dated December 17, 1997, among iXL Enterprises, Inc. and Chase Venture Capital Associates, L.P., Flatiron Partners, LLC and Greylock IX Limited Partnership and related agreement.

10.40 Warrant Agreement, dated as of December 17, 1997, by and among the Registrant, Chase Venture Capital Associates, L.P., Flatiron Partners, L.L.C., and Greylock IX Limited partnership.

10.41 Securities Purchase Agreement, dated December 23, 1997, among the Registrant and General Electric Capital Corporation.* Exhibit Number Description 10.42 Warrant Award Agreement dated as of December 23, 1997 by and between the Registrant and General Electric Capital Corporation.

10.43 Warrant Agreement, dated as of December 23, 1997, by and between the Registrant and General Electric Capital Corporation.

10.44 Warrant Award Agreement dated as of March 12, 1998 by and between the Registrant and Chase Venture Capital Associates, L.P., and related agreement.* 10.45 Securities Purchase Agreement, dated March 30, 1998, between the Registrant and Kevin Wall for the purchase of shares of the Registrant's Common Stock.

10.46 Securities Purchase Agreement, dated August 14, 1998, among the Registrant and CB Capital Investors, L.P., The Flatiron Fund 1998/99, LLC, Friends of Flatiron, LLC, and Mellon Ventures II, L.P.

10.47 Securities Purchase Agreement, dated January 15, 1999, among the Registrant and the Purchasers listed therein for the purchase of shares of the Registrant's Class A Preferred Stock.

10.48 Stock Purchase Agreement dated November 3, 1998, between Consumer Financial Network, Inc. and General Electric Capital Corporation for the purchase of shares of Series A Convertible Preferred Stock, $.01 par value per share, of Consumer Financial Network, Inc.* 10.49 Warrant Agreement, dated as of November 3, 1998, among the Registrant and General Electric Capital Corporation.

10.50 Stockholders' Agreement, dated November 3, 1998, among Consumer Financial Network, Inc., iXL Enterprises, Inc. and General Electric Capital Corporation.* 10.51 Guaranty of License Agreement dated April 27, 1998 between Consumer Financial Network, Inc. and Charter Federal Savings & Loan Association of West Point, Georgia.

10.52 Lease Agreement dated January 8, 1997 between Park Place Emery, L.L.C. and iXL, Inc., as amended.* 10.53 Registration Rights Agreement dated as of April 30, 1996 among the Registrant and Kelso Investment Associates V, L.P., Kelso Equity Partners V, L.P., Kelso Equity Partners V, L.P., and certain other stockholders of the Registrant.* 21.1 Subsidiaries of the Company.

23.1 Consent of PricewaterhouseCoopers LLP.

23.2 Consent of Minkin & Snyder, a Professional Corporation (contained in Exhibit 5.1).* 24.1 Power of Attorney.** 27.1 Financial Data Schedule.

*To be provided by amendment. **Included on signature pages hereto.

b. Financial Statement Schedules Schedule II--Valuation and Qualifying Accounts Item 17. Undertakings.

The undersigned Registrant hereby undertakes to provide to the Underwriters at the closing certificates in such denominations and registered in such names as required by the Underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions described in Item 14, or otherwise, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification by the registrant against such liabilities (other than the payment by the registrant of express incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes determining any liability under the Securities Act of 1933, the information omitted from the form of Prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of Prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497 (h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of Prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on February 5, 1999.

iXL Enterprises Inc., a Delaware corporation /s/ U. Bertram Ellis, Jr. By: _____ Name:U. Bertram Ellis, Jr. Title:Chief Executive Officer Each person whose signature appears below hereby constitutes and appoints U. Bertram Ellis, Jr. and M. Wayne Boylston, and each of them, his true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, for him and in his name, place, and stead, in any and all capacities, to sign any and all (i) amendments (including post-effective amendments) and additions to this Registration Statement and (ii) Registration Statements, and any and all amendments thereto (including post-effective amendments), relating to the offering contemplated pursuant to Rule 462(b) under the Securities Act of 1933, and to file the same,

with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and hereby grants to such attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature Title Date

/s/ U. Bertram Ellis, Jr. U. Bertram Ellis, Jr.	Chief Executive Officer (Principal Executive Officer)	February 5, 1999
/s/ M. Wayne Boylston M. Wayne Boylston	Chief Financial Officer (Principal Financial Officer)	February 5, 1999

/s/ Frank K. Bynum, Jr. Director February 5, 1999 Frank K. Bynum, Jr.

/s/ Jerome D. Colonna Director February 5, 1999 Jerome D. Colonna /s/ I. Robert Greene Director February 5, 1999 I. Robert Greene /s/ William C. Nussey Director February 5, 1999 William C. Nussey Signature Title Date /s/ James R. Rocco Director February 5, 1999 James R. Rocco /s/ Thomas G. Rosencrants Director February 5, 1999 Thomas G. Rosencrants /s/ Kevin M. Wall Director February 5, 1999 Kevin M. Wall /s/ Thomas R. Wall, IV Director February 5, 1999 Thomas R. Wall, IV Schedule II--Valuation and Qualifying Accounts (in thousands)

Description	Balance at beginning of period	Charges to costs and expenses	Deductions and Reclassifications (1)	Other (2)	Balance at end of period
Allowance for doubtful accounts					
For the year ended December 31,					
1998	$138	$1,227	$(765)	$196	$796
1997	150	118	(130)	--	138
1996	--	134	(14)	30	150

(1)Amounts represent write-offs. (2) Amounts represent the beginning balances of the allowance for doubtful accounts for the companies acquired during the respective periods.

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